



Higher Education Quality Council of Ontario 2025-26 Annual Report



Message from President and CEO

HEQCO had a busy, but overall successful year in 2025/26. It was a time of change, with my taking over as President and CEO in August, along with new staff in the administrative team and rapidly evolving government policy changes impacting HEQCO as an agency. Notwithstanding these changes and challenges, the HEQCO team has performed exceptionally well during this time. I cannot overstate how impressed I am with the people who I've had the privilege to work with since August 2025.

With domestic and international political uncertainty rife, and the corresponding impacts on social and economic well-being of Ontarians, HEQCO began shifting its focus to topics that could help guide the province and post-secondary sector to meet the challenge of the times. Research already completed on topics such as work-integrated learning (WIL) and underway on topics such as the impacts and opportunities of artificial intelligence, HEQCO looked to focus on the interactions between the postsecondary sector, labour market needs, and innovation. In order to provide not just snapshots, but thoughtful outlooks, HEQCO began connecting with partners within Ontario, across Canada, and internationally.

HEQCO's international consortium completed its work in 2025/26. This consortium proved both prescient and timely given the changes directed by IRCC around international student visas. To follow, HEQCO launched its AI consortium in 2025/26, which has been undertaking groundbreaking work on how institutions are dealing with AI, in all aspects. This work has helped put Ontario at the leading edge of postsecondary AI adaptation in Canada. HEQCO also supported community discussions between universities arising from an AI consortium project looking at that part of the system and worked with Colleges Ontario on how we could extend that work and collaboration into the college sector — which is challenged to address AI given the many smaller institutions across the province. The 2026/27 fiscal year has now seen legislation passed that will end HEQCO operations by December 31, 2026, so these new connections and the related work cannot be completed. We hope that it can be undertaken by others, given its importance to the province as a whole.



Dr. Malcolm Butler, President and CEO



Highlights of the past year

The ReimaginED conference was very successful, even in a time of turbulence and financial restraint in the post-secondary sector. All members of the HEQCO team played a role in its success, and the feedback from attendees was overwhelmingly positive.

HEQCO's audience expanded. While X became an unreliable resource in the social media space, a focus on LinkedIn audience growth resulted in nearly a 25% growth in followers there. A number of key publications showed strong readership, including *Ontario's Domestic Postsecondary Enrolment: Examining Recent Trends to Inform Policy and Planning* and *The Impacts of Ontario's Part-time Funding Model on Colleges and Students*. Blog posts on Generative AI and the impacts of changes to international student permits on institutions were the most widely read. Past HEQCO publications and resources such as Quick Stats, *The Indigenous Knowledge Implementation Packsack: A Handbook for Embedding Indigenous Ways of Knowing in Your Teaching* and *A Practical Guide for Work-integrated Learning* maintained strong readership over the past year.

Much of HEQCO, including all the research team, completed OCAP training this year in efforts to ensure we were properly positioned to engage respectfully with Indigenous Institutes as we worked with them on identifying questions and projects of important to their communities.

The research team continued to develop its data expertise and experience, to build both capacity and redundancy across the team. The Letter of Direction project studying where graduates settle was particularly valuable in this regard, starting to build capacity for working with and linking complex data sets.

We continued to work with our colleagues at the Ministry, and other organizations, to access the data critical to our work. This frequently requires data sharing agreements, and we were refining the processes around those agreements to ensure complete and timely access to data.



Research Reports

1. *Ontario's Domestic Postsecondary Enrolment: Examining Recent Trends to Inform Policy and Planning* by Sophie Lanthier, Alana Button and Amy Kaufman – April 9, 2025
2. *Postsecondary Decision Making Among French-speaking Students in Ontario: Exploring Pathways to Bilingual and English-language Institutions* by Rachel Courts, Laura Gallant and Alexandra MacFarlane – May 7, 2025
3. *The Impacts of Ontario's Part-time Funding Model on Colleges and Students* by Laura Gallant, Sarah Brumwell, Ken Chatoor and Julia Colyar – July 2, 2025
4. *Efficiencies in Ontario's Postsecondary Education System* (submitted to MCURES) – July 10, 2025
5. *French-speaking Ontario College Applicants' Preferences and Pathways* by Laura Gallant, Miha Isik, Sarah Brumwell (Higher Education Quality Council of Ontario) and Mark Gaston (OCAS) – August 13, 2025
6. *Freedom of Speech on Campus Annual Report to the Ontario Government by the Higher Education Quality Council of Ontario* – submitted September 2025
7. *Understanding the Scale and Impact of College Program Closures in Ontario* by Sophie Lanthier, Alana Button and Jackie Pichette – submitted to MCURES in September 2025, not approved for publication
8. *International Students from Ontario's Publicly Assisted Postsecondary Institutions: Labour Market and Immigration Outcomes* by Elizabeth Agoe and Khadijat Babatunde – December 3, 2025
9. *Labour Market and Immigration Outcomes of Ontario International Students Outside the Public Postsecondary System* by Khadijat Babatunde and Elizabeth Agoe – December 3, 2025
10. *The Hamilton Model: A Case Study of Hamilton's Support for International Students Transitioning to the Labour Market* by Elizabeth Agoe, Higher Education Quality Council of Ontario, based on a report submitted by the Canadian Bureau for International Education – January 14, 2026
11. *Provincial Retention Among Ontario Graduates* (submitted to MCURES) – January 27, 2026
12. *Net Costs of Postsecondary Non-completion in Ontario: A Benefit-Cost Analysis for HEQCO* by Ashley Pullman et al. for SRDC – January 28, 2026



13. *An Overview of SRDC's Cost-Benefit Analysis of Postsecondary Non-completion in Ontario* by Alana Button for HEQCO and Ashley Pullman et al. for SRDC – January 28, 2026
14. *Personal Support Worker Education in Ontario: Trends, Challenges and Strategies for Meeting Labour Market Demand* by Miha Isik, Jinisha Patel and Ryan Tishcoff – March 11, 2026



Performance Metrics from the 2025-2028 Business Plan

Research	Target	Actual
Research output: The number of HEQCO publications, including research reports, government evaluations and assessment projects (including the freedom of speech annual report) and briefing notes.	12	14
Knowledge mobilization and sector outreach: The number of times HEQCO staff present at conferences, roundtables and seminars on HEQCO research projects, or serve as a convener for sector stakeholders. These include virtual/remote conferences or events.	12	17

Communications	Target	Actual
Percentage of digital subscriber growth: The growth percentage of collective subscribers to HEQCO's email mailing list, X account, BlueSky account, Facebook page, LinkedIn page and any future social media platforms.	5% growth over previous year	>9% growth
Website traffic/readership: The number of visitors to research-product pages, including reports, commentary and resources, on HEQCO's website.	Maintain within 5% the three-year average of the top 20 products	7.9% growth <i>{Note: changes to the analytics system used by Google in 2023/24 prevent the direct comparison needed for an exact percentage comparison over the full three years.}</i>



Communications	Target	Actual
Distribution and outreach: The number of direct email outreaches to stakeholders/target audiences through accessible, bilingual products with a focus on digital formats on the HEQCO website. These include research products, blogs and commentary, marketing materials and communications products.	20 products	27 products

Operations and Administration	Target	Actual
Percentage of administrative overhead: The ratio of administrative overhead to actual expenses. This includes the salaries, benefits, IT, office equipment and operations costs of non-research staff.	<10%	5.3%
Maximizing funding deployment while managing within budget: Delivering HEQCO's mandate within the annual operating budget while maximizing mobilization of funding for research purposes. (Note: as a provincial agency, HEQCO is prohibited from operating with costs beyond allocated funding revenues.)	>90% of budgeted funds deployed	97.6%



HEQCO Revenue & Expenditure Summary (in 000s)

Revenue

Account Descriptions	2025/2026 Business Plan	2025/2026 Actual
Transfer payments	4,100.00*	4,001.62*
Less capital purchases	17.00	16.79
Conference registration revenue	52.80	46.60
Deferred revenue	15.50	15.30
Interest	22.50	23.99
Total revenue	4,173.75	4,070.71

*2025-2026 surplus due to MCURES of \$98,391



Expenses

Account Descriptions	2025/2026 Business Plan	2025/2026 Actual
Council governance & executive services	9.8%	9.6%
Board per diem	7.60	11.20
Salaries & benefits	376.54	345.07
Travel & communications	5.00	6.76
Services, supplies & equipment	20.12	24.92
Depreciation expenses	1.70	1.30
Subtotal	410.97	389.25
Research	85.2%	85.1%
Research contracts, seminars & workshops, data purchases, translation, communications	782.06	736.38
Salaries & benefits	2,451.44	2,461.09
Travel & communications	15.00	16.87
Services, supplies & equipment	292.53	238.21
Depreciation expenses	17.00	13.02
Subtotal	3,558.04	3,465.57
Administration	4.9%	5.3%
Salaries & benefits	189.57	200.97
Travel & communications	0.30	0.15
Services, supplies & equipment	13.57	13.79
Depreciation expenses	1.30	0.98
Subtotal	204.74	215.89
Total resource requirements	4,173.75	4,070.71



Board of Directors, 2025-26

HEQCO's board of directors is responsible for approving the overall strategic direction of the council and ensuring that its activities remain firmly aligned with its mandate.

To meet these responsibilities, the board works closely with management to develop and approve the organization's annual business plan and budget.

Board members are appointed by the Lieutenant Governor in Council pursuant to the Higher Education Quality Council of Ontario Act, 2005.

Shelley McGill (Board Chair)

Appointed: March 4, 2022 (first term), March 4, 2025 (second term)

Expiration Date: March 3, 2025 (first term), March 3, 2028 (second term)

Resignation Date: August 15, 2026

Meetings Attended: 2025 – April 11, 23, 25, May 5, 8, 16, June 4, 12, 20, July 2,

2025–26 Remuneration: \$4,200.00

Deborah Dubenofsky

Appointed: December 2, 2021 (first term), December 12, 2024 (second term)

Expiration Date: December 1, 2024 (first term), December 11, 2027 (second term)

Meetings Attended: 2025 – April 11, 23, 25, May 8, June 4, 12, 20, July 2, August 6,

September 29, October 15, 22, December 11

2025–26 Remuneration: \$2,700.00

Armand LaBarge

Appointed: July 13, 2023

Expiration Date: July 12, 2026

Meetings Attended: 2025 – April 11, 23, 25, May 5, 8, June 12, 20, July 2, August 6,

September 29, October 22, December 11

2025–26 Remuneration: \$3,100.00

Sharon Broughton

Appointed: May 22, 2025

Expiration Date: May 21, 2028

Meetings Attended: 2025 - June 12, 20, July 2, August 6, September 29, October 15, 22, December 11

2025–26 Remuneration: \$1,200.00



Higher Education Quality Council of Ontario
Financial Statements
For the year ended March 31, 2026

	Contents
Management Report	1
Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 13

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying financial statements of Higher Education Quality Council of Ontario (the "Council") are the responsibility of the Council's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

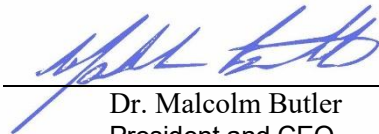
The Council's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

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

The financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the Council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Council's financial statements.



Deborah Dubenofsky
Chair, Audit Committee



Dr. Malcolm Butler
President and CEO

June 25, 2026

Date

Independent Auditor's Report

To the Directors of Higher Education Quality Council of Ontario

Opinion

We have audited the financial statements of Higher Education Quality Council of Ontario (the "Council"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, 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 Council as at March 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Council 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 these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines 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 Council'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 Council or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

- Identify and assess the risks of material misstatement of the 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 Council'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 Council'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 Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
June 25, 2026

Higher Education Quality Council of Ontario
Statement of Financial Position
As at March 31, 2026

	2026	2025
Assets		
Cash	\$ 535,506	\$ 215,631
HST recoverable	4,101	75,473
Interest receivable	1,384	1,578
Prepaid expenses	18,305	47,304
	559,296	339,986
Tangible capital assets (Note 5)	12,488	10,997
	571,784	350,983
Liabilities		
Accounts payable and accrued liabilities	460,905	260,142
Due to Ministry of Colleges, Universities, Research Excellence and Security (Note 3)	98,391	79,844
Deferred capital contributions (Note 4)	12,488	10,997
	571,784	350,983
Net Assets	\$ -	\$ -

Approved by the Board


 Chair, Audit Committee


 Board Chair

Higher Education Quality Council of Ontario
Statement of Operations
Year Ended March 31, 2026

	2026	2025
Revenue		
Provincial funding	\$ 3,984,816	\$ 4,003,207
Amortization of deferred capital contributions (Note 4)	15,301	17,387
Conference Registration Fees collected (Note 9)	46,600	-
Interest income	23,994	21,881
	4,070,711	4,042,475
 Expenses (Note 6)		
Governance	389,245	392,053
Research	3,465,574	3,453,983
Administration	215,892	196,439
	4,070,711	4,042,475
 Excess of revenue over expenses	\$ -	\$ -

Higher Education Quality Council of Ontario
Statement of Cash Flows
Year Ended March 31, 2026

	2026	2025
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	\$ -	\$ -
Items not affecting cash		
Amortization of deferred capital contributions	(15,301)	(17,387)
Amortization of tangible capital assets	15,301	17,387
Net changes in non-cash working capital		
HST recoverable	71,372	5,943
Interest receivable	194	1,964
Prepaid expenses	29,000	(17,515)
Accounts payable and accrued liabilities	200,762	(15,046)
Due to Ministry of Colleges, Universities, Research Excellence and Security	18,547	(187,981)
	319,875	(212,635)
Capital activities		
Acquisition of tangible capital assets	(16,793)	(16,950)
Financing activities		
Contributions for purchase of tangible capital assets	16,793	16,950
Increase (decrease) in cash for the year	319,875	(212,635)
Cash, beginning of year	215,631	428,266
Cash, end of year	\$ 535,506	\$ 215,631

1. THE ORGANIZATION

Formation and Status

The authority to create the Higher Education Quality Council of Ontario (the "Council") was established in the Higher Education Quality Council of Ontario Act, 2005 (the "Act"). The Council is a Crown Agency of the Ministry of Colleges, Universities, Research Excellence and Security ("MCURES") (formerly Ministry of Training, Colleges and Universities or "MTCU") and is classified as an operational services agency.

The Higher Education Quality Council is a corporation without share capital and is not subject to the Corporations Act or the Corporation Information Act. The Council is subject to section 132, subsection 134(1) and section 136 of The Business Corporations Act. As an agent of the Crown, the Council is not subject to income tax.

The Council is, and exercises its powers only as, an agent of the Crown. Limits on the Council's ability to undertake certain activities are set out in both the Act and The Memorandum of Understanding between the Council and MTCU dated December 6, 2006 and as renewed in The Memorandum of Understanding dated January 9, 2013.

Council Operations

The objective of the Council is to assist the Ministry of Colleges, Universities, Research Excellence and Security in improving all aspects of the post-secondary education sector, including improving the quality of education provided in the sector, access to post-secondary education and accountability of post-secondary educational institutions.

The Council is governed by a Board of Directors who is appointed by Order-in-Council.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Higher Education Quality Council of Ontario are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) for government not-for-profit organizations, including the 4200 series of standards as issued by the Public Sector Accounting Board (PSAS for Government NPO). No statement of remeasurement gains or losses has been presented as no remeasurement gains or losses have occurred during the current or prior year.

Significant accounting policies followed by the Council are as follows:

Accrual Basis of Accounting

Revenue (including interest) and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the year in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the year the goods or services are acquired, a legal liability is incurred or transfers are due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Government Transfer Payments

The Council is funded solely by the Province of Ontario in accordance with budget arrangements established by the MCURES. These financial statements reflect agreed funding arrangements approved by the MCURES.

Government transfer payments from the MCURES are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and reasonable estimates of the amount can be made.

Allocation of Expenses

The Council engages in providing research, support and advocacy for improvement of all aspects of the post secondary education sector. The cost of each object includes salaries and benefits, research activities, and other operating expenses that are directly related to providing the services. Salaries and benefits are allocated to governance, research and administration based on the activity to which they relate or benefit. Research related contracts and projects have been allocated to research. Other operating expenses have been charged to governance, research and administration based on head count at year-end.

Deferred Contributions

Certain amounts, including transfer payments from the MCURES, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Funding is only recognized as revenue in the fiscal year the related expenses are incurred or services performed.

Any amounts received that are used to fund the acquisition of tangible capital assets are recorded as deferred capital contributions and are recognized over the useful life of the asset reflective of the provision of its services. Deferred capital contributions are amortized into revenue in accordance with the amortization policy applied to the related capital asset recorded.

Tangible Capital Assets

Tangible capital assets are recorded at historical cost. The cost of tangible capital assets contributed is recorded at the estimated fair value on the date of contribution. Where an estimate of fair value cannot be made, the tangible capital asset would be recognized at nominal value.

Maintenance and repair costs are recognized as an expense when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized. Computer software license fees are recognized as an expense when incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Tangible Capital Assets (Cont'd)

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer equipment	3 years
--------------------	---------

The Council reviews the carrying amount, amortization and useful lives of its capital assets regularly. If the capital asset no longer has any long-term service potential to the Council, the excess of the net carrying amount over any residual value is recognized as an expense in the statement of operations.

Financial Instruments

The Council initially measures its financial assets and liabilities at fair value. The Council subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and interest receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and due to Ministry of Colleges, Universities, Research Excellence and Security.

Leases and Rent Expense

Leases are accounted for as operating leases wherein rental payments are initially recorded in the statement of operations and are adjusted to a straight-line basis over the term of the related lease. The difference between the straight-line rent expense and the rental payments, as stipulated under the lease agreement, is included in accounts payable and accrued liabilities.

Use of Estimates

The preparation of these financial statements in conformity with PSAS for Government NPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates relate primarily to amortization of tangible capital assets and related amortization of deferred capital contributions, which are based on the estimated useful lives of the tangible capital assets.

3. DUE TO MINISTRY OF COLLEGES, UNIVERSITIES, RESEARCH EXCELLENCE AND SECURITY

In accordance with the Council's Memorandum of Understanding, funding received in excess of expenditures may be required to be repaid and is recorded as due to MCURES.

4. DEFERRED CAPITAL CONTRIBUTIONS

During the year, the Council utilized \$16,793 (2025 - \$16,950) of its MCURES funding for additional capital asset purchases. The MCURES funds used to purchase these capital assets have been included as part of deferred capital contributions and are to be amortized into revenue on the same basis as the amortization of the purchased assets.

	2026	2025
Balance, beginning of year	\$ 10,997	\$ 11,434
Contributions received	16,793	16,950
Less: amounts recognized in revenue	(15,301)	(17,387)
	<u>\$ 12,488</u>	<u>\$ 10,997</u>

5. TANGIBLE CAPITAL ASSETS

<u>Cost</u>	Computer Equipment	Total 2026	Total 2025
Balance, beginning of the year	\$ 232,476	\$ 232,476	\$ 215,526
Additions	16,793	16,793	16,950
Balance, end of year	\$ 249,269	\$ 249,269	\$ 232,476
<u>Accumulated Amortization</u>	Computer Equipment	Total 2026	Total 2025
Balance, beginning of the year	\$ 221,479	\$ 221,479	\$ 204,092
Additions	15,301	15,301	17,387
Balance, end of year	\$ 236,780	\$ 236,780	\$ 221,479
Net book value	\$ 12,488	\$ 12,488	\$ 10,997

Higher Education Quality Council of Ontario
Notes to Financial Statements
March 31, 2026

6. EXPENSES BY OBJECT

	Governance	Research	Administration	Total 2026	Total 2025
Salaries and benefits	\$ 356,271	\$ 2,461,091	\$ 200,971	\$ 3,018,333	\$ 2,833,720
Research activities	-	736,380	-	736,380	886,715
Other operating expenses	32,974	268,103	14,921	315,998	322,040
	\$ 389,245	\$ 3,465,574	\$ 215,892	\$ 4,070,711	\$ 4,042,475

7. PENSION AGREEMENTS

The Council makes contributions on behalf of its staff to the Public Service Pension Plan administered by the Ontario Pension Board (OPB), which is a multi-employer plan. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

In 2023, OPB filed an actuarial valuation of the Plan as at December 31, 2022. For purposes of the funding valuation, asset gains and losses relative to the discount rate are smoothed over a three-year period. The funding shortfall of \$2.33 billion that existed at the end of 2022 is being amortized by special payments by the Plan Sponsor. The plan's funding ratio at December 31, 2022 is estimated at 94%.

In accordance with the Plan Sponsor's increase contribution recommendation, contribution rates were increased on a phased basis, effective July 1, 2025, October 1, 2025, and April 1, 2026. Contribution rates applicable during the 2025/2026 fiscal year are summarized below.

Prior to July 1, 2025	As of July 1, 2025	As of October 1, 2025
7.4% of the Year's Maximum Pensionable Earnings (YMPE)	7.85% of the Year's Maximum Pensionable Earnings (YMPE)	8.3% of the Year's Maximum Pensionable Earnings (YMPE)
Plus	Plus	Plus
10.5% on earnings above the YMPE	11.0% on earnings above the YMPE	11.5% on earnings above the YMPE

Contributions in the amount of \$160,381 (2025 - \$153,825) are included in expenses in the statement of operations, and \$7,196 (2025 - \$6,368) is included in accounts payable and accrued liabilities.

8. FINANCIAL RISK MANAGEMENT

The Council is exposed to financial risks, including credit and liquidity risk. The Council has adopted an integrated risk management framework. The framework provides a consistent methodology to manage risks. Management believes exposure to other risks, including interest rate and market risks, is minimal.

Credit Risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Council is subject to credit risk related to its cash. Credit risk with respect to cash is managed by holding cash balances at a high credit quality financial institution in Canada.

Liquidity Risk

Liquidity risk results from the Council's potential inability to meet its obligations associated with financial liabilities as they come due. The Council manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities to ensure it has sufficient available funds to meet current and foreseeable financial requirements. The Council's exposure to liquidity risk relates to the amount of accounts payable and accrued liabilities. The Council is dependent on the continued support of the MCURES for its continued operations.

The above risks remain unchanged from prior year.

9. CONFERENCE REVENUE

The HEQCO conference was successfully held in person on November 7, 2025 in Toronto. The financial statements include revenue and expenses relating to hosting this event however, the conference is not an annual event and therefore the revenue and expenses are not expected to occur again until the next HEQCO conference targeted for the fall of 2027.

10. GOING CONCERN AND SUBSEQUENT EVENT

On April 13, 2026, the Government of Ontario introduced legislation to provide for the dissolution of the Higher Education Quality Council of Ontario (the "Council"). The legislation received Royal Assent on May 7, 2026. In accordance with this legislation, management has commenced planning activities to wind down the Council's operations, with an expected cessation date of December 31, 2026.

For the 2026–2027 fiscal year, the Council has been allocated \$4.1 million in funding to support the implementation of the wind-down plan and to fund ongoing operating expenses incurred during the wind-down period. Management expects that this funding will be sufficient to meet the Council's obligations as they come due during this period and to facilitate an orderly wind-down of operations.

These financial statements have been prepared on a going concern basis, which assumes that the Council will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of operations. However, the planned dissolution of the Council represents a material uncertainty that may cast significant doubt on its ability to continue as a going concern beyond December 31, 2026. The financial statements do not include any adjustments to the carrying amounts of assets and liabilities, or to the reported revenues and expenses, that may be required if the Council is unable to continue as a going concern.