



The George Brown College of Applied Arts and Technology



FINANCIAL STATEMENTS

For the Year Ended March 31st, 2026

**The George Brown College of Applied Arts and Technology
(o/a) George Brown Polytechnic**

CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31st, 2026

TABLE OF CONTENTS

Management's Responsibility for Financial Reporting	2
Independent Auditor's Report	3 - 4

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Changes in Net Assets	7
Consolidated Statement of Cash Flows	8
Consolidated Statement of Remeasurement Gains and Losses	9
Notes to the Consolidated Financial Statements	10 33

Management's Responsibility for Financial Reporting

The consolidated financial statements of The George Brown College of Applied Arts and Technology, operating as George Brown Polytechnic (the "Polytechnic"), are the responsibility of management and have been approved by the Board of Governors.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs"). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The Polytechnic maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Polytechnic's assets are appropriately accounted for and adequately safeguarded.

The Polytechnic's liabilities have been reviewed by management. There are no material liabilities in either fact or contingency as at the date of this report that have been omitted from these consolidated financial statements.

The Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Governors and meets regularly with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the financial statements and the external auditor's report. The Committee reports its findings to the Board for consideration when approving the financial statements. The Committee also considers, for review and approval by the Board, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP, the external auditors, in accordance with Canadian generally accepted auditing standards. BDO Canada LLP has full and free access to the Audit Committee.



President



**Senior Vice-President,
Institutional Planning &
Chief Financial Officer**

June 3, 2026

Independent Auditor's Report

To the Board of Governors of George Brown Polytechnic

Opinion

We have audited the consolidated financial statements of the George Brown College of Applied Arts and Technology, operating as George Brown Polytechnic, and its subsidiaries (together the "Polytechnic"), which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statements of operations, changes in net assets, cash flows and remeasurement gains and losses for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Polytechnic as at March 31, 2026, and the results of its consolidated operations, its cash flows and its remeasurement gains and losses 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 Consolidated financial statements* section of our report. We are independent of the Polytechnic in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Polytechnic'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 Polytechnic or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Polytechnic's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.



Independent Auditor's Report (Continued)

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 consolidated 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 Polytechnic'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 Polytechnic'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 consolidated 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 Polytechnic to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Polytechnic 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 purposes of the group audit. We remain solely responsible for our audit opinion.

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario

June 12, 2026

GEORGE BROWN POLYTECHNIC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in thousands of dollars)

Assets	March 31, 2026	March 31, 2025
Cash (Note 2)	\$55,370	\$73,149
Short-term investments (Notes 2 & 3 (a))	32,746	82,227
Grants receivable	1,380	3,546
Accounts receivable	19,861	37,702
Inventories	1,296	1,287
Prepaid expenses	5,002	6,810
	115,656	204,721
Deposits	478	542
Investment in GBSP Centre Corp. (Note 4)	5,440	5,505
Investment in HGBC LP (Note 5)	39,355	40,364
Long-term investments (Notes 3 (b) & 16)	17,671	17,213
Capital assets (Note 7)	685,131	681,249
	\$863,731	\$949,592
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$70,455	\$105,348
Vacation payable	15,465	15,542
Current portion of long-term debt (Note 9)	3,344	2,163
Deferred revenue (Note 8 (a))	34,861	54,778
Deferred contributions - expenses of future periods (Note 12 (a))	21,643	21,290
	145,769	199,122
Post employment benefits and compensated absences (Note 10)	9,061	8,880
Long-term debt (Note 9)	101,348	104,362
Deferred revenue (Note 8 (b))	3,640	3,683
	114,049	116,925
Asset retirement obligations (Note 23)	6,434	7,206
Deferred contributions - other (Note 12(b))	19,000	19,500
Deferred contributions - capital assets (Note 12 (c))	247,903	242,321
	387,386	385,952
	\$533,155	\$585,073
Net Assets		
Operating	\$20	\$20
Post employment benefits and compensated absences (Note 10)	(9,061)	(8,880)
Vacation pay	(15,465)	(15,542)
Unrestricted	(24,507)	(24,402)
Internally restricted (Note 13)	(646)	34,189
Investment in capital assets (Note 14)	338,635	337,301
Restricted for endowments (Note 16)	16,831	16,285
	330,313	363,373
Accumulated remeasurement gains	264	1,147
	330,577	364,519
	\$863,731	\$949,592

On behalf of the Board:



Chair



President

GEORGE BROWN POLYTECHNIC
CONSOLIDATED STATEMENT OF OPERATIONS
(Expressed in thousands of dollars)

For the year ended March 31, 2026

Revenue	2026	2025
Tuition and other student fees (Note 24)	\$201,804	\$293,095
Grants and reimbursements	163,238	150,611
Ancillary	18,362	21,226
Rental (Note 6)	25,866	23,008
Other (Note 5)	18,868	19,387
Amortization of deferred contributions (Note 12(b),12(c))	11,444	10,657
Total revenue	439,582	517,985
Expenses		
Salaries and benefits (Note 10)	284,346	307,790
Services	38,438	50,885
Rental, utilities and maintenance (Note 11)	63,093	65,904
Amortization of capital assets	32,524	27,301
Supplies and minor equipment	16,587	22,728
Other expenses (Note 4)	20,959	13,965
Ancillary (other than salaries and benefits)	12,830	13,679
Scholarships, bursaries and grants	5,111	9,865
Total expenses	473,888	512,117
Excess (deficiency) of revenue over expenses for the year	\$(34,306)	\$5,868

GEORGE BROWN POLYTECHNIC
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
(Expressed in thousands of dollars)

March 31, 2026

Balance	Unrestricted	Internally Restricted	Investment in Capital Assets	Restricted for Endowments	Total
Balance, beginning of year	\$(24,402)	\$34,189	\$337,301	\$16,285	\$363,373
Deficiency of revenue over expenses	(12,726)	–	(21,580)	–	(34,306)
GBC RE Holdings (deficiency) excess of revenue over expenses adjustment	(1,176)	1,876	–	–	700
Capital assets additions financed by college funds	(22,914)	–	22,914	–	–
Restricted endowments (Note 16)	–	–	–	546	546
Internally imposed restrictions (Note 13)	36,711	(36,711)	–	–	–
Balance, end of year	\$(24,507)	\$(646)	\$338,635	\$16,831	\$330,313

March 31, 2025

Balance	Unrestricted	Internally Restricted	Investment in Capital Assets	Restricted for Endowments	Total
Balance, beginning of year	\$(22,817)	\$41,563	\$322,474	\$14,893	\$356,112
Excess (deficiency) of revenue over expenses	23,012	–	(17,144)	–	5,868
Capital assets additions financed by college funds	(31,971)	–	31,971	–	–
Restricted endowments (Note 16)	–	–	–	1,392	1,392
Internally imposed restrictions (Note 13)	7,374	(7,374)	–	–	–
Balance, end of year	\$(24,402)	\$34,189	\$337,301	\$16,285	\$363,373

GEORGE BROWN POLYTECHNIC
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in thousands of dollars)

For the year ended March 31, 2026

Cash provided by (used in)

Operating Activities	2026	2025
Excess (deficiency) of revenue over expenses for the year	\$(34,306)	\$5,868
Adjustments required to reconcile excess (deficiency) of revenue over expenses with net cash used in operating activities.		
Amortization of capital assets	32,524	27,301
Accretion expense (Note 23)	310	305
Amortization of deferred contributions related to capital assets	(11,444)	(10,657)
Change in non-cash operating working capital (Note 18)	(32,072)	(30,372)
Accrual for post-employment benefits and compensated absences	181	669
Equity income from HGBC LP	(1,291)	(364)
Change in interest in GBSP Centre Corp (Note 4)	65	18
Total Operating Activities	(46,033)	(7,232)
Investing Activities		
Net change in long-term investment	(459)	(1,284)
Equity investment in HGBC LP	-	(40,000)
Distributions received from HGBC LP (Note 5)	2,300	-
Deferred contribution - Corus Building (Note 12(b))	-	20,000
Change in short-term investments - net	49,481	87,809
Change in long-term endowment investments - net assets	546	1,392
Change in accumulated remeasurement losses	(883)	1,455
Change in deposits	64	5,007
Total Investing Activities	51,049	74,379
Financing Activity		
Repayment of long-term debt	(2,681)	(2,063)
Proceeds from long-term debt	-	50,075
Interest capitalized during the year	848	-
	(1,833)	48,012
Capital Activities		
Deferred contributions received related to capital assets	16,527	12,871
Additions to capital assets	(36,406)	(98,687)
ARO revaluation/additions (Note 23)	(958)	424
ARO Settlement (Note 23)	(125)	(39)
Total Capital Activities	(20,962)	(85,430)
Cash		
Increase (decrease) in cash during the year	(17,779)	29,728
Cash, beginning of year	73,149	43,420
Cash, end of year	\$55,370	\$73,149

GEORGE BROWN POLYTECHNIC
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
(Expressed in thousands of dollars)

For the year ended March 31,2026

	2026	2025
Accumulated remeasurement gains (losses), beginning of year	\$1,147	\$(309)
Unrealized gains (losses) attributable to: Unrestricted short-term investments	(1,500)	1,457
Realized gains (losses) on short-term investments: Unrestricted short-term investments	618	(2)
Net remeasurement gains (losses) for the year	(883)	1,455
Accumulated remeasurement gains – unrestricted short-term investments	\$ 264	\$ 1,147

GEORGE BROWN POLYTECHNIC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2026

(Expressed in thousands of dollars)

The George Brown College of Applied Arts and Technology, operating as George Brown Polytechnic (the “Polytechnic”), was established as a community college in 1967 under The Department of Education Act of the Province of Ontario. The Polytechnic provides post-secondary and vocationally-oriented education. The Polytechnic is a registered charity and is exempt from income taxes under the Income Tax Act.

1. Significant Accounting Policies

These consolidated financial statements are the representations of management and have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by Public Sector Accounting Board (“PSAB for Government NPOs”). The significant accounting policies are as follows:

A. Basis of Consolidation

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of George Brown Polytechnic, and its wholly owned subsidiary, GBC RE Holdings Inc. (“GBC RE Holdings”) (collectively, the “Polytechnic”). All significant inter-entity balances and transactions have been eliminated upon consolidation. These consolidated financial statements do not reflect the assets, liabilities and the results of operations of The George Brown College Foundation (the “Foundation”) and various student organizations (Note 17).

B. Revenue Recognition:

The Polytechnic follows the deferral method of accounting for contributions, which includes donations and government grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the year in which the related expenses are incurred. Contributions externally restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Endowment contributions are recognized as direct increases in endowment net assets.

Rental revenues are recognized when access to a goods or services are provided to the tenants pursuant to the terms of the lease agreement, the sales price is fixed and determinable, and collection is reasonably assured.

Investment income (loss) consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses. Interest, dividends, income distributions from pooled funds and realized gains and losses pertaining to unrestricted investments are recognized in the statement of operations. Unrealized changes in the fair value pertaining to unrestricted investments are recognized in the statement of remeasurement gains (losses).

Realized and unrealized gains and losses pertaining to restricted investments held for endowments are added to/removed from the net assets restricted for endowments. Interest and dividends pertaining to restricted investments are recorded as deferred contributions on the statement of financial position until the criterion attached to the restrictions has been met.

Tuition fees are recognized ratably over the term to which the tuition fee revenue applies to the extent that the related courses are provided to the student.

GEORGE BROWN POLYTECHNIC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(Expressed in thousands of dollars)

1. Significant Accounting Policies (Continued)

B. Revenue Recognition (continued)

Ancillary revenue consists of bookstore revenue, daycare and student residence fees, and other revenue, which are recognized when the related services are provided, or the related products are delivered.

C. Financial Instruments:

The Polytechnic classifies its financial instruments as either fair value or amortized cost. The Polytechnic's accounting policy for each category is as follows:

(i) Fair value

Financial instruments reported at fair value comprise equity instruments quoted in an active market as well as investments in pooled funds and any fixed-income investments where the investments are managed on a fair value basis and the fair value option is elected.

Investments reported at fair value are initially recognized at fair value and subsequently carried at fair value.

Transaction costs are expensed as incurred.

Where a decline in fair value is known with sufficient precision, and there is no realistic prospect of recovery, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations.

(ii) Amortized cost

Financial instruments reported at amortized cost include accounts receivable, grants receivable, accounts payable and accrued liabilities, and long-term debt. These instruments are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Write-downs are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

D. Inventories:

Inventories other than books are valued at the lower of cost and net realizable value with cost being determined on the first-in first-out basis. Books are valued at the lower of cost and net realizable value with cost being determined using the retail inventory method, which approximates average cost. Net realizable value is the estimated selling price less the estimated cost to make the sale.

E. Investment in GBSP Centre Corp.:

The investment in the George Brown Soulepper Centre Corp. ("GBSP Centre Corp.") joint venture is accounted for using the modified equity method. No adjustment is made for the basis of accounting of the joint venture being different than PSAB for Government NPOs.

GEORGE BROWN POLYTECHNIC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(Expressed in thousands of dollars)

1. Significant Accounting Policies (Continued)

F. Investment HGBC LP

The investment in HGBC 25 Dockside LP (“HGBC LP”, or the “Partnership”) is accounted for using the modified equity method. No adjustment is made for the basis of accounting of the Partnership being different than PSAB for Government NPOs.

G. Capital Assets:

- (i) Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution when fair value is reasonably determinable. Amortization is provided on a straight-line basis over the estimated useful lives of the assets, which have been determined as follows:

Buildings and improvements	40 to 80 years
Building under capital lease	49 years
Leasehold improvements	10 to 13 years
Computer equipment	3 years
Other equipment, furniture and fixtures	5 to 10 years

Construction in progress and website in progress are unamortized until the construction or development is complete, and the asset is in use.

- (ii) Assets under capital leases: The Polytechnic leases a building on terms which transfer substantially all the benefits and risks of ownership to the Polytechnic. This lease has been accounted for as a capital lease as though an asset had been purchased and a liability incurred.
- (iii) When a capital asset no longer has any long-term service potential to the Polytechnic, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any unamortized deferred contributions related to the capital asset are recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

H. Vacation Pay:

The Polytechnic recognizes vacation pay as an expense on the accrual basis.

I. Retirement and post-employment benefits and compensated absences:

The Polytechnic provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental, vesting sick leave and non-vesting sick leave. The Polytechnic has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of post-employment future benefits are actuarially determined using management’s best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight-line basis.

GEORGE BROWN POLYTECHNIC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(Expressed in thousands of dollars)

1. Significant Accounting Policies (Continued)

I. Retirement and post-employment benefits and compensated absences (continued):

- (ii) The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.
- (iii) The cost of vesting and non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumptions and experience are recognized over the estimated average remaining service life of the employees.
- (iv) The discount rate used in the determination of the above-mentioned liabilities is equal to the Polytechnic's internal rate of borrowing.

J. Use of estimates:

The preparation of consolidated financial statements in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. Areas of key estimation include determination of deferred revenue, allowance for doubtful accounts, capital asset amortization, amortization of deferred capital contributions, asset retirement obligations, and actuarial estimation of post-employment benefits and compensated absences liabilities.

K. Asset retirement obligations:

A liability for an asset retirement obligation is recognized 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 liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

L. Contributed materials and services:

Contributed materials and services which are used in the normal course of the Polytechnic's operations and would otherwise have been purchased, are recorded at their fair value at the date of contribution.

GEORGE BROWN POLYTECHNIC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(Expressed in thousands of dollars)

2. Cash and Short-Term Investments

The Polytechnic's cash and short-term investments include amounts available to be spent at the Polytechnic's discretion and amounts restricted for specific purposes that are not available to be spent at the Polytechnic's discretion. The amount available to be spent at the Polytechnic's discretion is calculated as follows:

Cash and Short-Term Investments	2026	2025
Cash	\$ 55,370	\$ 73,149
Short-term investments (Note 3 (a))	32,746	82,227
Total cash and short-term investments	88,116	155,376
Less amounts related to:		
Endowments - externally restricted (Note 16)	154	154
Deferred contributions (Note 12(a))	21,643	21,290
Unspent deferred capital contributions (note 12(c))	6,099	4,899
Total	\$60,220	\$129,033

3. Investments

A. Short-term Investments:

Short-term Investments are comprised of the following:

Short-term Investments	2026	2025
Bonds	\$32,746	\$32,227
Guaranteed Investment Certificates (GICs)	0	50,000
Total	\$32,746	\$82,227

The redeemable bonds earn interest/coupon rates ranging from 1.70% to 4.68% (2025 - from 0.50% to 4.68%) and have maturities ranging from May 2026 to March 2034 (2025 - August 2025 to March 2034). The bonds can be sold at any time without penalty in the market, hence classified as short-term.

The GICs earned interest rates ranging from 3.76% to 4.36% (2025 - from 3.76% to 4.36%) and matured during April 2025 to October 2025.

B. Long-term Investments:

The Polytechnic's long-term investments are invested primarily in pooled funds, which are managed by four investment managers. Long-term pooled investments are held for endowments is \$17,671 (2025 - \$17,213). Long-term investments consist of the following:

Long-term Investments	2026	2025
Canadian cash equivalents	\$76	\$141
Fixed income	4,309	4,237
Canadian equity	4,666	4,018
US equity	4,275	4,515
Global equity	2,988	2,936
Alternatives	1,357	1,366
Total	\$17,671	\$17,213

Investments in pooled funds have been allocated among the asset classes based on the underlying investments held in the pooled funds.

GEORGE BROWN POLYTECHNIC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(Expressed in thousands of dollars)

4. Investment in GBSP Centre Corp.

Pursuant to a Joint Venture Agreement dated February 12, 2004, the Polytechnic has a 50% interest in GBSP Centre Corp., a joint venture corporation providing facilities for performances as well as for education and instruction in theatre, dance, music and the related arts. The joint venture has an August 31 fiscal year end. The Polytechnic's equity share of the joint venture from April 1, 2025 to March 31, 2026 has been included in the consolidated financial statements as at March 31, 2026 using the modified equity method. The Polytechnic's 50% interest in the joint venture is summarized below:

Investment in GBSP Centre Corp.	2026	2025
Current assets	\$225	\$715
Capital assets	5,249	5,245
Current liabilities	(289)	(623)
Deferred contributions	(5,433)	(5,341)
Net liabilities	\$(69)	\$(3)
Revenue	\$2,260	\$2,019
Expenses	(2,325)	(2,037)
Deficiency of revenue over expenses	\$(65)	\$(18)
Cash flows (used in) provided by operating activities	\$(100)	\$133
Cash flows provided by financing activities	93	251
Cash flows used in investing activities	(296)	(505)
Net cash outflow	\$(304)	\$(121)

The Polytechnic's 50% equity share of the deficiency of revenue over expenses of GBSP Centre Corp. from April 1, 2025 to March 31, 2026 has been included in other expenses.

During the year, the Polytechnic paid rent of \$354 (2025 - \$353) and made contributions of \$666 (2025 - \$815) to the joint venture which were included in rental, utilities and maintenance, and services expenses, respectively.

The joint venture is a not-for-profit organization and follows the recommendations of CPA Handbook Part III - Accounting Standards for Not-for-Profit Organizations. As such, there are differences between the accounting policies of the Polytechnic under PSAB for Government NPO's and the Joint Venture under Part III of the CPA Handbook. Under the modified equity approach, the Polytechnic makes no adjustment to the amounts disclosed or recognized in its consolidated financial statements for these differences. For the year ended March 31, 2026, there were no accounting policy differences that would have resulted in an adjustment to amounts or disclosures in these consolidated financial statements.

GEORGE BROWN POLYTECHNIC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(Expressed in thousands of dollars)

5. Investment in HGBC LP

On April 3, 2024, the Polytechnic and Halmont Properties Corporation (“HPC”), an unrelated party, incorporated HGBC 25 Dockside GP Inc. with joint ownership.

On April 5, 2024, the Polytechnic incorporated two wholly owned subsidiaries, GBC RE Holdings Inc. (“GBC RE Holdings”) and GBC 25 Dockside Inc. (“GBC 25 Dockside”). GBC 25 Dockside manages the operations and investment in 25 Dockside Drive in Toronto, Ontario (“Corus Building”). On the same date, HGBC 25 Dockside GP Inc., 25 Dockside, and HPC signed a Limited Partnership Agreement and established the partnership with the sole purpose to acquire and own the Corus Building (the “Partnership”).

On April 15, 2024, the Partnership acquired 100% of Corus Building for the purchase price of \$232,500. The Polytechnic, through its subsidiaries GBC RE Holdings and GBC 25 Dockside, contributed a total of \$40,000. Of these contributions, \$35,000 from each partner was utilized by the Partnership to acquire the Corus Building with the remaining purchase price financed by debt. The remaining \$5 million from the Polytechnic's contribution represented the ownership interest in the Partnership.

The Partnership has a December 31 fiscal year end. The Polytechnic's equity share of the Partnership from April 1, 2025 to March 31, 2026 has been included in the consolidated financial statements as at March 31, 2026 using the modified equity method. The Polytechnic's 49.995% interest in the Partnership is summarized below:

Investment in HGBC LP	2026	2025
Statement of Financial Position		
Current assets	\$1,009	\$2,454
Buildings	116,883	119,135
Current liabilities	(157)	(1,613)
Mortgages payable	(78,380)	(79,612)
Net assets	\$39,355	\$40,364
Statement of Operations		
Revenue	\$7,284	\$5,131
Expenses	(6,243)	(4,768)
Excess of revenue over expenses	\$1,041	\$364

The Polytechnic's 49.995% equity share of the excess of revenue over expenses of the Partnership from April 1, 2025 to March 31, 2026, has been included in Other revenue.

During the year, the Polytechnic paid rent of \$14,490 (2025 - \$10,264) to HGBC LP which is included in Rental, utilities and maintenance. Total rent payable to HGBC LP as of March 31, 2026, amounted to \$1,364 (2025 - \$1,207) and is included in accounts payable and accrued liabilities. During the year a distribution of \$4,600 was paid to the partners. The Polytechnic's 50% share was recorded as a reduction to the investment in HGBC LP.

The Partnership is a significantly influenced profit-oriented organization and follows the Accounting Standards for Private Enterprises (“ASPE”). As such, there are differences between the accounting policies of the Polytechnic under PSAB for Government NPOs and those of the Partnership under ASPE. Under the modified equity approach, the Polytechnic does not make any adjustments to the amounts disclosed or recognized in its consolidated financial statements for these differences. For the year ended December 31, 2025, there were no accounting policy differences that would have resulted in an adjustment to amounts or disclosures in these consolidated financial statements.

GEORGE BROWN POLYTECHNIC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(Expressed in thousands of dollars)

6. GBC RE Holdings Inc.

GBC RE Holdings Inc. (“GBC RE Holdings”) was incorporated on April 5, 2024, as a wholly owned subsidiary of the George Brown College of Applied Arts and Technology. GBC RE Holdings was established to manage all real estate acquisitions and projects for George Brown College. GBC RE Holdings prepares its consolidated financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by Public Sector Accounting Board (“PSAB for Government NPOs”). The entity has a December 31, 2025 year end, however, its assets, liabilities, revenues, and expenses for the year ended March 31, 2026 have been consolidated into these consolidated financial statements after the elimination of inter-entity transactions. GBC RE Holdings, through its subsidiary, GBC 25 Dockside Inc., has a long-term lease commitment further disclosed in Note 11.

GBC 25 Dockside subleased the Corus Buildings to some existing tenants, including Corus Entertainment, as their long-term lease agreements have not yet expired. After the expiration of these leases, GBC 25 Dockside intends to sublease the Corus Building to the Polytechnic for academic purposes. During the year, the lease agreement between Corus Entertainment and GBC 25 Dockside was amended. Effective August 31, 2027, the amendment provides for staged reductions to both the tenant’s gross recurring rent and rentable area in use. The Polytechnic has the right to lease the returned premises to other parties. The lease with Corus Entertainment expires on March 22, 2033, and provides base plus additional rent as follows.

2027	\$22,800
2028	17,900
2029	13,000
2030	13,000
2031	13,000
Thereafter	26,000
	\$105,700

7. Capital Assets

Capital Assets	2026 Cost	2026 Accumulated Amortization	2025 Cost	2025 Accumulated Amortization
Land	\$36,971	\$-	\$36,971	\$-
Buildings and improvements	866,421	266,940	644,630	249,797
Building under capital lease (Note 11)	10,110	4,948	10,110	4,741
Construction in progress	4,571	-	208,505	-
Website in progress	2,243	-	1,492	-
Leasehold improvements	14,015	10,686	14,015	9,883
Computer equipment	95,783	84,833	89,584	78,298
Other equipment, furniture, and fixtures	137,546	115,121	126,581	107,921
	\$1,167,659	\$482,528	\$1,131,888	\$450,640
Net book value		\$685,131		\$681,249

GEORGE BROWN POLYTECHNIC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(Expressed in thousands of dollars)

7. Capital Assets (Continued)

Title to land, buildings, furniture and equipment and other capital assets occupied and used by predecessor institutions was transferred to the Polytechnic at nominal value. If these assets are not used by the Polytechnic for educational purposes, the Province of Ontario has the right to repurchase the assets at the nominal value.

In fiscal 2017, the Polytechnic initiated construction of Limberlost Place, a tall wood building project to provide additional instructional space at its Waterfront Campus. The project was substantially completed in April 2025, at which time the accumulated costs were transferred from construction in progress to buildings within tangible capital assets. As at March 31, 2026, the total capitalized cost of the building is \$206,186 (2025 - \$201,013). Amortization of the building commenced upon substantial completion in accordance with the Polytechnic's tangible capital asset policy.

In August 2024, the Polytechnic acquired two properties, which included buildings and land. Management plans to demolish the subject buildings in the near future, considering that these properties were purchased with the objective of future real estate development. The cost of the buildings was assessed to be \$nil due to their condition and planned demolition and, as such, the entire cost of the purchase (\$15,500) was allocated to land.

8. Deferred Revenue

a. Current deferred revenue consists of:

Deferred Revenue	2026	2025
Tuition fees	\$25,685	\$49,539
Other	9,176	5,239
Total	\$34,861	\$54,778

The significant reduction in deferred tuition fees revenue is attributable to reduced international student enrollment (Note 24).

b. Long-Term deferred revenue:

On March 31, 2017, the Polytechnic assigned its interest in a parking garage for total compensation of \$4,064. The amount is being recognized in the statement of operations over 99 years ending in 2111, which is consistent with the ground lease. The balance of deferred revenue as at March 31, 2026, of \$3,640 (2025 - \$3,683) has been classified as long-term.

GEORGE BROWN POLYTECHNIC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(Expressed in thousands of dollars)

9. Long-Term Debt

In 2017, the Polytechnic received a \$40,000 loan from the Ontario Financing Authority (“OFA”) for the new student residence. The loan, referred to as OFA 2, is for a 25-year term, is unsecured, at an interest rate of 5.75% and is repayable in equal, semi-annual installments of \$1,518.

In 2019, the Polytechnic received a \$30,000 loan from the OFA for the Daniel’s building. The loan, referred to as OFA 3, is for a 25-year term, is unsecured, at an interest rate of 3.77% and is repayable in equal monthly installments of \$155.

In 2024, the Polytechnic received a \$50,000 construction loan from the OFA for the Limberlost Place, with additional \$848 added to the loan principal in fiscal 2026 due to capitalized interest. The loan, referred to as OFA 4, is for a 25-year term, is unsecured, at an interest rate of 5.05% and is repayable in equal, semi-annual installments of \$1,805

The future principal repayments are as follows:

Year	Student Residence OFA2	Daniel’s OFA3	Limberlost OFA 4	Total
2027	\$1,279	\$989	\$1,076	\$3,344
2028	1,354	1,027	1,131	3,512
2029	1,433	1,066	1,189	3,688
2030	1,516	1,103	1,250	3,869
2031	1,605	1,152	1,314	4,070
Thereafter	23,683	18,082	44,443	86,208
	\$30,869	\$23,418	\$50,405	\$104,692
Less: current portion	1,279	989	1,076	3,344
	\$29,590	\$22,430	\$49,328	\$101,348

GEORGE BROWN POLYTECHNIC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(Expressed in thousands of dollars)

10. Post-Employment Benefits and Compensated Absences

The following tables outline the components of the Polytechnic's post-employment benefits and compensated absences liabilities and the related expenses.

Liability 2026	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	\$2,771	\$7,497	\$121	\$10,389
Value of plan assets	(573)	-	-	(573)
Unamortized actuarial gains (losses)	50	(708)	(97)	(755)
Total liability	\$2,248	\$6,789	\$24	\$9,061

Liability 2025	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Total liability
Accrued employee future benefits obligations	\$2,658	\$8,795	\$335	\$11,788
Value of plan assets	(533)	-	-	(533)
Unamortized actuarial losses	-	(2,272)	(103)	(2,375)
Total liability	\$2,125	\$6,523	\$232	\$8,880

Expense 2026	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost	\$151	\$499	\$7	\$657
Interest on accrued benefit obligation	5	283	7	295
Amortized actuarial (gains) losses	(23)	400	39	416
Total expense	\$133	\$1,182	\$53	\$1,368

Expense 2025	Post-employment benefits	Non-vesting sick leave	Vesting sick leave	Total expense
Current year benefit cost	\$557	\$472	\$9	\$1,038
Interest on accrued benefit obligation	5	309	13	327
Amortized actuarial (gains) losses	(25)	448	1	424
Total expense	\$537	\$1,229	\$23	\$1,789

10. Post-Employment Benefits and Compensated Absences (Continued)

Post-employment benefits and compensated absences expense has been included in salaries and benefits expenses.

Above amounts exclude pension contributions to the Colleges of Applied Arts and Technology pension plan, a multi-employer plan, described below.

Retirement Benefits

CAAT Pension Plan

All full-time employees of the Polytechnic, and any part-time employees who opt to participate, are members of the Colleges of Applied Arts and Technology Pension Plan (the "Plan"), a multi-employer jointly-sponsored defined benefit plan for public colleges in Ontario and other employers. The Polytechnic makes contributions to the Plan equal to those of employees. Contribution rates are set by the Plan's governors to ensure the long-term viability of the Plan. Since the Plan is a multi-employer plan, the Polytechnic's contributions are accounted for as if the plan were a defined contribution plan with the Polytechnic's contributions being expensed in the period they come due.

Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates related to full-time members. The Polytechnic does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the Polytechnic's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2026 indicated an actuarial surplus of \$6,749,000 (2025 - \$6,141,000) and remains 124% funded on a going concern basis. This means the Plan has \$1.24 in assets for every dollar of pension benefits promised, both today and in the future. In 2026, the Polytechnic made contributions to the Plan and its associated retirement compensation arrangement of \$19,719 (2025 - \$21,389) which has been included in salaries and benefits in the statement of operations.

Post-Employment benefits

The Polytechnic extends post-employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. The Polytechnic recognizes these benefits as they are earned during the employees' tenure of service. The Polytechnic also provides continuation of medical and dental benefits to certain employee groups while receiving long-term disability benefits. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

The major actuarial assumptions employed for the valuation are as follows:

(a) Discount rate

The present value of employee future benefits as at March 31, 2026, was determined using a discount rate of 3.50% (2025 - 3.20%), while the 2026 period expense was calculated using a discount rate of 3.20% (2025 - 3.50%).

(b) Medical premiums

Medical premium increases were assumed to remain at 5.91% per annum in 2026 (2025 - 5.91%) and decrease proportionately thereafter to an ultimate rate of 4.00% in 2040.

(c) Dental costs

Dental costs were assumed to increase at 4.00% per annum (2025 - 4.00%).

GEORGE BROWN POLYTECHNIC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(Expressed in thousands of dollars)

10. Post-Employment Benefits and Compensated Absences (Continued)

Compensated absences

Vesting Sick Leave

The Polytechnic has provided for vesting sick leave benefits during the year. Eligible employees, after 10 years of service, are entitled to receive 50% of their accumulated sick leave credit on termination or retirement to a maximum of 6 months' salary. The program to accumulate sick leave credits ceased for employees hired after March 31, 1991. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

Non-Vesting Sick Leave

The Polytechnic allocates to certain employee groups a specified number of days each year for use as paid absences in the event of illness or injury. These days do not vest and are available immediately.

Employees are permitted to accumulate their unused allocation each year, up to the allowable maximum provided in their employment agreements. Accumulated days may be used in future years to the extent that the employees' illness or injury exceeds the current year's allocation of days. Sick days are paid out at the salary in effect at the time of usage. The related benefit liability was determined by an actuarial valuation study commissioned by the College Employer Council.

The assumptions used in the valuation of vesting and non-vesting sick leaves are the Polytechnic's best estimates of expected rates of:

Vesting and Non-Vesting Sick Leaves	2026	2025
Wage and salary escalation: Academic	2.50%	3.00%
Wage and salary escalation: Support	2.50%	3.00%
Discount rate used to calculate: Present value of future benefits	3.50%	3.20%
Discount rate used to calculate: 2026 period expense	3.20%	3.50%

The probability that the employee will use more sick days than the annual accrual and the excess number of sick days used are within ranges of 0.00% to 26.20% (2025 - 0.00% to 23.50%) and 0 to 55.2 days (2025 - 0 to 54 days) respectively for age groups ranging from 20 and under to 65 and over in bands of 5 years.

GEORGE BROWN POLYTECHNIC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(Expressed in thousands of dollars)

11. Obligations Under Leases

The Polytechnic is committed to lease payments for its leased premises under various operating leases, until 2109. Future minimum annual lease payments are as follows:

Year	Amount
2027	\$20,723
2028	20,759
2029	20,843
2030	18,072
2031	16,014
Thereafter	333,242
Total	\$429,652

Effective December 16, 2010, the Polytechnic entered into a 100-year land lease agreement with the City of Toronto in connection with constructing a new Centre for Health Sciences. This agreement, which expires in 2109 has an initial rental period of 23 years at which point the rent will be reset based on the fair market value of the land, its unimproved value and its intended educational use and tied to the CPI. The rental commitment for the initial 23 years has been included in the operating lease commitment schedule above. The total lease payment for the year was \$837 (2025 - \$813) and the lease costs escalate at 3% per annum.

Effective December 21, 2003, the Polytechnic entered into a lease agreement in connection with its joint venture (Note 4) to lease certain facilities for an initial term of twenty (20) years, with an option to extend the lease for five (5) successive terms of twenty years each. On February 24, 2023, GBSP Centre Corp exercised its option to extend the lease until February 29, 2044. Minimum annual payments for basic rent were \$129 (2025 - \$128). Inflation increases, under the lease agreement, if any, are capped at a maximum of 6% of the preceding year. Common area costs for realty taxes, utilities, maintenance and insurance were \$508 for the period ending March 31, 2026 (2025 - \$539). This is a GBSP Centre Corp commitment and is therefore not included in the above table.

Effective July 30, 2001, the Polytechnic entered into an agreement, as part of the Ontario Government Superbuild Program, with Toronto Metropolitan University to lease additional premises at the Sally Horsfall Eaton Centre for a term of forty-nine years, with related total capital lease payments over the lease period estimated at \$9,966. The premises are disclosed as "Building under capital lease" in Note 7. These capital lease payments were paid as at March 31, 2003, from Superbuild funding, fundraising and Polytechnic funds. As a result, there is no related obligation under capital lease related to this facility.

Effective July 15, 2024, entered into an agreement to extend the lease term of the premises occupied at 333/341 King Street East. The lease term expires July 15, 2029 and minimum annual payments for basic rent are \$3,250, escalating to \$3,570 starting August 2028. These have been included in the commitment schedule above.

Effective April 15, 2024, GBC RE Holdings through its subsidiary GBC 25 Dockside Inc. entered into a lease agreement in connection with the Corus Building for an initial term of thirty (30) years, with an option to extend the lease for ten (10) years; and one (1) additional further term of ten years (10) less one (1) day. Minimum annual payments for basic rent are \$14,400 payable in consecutive monthly installments of \$1,200. Inflation increases, under the lease agreement, are subject to increases based on CPI adjustments, every five (5) years of the Term. The rental commitment for the initial 30 years has been included in the operating lease commitment schedule above.

GEORGE BROWN POLYTECHNIC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(Expressed in thousands of dollars)

12. Deferred Contributions

(a) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent restricted grants and donations for bursary and other purposes.

Expenses of Future Periods	2026	2025
Balance, beginning of year	\$21,290	\$20,869
Contributions received	21,147	26,170
Less: amount recognized as revenue	(20,794)	(25,748)
Balance, end of year	\$21,643	\$21,290

(b) Other deferred contributions:

Other deferred contributions relate to a \$20,000 donation provided for the investment in the property located at 25 Dockside Drive (Note 5) and amortized over the useful life of the building (40 years).

Deferred Contributions - Other	2026	2025
Balance, beginning of year	\$19,500	\$-
Contributions received	-	20,000
Less: amount recognized as revenue	(500)	(500)
Balance, end of year	\$19,000	\$19,500

(c) Capital assets:

Deferred capital contributions related to capital assets represent the unamortized amount of grants and other contributions received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

Capital Assets	2026	2025
Balance, beginning of year	\$242,321	\$239,608
Contributions received	16,526	12,871
Less: amount amortized to revenue	(10,944)	(10,157)
Balance, end of year	\$247,903	\$242,321

The balance of unamortized capital contributions related to capital assets consists of the following:

Unamortized Capital Contributions Related to Capital Assets	2026	2025
Unamortized capital contributions used: to purchase capital assets	\$236,619	\$232,038
Unamortized capital contributions used: to finance building under capital lease	5,185	5,384
Amounts financed by deferred capital contributions	241,804	237,422
Unspent contributions	6,099	4,899
	\$247,903	\$242,321

GEORGE BROWN POLYTECHNIC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(Expressed in thousands of dollars)

13. Internally Imposed Restrictions

The Board of Governors, effective March 31, 2026, approved the transfer of \$36,711 (2025 - \$7,374) from internally restricted net assets to unrestricted net assets with the following allocations:

Internally Imposed Restrictions	2026	2025
General contingency	\$(646)	\$18,000
Committed capital projects	-	9,565
Transformational Initiatives	-	8,500
	\$(646)	\$36,065

14. Investment in Capital Assets

(a) Investment in capital assets is calculated as follows:

Investment in Capital Assets	2026	2025
Capital assets	\$685,131	\$681,249
Amounts financed by deferred capital contributions (Note 12(c))	(241,804)	(237,422)
Financed by long-term debt	(104,692)	(106,525)
	\$338,635	\$337,301

(b) Change in net assets invested in capital assets is calculated as follows:

Net Assets Invested in Capital Assets	2026	2025
Deficiency of revenue over expenses: Amortization of deferred contributions related to capital assets	\$10,944	\$10,157
Less: amortization of capital assets	(32,524)	(27,301)
	\$(21,580)	\$(17,144)
Purchase of capital assets	\$36,406	\$98,687
Amounts funded by: Deferred contributions	(15,325)	(18,703)
Amounts funded by: Long-term debt	1,833	(48,013)
	22,914	31,971
	\$1,334	\$14,827

15. Commitments and Contingent Liabilities

a. Litigation:

The Polytechnic has been named as a defendant in several litigations alleging actual and punitive damages. The Polytechnic has made a provision management believes will be sufficient based on the amount of the claims, however management is not able to determine the outcome of these claims. Settlement, if any, will be accounted for during the period of resolution.

b. Purchase commitment:

The Polytechnic fulfilled its obligations on the following purchase commitment:

In 2021, the Polytechnic signed an agreement with PCL Construction Canada Inc. to construct the Limberlost building for a total cost of \$168,604, including HST. The value of the contract was revised in 2022. The revised contract amount to date is \$192,799, including HST. As of March 31, 2026, the Polytechnic has made payments totaling \$192,799, including HST, based on a percentage of completion method (2025 - \$165,814, including HST). Therefore, the outstanding commitment as of March 31, 2026, is \$nil (2025 - \$22,181, including HST).

16. Net Assets Restricted for Endowments

Net assets restricted for endowments consist of monies provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund ("OSOTF") and the Ontario Trust for Student Support ("OTSS") matching programs to award student aid together with an equal amount of endowed donations.

Effective April 1, 2022, the Polytechnic has adopted a capital preservation policy. This policy has the objective of protecting the real value of the endowments by limiting the amount of interest, dividends and distributions from pooled funds made available for spending to 3.5% of the opening market value of the investments held for endowment net assets. In any particular year, any excess is recorded as deferred contributions. Any shortfall is covered to the extent that accumulated excess amounts are available in deferred contributions.

GEORGE BROWN POLYTECHNIC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(Expressed in thousands of dollars)

17. Related Party Transactions

a. The George Brown College Foundation

The George Brown College Foundation (the "Foundation"), an organization which the Polytechnic has an economic interest, is incorporated under the Ontario Corporation Act and is a registered charity under the Income Tax Act. Its purpose is to raise and administer funds for the benefit of the Polytechnic, as well as for charitable purposes, including the advancement of education, within Canada.

Total net assets of the Foundation as at March 31, 2026 were \$53,975 (2025 - \$43,738)

Foundation Net Assets	2026	2025
Restricted endowments	\$24,659	\$23,751
Restricted capital projects	16,416	10,712
Restricted scholarships and other projects	6,708	6,941
Unrestricted	6,192	2,334
Total net assets of the Foundation	\$53,975	\$43,738

The Polytechnic and the Foundation entered into a General Agreement (Memorandum of Understanding) dated March 9, 2011, that outlines services provided between the Polytechnic and the Foundation. Traditionally, the Polytechnic provides a contribution for services rendered by the Foundation to raise and administer funds in support of the Polytechnic. During the year, the Foundation received contributions from the Polytechnic of \$1,850 (2025 - \$1,793) comprising of \$900 for operating expenses, \$900 for fundraising campaigns and \$50 for special events (2025 - \$800, \$800 and \$193 respectively). The contribution for special events, specifically CCLD and Chancellor's Installation Luncheon was received in 2025 and included in deferred revenue as at March 31, 2025.

During the year, the Foundation provided \$8,364 (2025 - \$24,471) directly to the Polytechnic, comprising \$1,714 for various projects, \$4,550 for capital initiatives and \$2,100 for student scholarships and awards (2025 - \$467, \$22,000, and \$2,004 respectively).

Total payable to the Foundation as of March 31, 2026, amounted to \$161 (2025 - \$40). Total receivable from the Foundation as of March 31, 2026, amounted to \$nil (2025 - \$40). In addition, the Foundation utilized office space owned by George Brown Polytechnic. The space is provided rent-free.

b. Student Association Centre

Pursuant to an agreement dated in 2001, the Polytechnic leases a portion of its facilities to the student body for use as a student centre. The agreement is for a term of 49 years with nominal rental to be paid at \$1.00 per year.

GEORGE BROWN POLYTECHNIC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(Expressed in thousands of dollars)

18. Statement of Cash Flows

The net change in non-cash working capital balances related to operations presented on the Statement of Cash Flows consists of the following:

Cash Flows	2026	2025
Grants receivable	\$2,166	\$(720)
Accounts receivable	17,359	6,483
Inventories	(9)	(9)
Prepaid expenses	1,808	(1,823)
Accounts payable and accrued liabilities	(33,712)	(7,062)
Vacation payable	(76)	916
Deferred revenue	(19,960)	(28,581)
Deferred contributions - expenses of future periods	353	421
Total cash flows	\$(32,072)	\$(30,372)

19. Guarantees

In the normal course of business, the Polytechnic enters into agreements that meet the definition of a guarantee.

- a) The Polytechnic has provided indemnities under lease agreements for the use of various operating facilities and license agreements. Under the terms of these agreements, the Polytechnic agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, losses, suits, and damages arising during, on or after the terms of the agreements. The amount of any potential future payment cannot be reasonably estimated.
- b) Indemnity has been provided to all directors and or officers of the Polytechnic for various items including, but not limited to, all costs to settle suits or actions due to association with the Polytechnic, subject to certain restrictions. The Polytechnic has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined but is limited to the period over which the indemnified party served as a trustee, director or officer of the Polytechnic. The amount of any potential future payment cannot be reasonably estimated.

In the normal course of business, the Polytechnic has entered into agreements that include indemnities in favour of third parties, such as student work placement agreements. These indemnification agreements may require the Polytechnic to compensate counterparties for losses incurred by the counterparties because of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined, and the amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Polytechnic from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties.

Historically, the Polytechnic has not made any significant payments under such or similar indemnification agreements and therefore no amount has been recorded in the statement of financial position with respect to these agreements.

GEORGE BROWN POLYTECHNIC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(Expressed in thousands of dollars)

20. City of Toronto Daycare Subsidies

During the fiscal year ended March 31, 2026, the Polytechnic received General Operating funding totaling \$10 (2025 - \$1,282), Special Needs grants totaling \$176 (2025 - \$197), Special Needs One-on-One grants totaling \$181 (2025 - \$83), Cost Based Funding totaling \$11,230 (2025 - \$2,828), and CWELCC Affordability Funding of \$nil (2025 - \$4,741).

21. Financial Instrument Classification

The following table provides cost and fair value information of financial instruments by category.

Financial Instruments	2026 Fair Value	2026 Amortized Cost	2026 Total
Cash	\$55,370	\$-	\$55,370
Short-term investments (Note 3 (a))	32,746	-	32,746
Long-term investments (Note 3 (b))	17,671	-	17,671
Grants receivable	-	1,380	1,380
Accounts receivable	-	19,861	19,861
Accounts payable and accrued liabilities	-	70,455	70,455
Vacation payable	-	15,465	15,465
Long-term debt	-	104,692	104,692

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;

Level 2 fair value measurements are those derived from 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); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2026 Financial Instruments	Level 1	Level 2	Level 3	Total
Cash	\$ 55,370	\$-	\$-	\$55,370
Short-term investments (Note 3 (a))	-	32,746	-	32,746
Long-term investments (Note 3 (b))	-	17,671	-	17,671
	\$55,370	\$50,417	\$-	\$105,787

There were GICs sold during the year resulting in transfers between Level 2 and Level 1 for the year ended March 31, 2026. There were no transfers in or out of Level 3.

GEORGE BROWN POLYTECHNIC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(Expressed in thousands of dollars)

22. Financial Instrument Risk Management

Credit Risk

Credit risk is the risk of financial loss to the Polytechnic if a debtor fails to make payments of interest and principal when due. The Polytechnic is exposed to this risk relating to its cash, investments, grants receivable, and accounts receivable. This risk has decreased as a result of a decrease to above-noted instruments.

The Polytechnic holds its cash accounts with a highly rated federally regulated chartered bank.

The Polytechnic's investment policy for excess operating funds invested in short-term investments operates within the constraints of the investment guidelines issued by the Ministry of Colleges, Universities, Research Excellence and Security ("MCURES") and puts limits on the bond portfolio including portfolio composition limits, issuer type limits, bond quality limits, aggregate issuer limits, corporate sector limits and general guidelines for geographic exposure. The Investment policy for the long-term investment held for endowments set out investment criteria that limit investments to entities with acceptable credit ratings.

Accounts receivable is primarily due from students, government, and corporations. Credit risk is mitigated by the highly diversified nature of the student population and other customers. Government receivables are mitigated by the governmental nature of the funding source.

The Polytechnic measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Polytechnic's historical experience regarding collections. The Polytechnic's maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable as presented on the statement of financial position.

The amounts outstanding at year end were as follows:

Amounts Outstanding 2026	Total	Current	31-60 days	61-90 days	91-120 days	Over 121 days
Government receivables	\$1,380	\$1,380	\$-	\$-	\$-	\$-
Student receivables	16,671	9,379	183	2,911	2,379	1,820
Other receivables	9,377	7,128	58	126	31	2,034
Gross receivables	27,428	17,886	241	3,037	2,410	3,854
Less: impairment allowance	(6,187)	-	-	(1,237)	(1,547)	(3,403)
Net receivables	\$21,241	\$17,886	\$241	\$1,800	\$863	\$451

Amounts Outstanding 2025	Total	Current	31-60 days	61-90 days	91-120 days	Over 121 days
Government receivables	\$3,546	\$3,546	\$-	\$-	\$-	\$-
Student receivables	28,914	20,520	120	3,136	1,607	3,531
Other receivables	15,055	14,738	119	119	9	70
Gross receivables	47,515	38,804	239	3,255	1,616	3,601
Less: impairment allowance	(6,267)	-	-	(1,253)	(1,567)	(3,447)
Net receivables	\$41,248	\$38,804	\$239	\$2,002	\$49	\$154

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and other price risk.

22. Financial Instrument Risk Management (Continued)

Currency Risk

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. The Polytechnic's endowment investments include non-Canadian equities, the value of which fluctuates in part due to changes in foreign exchange rates. The US and global equity funds (Note 3B) are denominated in currencies other than Canadian dollars and are therefore directly exposed to currency risk as the value of these investments denominated in other currencies will fluctuate due to changes in exchange rates. There were no changes to this risk from the prior year.

Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Polytechnic is exposed to interest rate risk with respect to its interest-bearing investments and long-term debt. This risk decreased as a result of a decrease to interest-bearing investments.

At March 31, 2026, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of bonds of \$2,070 (2025 - \$2,011). Guaranteed investment certificates have no impact on value due to fluctuation in interest rates.

A change in the interest rate on the Polytechnic's long-term debt would have no impact on the consolidated financial statements since all the debt is measured at amortized cost and has a fixed rate of interest.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Polytechnic is exposed to other price risk through its pooled funds that hold equity securities. To manage this risk, the pooled funds in which the Polytechnic is invested have investment criteria that result in a diversified portfolio across industries and countries. At March 31, 2026, a 10% movement in the stock markets, with all other variables held constant, would have an estimated effect on the fair values of the Polytechnic's equities of \$892 (2025 - \$1,284). There were no changes to this risk from the prior year.

Liquidity Risk

Liquidity risk is the risk that the Polytechnic will not be able to meet all cash outflow obligations as they come due. The Polytechnic mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. Liquidity risk has increased during the year as a result of the international student cap (Note 24). The following table sets out the expected maturities, representing undiscounted cash-flows of financial liabilities.

GEORGE BROWN POLYTECHNIC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(Expressed in thousands of dollars)

22. Financial Instrument Risk Management (Continued)

Liquidity Risk (Continued)

2026 Undiscounted Cash-Flows	Within 1 year	1-5 years	Over 5 years
Accounts payable and accrued liabilities	\$70,455	\$-	\$-
Long-term debt	3,344	15,139	86,208
Vacation payable	10,365	5,100	-
	\$84,164	\$20,239	\$86,208
2025 Undiscounted Cash-Flows	Within 1 year	1-5 years	Over 5 years
Accounts payable and accrued liabilities	\$105,348	\$-	\$-
Long-term debt	2,163	9,707	94,655
Vacation payable	10,542	5,000	-
	\$118,053	\$20,139	\$94,655

2026 Maturity profile of bonds and guaranteed investment certificates held is as follows:

2026 Maturity Profile of Bonds	Within 1 year	1-5 years	Over 5 years	Total
Carrying value of Bonds	\$630	\$15,164	\$16,952	\$32,746
Percentage of total	2%	46%	52%	100%
2025 Maturity Profile of Bonds and GICs	Within 1 year	1-5 years	Over 5 years	Total
Carrying value of Bonds	\$2,609	\$16,018	\$13,600	\$32,227
Carrying value of GIC	50,000	-	-	50,000
	\$52,609	\$16,018	\$13,600	\$82,227
Percentage of total	64%	19%	17%	100%

23. Asset Retirement Obligations

The Polytechnic's consolidated financial statements include asset retirement obligations for designated substances with confirmed/presumed presence in the buildings owned/leased by the Polytechnic, where it has been determined that the Polytechnic is liable for remediation of designated substances. The related asset retirement costs are being amortized on a straight-line basis. The liability has been estimated using a net present value technique with a discount rate of 4.96% (2025 - 4.39%) and inflation rate of 2.00% (2025 - 2.00%). The estimated total undiscounted future expenditures are \$11,974 (2025 - \$12,263), which are to be incurred over the remaining useful life of the assets. The liability is expected to be settled at some undeterminable future date.

The carrying amount of the liability is as follows:

Amount of the Liability	2026	2025
Balance, beginning of the year	\$7,206	\$6,516
Increase due to accretion expense	310	305
Decrease due to settlement	(125)	(39)
Revaluation	(958)	319
Additions	-	105
	\$6,434	\$7,206

24. International Study Permits

On January 22, 2024, the Minister of Immigration, Refugees and Citizenship Canada (IRCC) announced that the Government of Canada will set an intake cap on international student permit applications for a period of 2 years. This cap was subsequently extended an additional year. Since then, both IRCC and the Ministry of Colleges, Universities, Research Excellence and Security (“MCURES”) issued additional policy directives which further impacted future enrolment numbers for international students and new intakes offered at the Polytechnic for the 2025-2026 academic year.

The financial impact of the directives related to international student enrolment has been reflected on the Polytechnic’s consolidated financial statements starting from 2024-25. The majority of the Polytechnic’s academic programs are multi-year. Consequently, the Polytechnic experienced the impact of further reduction in international student enrolment and tuition revenue in 2025-26, and declining international student tuition revenue trend is expected to continue in 2026-27. After 2026-27 the international enrolment is projected to stabilize.

After receiving the international student permit allocations for 2026 calendar year in January 2026, the Polytechnic expects the new and returning international student enrolment reduction to result in approximately \$57,000 (52%) international tuition and material fees revenue reduction in 2026-27 compared to 2025-26 actual, following \$84,763 international tuition and material fees revenue reduction in 2025-26 compared to 2024-25. Severe international enrolment decline impacted other revenue streams.

The Polytechnic is addressing the impacts of the international student cap by implementing a staged cost mitigation program across the Polytechnic. In February 2025, the Polytechnic implemented a workforce reduction plan due to the significant reduction in international students eligible to study at the Polytechnic in the future due to recent government policy changes. Cost mitigation efforts initiated in 2025 continued in 2025-26 fiscal year and will further continue in 2026-27 fiscal year.

The financial impact of workforce reduction and other cost mitigation measures is reflected in these consolidated financial statements; additional cost reductions will be reflected in the Polytechnic’s consolidated financial statements in the next reporting period.