

Statement of Management Responsibility

Management of the University is responsible for the preparation of the financial statements, the notes thereto and all other financial information contained in this Annual Financial Report.

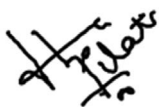
Management has prepared the financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Management believes the financial statements present fairly the University's financial position as at April 30, 2024 and the results of its operations, changes in net assets and its cash flows for the year ended April 30, 2024. In order to achieve the objective of fair presentation in all material respects, the use of reasonable estimates and judgements were employed. Additionally, management has ensured that financial information presented elsewhere in this Annual Financial Report has been prepared in a manner consistent with that in the financial statements.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has developed and maintains a system of internal controls designed to provide reasonable assurance that University assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements.

Mercer (Canada) Limited has been retained by the University in order to provide an estimate of the University's current year position for pension and other employee future benefits. Management has provided the valuation actuary with the information necessary for the completion of the University's report and retains ultimate responsibility for the determination and estimation of the pension and other employee future benefits liabilities reported.

The Board of Governors carries out its responsibility for review of the financial statements and this Annual Financial Report principally through the Planning and Resources Committee and its Audit and Risk Committee. No members of the Audit and Risk Committee are officers or employees of the University. The Audit and Risk Committee meets regularly with management, as well as the internal auditors and the external auditors, to discuss the results of the audit examinations and financial reporting matters, and to satisfy itself that each party is properly discharging its responsibilities. The auditors have full access to the Audit and Risk Committee with and without the presence of management.

The financial statements for the year ended April 30, 2024 have been reported on by KPMG LLP, Chartered Professional Accountants, the auditors appointed by the Board of Governors. The Independent Auditors' Report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.



Vice-President, Operations and Finance
October 24, 2024



President



Chief Financial Officer (CFO)



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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of McMaster University

Opinion

We have audited the accompanying financial statements of McMaster University (the "University"), which comprise:

- the statement of financial position as at April 30, 2024
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2024, and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



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Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the Annual Financial Report document.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in Annual Financial Report document as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University'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 University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a single, long, horizontal, slightly wavy line.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
October 24, 2024

McMASTER UNIVERSITY

Statement of Financial Position

April 30, 2024, with comparative figures for 2023

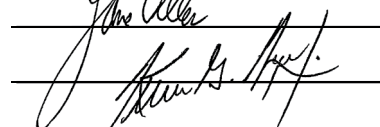
(thousands of dollars)

	2024	2023
Assets		
Current assets:		
Cash	\$ 31,523	\$ 29,357
Short-term investments (note 2)	341,301	409,815
Accounts receivable (note 3)	182,059	172,228
Loans receivable (note 4)	68,104	42,136
Inventories	7,129	7,868
Prepaid expenses and deposits	16,698	16,473
	646,814	677,877
Investments (note 2)	1,913,223	1,755,574
Other investments (note 5)	66,036	44,661
Other assets (note 6)	1,681	1,928
Capital assets (note 7)	1,398,014	1,366,222
	\$ 4,025,768	\$ 3,846,262
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 221,333	\$ 215,482
Deferred revenue	24,212	24,110
Current portion of long-term obligations (note 9)	915	858
	246,460	240,450
Long-term obligations (note 9)	420,457	420,375
Accrued employee future benefits (note 10)	76,454	263,756
Deferred contributions (note 11):		
Deferred for future expenses	547,572	546,838
Deferred capital contributions	429,136	457,860
	976,708	1,004,698
Net assets:		
Unrestricted	-	-
Internally restricted (note 12)	899,336	643,920
Equity in capital assets (note 13)	591,283	522,555
Endowments (note 14):		
Internal	169,691	161,076
External	645,379	589,432
	2,305,689	1,916,983
Commitments and contingencies (note 16)		
	\$ 4,025,768	\$ 3,846,262

On behalf of the Board of Governors:



Chair, Board of Governors



Chair, Audit and Risk Committee

See accompanying notes to financial statements

McMASTER UNIVERSITY

Statement of Operations

Year ended April 30, 2024, with comparative figures for 2023

(thousands of dollars)

	2024	2023
Revenues:		
Operating grants	\$ 309,242	\$ 284,621
Research grants and contracts	235,302	211,116
Tuition fees	441,531	445,751
Other (note 17)	172,742	145,340
Ancillary sales and services	90,659	86,101
Investment income, net	133,681	109,958
Donations and other grants	70,107	62,572
Research overhead grants	12,493	13,438
Amortization of deferred capital contributions	50,684	46,832
	1,516,441	1,405,729
Expenses:		
Salaries and wages	695,184	634,190
Employee benefits	164,392	149,404
Supplies and services	406,767	364,908
Interest on long-term obligations	18,130	18,185
Amortization of capital assets	94,515	89,413
	1,378,988	1,256,100
Excess of revenues over expenses	\$ 137,453	\$ 149,629

See accompanying notes to financial statements

McMASTER UNIVERSITY

Statement of Changes in Net Assets

Year ended April 30, 2024, with comparative figures for 2023

(thousands of dollars)

	Unrestricted	Internally restricted	Equity in capital assets	Endowments		2024	2023
				Internal	External	Total	Total
Net assets, beginning of year	\$ -	\$ 643,920	\$ 522,555	\$ 161,076	\$ 589,432	\$ 1,916,983	\$ 1,706,638
Excess (deficiency) of revenues over expenses	181,284	-	(43,831)	-	-	137,453	149,629
External endowment contributions:							
Contributions (note 14)	-	-	-	-	32,451	32,451	32,640
Protection of capital (note 14)	-	-	-	-	23,013	23,013	8,413
Transfers and adjustments:							
Transfers for specific purposes (note 12)	(60,812)	61,456	(644)	-	-	-	-
Capital transactions from operating (note 13)	(112,857)	-	112,857	-	-	-	-
Transfer to internal endowments (note 14)	(7,615)	-	-	7,615	-	-	-
Remeasurements and other items (note 10, note 12, note 14)	-	193,960	346	1,000	483	195,789	19,663
	-	255,416	68,728	8,615	55,947	388,706	210,345
Net assets, end of year	\$ -	\$ 899,336	\$ 591,283	\$ 169,691	\$ 645,379	\$ 2,305,689	\$ 1,916,983

See accompanying notes to financial statements

McMASTER UNIVERSITY

Statement of Cash Flows

Year ended April 30, 2024, with comparative figures for 2023

(thousands of dollars)

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 137,453	\$ 149,629
Adjustments for non-cash items:		
Amortization of deferred capital contributions	(50,684)	(46,832)
Amortization of capital assets	94,515	89,413
Employee future benefits	6,549	7,705
Equity loss of other investments (note 5)	4,606	3,985
Increase in decommissioning obligation (note 9)	995	845
	193,434	204,745
Net change in contributions deferred for future expenses	734	64,847
Net change in other non-cash working capital (note 15)	(3,364)	10,971
	190,804	280,563
Investing activities:		
Purchase of capital assets	(126,951)	(180,530)
Proceeds on recovery of capital expenditures	644	957
Net change in loans receivable	(25,968)	(16,131)
Net change in investments	(89,135)	(155,819)
Net change in other investments	(25,981)	(6,100)
Net change in other assets	247	95
Net change in external endowments (note 14(b))	55,947	41,053
Deferred capital contributions (note 11(b))	21,960	42,590
Other non cash items	1,455	-
	(187,782)	(273,885)
Financing activities:		
Issuance of long-term debt	-	-
Principal repayments on long-term obligations (note 9)	(856)	(807)
	(856)	(807)
Net increase in cash	2,166	5,871
Cash, beginning of year	29,357	23,486
Cash, end of year	\$ 31,523	\$ 29,357

See accompanying notes to financial statements

McMaster University (the "University"), which operates by authority of The McMaster University Act, 1976, is governed by a Board of Governors (the "Board") and Senate, the powers and responsibility of which are set out in the Act. The University is a comprehensive research institution offering a broad range of undergraduate, graduate and continuing education programs and degrees. The University is exempt from income taxes.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

(a) Basis of presentation:

These financial statements include the accounts, transactions and operations for which the University has jurisdiction. They do not include the accounts, transactions and operations of the following entities which are independently governed and managed, and certain other related entities which carry out fundraising and other activities and are not material to these financial statements:

Independent entities:

McMaster Divinity College

McMaster Students Union, Inc.

McMaster University Centre Incorporated

McMaster Children's Centre, Inc.

McMaster Association of Part-Time Students (MAPS)

Graduate Students Association (GSA)

Other entities:

Friends of McMaster Incorporated

In fiscal 2024, the University Club of McMaster and the McMaster University Trust were dissolved.

The Gore District Land Trust:

The Gore District Land Trust ("Gore") is controlled by the University based on Board composition. The investment is accounted for by the equity method (note 5) as permitted by accounting standards for not-for-profit organizations. Since GORE has a fiscal year end of December 31st, the University records its share of the operating results effective on that date.

The First Longwood Innovation Trust:

The First Longwood Innovation Trust ("FLIT") is controlled by the University based on board composition commencing in fiscal 2024. The investment is accounted for by the equity method (note 5 and note 16(k)) as permitted by accounting standards for not-for-profit organizations. Since FLIT has a fiscal year end of December 31st, the University records its share of the operating results effective on that date.

1000352106 Limited Partnership:

The investment in 1000352106 Limited Partnership ("Partnership") (note 5 and note 16(j)) is accounted for by the equity method as permitted by accounting standards for not-for-profit organizations. Since the Partnership has a December 31st fiscal year end, the University will record its share of the operating results effective on that date.

KCAP Hamilton Grad LP:

The investment in KCAP Hamilton Grad LP (note 5 and note 16(h)) is accounted for by the equity method as permitted by accounting standards for not-for-profit organizations. Since KCAP Hamilton Grad LP has a December 31st fiscal year end, the University will record its share of the operating results effective on that date.

Other investments in for-profit entities subject to significant influence are accounted for using the equity method, whereby the investment is initially recorded at cost, net of any impairment and adjusted thereafter for the University's share of the entity's net surplus or deficit and any further impairments. Any distributions received are accounted for as a reduction in the investment.

1. Significant accounting policies (continued):

(a) Basis of presentation (continued):

Halton McMaster Family Health Centre:

These financial statements include the University's 50% contribution to the Halton McMaster Family Health Centre (note 5). This joint venture is a project with Joseph Brant Hospital involving the construction and establishment of a family health centre and hospital clinical and administration building. The joint venture is in the process of registering the constructed building as a leasehold condominium corporation.

(b) Revenue recognition:

The University follows the deferral method of accounting for contributions which include donations and government grants. The principles under this method are summarized as follows:

- 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.
- Contributions externally restricted for purposes other than endowment and capital assets are deferred and recognized as revenue in the year in which the related expenses are recognized.
- Contributions externally restricted for capital asset purchases are deferred and amortized to operations on the same basis as the related capital asset.
- External endowment contributions, income preserved and activity under the endowment capital protection policy (note 1(m)) are recognized as a direct increase (decrease) in endowment net assets. Income earned from the investment thereof, to the extent it is allocated, is recorded as deferred contributions and recorded as revenue in the periods in which the related expenses are incurred.

Tuition fees which relate to academic terms or parts thereof occurring after April 30th are recorded as deferred revenue. Gifts-in-kind are recorded at their fair market value on receipt, or at nominal value when fair market value cannot be reasonably determined. Pledges from fundraising and other donations are recorded in the period in which they are collected. Ancillary sales and services revenue is recognized at point of sale or when the service has been provided.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The University has elected to carry investments in equity instruments, fixed income and other securities at fair value.

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

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

1. Significant accounting policies (continued):

(d) Derivative financial instruments:

The University is party to an interest rate swap agreement which is used to manage the exposure to fluctuations in interest rates. The University uses the accrual basis of accounting for hedges. Gains or losses realized on the settlement of the hedging item are deferred until the settlement of the hedged item.

At the inception of the hedging relationship, the University designates that hedge accounting will be applied. The University formally documents the hedging relationship between the hedging instruments and hedged item. At the inception of the hedge and throughout its term, the terms of the hedging item and hedged item are the same.

Hedge accounting is used only when the notional amount of the swap matches the principal amount of the hedged item, the fair value of the swap at the inception is \$nil, the fixed rate is the same throughout the swap and the variable rate is based on the same index and includes the same or no adjustment and the debt instrument cannot be settled before maturity and the swap matures within two weeks of the maturity date of the debt.

(e) Investments:

Short-term investments are investments with a remaining term to maturity of one year or less and are intended to be converted to cash within one year. Short-term investments are recorded at cost plus accrued income which together approximates fair value. Short-term investments includes cash and short-term investments held within pooled fund investments.

Long-term investments are carried at fair values. Changes in fair values are included in investment income.

Investments in publicly traded research entities not subject to significant influence are carried in investments at fair values. Changes in fair values are included in other income. Investments in private research entities are carried in other assets at cost, net of any impairment.

Externally restricted investment income to the extent it is allocated is included with deferred contributions and recognized as revenue when the related expenses are incurred.

Unrestricted investment income is recognized as revenue during the period in which it is earned. Investment income from internal endowments is recorded as unrestricted revenue and transferred to internal endowments.

(f) Inventories:

Campus stores, scientific stores, and the nuclear reactor inventories are recorded at the lower of cost and net realizable value. Other inventories are recorded at cost which is a reasonable estimate of net realizable value.

(g) Capital assets:

Capital assets are recorded at cost, or if donated, at fair value on the date of receipt. Amortization is recorded on the straight-line basis at the following annual rates:

Buildings and building components	2.5% to 10%
Decommissioning retirement costs	4%
Site improvements	5%
Library materials	20%
Computing systems	5% to 10%
Equipment, furnishings and vehicles	20%
Computing equipment	33.3%
Leasehold improvements	term of lease

1. Significant accounting policies (continued):

(g) Capital assets (continued):

Capital assets in progress are carried at cost, with no amortization recorded until such time as the assets are available for their intended use. The carrying amount of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the Statement of Operations when the asset's carrying amount is not recoverable and exceeds its fair value.

(h) Collections and works of art:

The value of collections has been excluded from the statement of financial position except for a nominal value of \$1. Donations of works of art are recorded as revenue at values based on appraisals and are expensed in the year received. Purchased collections are expensed in the year of acquisition.

(i) Contributed services:

The University acknowledges the receipt of donated services. Because of the difficulty of determining their fair value, donated services are not recognized in the financial statements.

(j) Ancillary enterprises:

Ancillary enterprises are self-sustaining operations which fund their own replacements and renovations of equipment and facilities. Substantially all of the net operating results are transferred annually from unrestricted net assets to internally restricted net assets.

(k) Employee future benefits:

The University maintains defined benefit registered pension plans, non-registered supplemental executive retirement plans (SERP), and group registered retirement savings plans. Non-pension post-retirement and post-employment benefits plans are also provided. The University accrues its obligations for the defined benefit plans as the employees render the services necessary to earn the benefits. The current service cost and the finance cost for the year are charged to excess of revenues over expenses. Financial information is disclosed in note 10.

Accounting standard Section 3463 Reporting Employee Future Benefits by Not-for-Profit Organizations allows use of a funding valuation to measure defined benefit obligations for plans with a legislative, regulatory or contractual requirement. The actuarial method of determining the accrued benefit obligations for all defined benefit pension plans (excluding SERP) and other non-pension plans uses the funding valuation method, which reflects the long-term nature of the plan and reflects management's estimates of investment yields, salary inflation, benefit cost trends and other factors. Obligations and related costs for SERP are accrued using the accounting valuation method.

Remeasurement and other items are recognized as a direct increase (decrease) to net assets and are not reclassified to the statement of operations in subsequent periods. Remeasurement and other items comprise the aggregate of: the difference between the actual return on plan assets and the return calculated using the discount rate used to determine the defined benefit obligation; the actuarial gains and losses; the effect of any valuation allowance in the case of a net defined benefit asset; past service costs; and any gains and losses arising from settlements and curtailments.

The University also makes regular contributions to its Group Registered Retirement Savings Plan ("RRSP"), administered by a third party, on behalf of each eligible employee. Group RRSP contributions are expensed in the year made.

1. Significant accounting policies (continued):

(l) Net assets:

Net assets are classified as follows:

Unrestricted: excess of revenues over expenses without specific restrictions.

Internally restricted:

Employee future benefits: unfunded portion of pension and other non-pension retirement and post-employment benefits, net of funds set aside to meet estimated future obligations.

Other internal reserves: as approved by the Board, amounts include unexpended departmental carry forward amounts for future expenditures or amounts set aside to settle future oriented obligations.

Equity in capital assets: funds invested in capital assets, exclusive of capital assets financed through long-term obligations or deferred capital contributions.

Internal endowments: unrestricted contributions including unspent investment income which have been restricted by action of the Board.

External endowments: external contributions, the principal of which is non-expendable pursuant to the restrictions by the donor, and income retained under the endowment capital protection policy.

(m) Endowment capital protection policy:

In order to protect the capital value of endowment investments, an endowment capital protection policy limits the amount of investment income allocated for spending to 4%, plus 1% administration spending, and requires the reinvestment of excess income earned (interest, dividends, realized and unrealized capital gains, net of investment expenses).

Should endowment spending commitments exceed allocated income, amounts will be drawn from accumulated net investment income balances to fund deficiencies.

For endowments without sufficient accumulated investment income, temporary encroachment on capital is permitted. The encroached amounts will be recovered from future investment returns.

(n) Decommissioning obligation:

The fair value of a future asset retirement obligation is recognized when a legal obligation for the retirement of tangible long-lived assets is incurred and a reasonable estimate thereof can be determined. Concurrently, the associated decommissioning costs are capitalized as a part of the carrying amount of the asset and amortized over its remaining useful life. The liability and the related asset may be adjusted periodically due to changes in estimates until settlement of the obligation.

(o) Foreign currency translation:

The University accounts for transactions in foreign currencies at the exchange rates in effect at the time of the transactions. At year end, monetary assets and liabilities in foreign currencies are translated at year end exchange rates. Foreign exchange gains and losses on investments have been included in investment income.

(p) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Items subject to the use of management estimates and assumptions include the valuation of financial instruments, the carrying amount of capital assets, the valuation allowance for receivables, the valuation of pension and other employee future benefits, provisions for contingencies, and the decommissioning obligation. Actual results could differ from those estimates.

2. Investments:

Details of investments are as follows:

(thousands of dollars)	2024		2023	
	Fair value	Cost	Fair value	Cost
Equities:				
Canadian	\$ 104,375	\$ 100,783	\$ 150,996	\$ 136,947
United States	487,277	426,177	402,256	393,876
Non-North American	356,630	311,344	334,315	311,365
	948,282	838,304	887,567	842,188
Fixed income	707,034	754,965	612,807	655,670
Other	257,907	215,591	255,200	211,662
	1,913,223	1,808,860	1,755,574	1,709,520
Short-term investments	341,301	341,333	409,815	410,401
	\$ 2,254,524	\$ 2,150,193	\$ 2,165,389	\$ 2,119,921

Investments are exposed to foreign currency risk, interest rate risk, climate-related exposures and market volatility. The University manages these risks through policies and procedures in place outlining performance and decarbonization objectives and governing asset mix, equity and fixed income allocations, and diversification among and within categories.

Fixed income investments include medium-term investments of \$338,390,000 (2023 - \$327,731,000) which are part of working capital.

3. Accounts receivable:

(thousands of dollars)	2024	2023
Research grants	\$ 116,175	\$ 123,243
Students	17,801	15,490
Government grants	11,230	7,929
Other	43,777	31,495
	188,983	178,157
Less allowance for doubtful accounts	6,924	5,929
Balance, end of year	\$ 182,059	\$ 172,228

4. Loans receivable:

Included in loans receivable are the following items:

(thousands of dollars)	2024	2023
Gore Hamilton Spectator building acquisition loan	\$ 11,500	\$ 11,500
Gore demand loan	1,564	1,505
Gore demand loan operations	13,000	13,000
1000352106 Limited Partnership loan	42,040	15,325
McMaster MSF Holdings Inc.	-	806
	\$ 68,104	\$ 42,136

During the year, the University extended the \$11,500,000 (2023 - \$11,500,000) loan to Gore for an additional year. The loan has been extended to February 28, 2025. The loan bears a fixed interest rate of 2.54% (2023 - 2.54% fixed rate).

The University has a demand loan to Gore in the amount of \$1,564,000 (2023 - \$1,505,000) representing distribution of net earnings for 2023, 2021, 2020 and 2019 declared by the trust. The 2023, 2021 and 2020 loans of \$59,252, \$148,804 and \$313,190, respectively, bear interest at a fixed rate of 3% per annum. The 2019 loan of \$1,042,809 is interest free. All four loans are payable at any time at the sole discretion of the lender.

The University has a non-revolving demand loan to Gore in the amount of \$13,000,000 (2023 - \$13,000,000). During the year ended April 30, 2021, the University approved a \$13,000,000 non-revolving demand loan. The loan proceeds were provided in two separate draws. As of April 30, 2021, the University had provided \$10,000,000. The remaining \$3,000,000 was drawn during the fiscal year ended April 30, 2022. The loan bears interest at a fixed rate of 3%. The demand loan is payable at any time at the sole discretion of the lender.

In fiscal 2024, the University entered into a non-revolving demand loan with 1000352106 Limited Partnership in the amount of \$60,956,000 to finance the development and construction costs of the OmniaBio B development project. The loan bears interest at CIBC Prime Rate plus 1.00% per annum, compounded annually not in advance. As of April 30, 2024, \$42,040,000 (2023 - \$15,325,000) is outstanding from the Partnership (note 5). The loan receivable includes \$1,640,000 of accrued and compounded interest earned in fiscal 2024. The demand loan is payable at any time at the sole discretion of the lender.

During the year, McMaster MSF Holdings Inc. (note 5) repaid the loan in full (2023 - \$806,000).

5. Other investments:

Details of other investments are as follows:

(thousands of dollars)	2024	2023
The Gore District Land Trust (a)	\$ 13,478	\$ 13,478
The First Longwood Innovation Trust (b)	10,334	3,200
Halton McMaster Family Health Centre (c)	4,720	4,720
KCAP Hamilton Grad LP (d)	16,512	16,512
1000352106 Limited Partnership (e)	20,319	6,096
Other Investments (f)	673	655
	\$ 66,036	\$ 44,661

Details of the equity pick-up (loss) on other investments are as follows:

(thousands of dollars)	2024	2023
The Gore District Land Trust (a)	\$ 59	\$ (120)
The First Longwood Innovation Trust (b)	(4,665)	(3,865)
	\$ (4,606)	\$ (3,985)

5. Other investments (continued):

(a) The Gore District Land Trust:

Gore was created by the University in 2006 to develop an entity for research, education, training, innovation and commercialization.

Details of the investment are as follows:

(thousands of dollars)	2024	2023
Balance, beginning of year	\$ 13,478	\$ 13,598
Equity (loss) earnings	59	(120)
Distribution	(59)	-
Balance, end of year	\$ 13,478	\$ 13,478

Pertinent information from Gore's financial statements are as follows:

(thousands of dollars)	December 31, 2023	December 31, 2022
Total assets	\$ 41,484	\$ 41,877
Total liabilities	\$ 28,006	\$ 28,399
Total trusts' equity	13,478	13,478
	\$ 41,484	\$ 41,877
Results of operations:		
Total revenues	\$ 916	\$ 869
Total expenses	857	989
Net (loss) earnings	\$ 59	\$ (120)
Cash flows:		
Provided by (Used in) operating activities	\$ (295)	\$ (2,281)
Provided by (Used in) financing and investing activities	-	(200)
Increase (Decrease) in cash	\$ (295)	\$ (2,481)

During the year, the University provided professional services to Gore at a fee which amounted to \$10,000 (2023 - \$10,000) and earned interest income of \$698,000 (2023 - \$696,000).

Subsequent to its year end, Gore, as the lessor, entered into a conditional land lease agreement on February 6, 2023 for the purpose of constructing and operating a hotel. Per an amending agreement dated December 1, 2023, the conditional land lease has been extended to July 31, 2024. A rent-free period will begin upon the commencement date up until substantial completion of the project. Lease payments will begin for a term of ninety-nine years once the rent-free period ceases. At the end of the term of the lease, and if Gore permits, there is an option for the lessee to continue operations as a monthly tenant.

5. Other investments (continued):

(b) The First Longwood Innovation Trust:

FLIT was created by the University in 2006 to develop an entity for research, education, training, innovation and commercialization.

Details of the investment are as follows:

(thousands of dollars)	2024	2023
Balance, beginning of year	\$ 3,200	\$ 7,065
Equity loss	(4,665)	(3,865)
Contributed surplus	11,799	-
Balance, end of year	\$ 10,334	\$ 3,200

Included in Other assets in note 6 are two loans receivable from FLIT at April 30, 2024. One loan receivable in the amount of \$1,214,000 (2023 - \$1,318,000) and another loan receivable in the amount of \$377,000 (2023 - \$413,000).

The University is party to a Debt Service Deficiency Agreement as disclosed in note 16(c). As part of the agreement, the University receives a fee of 0.5% on the monthly outstanding balance. For the year ended April 30, 2024, \$81,000 (2023 - \$64,000) in income was recorded by the University.

Included in rent expense for the University for the year ended April 30, 2024 is \$5,738,000 (2023 - \$4,885,000). Included in accounts receivable at April 30, 2024 is \$3,829,000 (2023 - \$2,506,000) receivable from FLIT. Included in note 16(f) are \$3,591,000 (2023 - \$23,973,000) in operating lease commitments with FLIT.

During the year, the University provided payroll services at a fee which amounted to \$13,000 (2023 - \$13,000) and earned interest income of \$54,000 (2023 - \$36,000) on the accounts receivable balance.

During the year, the University acquired the Portal Project from FLIT for \$14,000,000. As the transaction occurred between related parties outside of the normal course of business, the asset has been recorded at the carrying value of \$2,200,000 at the transaction date. The difference between the exchange and carrying value, is recorded as a direct increase to the Investment in FLIT, as a contributed surplus.

Pertinent information from the FLIT's financial statements are as follows:

(thousands of dollars)	December 31, 2023	December 31, 2022
Total assets	\$ 123,127	\$ 115,004
Total liabilities	\$ 112,793	\$ 111,804
Total deferred capital grants	-	-
Total trusts' equity	10,334	3,200
	\$ 123,127	\$ 115,004
Results of operations:		
Total revenues	\$ 20,040	\$ 16,364
Total expenses	24,705	20,229
Net earnings	\$ (4,665)	\$ (3,865)
Cash flows:		
Provided by (used in) operating activities	\$ 335	\$ (542)
Provided by (used in) financing and investing activities	5,234	326
(Decrease) increase in cash and short-term investments	\$ 5,569	\$ (216)

5. Other investments (continued):

(c) Halton McMaster Family Health Centre:

The investment in the Halton McMaster Family Health Centre represents the University's contribution of the base costs to construct the building.

(d) KCAP Hamilton Grad LP:

The University holds an equity contribution of \$16,512,000 (2023 - \$16,512,000) representing a 50% interest in a partnership for two developments in downtown Hamilton. At April 30, 2024, \$12,612,000 (2023 - \$12,612,000) has been contributed to the McMaster Graduate Student Residence (note 16(h)) located at 10 Bay Street, Hamilton. The contribution is to fund construction development costs. At April 30, 2024, \$3,900,000 (2023 - \$3,900,000) is the University's equity contribution to acquire the property located at 22 Bay Street, Hamilton.

The new McMaster Graduate Student Residence is to provide approximately 640 beds and a 265 space parking garage in downtown Hamilton. The residence opened September 2023, with occupancy available on a phased approach. The residence was substantially complete March 2024. It will be managed, operated and used by the University to support its mission as part of the housing ancillary operation.

The parking garage is being constructed as part of the residence and will be 100% owned by the University, internally financed and maintained as part of the parking ancillary operation. Construction costs on the parking garage at April 30, 2024 amounted to \$22,000,000 (April 30, 2023 - \$20,900,000).

Included in accounts receivable at April 30, 2024 is \$552,000 (2023 - nil) receivable from KCAP Hamilton Grad LP.

(e) 1000352106 Limited Partnership:

This partnership was established for the development of the OmniaBio B development project on the west quadrant of McMaster Innovation Park lands. At April 30, 2024, the University holds an equity contribution of \$20,319,000 (2023 - \$6,096,000) as a 100% interest in the partnership.

Refer to (note 16(j)) for commitments related to the OmniaBio B Project.

(f) Other investments:

Other investments consist primarily of shares in privately held companies in which the University does not have significant control or influence, recorded at cost.

Also included is McMaster MSF Holdings Inc. ("MMHI"), a private company owned by the University. The company's principal activity is providing consulting services related to research investments. MMHI has a fiscal year end of December 31st and paid no financial transactions from incorporation in November 2021 to April 30, 2024. In fiscal 2024, MMHI paid off the loan of \$806,000 owed to the University, there are no loans outstanding at April 30, 2024 (note 4).

6. Other assets:

Details of other assets are as follows:

(thousands of dollars)	2024	2023
Loans receivable (a)	\$ 1,681	\$ 1,928
Collections (b)	-	-
	\$ 1,681	\$ 1,928

(a) Loans receivable:

The University has a long-term loan receivable from FLIT, operating as McMaster Innovation Park ("MIP"), in the amount of \$1,214,000 (April 30, 2023 - \$1,318,000). The loan has a 15-year amortization period and bears interest at a fixed rate of 3%.

The University has a loan receivable from FLIT in the amount of \$377,000 (2023 - \$413,000). The loan bears interest at a fixed rate of 5.75% and is repayable in monthly payments of \$4,113 over 15 years, beginning in May 2019.

The University has a loan receivable from a lessee in the amount of \$90,000 (2023 - \$197,000) for lease fit-out costs as of April 30, 2024.

(b) Collections:

The McMaster Museum of Art has significant collections of works of art and coins. Donations of works of art during the year amounted to \$48,000 (2023 - \$567,000).

7. Capital assets:

(thousands of dollars)	Cost	Accumulated amortization	2024 Net
Land	\$ 89,755	\$ -	\$ 89,755
Buildings and building components	1,764,632	641,830	1,122,802
Decommissioning retirement costs	6,018	1,675	4,343
Site improvements	30,687	20,570	10,117
Leasehold improvements	20,991	14,002	6,989
Library materials	247,803	217,336	30,467
Equipment, furnishings and vehicles	463,950	371,510	92,440
Computing systems and computing equipment	145,637	104,536	41,101
	\$ 2,769,473	\$ 1,371,459	\$ 1,398,014

(thousands of dollars)	Cost	Accumulated amortization	2023 Net
Land	\$ 89,747	\$ -	\$ 89,747
Buildings and building components	1,626,779	582,116	1,044,663
Decommissioning retirement costs	5,939	1,467	4,472
Site improvements	30,687	19,331	11,356
Leasehold improvements	81,184	35,733	45,451
Library materials	235,016	205,990	29,026
Equipment, furnishings and vehicles	459,946	364,414	95,532
Computing systems and computing equipment	147,934	101,959	45,975
	\$ 2,677,232	\$ 1,311,010	\$ 1,366,222

Included in buildings and building components is \$196,670,000 (2023 - \$209,612,000) representing buildings currently under construction and not available for use or subject to amortization.

During the year, capital asset additions amounted to \$126,951,000 (2023 - \$180,530,000). Of these additions, \$112,423,000 (2023 - \$143,715,000) were financed with internally restricted net assets (note 13), \$14,528,000 (2023 - \$36,800,000) were financed with deferred capital contributions (note 11).

8. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable, which includes amounts payable for payroll related taxes of \$8,212,000 (2023 - \$5,877,000).

9. Long-term obligations:

Details of long-term obligations are as follows:

(thousands of dollars)					2024	2023
	Maturity	Interest rate	Current portion	Non-current portion	Total outstanding	Total outstanding
Long term debt:						
Bank term loan (a)	May 2033	floating	915	9,980	10,895	11,751
Debentures (b)	Jun 2051	3.255%	-	25,000	25,000	25,000
Debentures (c)	Oct 2052	6.15%	-	120,000	120,000	120,000
Debentures (d)	Nov 2065	4.105%	-	120,000	120,000	120,000
Debentures (e)	Jun 2071	3.405%	-	125,000	125,000	125,000
			915	399,980	400,895	401,751
Decommissioning obligations (f)			-	20,477	20,477	19,482
			\$ 915	\$ 420,457	\$ 421,372	\$ 421,233

Principal payments due in each of the following five years are as follows (in thousands of dollars):

2025	915
2026	975
2027	1,039
2028	1,107
2029	1,180

- (a) The bank term loan is unsecured and is being amortized over 30 years. The outstanding loan amount is subject to a 30 year interest rate swap agreement on an original notional principal of \$20,954,000 with the banker whereby the University receives a floating interest rate while paying a fixed (10 year) rate of 6.384%.
- (b) In June 2021, the Board approved the issuance of up to \$25,000,000 in Senior Unsecured Series C Debentures. The \$25,000,000 debentures, which are unsecured, bear interest at 3.255% per annum payable semi-annually in June and December. The proceeds of the issue are being used to finance and/or re-finance various green projects as directed or approved by the Board of Governors.

A voluntary sinking fund in internally restricted net assets, under other internal reserves (note 12(k)), has been established to provide funds to repay the debenture principal upon maturity. An annual increase to the sinking fund is charged to operations and other annual increases represent interest income of the fund. The value of the fund at April 30, 2024 amounted to \$6,977,000 (2023 - \$6,391,000).

- (c) The debentures, which are unsecured, bear interest at 6.15% payable semi-annually in April and October. The proceeds of the issue are being used to finance various capital projects.

A voluntary sinking fund in internally restricted net assets, under other internal reserves (note 12(k)), has been established to provide funds to repay the debenture principal upon maturity. An annual increase to the sinking fund is charged to operations and other annual increases represent interest income of the fund. The value of the fund at April 30, 2024 amounted to \$30,135,000 (2023 - \$27,628,000).

9. Long-term obligations (continued):

- (d) The debentures, which are unsecured, bear interest at 4.105% payable semi-annually in May and November. The proceeds of the issue are being used to finance various capital projects.

A voluntary sinking fund in internally restricted net assets, under other internal reserves (note 12(k)), has been established to provide funds to repay the debenture principal upon maturity. An annual increase to the sinking fund is charged to operations and other annual increases represent interest income of the fund. The value of the fund at April 30, 2024 amounted to \$17,404,000 (2023 - \$15,950,000).

- (e) In June 2021, the Board approved the issuance of up to \$125,000,000 in Senior Unsecured Series B Debentures. The \$125,000,000 debentures, which are unsecured, bear interest at 3.405% payable semi-annually in June and December. The proceeds will be used to fund capital projects and for general corporate purposes of the University as directed or approved by the Board of Governors.

A voluntary sinking fund in internally restricted net assets, under other internal reserves (note 12(k)), has been established to provide funds to repay the debenture principal upon maturity. An annual increase to the sinking fund is charged to operations and other annual increases represent interest income of the fund. The value of the fund at April 30, 2024 amounted to \$9,522,000 (2023 - \$8,722,000).

- (f) It is expected that the nuclear reactor will be decommissioned at some undeterminable future date. Under an agreement with the Canadian Nuclear Safety Commission ("CNSC"), a trust fund has been established which requires annual funding contributions to provide for the decommissioning costs. As at April 30, 2024, the fair value of the trust funds amounted to \$18,079,000 (2023 - \$15,893,000). The net present value of the estimated cost for decommissioning at April 30, 2024 is \$19,591,000 (2023 - \$18,675,000) using risk free rates ranging between 4.0% and 5.1%.

During fiscal 2015, an additional decommissioning obligation related to non-reactor radioactive materials was recognized. The obligation was recognized based on an estimated useful life of 25 years and using a risk free rate of 4.0%. At April 30, 2024, the amount of the obligation was \$886,000 (2023 - \$807,000), an increase of \$79,000 (2023: decrease of 28,000) to reflect changes in the number of non-reactor radioactive materials in service. The CNSC does not require that a trust fund be established to satisfy this obligation, however, an internal reserve to offset this obligation is included in other internal reserves.

- (g) The University has in place an interest rate swap agreement for 30 years which expires in 2033. Under the terms of the agreement, the University agrees to receive a floating interest rate on the loan (note 9(a)) while paying a fixed rate of 6.384%. The use of the agreement effectively enables the University to convert the floating rate interest obligation of the loan into a fixed rate obligation and thus manage its exposure to interest rate risk.

The notional and fair values of the interest rate swap agreement is as follows:

(thousands of dollars)	2024		2023	
	Notional value	Fair value	Notional value	Fair value
30-year interest rate swap	\$ 10,895	\$ (1,064)	\$ 11,751	\$ (1,750)

The change in fair value of the swap for the year ended April 30, 2024 is \$686,000 (2023 - \$486,000).

10. Employee future benefits:

The University maintains three contributory defined benefit registered pension plans, one for full-time hourly employees and two for salaried employees (Plan 2000 and Original Plan). The plan for hourly employees was closed to new members on March 15, 2010. The Original Plan was closed to new members on January 14, 2003 and Plan 2000 remains open to new members. The defined benefit registered pension plans provide a pension for life based on the best average earnings of the member and years of pensionable service in the plan. The University also maintains both defined contribution and non-contributory defined benefit supplementary non-registered pension plans, a retirement incentive program and a group RRSP.

The University additionally maintains a non-pension post-retirement benefit plan which provides health, dental and life insurance benefits to retirees, a post-employment benefit plan which provides health benefits to employees on long-term disability and a special retirement arrangement for some senior administrators. In order to satisfy its funding commitment to plan members and determine the level of required funding contributions, the University must prepare actuarial funding valuations on an ongoing and periodic basis. The funding valuation basis for this plan is determined with reference to the University's annual periodic Budget Committee Recommendations.

The accrued benefit obligations are determined by independent actuaries and the fair values of the plans' assets are recorded as at April 30th.

(a) Information on the accrued benefit liability is as follows:

(thousands of dollars)					2024
	Pension		Other	Total	
	Registered	Supplemental			
Accrued benefit obligation	\$ 2,392,606	\$ 51,085	\$ 272,891	\$ 2,716,582	
Fair value of plan assets	\$ 2,640,128	\$ -	\$ -	2,640,128	
Funded status - surplus (deficiency)	\$ 247,522	\$ (51,085)	\$ (272,891)	\$ (76,454)	

(thousands of dollars)					2023
	Pension		Other	Total	
	Registered	Supplemental			
Accrued benefit obligation	\$ 2,433,082	\$ 54,590	\$ 277,648	\$ 2,765,320	
Fair value of plan assets	2,501,564	-	-	2,501,564	
Funded status - surplus (deficiency)	\$ 68,482	\$ (54,590)	\$ (277,648)	\$ (263,756)	

(b) Information on the benefit expense is as follows:

(thousands of dollars)					2024
	Pension		Other	Total	
	Registered	Supplemental			
Current service cost	\$ 40,652	\$ 42	\$ 7,840	\$ 48,534	
Interest cost (income), net	\$ (3,524)	\$ 2,569	\$ 14,238	13,283	
	\$ 37,128	\$ 2,611	\$ 22,078	\$ 61,817	

(thousands of dollars)					2023
	Pension		Other	Total	
	Registered	Supplemental			
Current service cost	\$ 38,064	\$ 37	\$ 7,036	\$ 45,137	
Interest cost (income), net	(2,977)	3,030	13,665	13,718	
	\$ 35,087	\$ 3,067	\$ 20,701	\$ 58,855	

10. Employee future benefits (continued):

(c) Information on remeasurements and other items is as follows:

(thousands of dollars)					2024
	Pension		Other	Total	
	Registered	Supplemental			
Investment gain (loss)	\$ 89,120	\$ -	\$ -	\$ 89,120	
Valuation allowance	\$ (34,456)	\$ -	\$ -	\$ (34,456)	
Actuarial gain (loss) on accrued benefit obligation	\$ 123,528	\$ (218)	\$ 15,877	139,187	
	\$ 178,192	\$ (218)	\$ 15,877	\$ 193,851	

(thousands of dollars)					2023
	Pension		Other	Total	
	Registered	Supplemental			
Investment gain (loss)	\$ (47)	\$ -	\$ -	\$ (47)	
Valuation allowance	(4,333)	-	-	(4,333)	
Actuarial gain (loss) on accrued benefit obligation	13,658	8,106	2,279	24,043	
	\$ 9,278	\$ 8,106	\$ 2,279	\$ 19,663	

(d) Information on the pension plan assets includes the following:

	Percentage of fair value of total plan	Target allocation percentage
Equity securities	70.3%	68.0%
Debt securities	29.4%	32.0%
Other	0.3%	0.0%

(e) The significant actuarial assumptions adopted in measuring the accrued benefit obligations are as follows:

	Pension	Other
Discount rate	5.68%	5.69%
Rate of compensation increase	3.90%	-

(f) The significant actuarial assumptions adopted in measuring the net benefit expense are as follows:

	Pension	Other
Discount rate	5.10%	5.13%
Rate of compensation increase	3.99%	-

(g) Details of annual contributions and benefits paid are as follows:

(thousands of dollars)					2024	2023
	Pension		Other		Pension	Other
Employer contributions	\$ 44,310	\$ 10,958	\$ 41,494	\$ 9,656		
Employee contributions	\$ 34,038	\$ -	32,078	-		
Benefits paid	\$ 123,146	\$ 10,958	119,346	9,656		

10. Employee future benefits (continued):

- (h) The respective plans actuarial valuation for funding purposes completion and filing dates are as follows:
- salaried employees' pensions: completed as at July 1, 2023, the next required filing date is July 1, 2026.
 - hourly rated employee pensions: completed as at July 1, 2022, the next required filing date is July 1, 2025.
 - other (postretirement benefit): completed as at March 31, 2024; the next valuation date is March 31, 2025.
 - other (postemployment and retirement allowance): completed as at April 30, 2024.

The results of valuations not completed as of April 30, 2024 have been extrapolated to April 30, 2024, which is the measurement date used to determine the accrued benefit obligation for all employee future benefit plans.

- (i) In 2008, the University created a group RRSP for certain types of new employees. The University's and employees' contributions in 2024 amounted to \$8,156,000 (2023 - \$6,659,000). In 2024, the University had 1,016 members (2023 - 835).
- (j) The University has internally restricted reserves set aside in the amount of \$235,005,000 (2023 - \$212,729,000) for the accrued benefit obligation of the non-pension post-retirement benefit plan included in (note 12(b)).

11. Deferred contributions:

- (a) Deferred for future expenses:

Deferred contributions represent external contributions restricted for research and trust expenses to be incurred in subsequent fiscal years. Details of the change in deferred contributions are as follows:

(thousands of dollars)	2024	2023
Balance, beginning of year	\$ 546,838	\$ 481,991
Deferred contributions received	401,036	448,272
	947,874	930,263
Less:		
Amounts recognized as revenue	(385,774)	(346,805)
Deferred capital contributions transfer	(14,528)	(36,620)
Balance, end of year	\$ 547,572	\$ 546,838

Deferred contributions consist of the following:

(thousands of dollars)	2024	2023
Research grants and contracts	\$ 369,628	\$ 366,249
Donations, other grants and investment income	156,972	158,207
Other restricted funds	20,972	22,382
	\$ 547,572	\$ 546,838

11. Deferred contributions (continued):

(b) Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. Unspent deferred capital contributions are recorded as amounts not subject to amortization until such time as the capital expenditures are incurred. Details of the change in the unamortized deferred capital contributions are as follows:

(thousands of dollars)	2024	2023
Balance, beginning of year	\$ 457,860	\$ 462,102
Add: contribution received and transfers	21,960	42,590
Less: amount amortized to revenue	(50,684)	(46,832)
Balance, end of year	\$ 429,136	\$ 457,860

Deferred capital contributions consist of the following:

(thousands of dollars)	2024	2023
Amounts subject to amortization	\$ 403,959	\$ 440,115
Amounts not subject to amortization	25,177	17,745
	\$ 429,136	\$ 457,860

12. Internally restricted net assets:

Details of internally restricted net assets are as follows:

(thousands of dollars)	2024	2023
Pensions (a)	\$ 169,856	\$ (15,687)
Other retirement and post employment benefit plans (net) (b)	(37,886)	(64,919)
Employee future benefits	131,970	(80,606)
Unexpended departmental carryforwards (c)	282,267	261,672
Unexpended research funds (d)	72,590	67,760
Employee benefit (e)	3,930	6,300
Ancillaries (f)	2,283	278
Specific purpose (g)	114,728	89,111
Research investments (h)	5,745	3,101
MIP investment (i)	(6,368)	(1,763)
Other (j)	18,659	15,135
Sinking funds (k)	64,038	58,691
Internally financed capital projects (l)	(98,428)	(102,623)
Capital reserves and facilities services projects (m and n)	307,922	326,864
Other internal reserves	767,366	724,526
	\$ 899,336	\$ 643,920

12. Internally restricted net assets (continued):

- (a) Pensions: the net pension funding position, determined by a third party actuary.
- (b) Other retirement and post employment benefit plans (net): unfunded portion of health, dental and life insurance benefits for retirees and employees on long term disability of \$272,891,000 (2023 - \$277,648,000), net of employer committed funding held in internal reserves of \$235,005,000 (2023 - \$212,729,000) for the accrued benefit obligation of the non-pension post-retirement benefit plan (note 10(j)).
- (c) Unexpended departmental carryforwards: departmental operating reserves available for spending by faculties to protect against possible adverse circumstances such as changes in student enrolment (tuition fee impacts) and/or operating grant reductions.

Departmental and ancillary carryforwards in (c) and (f) do not reflect the share of future obligations to the related employees for settlement of pensions and other post-employment benefits costs as outlined in items (a) and (b). Allocation of these obligations to the related carryforward would reduce the available balances as follows:

(thousands of dollars)	2024	2023
Unexpended departmental carryforwards (c)	282,267	261,672
Ancillaries (f)	2,283	278
Employee benefit (e)	3,930	6,300
Pensions (a)	\$ 169,856	\$ (15,687)
Other retirement and post employment benefit plans (b)	(37,886)	(64,919)
	\$ 420,450	\$ 187,644

- (d) Unexpended research funds: represent research residual funds and other research contributions specifically to fund research operations, facilities and projects.
- (e) Employee benefit: funds collected from departments toward benefit related pension and non-pension payments not yet due in the fiscal period.
- (f) Ancillaries: deficits accumulated are repaid by the ancillaries and surplus funds accumulated are for reinvestment into ancillary infrastructure or systems projects to advance ancillary operations.
- (g) Specific purpose: funds to mitigate the risks associated primarily with volatility in income from equity investments, representing accumulated realized and unrealized investment earnings (losses) after commitments to the operating fund. The primary use of this reserve is to supplement endowment funding to support student bursaries, scholarships, and other expenditures when investment income is insufficient. It may also be used to fund other strategic reserves such as the post-retirement benefits and capital reserves. In fiscal 2024, \$17,500,000 (2023 - \$7,500,000) was transferred to the capital reserve as part of the long term funding strategy for these commitments.
- (h) Research investments: represents the fair value of publicly held research entities, including accumulated realized and unrealized investment earnings, as well as the cost of privately held research entities.
- (i) MIP investment: represents accumulated investment earnings (loss) from the investment in Gore and FLIT.
- (j) Other: non-cash reserve which primarily represents timing differences between cash accounting and accrual accounting.
- (k) Sinking funds: funds set aside to settle debt bullet repayments of \$120,000,000 due in each of 2052 and 2065, \$25,000,000 due in 2051 and \$125,000,000 due in 2071.

12. Internally restricted net assets (continued):

- (l) Internally financed capital projects: long term loans for capital projects which have been internally financed by capital reserves as outlined in note 12(m).

Details of the internally financed capital projects which have various recovery terms and periods are as follows:

(thousands of dollars)			
Project	Funding source	2024	2023
Stadium	Pledges, fundraising	\$ (5,454)	\$ (6,074)
Les Prince Residence	Ancillary operations	(11,412)	(11,925)
Peter George Centre for Living and Learning	Ancillary operations	(44,548)	(45,236)
Parking Consolidation Loan	Parking	(9,484)	(9,829)
McMaster Automotive Resource Centre (MARC)	Various	(3,872)	(4,297)
McMaster University Medical Centre (MUMC)	Various	(938)	(1,438)
Comprehensive Energy Reduction Program	Various	(21,384)	(22,294)
Biomedical Engineering and Advanced Manufacturing (BEAM)	Various	(447)	(522)
Other	Various	(889)	(1,008)
		\$ (98,428)	\$ (102,623)

- (m) Capital reserves: represent funds for planned capital projects committed and confirmed by governance approvals, as outlined in note 16(d). During the year, \$346,000 (2023 - \$1,000,000) was transferred to capital reserves from equity in capital assets. Combined with facilities services projects in fiscal 2024, note 12(n).
- (n) Facilities services projects: holding accounts for temporarily unspent funds for construction projects in progress. Combined with capital reserves in fiscal 2024, note 12(m).

13. Equity in capital assets:

The equity in capital assets is calculated as follows:

(thousands of dollars)		
	2024	2023
Capital assets	\$ 1,398,014	\$ 1,366,222
Less amounts financed by:		
Net long-term obligations	(402,772)	(403,552)
Deferred capital contributions subject to amortization	(403,959)	(440,115)
	\$ 591,283	\$ 522,555

Details of the transfer for capital transactions are as follows:

(thousands of dollars)		
	2024	2023
Repayment of long-term debt	\$ 856	\$ 807
Capital asset purchases from operating, net of disposals	112,001	143,715
	\$ 112,857	\$ 144,522

14. Endowments:

(a) Internal:

Details of the change in internally restricted endowments are as follows:

(thousands of dollars)	2024	2023
Balance, beginning of year	\$ 161,076	\$ 156,615
Donations	147	151
Investment income (loss)	13,643	10,360
Net transfers and expenses	(5,175)	(6,050)
Balance, end of year	\$ 169,691	\$ 161,076

Included in internal endowments is an amount of \$75,463,000 (2023 - \$72,425,000) reflecting the legacy of Dr. H. L. Hooker and \$72,980,000 (2023 - \$69,527,000) related to the Salaried Pension Plan surplus withdrawal from 2003. A portion of annual investment income generated from this capital is used to fund programs that enrich the academic achievements of the University as approved annually by the Board.

(b) External:

Details of the change in externally restricted endowments are as follows:

(thousands of dollars)	2024	2023
Balance, beginning of year	\$ 589,432	\$ 548,379
External contributions	32,451	32,640
Income retained (withdrawn) - capital protection policy	23,013	8,413
Net transfers	483	-
Balance, end of year	\$ 645,379	\$ 589,432

Investment income (loss) on external endowments amounted to \$46,271,000 (2023 - \$31,608,000). In accordance with the endowment capital protection policy, this income/loss is added/withdrawn to/from net endowment assets, together with reduction of the amount made available for spending of \$23,258,000 (2023 - \$23,197,000). The amount made available for spending is recorded as investment income in the statement of operations.

15. Net change in other non-cash working capital:

Details of the change in other non-cash working capital is as follows:

(thousands of dollars)	2024	2023
Accounts receivable	\$ (9,831)	\$ (19,893)
Inventories	739	(2,127)
Prepaid expenses and deposits	(225)	5,213
Accounts payable and accrued liabilities	5,851	31,333
Deferred revenue	102	(3,555)
Balance, end of year	\$ (3,364)	\$ 10,971

16. Commitments and contingencies:

(a) Canadian Universities Reciprocal Insurance Exchange:

The University is a member of the Canadian Universities Reciprocal Insurance Exchange ("CURIE"), a self-insurance cooperative comprised of approximately sixty Canadian universities and colleges. CURIE insures property damage, general liability and errors and omissions risks. If premiums collected are insufficient to cover expenses and claims, the University may be requested to pay additional amounts.

(b) Legal claims:

The University is involved in certain legal matters and litigation in the normal course of operations, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are determined. Management is of the opinion that these matters are mitigated by adequate insurance coverage.

(c) Debt Service Deficiency Agreement:

The University has guaranteed the scheduled principal and interest payments, up to \$23,000,000 of long-term debt extended to FLIT, in the event of default. The total amount of debt outstanding and subject to the Debt Service Deficiency Agreement at April 30, 2024 was \$15,300,000 (2023 - \$16,400,000). Since the agreement may expire without being drawn upon, it does not necessarily represent future cash requirements. As of April 30, 2024, no obligation exists under the agreement and as a result, no amount has been recognized as a liability on the statement of financial position.

(d) Capital commitments:

The estimated cost to complete approved major capital and system projects amounted to \$134,600,000 at April 30, 2024 (2023 - \$209,400,000). The major commitments are as follows: McLean Centre (\$64,000,000), PeakShavers and Boilers project (\$14,600,000) and ETC Boiler Replacement (\$15,000,000).

(e) Energy Retrofit Agreement:

In 2007, the University signed a multi-year agreement with Hamilton Health Sciences Corporation ("HHSC") when HHSC undertook a significant energy retrofit project at the McMaster University Medical Centre. Under the terms of the agreement, the University is required to pay approximately 40% of the related costs of the retrofit project. At April 30, 2024, the University's remaining share of the costs are estimated to be \$4,800,000 (2023 - \$5,700,000). Payments to IHS will take place up to 2029.

16. Commitments and contingencies (continued):

(f) Leases:

The University has entered into operating lease agreements for office equipment and buildings. The total annual minimum lease payments in each of the next five years are approximately as follows:

(thousands of dollars)

2025	\$ 4,894
2026	4,846
2027	3,370
2028	3,183
2029	3,062

(g) McMaster Main Street Student Residence:

The University has agreed to acquire a 16% interest in Hamilton Undergrad Limited Partnership to provide an approximately 1,400 bed undergraduate residence that includes learning, research and additional ancillary university spaces along Main Street West on lands the University owns. The project land once developed will be an extension of main campus. The residence project is designed to be a public-private partnership project. At April 30, 2024, \$16,400,000 (2023 - \$16,400,000) is recorded in land, which will be contributed to the partnership. The project is expected to be completed by the fall of 2026. The residence will be managed, operated and used by the University to support its mission as part of the housing ancillary operation.

(h) Grad Residence and Parking Garage:

The University has a 50% interest in KCAP Hamilton Grad LP (note 5(d)), a public-private partnership to provide a new graduate residence. To support this project the University has entered into a 99 year land lease effective October 1, 2019, with four 25 year renewal options.

(i) Research Commercialization:

In June 2017, the Board approved an investment of up to \$25,000,000 in leasehold improvements to facilities at MIP, including up to \$5,000,000 in in-kind rental space and rent subsidies over the next five years in exchange for leases and other financial arrangements, which may include equity interest in one or more of the entities renting the space. Since then, the Board has approved additional investments up to \$45,000,000. These facilities investments are in support of research commercialization opportunities for early stage commercialization and established businesses. Construction on this space continues and third party tenants moved into the space in fiscal 2021. The \$70,000,000 of approved investment, has been fully spent and is included in capital in capital assets, as of April 30, 2024 (2023 - \$66,700,000).

16. Commitments and contingencies (continued):

(j) 1000352106 Limited Partnership:

In June 2023, the Board of Governors approved an increase in funding to a maximum of \$85,000,000 to the Partnership to complete the project. To date \$60,700,000 has been transferred to the Partnership for the project, with \$42,040,000 as a loan receivable for the University as of April 30, 2024 (note 4). The loan receivable includes \$1,640,000 of accrued and compounded interest.

(k) McMaster Innovation Park:

In June 2024, the Board of Governors approved a funding plan totaling \$35,600,000. The capital funding will be provided over a three-year period beginning June 1, 2024. These funds will be utilized to support MIP's capital and funding requirements.

The University previously entered into a Stand by Loan Agreement with FLIT, to provide interim financing, as alternative financing for debt associated with acquisition of 44 Frid Street building. The facility amount is \$21,900,000 (2023 \$21,900,000). As of April 30, 2024, no obligation exists under the agreement and as a result, no amount has been recognized as a liability on the statement of financial position. As of September 2024, this agreement is no longer required or in effect.

In June 2023, the Board of Governors approved the University to be signatory on an agreement with Alectra for a DES system upgrade servicing the west side of Longwood Road at MIP. In fiscal 2024, the University did not proceed further in discussions, with no related commitments at the current time.

17. Other income:

Details of other income are as follows:

(thousands of dollars)	Major Sources	2024	2023
Faculty of Health Sciences	Non-degree educational fees, specifically funded programs, international postgraduates stipends, space/equipment rentals, other student fees	\$ 79,486	\$ 70,143
Other Faculties	Non-degree educational fees, international postgraduate stipends, space/equipment rentals, other student fees	13,174	12,299
Academic Services	Contracts and patent royalties, registrar administration fees	17,624	13,842
Student Services	Athletics and Recreation memberships and user fees	28,509	25,082
Miscellaneous	Nuclear reactor sales, application fees, late payment fees, sales of utilities and other departmental sales	34,737	25,066
Other Investment Income	Gore, FLIT and all private or publicly traded entities	(788)	(1,092)
		\$ 172,742	\$ 145,340

18. Related party transactions:

In addition to certain transactions and balances disclosed in note 5, the University received funds of approximately \$1,530,000 (2023 - \$3,736,000) during the year from Friends of McMaster Incorporated.

19. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that the University will be unable to fulfill its obligations on a timely basis or at a reasonable cost. In managing liquidity risk, the University focuses on liquid resources available for operations. The University's objective is to have sufficient liquid resources to continue operating even if adverse financial events were to occur and to provide it with the flexibility to take advantage of opportunities that will advance its mission. The need for sufficient liquid resources is considered in the preparation of its annual and capital budgets and by monitoring and forecasting of cash flows. The University has a \$75,000,000 committed line of credit. The credit facility can be used for general corporate purposes including shorter term funding requirements to support liquidity requirements. The line of credit was not used in 2024. In addition, the University could issue unsecured debentures or enter into other long term financing agreements to assist in the funding of capital projects. There has been no material change to the risk exposure from 2023.

(b) Credit risk:

Credit risk refers to the risk that a counterpart may default on its contractual obligations resulting in a financial loss. The University is exposed to credit risk with respect to accounts receivable. The University assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts (note 3).

(c) Interest rate risk:

The University is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the fixed rate investments are included in note 2 and the long-term obligations are included in note 9.

(d) Currency risk:

Investments denominated in foreign currency are exposed to currency risk as the price in local terms in foreign markets is converted to Canadian dollars to determine fair value. The University's overall currency positions are monitored on a daily basis by the portfolio manager. There has been no material change to the risk exposure from 2023.

20. Ontario student opportunity trust fund:

External endowments include grants for funding student aid provided by the Government of Ontario's Student Opportunity Trust Fund matching program. Under the program, the Province has matched qualifying external endowment donations received with equal contributions.

(a) Ontario Student Opportunity Trust Fund - Phase I

The following schedule represents the changes for the years ended April 30th, in the first phase of the Ontario Student Opportunity Trust Fund (OSOTF I) balance:

(thousands of dollars)	2024	2023
Endowment balance, beginning of year	\$ 36,131	\$ 33,402
Investment income retained for protection of capital	6,951	3,025
Investment income transferred to expendable income	(562)	(296)
Endowment balance, end of year	42,520	36,131
Funds available for awards, beginning of year	-	-
Investment income	1,837	1,769
Bursaries awarded (2024 - 1,823 awards; 2023 - 1,714 awards)	(2,399)	(2,064)
Investment income transferred from endowment balance	562	295
Funds available for awards, end of year	-	-
Total funds at book value	\$ 42,520	\$ 36,131

The market value of the endowment as at April 30, 2024 was \$45,960,000 (2023 - \$42,142,000).

(b) Ontario Student Opportunity Trust Fund - Phase II

The Ontario government requires separate reporting of balances as at April 30th, and details of the changes in the balances for the period then ended with respect to the second phase of the Ontario Student Opportunity Trust Fund (OSOTF II) of the University including the Divinity College.

The following is the schedule of changes for the years ended April 30th:

(thousands of dollars)	2024	2023
Endowment balance, beginning of year	\$ 7,964	\$ 6,744
Investment income retained for protection of capital	1,205	1,220
Endowment balance, end of year	9,169	7,964
Funds available for awards, beginning of year	110	120
Investment income for expenditures	328	316
Bursaries awarded (2024 - 339 awards; 2023 - 486 awards)	(341)	(326)
Funds available for awards, end of year	97	110
Total funds at book value	\$ 9,266	\$ 8,074

The market value of the endowment as at April 30, 2024 was \$7,901,000 (2023 - \$7,648,000).

21. Ontario trust for student support:

External endowments include grants for funding student aid provided by the Government of Ontario's Ontario Trust for Student Support (OTSS) matching program. Under the program, the Province will provide an equivalent matching contribution for external endowment contributions made to a specified ceiling.

The following is the schedule of changes in the endowment and expendable balances for the years ended April 30th:

(thousands of dollars)	2024	2023
Endowment balance, beginning of year	\$ 52,516	\$ 44,235
Investment income retained for protection of capital	8,189	8,281
Endowment balance, end of year	60,705	52,516
Funds available for awards, beginning of year	583	732
Investment income for expenditures	1,949	1,889
Bursaries awarded (2024 - 752 awards; 2023 - 742 awards)	(2,211)	(2,038)
Funds available for awards, end of year	321	583
Total funds at book value	\$ 61,026	\$ 53,099

The market value of the endowment as at April 30, 2024 was \$58,713,000 (2023 - \$56,418,000).

22. Pledges:

Outstanding but unrecorded pledges for donations and other fund raising amounted to approximately \$93,000,000 (2023 - \$105,000,000) (Unaudited).

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