# UBC INVESTMENT MANAGEMENT INC.

# FINANCIAL STATEMENTS

# 31 MARCH 2026

**UBC INVESTMENT MANAGEMENT INC.**
**Financial Statements**
For the year ended 31 March 2026

## Contents

# INDEPENDENT AUDITORS' REPORT

To the Directors,
UBC Investment Management Inc.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of UBC Investment Management Inc. (the "Company"), which comprise the balance sheet as at 31 March 2026, and the statements of retained earnings, earnings and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

### 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASPE, 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.

## INDEPENDENT AUDITORS' REPORT - Continued

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

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

**Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Rolfe Benson
— Chartered Professional Accountants —

## INDEPENDENT AUDITORS' REPORT - Continued

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Rolfe, Benson LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
4 June 2026

# UBC INVESTMENT MANAGEMENT INC.
## Balance Sheet
### 31 March 2026

| | | 2026 | | 2025 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current** | | | | |
| Cash | **$** | **360,501** | $ | 667,618 |
| Short term investments | | **4,576,846** | | 2,802,112 |
| Accounts receivable | | **100** | | 100 |
| GST receivable | | **7,421** | | 6,780 |
| Prepaid expenses | | **316,765** | | 282,888 |
| | | **5,261,633** | | 3,759,498 |
| **Equipment and leasehold improvements (Note 3)** | | **149,135** | | 191,229 |
| **Intangible assets (Note 4)** | | **8,736** | | 14,196 |
| **Security deposit** | | **5,350** | | 5,350 |
| | **$** | **5,424,854** | $ | 3,970,273 |
| **Liabilities** | | | | |
| **Current** | | | | |
| Accounts payable and accrued liabilities (Note 9(b)) | **$** | **2,968,823** | $ | 1,854,478 |
| Advances payable (Note 5) | | **2,382,290** | | 2,024,583 |
| | | **5,351,113** | | 3,879,061 |
| **Deferred lease inducement (Note 6)** | | **22,830** | | 31,962 |
| | | **5,373,943** | | 3,911,023 |
| **Commitments (Note 7)** | | | | |
| **Shareholders' Equity** | | | | |
| **Share capital (Note 8)** | | **100** | | 100 |
| **Retained earnings** | | **50,811** | | 59,150 |
| | | **50,911** | | 59,250 |
| | **$** | **5,424,854** | $ | 3,970,273 |

APPROVED BY THE BOARD:

Azim Lalani Director     Rakesh Saraf Director

The accompanying notes are an integral part of these financial statements

# UBC INVESTMENT MANAGEMENT INC.
## Statement of Retained Earnings
**For the year ended 31 March 2026**

| | | **2026** | | 2025 |
|---|---|---|---|---|
| **Balance - beginning of year** | **$** | **59,150** | $ | 66,381 |
| Net earnings (loss) for the year | | **(8,339)** | | (7,231) |
| **Balance - end of year** | **$** | **50,811** | $ | 59,150 |

The accompanying notes are an integral part of these financial statements

# UBC INVESTMENT MANAGEMENT INC.
## Statement of Earnings
**For the year ended 31 March 2026**

| | 2026 | 2025 |
|---|---|---|
| **Revenue** | | |
| Portfolio management fees (Note 9(a)) | **$ 6,507,643** | $ 5,348,935 |
| Other revenue | **99,699** | 129,758 |
| | **6,607,342** | 5,478,693 |
| **Expenses** | | |
| Salaries and benefits (Note 9(a)) | **4,665,479** | 3,565,679 |
| Software and data | **758,537** | 784,824 |
| Investment professional services | **292,273** | 201,398 |
| Directors fees and expenses | **232,696** | 195,241 |
| Office lease | **213,283** | 212,371 |
| Corporate services | **212,179** | 307,272 |
| Office expenses (Note 9(a)) | **101,154** | 116,074 |
| Travel and conference | **74,229** | 50,031 |
| Amortization of equipment and leasehold improvements | **52,904** | 54,149 |
| Amortization of intangible assets | **5,460** | 5,460 |
| | **6,608,194** | 5,492,499 |
| **Earnings (loss) from operations** | **(852)** | (13,806) |
| **Other income (expense)** | | |
| Wage subsidy | **-** | 7,000 |
| Exchange loss | **(7,487)** | (425) |
| | **(7,487)** | 6,575 |
| **Net earnings (loss) for the year** | **$ (8,339)** | $ (7,231) |

The accompanying notes are an integral part of these financial statements

## UBC INVESTMENT MANAGEMENT INC.
### Statement of Cash Flows
**For the year ended 31 March 2026**

| | **2026** | 2025 |
|---|---|---|
| **Cash provided by (used in):** | | |
| **Operating activities** | | |
| Net earnings (loss) for the year | **$ (8,339)** | $ (7,231) |
| Items not involving cash | | |
| Amortization of equipment and leasehold improvements | **52,904** | 54,149 |
| Amortization of intangible assets | **5,460** | 5,460 |
| Amortization of deferred lease inducement | **(9,132)** | (9,132) |
| | **40,893** | 43,246 |
| Changes in non-cash working capital balances | | |
| Short term investments | **(1,774,734)** | (22,931) |
| GST receivable | **(641)** | (6,780) |
| Prepaid expenses | **(33,877)** | (162,208) |
| Accounts payable and accrued liabilities | **1,114,345** | 471,643 |
| Advances payable | **357,707** | (148,935) |
| | **(296,307)** | 174,035 |
| **Investing activity** | | |
| Purchase of equipment and leasehold improvements | **(10,810)** | (33,829) |
| **Net (decrease) increase in cash** | **(307,117)** | 140,206 |
| **Cash - beginning of year** | **667,618** | 527,412 |
| **Cash - end of year** | **$ 360,501** | $ 667,618 |

The accompanying notes are an integral part of these financial statements

## 1. Incorporation, operations and economic dependence

The Company (formerly UBC Investment Management Trust Incorporated) was incorporated on 28 March 2003 under the provisions of the Business Corporations Act of British Columbia and commenced operations on that date.

The Company is a wholly owned subsidiary of the University of British Columbia (UBC). The Company manages four of UBC's investment funds and the Company is economically dependent on UBC as its only revenue source is the earning of portfolio management fees for its services.

## 2. Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for private enterprises. The significant accounting policies are detailed as follows:

(a) Financial instruments

(i) Measurement of financial instruments

The Company initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Company subsequently measures all of its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, short-term investments, accounts receivable and security deposit.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and advances payable.

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net earnings (loss). The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no 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 net earnings (loss).

(iii) Transaction costs

The Company recognizes its transaction costs in net earnings in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

**2. Summary of significant accounting policies - Continued**

(b) Revenue recognition

Fees for services are recognized as revenue when the services are rendered and billed.

(c) Equipment

Equipment is recorded at cost and is being amortized over its estimated useful life on the following basis:

| | |
|---|---|
| Furniture and fixtures | 20% Declining balance |
| Computer equipment | 30% Declining balance |
| Computer software | 100% Declining balance |

(d) Leasehold improvements

Leasehold improvements are recorded at cost and are amortized on a straight-line basis over six years.

(e) Intangible assets

Intangible assets are recorded at cost and are being amortized over their estimated useful lives on the following basis:

| | |
|---|---|
| Website | 5 years Straight-line |

(f) Cloud computing arrangements

The Company applies the simplification approach included in AcG-20 Customer's Accounting for Cloud Computing Arrangements where expenditures related to cloud computing arrangements are treated as the supply of services and recognized as an expense when the Company receives such services. The Company recognizes a prepayment as an asset when payment for services has been made in advance of the Company receiving those services. Expenditures related to implementation activities are expensed as incurred. During the year, $647,231 (2025 - $607,444) of cloud computing expenditures are included in software and data and office expenses expense on the statement of earnings.

(g) Impairment of long-lived assets

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

## 2. Summary of significant accounting policies - Continued

(h) Income taxes

The Company follows the future income taxes payable method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for the estimated tax consequences attributable to temporary differences between the amounts reported in the financial statements and their respective tax basis, using enacted income tax rates. The effect of a change in income tax rates on future income tax assets and liabilities is recognized in operations in the period that the rate becomes substantially enacted.

(i) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and revenues and expenses and disclosure of contingent assets and liabilities at the balance sheet date. Accounts subject to estimates include amortization rates of equipment and intangible asset and recognition of accrued liabilities. Management believes that the estimates utilized in preparing the financial statements are prudent and reasonable; however, actual results could differ from those estimates.

## 3. Equipment and leasehold improvements

| | Cost | Accumulated Amortization | 2026 Net | 2025 Net |
|---|---|---|---|---|
| Furniture and fixtures | $ 168,284 | $ 132,699 | $ 35,585 | $ 44,481 |
| Computer equipment | 190,187 | 148,552 | 41,635 | 46,353 |
| Computer software | 1,794 | 1,794 | - | 139 |
| Leasehold improvements | 254,050 | 182,135 | 71,915 | 100,256 |
| | $ 614,315 | $ 465,180 | $ 149,135 | $ 191,229 |

## 4. Intangible assets

| | Cost | Accumulated Amortization | 2026 Net | 2025 Net |
|---|---|---|---|---|
| Website | $ 27,300 | $ 18,564 | $ 8,736 | $ 14,196 |

## 5. Advances payable

The advances payable to UBC (Note 9(a)) are non-interest bearing and have no specific terms of repayment.

## 6. Deferred lease inducement

In fiscal 2023, the Company expanded its office space during the year and incurred $166,590 in capital expenditures for leasehold improvements. The Company received lease inducements of $54,792 plus GST. These amounts have been recorded as a deferred lease inducement and will be amortized as a reduction of rent expense on a straight-line basis over six years (Note 7).

## 7. Commitments

The Company has operating leases for office premises which expires January 2027 and software agreements which expire June 2028. During the year, the Company also signed a 10 year lease for a new office space which commences in February 2027 and expires in July 2037 with an option to extend the term for an additional 5 year period. The minimum annual lease payments are as follows:

| | |
|---|---|
| 2027 | $ 92,573 |
| 2028 | 190,055 |
| 2029 | 283,105 |
| 2030 | 227,229 |
| 2031 | 282,872 |
| Subsequent years | 1,920,552 |
| | $ 2,996,386 |

## 8. Share capital

Authorized

100,000 common shares without par value

Issued

| | **2026** | 2025 |
|---|---|---|
| 100 common shares | **$ 100** | $ 100 |

## 9. Shareholder transactions

(a) During the year the Company entered into the following transactions with UBC:

| | | **2026** | | 2025 |
|---|---|---|---|---|
| Portfolio management fees | **$** | **6,507,643** | $ | 5,348,935 |
| Salaries and benefits | **$** | **12,775** | $ | 12,775 |
| Office expenses | **$** | **6,315** | $ | 6,020 |
| Advances payable | **$** | **790,000** | $ | 220,000 |

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

(b) Included in accounts payable are amounts due to:

| | | **2026** | | 2025 |
|---|---|---|---|---|
| UBC | **$** | **700,040** | $ | 1,294 |

Of this amount, $700,000 (2025 - $Nil) will be applied to future portfolio management fees billed to UBC.

## 10. Financial instruments

The Company is exposed to various risks through its financial instruments. The following analysis provides a measure of the Company's risk exposure and concentrations at the balance sheet date, 31 March 2026.

(a) Liquidity risk

Liquidity risk is the risk that a company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to liquidity risk mainly in respect of its accounts payable and accrued liabilities. The Company manages liquidity risk by maintaining adequate cash. There has been no change to this risk exposure from the prior year.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main credit risk relates to its cash, short-term investments, and accounts receivable. Cash is in place with a major financial institution. Short-term investments are held at a major financial institution and with the Province of BC. The Company provides credit to its one customer, UBC, in the normal course of the operations. There has been no change to this risk exposure from the prior year.

## 10. Financial instruments - Continued

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. The Company is exposed to all three risks.

(d) Interest rate risk

Interest rate risk is the risk that the fair market value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed rate financial instruments subject the Company to a fair value risk.

(e) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company incurs some expenses in U.S. dollars and is therefore exposed to foreign exchange fluctuations. The Company does not enter into any hedging instruments to manage its exposure to foreign currency risks. There has been no change to this risk exposure from the prior year.

(f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to other price risk thorough its short-term investments.

## 11. Non-capital losses

The Company has non-capital losses carried forward of $6,771 (2025 - $15,416) which are available to reduce the taxable income of future years.