

Cape Breton University
Non-consolidated Financial Statements
March 31, 2026

Cape Breton University
Non-consolidated Financial Statements
For the year ended March 31, 2026

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Independent Auditor's Report

To the Board of Governors of Cape Breton University:

Opinion

We have audited the non-consolidated financial statements of Cape Breton University (the "University"), which comprise the non-consolidated statement of financial position as at March 31, 2026, and the non-consolidated statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the University as at March 31, 2026, and the results of its non-consolidated operations and its non-consolidated 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 Non-Consolidated Financial Statements section of our report. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the non-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 Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated 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 Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-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 non-consolidated 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 non-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 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 non-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 University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Sydney, Nova Scotia
June 25, 2026

MNP LLP
Chartered Professional Accountants

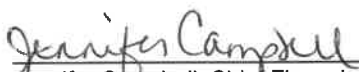
Management's Responsibility for the Non-consolidated Financial Statements

The accompanying non-consolidated financial statements of Cape Breton University (the "University") are the responsibility of the University's management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These standards are included in the CPA Canada Handbook - Part III, and accounting standards for private enterprises included Part II is used for items are not addressed in Part III. A summary of the significant accounting policies is described in Note 1 to the non-consolidated financial statements. The preparation of non-consolidated financial statements necessarily involves the use of estimates based on management's judgment. Estimates and judgments have been determined on a reasonable and consistent basis to ensure that the non-consolidated financial statements are presented fairly, in all material respects.

The University's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded and reliable financial information is available on a timely basis for preparation of non-consolidated financial statements. These systems are regularly monitored and evaluated by management.

The audit committee meets with management and the external auditors to review the non-consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the non-consolidated financial statements.

The non-consolidated financial statements have been audited by MNP LLP, independent external auditors appointed by the University. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the University's non-consolidated financial statements.


Jennifer Campbell, Chief Financial Officer

Cape Breton University
Non-consolidated Statement of Financial Position
As at March 31, 2026

					2026	2025
	Operating Fund	Special Purpose and Research Fund	Capital Fund	Endowment Fund	Total	Total
ASSETS						
Current assets						
Cash (Note 2)	\$ 207,205,792	\$ —	\$ —	\$ —	\$ 207,205,792	\$ 257,389,046
Accounts receivable (Note 3)	13,774,763	—	—	—	13,774,763	26,065,552
Prepaid expenses	1,312,771	—	—	—	1,312,771	1,317,465
	222,293,326	—	—	—	222,293,326	284,772,063
Investments						
Investments held for scholarship and special purposes (Note 4)	—	19,876,378	—	51,440,671	71,317,049	62,370,256
Investment in CBU Developments Inc. (Note 5)	—	100	—	—	100	100
		19,876,478		51,440,671	71,317,149	62,370,356
Interfund balances	(176,941,766)	144,106,131	32,360,234	475,401	—	—
Capital assets (Note 6)	—	—	106,060,690	—	106,060,690	75,216,421
Work in progress (Note 7)	—	—	94,131,947	—	94,131,947	78,142,027
Due from LearnCorp International Inc. and CBU Foundation (Note 8)	6,280	—	—	—	6,280	2,229
	\$ 45,357,840	\$ 163,982,609	\$ 232,552,871	\$ 51,916,072	\$ 493,809,392	\$ 500,503,096

LIABILITIES

Current liabilities						
Accounts payable and accrued liabilities	\$ 33,043,957	\$ —	\$ —	\$ —	\$ 33,043,957	\$ 48,389,114
Current portion of accrued employee benefits (Note 9)	2,278,038	—	—	—	2,278,038	545,395
Deferred revenue (Note 10)	16,320,712	—	—	—	16,320,712	26,230,286
Deferred special purpose and research funds (Note 11)	—	27,112,204	—	—	27,112,204	26,782,420
Current portion of long-term debt (Note 12)	—	—	695,000	—	695,000	664,000
	51,642,707	27,112,204	695,000	—	79,449,911	102,611,215
Long-term liabilities						
Accrued employee benefits (Note 9)	3,047,602	—	—	—	3,047,602	680,924
Long-term debt (Note 12)	—	—	4,524,000	—	4,524,000	5,219,000
Deferred capital contributions (Note 14)	—	—	143,484,245	—	143,484,245	143,637,857
	3,047,602	—	148,008,245	—	151,055,847	149,537,781
	54,690,309	27,112,204	148,703,245	—	230,505,758	252,148,996

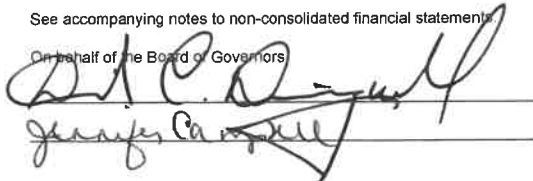
Commitments and contingencies (Note 19)

FUND BALANCES

Fund balances	(9,332,469)	136,870,405	83,849,626	51,916,072	263,303,634	248,354,100
	\$ 45,357,840	\$ 163,982,609	\$ 232,552,871	\$ 51,916,072	\$ 493,809,392	\$ 500,503,096

See accompanying notes to non-consolidated financial statements.

On behalf of the Board of Governors



Cape Breton University
Non-consolidated Statement of Operations
For the year ended March 31, 2026

					2026	2025
	Operating Fund	Special Purpose and Research Fund	Capital Fund	Endowment Fund	Total	Total
REVENUES						
Government grants and contracts	\$ 31,403,035	\$ —	\$ —	\$ —	\$ 31,403,035	\$ 31,526,618
Tuition and related fees	66,763,688	—	—	—	66,763,688	100,276,737
Scholarship revenue	720,000	—	—	—	720,000	—
Investment income	7,490,228	4,405,471	—	—	11,895,699	16,162,879
Other income	3,753,243	—	—	—	3,753,243	4,725,154
Ancillary enterprises	3,103,663	85,240	—	—	3,188,903	3,126,930
Special purpose and research revenue	—	12,376,914	—	—	12,376,914	9,658,827
Contributions to internally restricted investments	—	11,455,760	—	—	11,455,760	2,652,085
Amortization of deferred capital contributions (Note 14)	—	—	3,078,740	—	3,078,740	2,763,957
Change in fair value of investments	—	—	—	—	—	—
	113,233,857	28,323,385	3,078,740	—	144,635,982	170,893,187
EXPENSES						
Instruction and non-sponsored research	52,905,992	—	—	—	52,905,992	59,136,413
Library	2,383,215	—	—	—	2,383,215	2,918,838
Student services	17,181,573	—	—	—	17,181,573	25,397,188
Administration and general	9,251,467	—	—	—	9,251,467	11,665,593
Development and recruiting	5,913,178	—	—	—	5,913,178	7,464,328
Facilities management	6,499,087	—	—	—	6,499,087	8,031,020
Computing	4,191,761	—	—	—	4,191,761	4,868,752
Ancillary enterprises	3,039,713	5,064	—	—	3,044,777	2,688,361
Special purpose and research expenses (Note 11)	—	14,178,500	—	—	14,178,500	11,126,290
Amortization of capital assets	—	—	9,183,462	—	9,183,462	9,534,009
Change in fair value of investments	—	3,109,060	—	—	3,109,060	725,411
Retirement incentive, vacation and service award costs (Note 9)	5,405,435	—	—	—	5,405,435	(21,143)
	106,771,421	17,292,624	9,183,462	—	133,247,507	143,535,060
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES						
	\$ 6,462,436	\$ 11,030,761	\$ (6,104,722)	\$ —	\$ 11,388,475	\$ 27,358,127

See accompanying notes to non-consolidated financial statements.

Cape Breton University
Non-consolidated Statement of Changes in Fund Balances
For the year ended March 31, 2026

	2026					2025
	Operating Fund	Special Purpose and Research Fund	Capital Fund (Note 15)	Endowment Fund	Total	Total
BALANCE, BEGINNING OF YEAR	\$ 968,818	\$ 131,170,474	\$ 67,821,665	\$ 48,393,143	\$ 248,354,100	\$ 216,366,996
Transactions during the year						
Excess (deficiency) of revenues over expenses	6,462,436	11,030,761	(6,104,722)	—	11,388,475	27,358,127
Supplementary Pension Plan remeasurement	38,130	—	—	—	38,130	(19,719)
Endowment contributions	—	—	—	1,094,961	1,094,961	1,098,716
Investment income on scholarship endowments in excess of scholarships awarded	—	—	—	10,774,927	10,774,927	5,263,687
Change in fair value of investments	—	—	—	(8,346,959)	(8,346,959)	(1,713,707)
Net change in investment in capital assets (Note 15)	(22,132,683)	—	22,132,683	—	—	—
Interfund transfers (Note 16)	5,330,830	(5,330,830)	—	—	—	—
	(10,301,287)	5,699,931	16,027,961	3,522,929	14,949,534	31,987,104
BALANCE, END OF YEAR	\$ (9,332,469)	\$ 136,870,405	\$ 83,849,626	\$ 51,916,072	\$ 263,303,634	\$ 248,354,100
Fund balances are comprised of						
Investment in capital assets (Note 15)	\$ —	\$ —	\$ 83,849,626	\$ —	\$ 83,849,626	\$ 67,821,665
Internally restricted funds (Note 17)	—	99,647,876	—	—	99,647,876	106,532,972
Endowment funds	—	37,222,429	—	51,916,072	89,138,501	73,030,545
Equity in CBU Developments Inc.	—	100	—	—	100	100
Unrestricted	(9,332,469)	—	—	—	(9,332,469)	968,818
	\$ (9,332,469)	\$ 136,870,405	\$ 83,849,626	\$ 51,916,072	\$ 263,303,634	\$ 248,354,100

See accompanying notes to non-consolidated financial statements.

Cape Breton University
Non-consolidated Statement of Cash Flows
For the year ended March 31, 2026

	2026	2025
CASH FLOWS FROM OPERATIONS		
Excess of revenues over expenses	\$ 11,388,475	\$ 27,358,127
Items not involving cash		
Amortization of capital assets	9,183,462	9,534,009
Amortization of deferred capital contributions	(3,078,740)	(2,763,957)
Change in fair value of investments	3,109,060	725,411
Change in accrued employee benefits costs	4,137,451	(66,877)
Change in non-cash working capital (Note 18)	(12,629,464)	(6,352,212)
	12,110,244	28,434,501
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments	(20,402,812)	(7,495,582)
Acquisition of capital assets and work in progress	(56,017,651)	(62,371,501)
Endowment contributions	1,094,961	1,098,716
Investment income on scholarship endowments in excess of scholarships awarded	10,774,927	5,263,687
Decrease (increase) in due from LearnCorp International Inc. and CBU Foundation	(4,051)	135,789
	(64,554,626)	(63,368,891)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions received for capital assets	2,925,128	7,093,534
Repayment of long-term debt	(664,000)	(633,000)
	2,261,128	6,460,534
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(50,183,254)	(28,473,856)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	257,389,046	285,862,902
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 207,205,792	\$ 257,389,046

See accompanying notes to non-consolidated financial statements.

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2026

The College of Cape Breton was established on June 28, 1974, combining the Sydney Campus of Saint Francis Xavier University and the Nova Scotia Eastern Institute of Technology into a single post-secondary institution under an autonomous Board of Governors by an Act of the Nova Scotia legislature. In June, 1982, the College was granted university status by an amendment to the College of Cape Breton Act.

The Cape Breton University is a registered charity under the Income Tax Act and is therefore, exempt from payment of income taxes.

1. ACCOUNTING POLICIES

These non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Handbook:

a) Basis of presentation

The University follows the deferral method using fund accounting. The following is a description of the nature and purpose of each of the funds.

Endowment fund

The Endowment Fund reports the net assets available for scholarship purposes. The University regards scholarship funds as being of an endowment nature.

Contributions to the fund are accounted for as a direct increase in the Endowment fund balance. Pledges to the Endowment fund are recognized when the pledged assets are received. Investment income earned on Endowment funds is:

- recognized as scholarship revenue in the operating fund to the extent utilized to pay scholarships included in student services, and
- the remaining balance of investment income is added directly to the Endowment fund balance.

Capital fund

The capital fund reports the assets, liabilities, revenues and expenses related to the University's capital assets.

Special purpose and research fund

The special purpose and research fund principally reports the revenues and expenses related to sponsored research and special projects along with the ancillary operation of the parking lot.

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2026

1. ACCOUNTING POLICIES (CONTINUED)

a) Basis of presentation (continued)

In addition, the fund reports the continuity of Endowment funds (other than scholarships) and other special funds which have been established by internal restrictions to meet designated priorities of the University.

Operating fund

The operating fund reports all the remaining residual activities of the University and consists principally of the assets, liabilities, revenues and expenses associated with the core operations of the University.

b) Cash and cash equivalents

The University considers cash on hand, deposits held in banks net of outstanding cheques and deposits and guaranteed investment certificates as cash and cash equivalents.

c) Revenue recognition

Revenues, including government grants and contributions, are recorded using the deferral method of accounting. Major revenues, including tuition and residence fees, ancillary and other income are recognized when the services are provided or the goods are sold. Investment income is recorded as earned.

Operating grants are recorded as revenue in the period to which it relates. Capital grants are recorded as deferred capital contributions and are amortized to revenue at a rate corresponding with the amortization of the related capital asset.

Unrestricted contributions are recognized as revenue when the amount can be reasonably estimated and collections are reasonably assured.

Externally restricted contributions are recognized as revenue in the same accounting period as the related expense.

d) Investments

Investments in pooled funds, equities and long-term bonds are recorded at fair value. Changes in fair market value of investments are recorded in the non-consolidated statement of operations, except for investments held for scholarships which are recorded directly to the fund balance on the non-consolidated statement of changes in fund balances.

The investment in CBU Developments Inc. is accounted for using the equity method. Under the equity method, the original cost of the shares is adjusted for the University's share of post-acquisition earnings or losses less dividends.

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2026

1. ACCOUNTING POLICIES (CONTINUED)

e) Capital assets

Capital assets are reported in the statement of financial position at cost net of accumulated amortization. They are amortized on a straight-line basis over their estimated useful lives at the following rates:

Asset	Basis	Rate
Buildings	Straight-line	40 years
Capital improvements	Straight-line	15 years
Computer and information systems	Straight-line	5 years
Equipment		
Computers and peripherals	Straight-line	3 years
Other equipment	Straight-line	5 years
Library collection	Straight-line	10 years
Vehicles	Straight-line	3 years
Equipment acquired under capital lease	Straight-line	3-5 years
Leasehold improvements	Straight-line	Lease term

A full year's amortization is taken in the year of acquisition and no amortization in the year of disposal. Equipment under capital lease is amortized over the term of the lease.

Capital assets acquired through external funding are not capitalized until project completion.

Work in progress is reported in the non-consolidated statement of financial position at cost.

f) Deferred revenue and deferred special purpose and research funds

Deferrals within these categories relate to funds received for goods or services to be provided subsequent to the non-consolidated statement of financial position date and unspent grants and contributions for which there is a specified use.

g) Interfund transfers

The University follows a policy of appropriating funds on a discretionary basis for special items including debt repayment and capital asset replacement. Interfund transfers are recorded to maintain the fund balances at their designated levels.

h) Contributed goods and services

Various organizations and individuals make voluntary contributions of goods and services to Cape Breton University in carrying out its service delivery activities. Because of the difficulty of determining their value, contributed goods and services are not recognized in the financial statements.

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2026

1. ACCOUNTING POLICIES (CONTINUED)

i) Artwork and collections

Cape Breton University has been entrusted with the care and preservation of certain collections of art, rare books and manuscripts and historical artifacts. The University's stewardship policies include proper security measures, insurance coverage and qualified caretakers. Certain acquisitions may require a cash outlay by Cape Breton University.

As at March 31, 2026, the estimated fair market value of the artwork and collections was \$7,127,000. The fair market value is not reflected in the financial statements.

j) Service awards

The University pays a service award to certain permanent full-time employees who accumulate a minimum of ten years service with the University and is employed by the University immediately prior to retirement. The amount of the award is based on years of service up to a maximum payment equal to four months salary.

The projected benefit method prorated on services is used to determine the accrued benefit obligation and current service cost.

Actuarial gains and losses are immediately recognized in the non-consolidated statement of changes in fund balances.

k) Pensions

The University has established a defined benefit Supplementary Pension Plan for Designated Employees. The defined benefit obligation and current service cost has been determined from an actuarial valuation using the projected benefit method prorated on services. Actuarial gains and losses are immediately recognized in the non-consolidated statement of changes in fund balances.

l) Derivative financial instruments

Derivative financial instruments are utilized to reduce interest rate risk on the University's debt. The University enters into interest rate swaps to reduce the impact of fluctuating interest rates on its long-term debt. The University designates its interest rate swap agreement as a hedge of the underlying debt. The University does not enter into financial instruments for trading or speculative purposes.

The University formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various interest rate hedge transactions. This process includes linking the derivative to specific assets and liabilities on the statement of financial position or to specific firm commitments or anticipated transactions. The University also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2026

1. ACCOUNTING POLICIES (CONTINUED)

m) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 reporting period.

Accounts receivables are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. Legal liabilities are recorded as a liability if expected outflows can be reasonably determined, if not an accrual will not be made. Fair market value of artwork and collections is based on the insurance policy assessed value. The supplementary pension plan obligation and service award accrual are estimated using management's best estimate of inputs to determine the present value of future obligations.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenues over expenses in the years in which they become know.

n) Financial instruments

Measurement of non-arm's length financial instruments

The University initially measures financial instruments originated in a related party transaction ("related party financial instruments") at cost and subsequently measured at cost less any reduction for impairment.

Measurement of arm's length financial instruments

The University initially measures its financial assets and financial liabilities at fair value and subsequently measures its financial assets and financial liabilities as follows:

Financial instrument	Measurement basis
Cash	Fair value
Accounts receivable	Amortized cost
Investments	Fair value
Accounts payable	Amortized cost
Accrued liabilities	Amortized cost
Long-term debt	Amortized cost

Transaction costs related to financial assets subsequently measured at fair value are expensed as incurred. Financing fees related to financial assets and financial liabilities subsequently measured at amortized cost are deferred and amortized over the period of the related liability.

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2026

1. ACCOUNTING POLICIES (CONTINUED)

Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in income. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

2. CASH

Included in cash are contributions from external funders restricted for capital use of \$32,360,234 (2025 - \$63,984,074) and cash with internal restrictions of \$144,581,532 (2025 - \$143,975,681).

3. ACCOUNTS RECEIVABLE

	2026	2025
Student accounts	\$ 14,717,481	\$ 16,487,388
Less allowance for doubtful student accounts	(7,571,004)	(7,729,406)
	7,146,477	8,757,982
Government allotments and grants	3,326,573	15,277,218
Other	3,301,713	2,030,352
	\$ 13,774,763	\$ 26,065,552

4. INVESTMENTS HELD FOR SCHOLARSHIP AND SPECIAL PURPOSES

	2026		2025	
	Cost	Fair Market Value	Cost	Fair Market Value
Special Purpose and Research Fund				
Special purpose	\$ 12,779,821	\$ 10,637,982	\$ 9,801,984	\$ 9,352,564
Victor Harriss Endowment	11,098,444	9,238,396	9,670,809	9,227,402
	23,878,265	19,876,378	19,472,793	18,579,966
Endowment Fund	61,197,261	51,440,671	45,199,921	43,790,290
	\$ 85,075,526	\$ 71,317,049	\$ 64,672,714	\$ 62,370,256

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2026

5. INVESTMENT IN CBU DEVELOPMENTS INC.

The University is the sole shareholder of CBU Developments Inc. ("Developments"), a company that acts as the corporate trustee of CBU 2015 Business Trust (the "Trust"). In its role as corporate trustee, Developments is responsible for the execution of the trust indenture. It is expected there will be few transactions within Developments and no significant equity accumulated, with exception of the initial share capital issued.

The Trust was created to invest in Gardiner Mines Wind Farm Limited Partnership whose principal business activity is the construction and operation of three wind turbines in Sydney, Nova Scotia. The Trust owns 89% of the partnership units of the Limited Partnership and has incurred the debt financing for the construction of the wind turbines. This debt has been guaranteed by the University.

It is expected the partnership income earned by the Trust will be distributed, in accordance with the trust indenture, to the named beneficiaries, Cape Breton University and Cape Breton University Foundation and no significant equity will be accumulated by the Trust.

The summary of the audited financial statements of CBU 2015 Business Trust for the year ending December 31, 2025 is as follows:

BALANCE SHEET

Assets	\$ 10,790,292
Liabilities	11,000,523
Partners' Capital	(210,231)

STATEMENT OF EARNINGS

Revenues	613,582
Expenses	395,064
Net earnings	218,518

STATEMENT OF CASH FLOWS

Operating	219,304
Financing	(1,399,191)
Investing	1,232,285

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2026

5. INVESTMENT IN CBU DEVELOPMENTS INC. (CONTINUED)

The summary of the audited financial statements of Gardiner Mines Wind Farm Limited Partnership for the year ending March 31, 2026 follows:

BALANCE SHEET

Assets	\$ 10,508,183
Liabilities	445,379
Partners' Capital	10,062,804

STATEMENT OF EARNINGS

Revenues	2,298,980
Expenses	1,435,392
Net earnings	863,588

STATEMENT OF CASH FLOWS

Operating	1,510,425
Financing	(830,100)
Investing	-

6. CAPITAL ASSETS

			2026
	Cost	Accumulated amortization	Net book value
Land	\$ 1,474,316	\$ -	\$ 1,474,316
Buildings	131,968,440	60,101,013	71,867,427
Capital improvements	63,279,297	36,873,560	26,405,737
Computer and information systems	12,821,249	10,532,021	2,289,228
Equipment	22,913,581	19,140,404	3,773,177
Library collection	2,359,345	2,359,345	-
Vehicles	979,498	744,384	235,114
Equipment acquired under capital lease	2,048,151	2,048,151	-
Leasehold improvements	1,039,483	1,023,792	15,691
	\$ 238,883,360	\$ 132,822,670	\$ 106,060,690

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2026

6. CAPITAL ASSETS (continued)

			2025
	Cost	Accumulated amortization	Net book value
Land	\$ 1,474,316	\$ —	\$ 1,474,316
Buildings	92,833,362	57,247,104	35,586,258
Capital improvements	63,132,122	33,607,766	29,524,356
Computer and information systems	12,701,830	9,298,642	3,403,188
Equipment	22,513,848	17,497,479	5,016,369
Library collection	2,359,345	2,359,345	—
Vehicles	753,172	617,654	135,518
Equipment acquired under capital lease	2,048,151	2,048,151	—
Leasehold improvements	1,039,483	963,067	—
	\$ 198,855,629	\$ 123,639,208	\$ 75,216,421

7. WORK IN PROGRESS

	2026	2025
Centre for Discovery/Innovation	\$ 20,438,497	\$ 11,805,815
Canada Games Complex refit	—	36,864,499
Medical campus	59,219,641	24,559,420
Collaborative clinic	6,918,467	2,925,324
Marconi renovations	3,676,681	1,875,489
Nova Scotia Power Lines Relocation	3,796,362	111,480
Skylight Retrofit	82,299	—
	\$ 94,131,947	\$ 78,142,027

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2026

8. DUE FROM LEARNCORP INTERNATIONAL INC. AND CBU FOUNDATION

During the year, the University provided administrative and processing support to the CBU Foundation and certain of its subsidiaries for no consideration.

At March 31, 2026, LearnCorp International Inc., a subsidiary of the CBU Foundation owed the University \$6,280 (2025 - \$2,229) for amounts paid on its behalf.

During the year, the University received a \$1,250,000 donation (2025 - \$750,000) from the CBU Foundation.

9. ACCRUED EMPLOYEE BENEFITS

	2026	2025
Retirement incentive liabilities	\$ 4,295,761	\$ —
Vacation entitlements	327,314	545,935
Service awards, accrued benefit liability	93,180	72,270
Supplementary pension plan (Note 20)	609,385	608,654
	5,325,640	1,226,319
Current portion		
Retirement incentive liabilities	1,950,724	—
Vacation entitlements	327,314	545,395
	2,278,038	545,395
	\$ 3,047,602	\$ 680,924
Expensed in the year		
Retirement incentive program	\$ 5,565,389	\$ —
Vacation entitlements	(218,082)	(68,624)
Service awards, accrued benefit liability	20,909	11,181
Supplementary pension plan	37,219	36,300
	\$ 5,405,435	\$ (21,143)

10. DEFERRED REVENUE

	2026	2025
Province of Nova Scotia (DAE) Medical Campus operational funding	\$ 4,936,222	\$ 10,025,574
Student tuition	10,829,615	15,609,063
General	554,875	595,649
	\$ 16,320,712	\$ 26,230,286

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2026

11. DEFERRED SPECIAL PURPOSE AND RESEARCH FUNDS

The deferrals are comprised of net revenues received in advance for projects of an ongoing nature. The changes in deferred funding are as follows:

	2026	2025
Balance, beginning of year	\$ 26,782,420	\$ 17,886,642
Add external contributions:		
Atlantic Canada Opportunities Agency	290,665	2,997,433
CFI and Province of Nova Scotia	171,872	439,565
Federal Tri-Agency	2,295,874	1,938,821
Other federal government agencies	751,472	1,070,770
Other grants and revenue	7,419,217	11,720,933
Province of Nova Scotia	2,099,470	3,657,413
Add:		
Transfers from special purpose reserves	1,634,442	1,467,463
Transfers from special purpose investments	167,144	—
Less:		
Transfers to capital fund	(321,872)	(3,270,330)
Expenditures recognized for the year	(14,178,500)	(11,126,290)
Balance, end of year	\$ 27,112,204	\$ 26,782,420

12. LONG-TERM DEBT

	2026	2025
Royal Bank of Canada, 4.61% due August 1, 2035, repayable in fluctuating blended instalments averaging \$42,000 per month	\$ 3,755,000	\$ 4,075,000
Royal Bank of Canada, 5.40% due December 20, 2029, repayable in fluctuating blended instalments averaging \$36,000 per month	1,464,000	1,808,000
	5,219,000	5,883,000
Current portion of long-term debt	695,000	664,000
	\$ 4,524,000	\$ 5,219,000

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2026

12. LONG-TERM DEBT (CONTINUED)

Estimated principal repayments over the next five years are as follows:

2027	\$ 695,000
2028	729,000
2029	765,000
2030	693,000
2031	393,000

Interest of \$269,948 (2025 - \$272,761) relating to long-term debt is reported as a component of ancillary enterprises expenses in the operating fund.

13. INTEREST RATE SWAP AGREEMENTS

The University has entered into interest rate swap agreements with the Royal Bank of Canada to manage interest rate exposure associated with certain long-term debt obligations.

The swap transaction agreements are a variable interest rate to fixed interest rate instrument. The underlying debt agreement between the University and the Royal Bank of Canada has an interest rate equal to the term CORRA rate plus 0.61% (2025 – CDOR rate plus 0.61%) and 0.75% (2025 – CDOR rate plus 0.75%). The swaps carry fixed interest rates of 3.86% (2025 – 3.86%) and 4.79% (2025 – 4.79%).

The notional underlying principal value of the interest rate swaps related to debt outstanding at March 31, 2026 was \$5,219,000 (2025 - \$5,883,000). The University has no plans to sell or terminate the interest rate swap agreements prior to maturity. If the University had terminated these swaps on March 31, 2026, it would have been obligated to pay the bank \$225,635 (2025 - \$386,070), which is the fair value of the swaps as calculated by the bank.

14. DEFERRED CAPITAL CONTRIBUTIONS

	2026	2025
Balance, beginning of year	\$ 143,637,857	\$ 139,308,280
Additions		
Province of Nova Scotia – Advanced education	2,672,210	679,090
Atlantic Canada Opportunities Agency	150,000	2,850,677
CFI and Province of NS matching	102,918	342,653
Other	–	3,221,114
	2,925,128	7,093,534
Amortized to revenue	3,078,740	2,763,957
Balance, end of year	\$ 143,484,245	\$ 143,637,857

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2026

14. DEFERRED CAPITAL CONTRIBUTIONS (CONTINUED)

As of March 31, 2026, \$32,360,234 (2025 - \$63,984,074) remains unspent and held for capital use.

15. INVESTMENT IN CAPITAL ASSETS

a) Investment in capital assets and work in progress are calculated as follows:

	2026	2025
Capital assets (Note 6)	\$ 106,060,690	\$ 75,216,421
Work in progress (Note 7)	94,131,947	78,142,027
Less		
Deferred capital contributions (Note 14)	(111,124,011)	(79,653,783)
Long-term debt (Note 12)	(5,219,000)	(5,883,000)
	<u>\$ 83,849,626</u>	<u>\$ 67,821,665</u>

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

	2026	2025
Deficiency of revenues over expenses		
Amortization of deferred contributions	\$ 3,078,740	\$ 2,763,957
Amortization of capital assets	(9,183,462)	(9,534,009)
	<u>\$ (6,104,722)</u>	<u>\$ (6,770,052)</u>
Net change in investment in capital assets		
Acquisition of capital assets	\$ 40,027,731	\$ 13,253,916
Less prior year work in progress	(78,142,027)	(29,024,442)
	<u>(38,114,296)</u>	<u>(15,770,526)</u>
Work in progress	94,131,947	78,142,027
Amount funded by deferred capital contributions – Additions	(2,925,128)	(7,093,534)
Amount funded by deferred capital contributions –		
Advanced Provincial Funds	(31,623,840)	(31,937,035)
Repayment of long-term debt	664,000	633,000
	<u>\$ 22,132,683</u>	<u>\$ 23,973,932</u>

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2026

16. INTERFUND TRANSFERS

	Operating Fund	Special Purpose	Deferred Special Purpose
General capital reserve	\$ (2,325,763)	\$ 2,325,763	\$ —
Major capital reserve	15,385,174	(15,385,174)	—
Residence capital reserve	75,009	(75,009)	—
General operating reserve	(6,978,544)	6,978,544	—
Strategic priorities reserve	(156,417)	(1,478,025)	1,634,442
IT / ERP reserve	(405,000)	405,000	—
Activity fee reserve	(263,629)	263,629	—
	\$ 5,330,830	\$ (6,965,272)	\$ 1,634,442

17. INTERNALLY RESTRICTED FUNDS

From time to time, the University internally restricts fund balances including, in certain cases, the interest earned thereon for designated purposes. Internally restricted funds are reflected in the statement of financial position as a component of the special purpose and research fund balance.

A summary of internally restricted funds follows:

	2026	2025
General capital reserve	\$ 6,527,060	\$ 4,121,121
Major capital reserve	49,653,845	65,039,019
Enrollment diversification reserve	214,927	214,927
Residence capital reserve	1,187,230	1,262,239
General operating reserve	28,497,251	21,518,707
Strategic priorities reserve	12,898,934	14,376,959
IT/ERP reserve	405,000	—
Activity fee reserve	263,629	—
	\$ 99,647,876	\$ 106,532,972

18. CHANGE IN NON-CASH WORKING CAPITAL

	2026	2025
Accounts receivable	\$ 12,290,789	\$ (5,528,859)
Prepaid expenses	4,694	(57,176)
Accounts payable and accrued liabilities	(15,345,157)	(3,612,086)
Deferred revenue	(9,909,574)	(6,049,869)
Deferred special purpose and research funds	329,784	8,895,778
	\$ (12,629,464)	\$ (6,352,212)

19. COMMITMENTS AND CONTINGENCIES

a) Province of Nova Scotia

The University has leased from the Province of Nova Scotia the property known as the Cape Breton University for ninety-nine years, to expire in 2075, at an annual rental of \$1.

b) Early Retirement Program

The University has participated in several early retirement programs offered by the Province of Nova Scotia to employees previously employed at the Nova Scotia Institute of Technology, prior to its amalgamation.

The amount of \$171,238 (2025 - \$186,406) recorded as an early retirement expense, represents the actual cash payments to the Province of Nova Scotia for the current year.

c) Reciprocal exchange of insurance risks

The University is a member of The Canadian Universities Reciprocal Insurance Exchange (CURIE) with 78 other Canadian Universities. This self-insurance cooperative involves a contractual agreement to share the insurance property and liability risks of member universities for a term of not less than five years.

The cost of claims is funded through members' premiums based on actuarial projections. In the event that premiums are not sufficient to cover claims, the member universities would be subject to an assessment in proportion to their participation.

During 2025, CURIE wrote property policies with a limit of \$15,000,000 (2024 - \$15,000,000) per occurrence, \$30,000,000 (2024 - \$30,000,000) annual aggregate and placed on behalf of subscribers an excess policy for \$1,235,000,000 (2024 - \$1,235,000,000) above CURIE's \$15,000,000 (2024 - \$15,000,000) limit.

During 2025 CURIE wrote general liability policies with a limit of \$5,000,000 per occurrence (2024 - \$5,000,000).

In respect of errors and omissions liability policies, CURIE's limit of liability per occurrence for the claim made coverage was \$5,000,000 in 2025 (\$5,000,000 – 2024). In 2025 and 2024, CURIE purchased combined reinsurance policies for general liability and errors and omissions liability above the \$5,000,000 limit on behalf of subscribers in the amount of \$45,000,000.

During 2025, CURIE wrote Cyber policies on a claims made basis with a limit of \$2,000,000 (2024 - \$2,000,000) per incident and per aggregate per subscriber, inclusive of defense.

d) Legal matters

The University has been named a defendant in several grievances. The outcome of the matters is not determinable and settlement, if any, will be accounted for as a charge to operations in the period of settlement.

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2026

19. COMMITMENTS AND CONTINGENCIES (CONTINUED)

e) Loan guarantee

Cape Breton University has fully guaranteed a loan to CBU 2015 Business Trust, as executed by CBU Development Inc. in their capacity of corporate trustee, in the amount of \$17,620,000. As at March 31, 2026, the outstanding loan balance is \$10,189,000 (2025 - \$11,042,000) and is in current with respect to the loan payment schedule. The loan is amortized to April 2036, matures in May 2026 and will be renewed for an additional ten years. The guarantee would be triggered by default of CBU 2015 Business Trust.

f) Capital projects

Cape Breton University is committed to the following capital projects at March 31, 2026:

	Estimated Cost	Progress Billings Including Accrued Holdbacks
Medical Campus	\$ 69,811,460	\$ 62,896,322
Marconi Health Clinic	7,600,000	6,918,467
Centre for Discovery/Innovation	152,000,000	20,438,497
Nova Scotia Power Lines Relocation	3,855,520	3,796,362
Other	82,299	82,299
	\$ 233,349,279	\$ 94,131,947

g) Operating leases

The University has operating lease agreements for office space in Sydney, Nova Scotia. The minimum lease payments for the next two years are as follows:

2027	\$ 68,480
2028	22,827
Total	\$ 91,307

Cape Breton University
Notes to Non-consolidated Financial Statements
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20. PENSIONS

The University contributes to a defined contribution pension plan for its employees. The defined contribution plan requires a partial matching of contributions by the University, the cost of which is allocated to appropriate department expenses. Contributions made by the University to the defined contribution plan were \$48,414 (2025 - \$49,934) for the year ended March 31, 2026.

As of April 1, 2018, four employee groups of the University (non-union, management, CUPE, CBUFA) enrolled to participate in the Nova Scotia Public Service Superannuation Plan ("PSSP"), a defined benefit pension plan administered by the Public Service Superannuation Plan Trustee Incorporated, which provides pension benefits based on length of service and earnings. The University is not obligated for any unfunded liability, nor is the University entitled to any surplus that may arise in the PSSP. The PSSP is accounted for as a defined contribution plan as the obligation to pay retirement obligations does not reside with the University. The PSSP requires a partial matching of contributions by the University, the cost of which is allocated to appropriate department expenses. Contributions made by the University to the PSSP were \$5,291,598 (2025 - \$5,252,612) for the year ended March 31, 2026.

During the year ended March 31, 2021, the University established a defined benefit Supplementary Pension Plan for Designated Employees of Cape Breton University. Benefits payable from the plan are equal to the pension that would have been payable from the Public Service Superannuation Plan (PSSP) in excess of limits imposed by the Income Tax Act, less the actual benefits payable from the PSSP. Benefits begin to accrue on the date that the employee was appointed to the office of Vice President or President. The plan obligation as at March 31, 2026 is \$609,385 (2025 - \$608,654). In keeping with its practice to not follow a segregated cash policy, the University has not set aside specific plan assets to fund plan obligations as at March 31, 2026. Future payments for plan benefits will be provided from operational cash.

21. RELATED PARTY TRANSACTIONS

The University is related to the following entities:

CBU Developments Inc., a wholly-owned subsidiary,

CBU 2015 Business Trust, as a trust for which CBU Developments Inc. is corporate trustee, and

Gardiner Mines Wind Farm Limited Partnership, an 89% partnership holding by CBU 2015 Business Trust.

During the 2026 fiscal year, the University received a \$ Nil (2025 - \$ Nil) distribution of income from the CBU 2015 Business Trust.

These transactions are in the normal course of operations and are measured at the exchange amount which approximates fair market value.

22. FINANCIAL INSTRUMENTS

The University is exposed to various risks through its financial instruments and includes the following significant risks at March 31, 2026.

Credit risk

The University provides credit to its students and other organizations in the normal course of operations. The University has established policies to limit registration only to students who have no outstanding balances and may withhold graduation certificates to students with an outstanding balance. The University performs regular evaluations of its accounts receivable and records an allowance for doubtful accounts when necessary. The credit risk relating to its outstanding accounts receivable has decreased due to the significant decrease in the balance outstanding in the current year.

Interest rate risk

The University has entered into interest rate swap agreements on its Royal Bank debt to raise long-term borrowings at a floating rate and effectively swap to a fixed rate that was lower than those available if fixed rate borrowings were made directly. Changes in market interest rates cause the fair value of these long-term debt with fixed interest rates to fluctuate but do not affect net income, as the University's debt is carried at amortized cost and the carrying value does not change as the interest rate changes. There has been no change to the University's exposure during the year.

Market risk

The University's investments are affected by market conditions. The University has an established investment committee and investment manager to mitigate its market risk. There is an increase in the University's market risk due to the increase in the amounts it has invested.

23. COMPARATIVE FIGURES

The comparative information has been reclassified, where applicable, to conform with the presentation used in the current year.