ONTARIO FINANCING AUTHORITY

Audited Financial Statements

For the year ended March 31, 2025

Management's Responsibility for Financial Information

The accompanying financial statements of the Ontario Financing Authority have been prepared in accordance with Canadian public sector accounting standards. The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management and the Audit and Risk Management Committee (ARMC) of the Board.

The Board, through the ARMC, is responsible for ensuring management fulfils its responsibilities for financial reporting and internal controls. The ARMC reviews our financial statements and recommends them to the Board for approval. The ARMC is also responsible for reviewing our internal controls and advising the directors on auditing matters and financial reporting issues.

The Office of the Auditor General, appointed by our legislation has audited the financial statements in accordance with Canadian generally accepted auditing standards, as stated in their Independent Auditor's Report. The Office of the Auditor General has full and unrestricted access to the ARMC to discuss their audit and related findings.

Gadi Mayman

Chief Executive Officer

(06-20-2025)

Jose Yee

Chief Financial Officer

(06-20-2025)

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INDEPENDENT AUDITOR'S REPORT

To the Ontario Financing Authority

Opinion

I have audited the financial statements of the Ontario Financing Authority (the OFA), which comprise the statement of financial position as at March 31, 2025, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the OFA as at March 31, 2025, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the OFA in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 OFA'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 OFA's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the OFA 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.

I 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 I identify during my audit.

Toronto, Ontario
June 20, 2025

Shelley Spence, FCPA, FCA, LPA
Auditor General

ONTARIO FINANCING AUTHORITY

Statement of Financial Position

(In thousands of dollars)

	For the year ended at	
	March 31 2025	**March 31 2024**
Financial Assets		
Cash	$7,216	$6,188
Cost recoveries and fees receivable (note 4)	3,770	3,340
Due from the Province	4,657	8,870
Total financial assets	**15,643**	**18,398**
Liabilities		
Accounts payable and accrued liabilities (note 5)	4,066	5,013
Recoveries payable to the Province (note 6)	1,591	1,641
Unearned revenue (note 7)	415	532
Deferred capital contributions (note 8)	2,708	3,261
Employee future benefits	591	757
Total liabilities	**9,371**	**11,204**
Net financial assets	**6,272**	**7,194**
Non-Financial Assets		
Tangible capital assets (note 9)	2,708	3,261
Prepaid expenses	415	532
Total non-financial assets	**3,123**	**3,793**
Accumulated surplus	**$9,395**	**$10,987**

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board of Directors:

Jason Fitzsimmons
Chair

Gadi Mayman
Chief Executive Officer

ONTARIO FINANCING AUTHORITY

Statement of Operations and Accumulated Surplus

(In thousands of dollars)

		For the year ended	
	2025 Budget	March 31 2025 Actuals	March 31 2024 Actuals
Revenues			
Cost recovery from the Province (note 10)	$21,027	$22,627	$20,863
Cost recoveries – debt management and financial services (note 11)	5,553	7,331	6,386
Loan administration fees (note 12)	3,501	4,706	4,273
Amortization of deferred capital contributions (note 8)	1,323	1,260	1,265
Investment management fees (note 13)	632	354	665
Interest income	353	502	596
Total revenues	**32,389**	**36,780**	**34,048**
Expenses			
Salaries, wages and benefits	24,319	26,350	24,478
Administration and general	2,893	3,962	3,436
Amortization of tangible capital assets (note 9)	1,323	1,260	1,265
Total expenses	**28,535**	**31,572**	**29,179**
Operating surplus, before payment to the Province	**3,854**	**5,208**	**4,869**
Payment of surplus funds to the Province (note 14)	–	(6,800)	(4,300)
Operating surplus/(deficit)	**3,854**	**(1,592)**	**569**
Accumulated operating surplus, beginning of year	10,987	10,987	10,418
Accumulated operating surplus, end of year	**$14,841**	**$9,395**	**$10,987**

The accompanying notes are an integral part of these financial statements.

ONTARIO FINANCING AUTHORITY

Statement of Change in Net Financial Assets

(In thousands of dollars)

		For the year ended	
	2025 Budget	**March 31 2025 Actuals**	**March 31 2024 Actuals**
Operating surplus/(deficit)	$3,854	$(1,592)	$569
Acquisition of tangible capital assets (note 9)	(795)	(707)	(341)
Amortization of tangible capital assets (note 9)	1,323	1,260	1,265
Acquisition of prepaid expenses	–	117	(60)
Increase (decrease) in net financial assets	**4,382**	**(922)**	**1,433**
Net financial assets, beginning of year	7,194	7,194	5,761
Net financial assets, end of year	**$11,576**	**$6,272**	**$7,194**

The accompanying notes are an integral part of these financial statements.

ONTARIO FINANCING AUTHORITY

Statement of Cash Flows

(In thousands of dollars)

	For the year ended	
	March 31 2025	**March 31 2024**
Cash flows from operating activities		
Operating surplus/(deficit)	$(1,592)	$569
Adjustments to reconcile surplus to net cash flows:		
Amortization of tangible capital assets (note 9)	1,260	1,265
Decrease in employee future benefits	(166)	(331)
Changes in working capital items:		
Increase in cost recoveries and fees receivable	(430)	(679)
(Increase)/decrease in prepaid expenses	117	(60)
(Increase)/decrease in due from the Province	4,213	(4,060)
Increase/(decrease) in accounts payable and accrued liabilities	(947)	1,291
Increase/(decrease) in recoveries payable to the Province	(50)	88
Increase/(decrease) in unearned revenue	(118)	60
Increase in deferred capital contributions	(552)	(924)
Net cash flows from (used in) operating activities	**1,735**	**(2,781)**
Cash flows from capital activities		
Acquisition of tangible capital assets (note 9)	(707)	(341)
Net cash flows used in capital activities	**(707)**	**(341)**
Net increase (decrease) in cash	1,028	(3,122)
Cash, beginning of year	6,188	9,310
Cash, end of year	**$7,216**	**$6,188**

The accompanying notes are an integral part of these financial statements.

ONTARIO FINANCING AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2025

1. Nature of entity

The Ontario Financing Authority (the OFA) was established as an agency of the Crown on November 15, 1993 by the *Capital Investment Plan Act, 1993* (the Act). In accordance with the Act, the OFA:

- conducts borrowing, investment and financial risk management for the Province of Ontario (the Province);
- manages the Provincial debt;
- manages the Province's key financial relationships with investors, financial institutions, rating agencies and public bodies;
- provides centralized financial services for the Province including banking and cash management;
- advises ministries, Crown agencies and other public bodies on financial policies and projects;
- assists Crown agencies and other public bodies to borrow and invest money;
- acts at the direction of the Province in lending to certain public bodies;
- invests on behalf of some public bodies;
- with Ontario Power Generation Inc., manages the investment activities of OPG's Ontario Nuclear Funds; and
- carries out the day-to-day operations of Ontario Electricity Financial Corporation and provides a broad range of financial services to Infrastructure Ontario.

In addition, the OFA's objects include:

- providing such other financial services as are considered advantageous to the Province or any public body; and
- any additional objects as directed by the Lieutenant Governor in Council.

The Memorandum of Understanding between the OFA and the Minister of Finance is an administrative agreement that serves as an important governance tool for the OFA in delivering its mandate and objectives.

The OFA is exempt from federal and provincial income taxes under paragraph 149(1)(d) of the *Income Tax Act* (Canada).

2. Significant accounting policies

(a) Basis of accounting

These financial statements are prepared by management in accordance with Canadian public sector accounting standards (PSAS) for government reporting entities established by the Canadian Public Sector Accounting Board.

A statement of remeasurement gains and losses has not been presented as there is nothing to report therein.

(b) Measurement uncertainty

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. There are no amounts recognized or disclosed in the financial statements where the effect of measurement uncertainty is material to the financial statements.

(c) Revenue recognition

(i) Cost recovery from the Province and deferred capital contributions

The OFA receives funding for its operating expenses and the acquisition of tangible capital assets from the Province through an approved budget. Operating funding is recognized in the same period as the operating expenses are incurred. Funding received from the Province for the acquisition of tangible capital assets is recorded as deferred capital contributions and amortized to revenue on the same basis as the amortization of the tangible capital assets.

(ii) Cost recoveries – debt management and financial services

The OFA provides debt management and financial services to various government agencies under established Service Level Agreements and recovers the cost of providing these services from the agencies. The OFA's performance obligations in connection with these services are satisfied over time through the rendering of services. As set out in the Service Level Agreements, the transaction price for these management services are equal to costs incurred by the OFA in providing these services. Cost recoveries are accrued and billed on a quarterly basis as the OFA performs the services required to meet its obligations towards the government agencies. Cost recoveries for debt management and financial services earned and collected by the OFA are remitted to the Province.

(iii) Loan administration fees

The OFA provides loans to various public bodies at the direction of the Province using funding provided by the Province. These loans are included in the Province's consolidated financial statements and are not reflected in the OFA's financial statements. The OFA charges fees to borrowers to recover the administrative costs for managing these loans. The transaction price is equal to a fixed annual percentage of the outstanding loan amount. Revenue from providing these services is recognized in the period in which services are rendered and in the amount to which the OFA is entitled for payment for performance to date.

(iv) Investment management fees

The OFA provides investment management services to various government agencies. The OFA's performance obligations in connection with these services are satisfied over time through the rendering of services to government agencies. The transaction price is equal to a fixed percentage of investments under management. Investment management fees are accrued and billed on a quarterly basis as the OFA performs the services required to meet its obligations towards the government agencies. Investment management fees earned and collected by the OFA are remitted to the Province.

(d) Expenses

Expenses are recorded on an accrual basis. Expenses are recognized in the fiscal year when the events give rise to the expenses occur and resources are consumed. All expenses recorded on the statement of operations are paid by the Province on the OFA's behalf.

(e) Financial instruments

Financial assets and financial liabilities are recognized on the statement of financial position when the OFA becomes a party to the contractual provisions of the instrument. The OFA derecognizes a financial asset when the contractual rights to the cash flows from the asset expire. The OFA derecognizes a financial liability or part of a financial liability when the obligation specified in the contract is discharged or cancelled, or expires.

All financial instruments are assigned to one of the two measurement categories at initial recognition: fair value or cost/amortized cost. The OFA's financial assets and liabilities are accounted for as follows:

- Cash is recorded at cost, which approximates fair value since cash is subject to an insignificant risk of change in value; and
- Cost recoveries and fees receivable, due from the Province, recoveries payable to the Province and accounts payable and accrued liabilities are recorded at amortized cost, which approximates their fair value due to their short-term nature.

The OFA does not use derivative financial instruments on its own behalf.

(f) Tangible capital assets

Tangible capital assets are recorded at cost, less accumulated amortization and write-downs, if any. Assets under construction are not amortized until construction is complete and the assets are ready for their intended use.

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Furniture and equipment	5 years
Computer hardware	3 years
Leasehold improvements	5 years

A half-year assumption for amortization is applied in both the year of acquisition and the year of disposal for furniture and equipment and computer hardware assets.

Tangible capital assets are written down when conditions indicate that they no longer contribute the OFA's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value. The write-downs are accounted for as expenses in the statement of operations.

(g) Employee future benefits

Eligible OFA employees can bank up to 10 vacation days at the end of each calendar year into a "time bank", with a cap of 125 days in total per employee. These banked days may only be used when employees leave the organization as either paid time off or lump sum pay. The estimated liability recorded on the statement of financial position is the total value of employee entitlements accumulated as at the financial reporting date.

(h) Inter-entity transactions

Inter-entity transactions are transactions occurring between commonly controlled entities. These transactions are measured at the exchange amount, which is the amount of consideration and agreed to by the related parties.

3. Related party transactions

The Province of Ontario is a related party as it is the controlling entity of the OFA. Organizations that are commonly controlled by the Province of Ontario are also related parties of the OFA.

Transactions with related parties are outlined below:

- Cost recoveries and fees receivable from related government agencies (note 4);
- Recoveries payable to the Province (note 6);
- Unearned revenue from the Province (note 7);
- Deferred capital contributions originating from funding received from the Province for the acquisition of tangible capital assets (note 8);
- Cost recoveries from the Province (note 10);
- Cost recoveries associated with debt management and financial services earned from related party agencies (note 11);
- Loan administration fees earned from related public bodies (note 12);
- Investment management fees from related party agencies (note 13);
- Payment of surplus funds to the Province of Ontario (note 14);
- Lease arrangements with the Province and Infrastructure Ontario (note 15); and
- Employee future benefits funded by the Province (note 17).

The Ministry of Public and Business Service Delivery provides payroll and benefit services at no cost to the OFA.

Supplementary information about transactions OFA enters into at the direction and on behalf of the Province are disclosed in note 19.

4. Cost recoveries and fees receivable

Cost recoveries and fees receivable consists of the following:

(in thousands of dollars)	March 31, 2025	March 31, 2024
Cost recoveries – debt management and financial services receivable (note 11)	$1,540	$1,829
Loan administration fees receivable (note 12)	2,160	1,320
Investment management fees receivable (note 13)	70	191
Total cost recoveries and fees receivable	**$3,770**	**$3,340**

5. Accounts payable and accrued liabilities

(in thousands of dollars)	March 31, 2025	March 31, 2024
Accounts payable	$332	$499
Operational expense accruals	1,923	2,855
Accrued other employee benefits	1,811	1,659
Total accounts payable and accrued liabilities	**$4,066**	**$5,013**

Accounts payable relate largely to normal business transactions with third-party vendors and are subject to standard provincial government payment terms.

Operational expense accruals relate to goods or services received but that have not been paid, including regular salaries and wages, employee benefits and normal operating expenses.

Accrued other employee benefits is the accrual for employee vacation credits.

6. Recoveries payable to the Province

Recoveries payable to the Province consists of the following:

(in thousands of dollars)	March 31, 2025	March 31, 2024
Cost recoveries – debt management and financial services due to Province	$1,521	$1,450
Investment management fees due to Province	70	191
Total recoveries payable to the Province	**$1,591**	**$1,641**

7. Unearned revenue

Unearned revenue represents cost recoveries from the Province to be recognized as revenue in future periods on the same basis as prepaid expenses are consumed.

The changes in the unearned revenue for the year are as follows:

(in thousands of dollars)	**2025**	**2024**
Unearned revenue, beginning of year	$532	$472
Additions	590	594
Recognized	(707)	(534)
Unearned revenue, end of year	**$415**	**$532**

For the year ended March 31, 2025, revenue of $0.707 million (2024 – $0.534 million) was recognized in cost recovery from the Province, which equals the amount of prepaid expenses consumed during the year.

8. Deferred capital contributions

Deferred capital contributions represent the unamortized portion of the cost recovered from the Province for the acquisition of tangible capital assets to be allocated over the period the resources are consumed.

The changes in the deferred capital contributions for the year are as follows:

(in thousands of dollars)	**2025**	**2024**
Deferred capital contributions, beginning of year	$3,261	$4,185
Contributions received in the period	707	341
Amortization of deferred capital contributions	(1,260)	(1,265)
Deferred capital contributions, end of year	**$2,708**	**$3,261**

Contributions amortized into revenue for the year ended March 31, 2025 were $1.26 million (2024 – $1.27 million), which equals amortization expense of tangible capital assets.

9. Tangible capital assets

(in thousands of dollars)	Computer hardware	Leasehold improvements	Furniture and equipment	Total
Cost				
Opening balance, April 1, 2024	$5,432	$2,898	$1,244	$9,574
Additions	706	–	1	707
Disposals	(2)	–	–	(2)
Closing balance, March 31, 2025	**$6,136**	**$2,898**	**$1,245**	**$10,279**
Accumulated Depreciation				
Opening balance, April 1, 2024	$4,882	$911	$520	$6,313
Amortization	443	611	206	1,260
Disposals	(2)	–	–	(2)
Closing balance, March 31, 2025	**$5,323**	**$1,522**	**$726**	**$7,571**
Net Book Value, March 31, 2025	**$813**	**$1,376**	**$519**	**$2,708**

(in thousands of dollars)	Computer hardware	Leasehold improvements	Furniture and equipment	Total
Cost				
Opening balance, April 1, 2023	$14,412	$2,859	$1,235	$18,506
Additions	293	39	9	341
Disposals	(9,273)	–	–	(9,273)
Closing balance, March 31, 2024	**$5,432**	**$2,898**	**$1,244**	**$9,574**
Accumulated Depreciation				
Opening balance, April 1, 2023	$13,706	$301	$314	$14,321
Amortization	449	610	206	1,265
Disposals	(9,273)	–	–	(9,273)
Closing balance, March 31, 2024	**4,882**	**911**	**520**	**6,313**
Net Book Value, March 31, 2024	**$550**	**$1,987**	**$724**	**$3,261**

10. Cost recovery from the Province

Cost recovery from the Province is determined as follows:

(in thousands of dollars)	**2025**	**2024**
Expenses paid by the Province on the OFA's behalf:		
Salaries, wages and benefits	$26,350	$24,478
Administrative and general	3,962	3,436
Less: revenues remitted to the Province		
Cost recoveries – debt management and financial services	(7,331)	(6,386)
Investment management fees	(354)	(665)
Total cost recovery from the Province	**$22,627**	**$20,863**

11. Cost recoveries – debt management and financial services

The OFA provides debt management and financial services to the related party agencies noted in the table below on a cost recovery basis. All the entities referred below are related parties except Wataynikaneyap Power LP (Watay). Debt portfolios managed on behalf of these entities totalled $18.6 billion at March 31, 2025 (2024 – $18.7 billion). The total costs recovered and receivables outstanding at March 31, 2025 are set out below:

(in thousands of dollars)	**2025**	**2024**
Costs recoveries – debt management and financial services:		
Ontario Electricity Financial Corporation	$4,175	$4,082
Infrastructure Ontario	533	513
Building Ontario Fund	2,048	1,003
Metrolinx	22	27
Watay	553	761
Total costs recoveries – debt management and financial services	**$7,331**	**$6,386**

	March 31, 2025	**March 31, 2024**
Cost recoveries – debt management and financial services receivable:		
Ontario Electricity Financial Corporation	$1,218	$1,194
Infrastructure Ontario	154	149
Building Ontario Fund	123	337
Metrolinx	25	30
Watay	–	77
Other	20	42
Total cost recoveries – debt management and financial services receivable	**$1,540**	**$1,829**

12. Loan administration fees

The OFA provides loans to various related public bodies at the direction of the Province using funding provided by the Province (disclosed in note 19). The OFA charges fees to borrowers to recover the administrative costs for managing these loans. The total loan administration fees revenue and receivables outstanding at March 31, 2025 are set out below:

(in thousands of dollars)	**2025**	**2024**
Loan administration fees:		
Colleges of Applied Arts and Technology	$1,307	$1,193
Hospitals	170	112
Independent Electricity System Operator	639	712
Liquor Control Board of Ontario	66	151
Niagara Parks Commission	69	170
Ontario Cannabis Retail Corporation	250	292
Ontario Lottery and Gaming Corporation	395	269
Royal Ontario Museum	103	114
The Regional Municipality of Peel	540	–
Ontario School Boards	1,167	1,260
Total loan administration fees	**$4,706**	**$4,273**

(in thousands of dollars)	**March 31, 2025**	**March 31, 2024**
Loan administration fees receivable:		
Colleges of Applied Arts and Technology	$506	$368
Hospitals	89	74
Independent Electricity System Operator	95	87
Liquor Control Board of Ontario	21	63
Niagara Parks Commission	2	34
Ontario Cannabis Retail Corporation	56	66
Ontario Lottery and Gaming Corporation	425	166
Royal Ontario Museum	–	–
The Regional Municipality of Peel	540	–
Ontario School Boards	426	462
Total loan administration fees receivable	**$2,160**	**$1,320**

13. Investment management fees

The OFA provides investment management services to the related party agencies noted in the table below. Fees are aimed at recovering OFA costs and are charged on the basis of either the market or par value of the assets under management based on a range of up to 0.20 per cent. Investments managed on behalf of these entities totalled $1.0 billion as at March 31, 2025 (2024 – $2.3 billion). The total investment management fees and receivables outstanding for related party agencies at March 31, 2025 are set out below:

(in thousands of dollars)	**2025**	**2024**
Investment management fees:		
Pension Benefit Guarantee Fund	$111	$459
Financial Services Regulatory Authority of Ontario	163	144
Ontario Trillium Foundation	47	44
Venture Ontario	33	18
Total investment management fees	**$354**	**$665**

	March 31, 2025	**March 31, 2024**
Investment management fees receivable:		
Pension Benefit Guarantee Fund	$ –	$133
Financial Services Regulatory Authority of Ontario	47	42
Ontario Trillium Foundation	13	11
Venture Ontario	10	5
Total investment management fees receivable	**$70**	**$191**

14. Payment of surplus funds to the Province

Under section 16.4(1) of the *Financial Administration* Act, a public entity may pay into the Consolidated Revenue Fund any funds that it determines to be surplus to its current needs. In February 2025, the OFA's Board of Directors approved the payment of $6.80 million (2024– $4.30 million) to the Province. The payment was made in February 2025.

15. Contractual obligations

The Province, as represented by Infrastructure Ontario, entered into a five-year agreement for the lease of OFA's premises effective July 1, 2022. The OFA issues payments to Infrastructure Ontario for the associated base rental charges, operating costs and realty taxes. For the year ended March 31, 2025, these payments totalled $1.49 million (2024 – $1.41 million).

The minimum base rental payments for the lease are as follows:

(in thousands of dollars)	
2025-26	$807
2026-27	807
2027-28	202
Total	**$1,816**

16. Financial instrument risks

The main risks that the OFA's financial instruments are exposed to are credit risk and liquidity risk. These risks are limited to the financial instruments reflected on the statement of financial position and do not extend to the financing provided to various public bodies, disclosed in note 19.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument may fail to discharge an obligation or commitment into which it has entered. This risk is minimal as all of the receivables are from the Province of Ontario and related parties such as OEFC and Infrastructure Ontario.

Liquidity risk

Liquidity risk is the risk that the OFA will encounter difficulty in meeting obligations associated with financial liabilities that are to be settled by delivering cash or another financial asset. The OFA is primarily exposed to this risk mainly in respect of its accounts payable and accrued liabilities and recoveries payable to the Province. The OFA manages its liquidity risk by preparing and monitoring forecasts of cash flows for anticipated operating and capital activities. Also, the Board of Directors reviews and approves the OFA's operating and capital budgets. There have been no significant changes from the previous year in the exposure to liquidity risk or to the policies, procedures and methods used to measure the risk.

17. Employee future benefits

a. Pension benefits

The OFA provides pension benefits to its full-time employees through participation in the Public Service Pension Plan, a multi-employer defined benefit pension plan established by the Province of Ontario. The Treasury Board Secretariat (TBS) is responsible for funding the employer's contribution to the pension fund; the OFA has no additional liability for these future costs. In addition, the costs of post-retirement and non-pension benefits are paid by TBS and is not reported in these financial statements.

b. Accrued employee benefits obligation

Upon retirement, certain full-time employees, after five years of service, are eligible for severance entitlements equal to one week's salary for each year of eligible service up to a maximum of 50 percent of their annual salary. These severance entitlements are limited to years of eligible service as follows:

Employee Compensation Group	Severance Eligibility Details
Non-represented Management Compensation Plan and other non-represented employees	Entitlement limited to years of service accrued up to December 31, 2015 and based on salary in effect as of December 31, 2015
Senior Management Group employees	
Association of Management, Administrative and Professional Crown Employees of Ontario employees	
Non-represented Ontario Public Service Employees Union (excluded) employees	Entitlement limited to years of service accrued up to December 31, 2016 and based on salary in effect as of December 31, 2016
Non-represented Association of Law Officers of the Crown and Crown Counsel Management employees	Entitlement limited to years of service accrued up to December 31, 2004

As at March 31, 2025, the costs of these legislated severance entitlements owed to these eligible employees amounted to $2.4 million (2024 – $2.6 million).

On an ongoing basis, TBS is responsible for funding the legislated severance entitlements and accordingly no additional expense or liability is reported in these financial statements.

18. Comparative figures

The comparative figures for unearned revenue and deferred capital contributions on the statements of financial position and cash flows have been reclassified to conform to the current year's presentation.

19. Supplementary information

The OFA enters into transactions at the direction and on behalf of the Province that are not reflected in the OFA's financial statements. Additional information about these activities is as follows:

a. Debt and investment management for the Province

The OFA manages debt on behalf of the Province amounting to $475.1 billion as at March 31, 2025 (2024 – $448.3 billion) as per the interim projection published in the 2025 *Ontario Budget*. The OFA also manages investments amounting to $82.9 billion as at March 31, 2025 (2024 – $75.7 billion), including $32.6 billion (2024 – $30.3 billion) under the Ontario Nuclear Funds owned by Ontario Power Generation Inc. Those funds are jointly managed under the Ontario Nuclear Funds Agreement between the Province, OPG and certain OPG subsidiaries to set aside funds necessary for the long-term management of nuclear waste and used fuel and to decommission nuclear power stations.

b. Loans to public bodies

The OFA provides financing to various public bodies on direction from the Province in furtherance of stated Provincial initiatives. These loans are included in the Province's consolidated financial statements and are not reflected in the OFA's financial statements.

Funds for these loans are advanced to the OFA by the Province under credit facilities aggregating to $14.8 billion expiring from 2036 to 2055. Of these credit facilities, $13.5 billion has been used to date for funding loans granted by the OFA to public bodies that are currently outstanding.

(in thousands of dollars)	**March 31, 2025**	**March 31, 2024**
Principal receivable on loans to public bodies:		
Colleges of Applied Arts and Technology [note (i)]	$381,591	$354,693
Hospitals [note (ii)]	656,105	454,085
Independent Electricity System Operator [note (iii)]	274,000	225,251
Liquor Control Board of Ontario [note (iv)]	8,183	24,149
Niagara Parks Commission [note (v)]	1,307	20,949
Ontario Cannabis Retail Corporation [note (vi)]	43,520	51,523
Ontario Lottery and Gaming Corporation [note (vii)]	73,476	75,298
Ontario Northland Transportation Commission [note (viii)]	809	917
Royal Ontario Museum [note (ix)]	19,006	19,802
Ontario School Boards [note (x)]	3,463,114	3,747,418
The Regional Municipality of Peel [note (xi)]	450,000	–
Total principal receivable on loans to public bodies	**$5,371,111**	**$4,974,085**

As at March 31, 2025, the principal amounts receivable by the OFA on behalf of the Province represent long term and short-term loans. During the year, total interest received and flowed to the Province from these loans was $209.1 million (2024 – $211.9 million).

(i) Colleges of Applied Arts and Technology were provided loans for various campus projects including college campus expansion, new and expanded student residences, computer equipment, parking facilities, and an energy saving capital project. As of March 31, 2025, the outstanding balance of the loans is $381.6 million (2024 – $354.7 million). These loans bear interest ranging from 2.15 per cent to 5.75 per cent and mature from 2025 to 2049.

(ii) Hospitals were provided loans for various projects including funding for long term-care development projects and implementation of new and/or upgraded health information system projects. As of March 31, 2025, the outstanding balance of the loans is $656.1 million (2024 - $454.1 million). These loans bear interest ranging from 2.49 per cent to 4.40 per cent and mature from 2030 to 2063.

(iii) The Independent Electricity System Operator (IESO) was provided a revolving credit facility up to $1,000.0 million for market liquidity purposes and $290.0 million for corporate requirements until June 29, 2026. As of March 31, 2025, the outstanding balance of the credit facility of $1,000.0 million for market liquidity purposes is $nil (2024 - $nil). As of March 31, 2025, the outstanding balance of the credit facility of $290.0 million for corporate requirements is $154.0 million (2024 - $105.3 million). This credit facility bears a floating interest rate, which was 3.04 per cent as of March 31, 2025. In addition, IESO was also provided a term loan of $120.0 million at an interest rate of 4.78 per cent which matures in June 2026.

(iv) The Liquor Control Board of Ontario was provided a loan facility of $51.2 million to fund capital costs associated with relocating its head office. As of March 31, 2025, the outstanding balance is $8.2 million (2024 – $24.1 million). This loan bears an interest rate of 3.26 per cent and matures in April 2025.

(v) The Niagara Parks Commission (NPC) was provided a loan to finance additional capital costs incurred for the redevelopment of phase I of Table Rock House in Queen Victoria Park, Niagara Falls. As of March 31, 2025, the outstanding balance of the loan is $1.3 million (2024 – $1.8 million). This loan bears interest at 5.07 per cent and matures in April 2027.

(vi) The Ontario Cannabis Retail Corporation was provided a loan facility of $150 million for set-up and operating costs. As of March 31, 2025, the outstanding balance is $43.5

million (2024 – $51.5 million). This loan bears an interest rate of 2.79 per cent and matures in January 2030.

(vii) The Ontario Lottery and Gaming Corporation (OLG) was provided with a term loan and construction loan facility to fund several projects. As of March 31, 2025, the outstanding balance on the term loan is $17.4 million (2024 – $28.7 million). This loan bears interest rate of 1.64 per cent and matures in April 2026. Draws on the construction loan facility as of March 31, 2025, is totalling to $56.0 million (2024 - $46.6 million) bearing a floating rate of interest, which is 3.40 per cent as at March 31, 2025.

(viii) The Ontario Northland Transportation Commission (ONTC) was provided loans for various projects. As of March 31, 2025, the outstanding balance is $0.8 million (2024 – $0.9 million) bearing an interest rate of 4.90 per cent and maturing in 2031. In addition, in 2021 ONTC was provided a revolving credit facility to a maximum amount of $5.0 million maturing on April 30, 2024. As of March 31, 2025, ONTC has not drawn any funds from this facility (2024 – $nil).

(ix) The Royal Ontario Museum (ROM) was provided a loan to fund the Renaissance ROM project. As of March 31, 2025, the outstanding balance of the loan is $19.0 million (2024 – $19.8 million). This loan bears a floating interest rate, which is 4.1 per cent as at March 31, 2025 and matures on March 31, 2027.

(x) From 2006 to 2017, loans were provided to school boards under various capital programs. During the year ended March 31, 2025, school boards made semi-annual blended payments of principal and interest, leaving the total outstanding amount at $3,463.1 million (2024 – $3,747.4 million). These loans bear interest ranging from 2.99 to 5.38 per cent and mature from 2024 to 2042.

(xi) The Regional Municipality of Peel was provided loan facility for various projects during 2024. As of March 31, 2025, the outstanding balance of these term loans are $450.0 million (2024 – $nil). These loans bears interest ranging from 3.77 to 4.60 per cent and matures from 2034 to 2054.

c. Committed credit facilities

At the direction of the Province, the OFA has committed to finance certain public bodies for which funds have not yet been advanced. The details are as follows:

The Financial Services Regulatory Authority of Ontario (FSRA) has been provided a revolving credit facility of $2.0 billion, until December 2025, to address the risk of a significant liquidity event or a failure affecting one or more credit unions regulated by FSRA requiring financial support in addition to the Deposit Insurance Reserve Fund

(DIRF). As of March 31, 2025, FSRA has not drawn any funds from this credit facility (2024 – $nil).

Infrastructure Ontario has been provided a revolving credit facility up to $100 million, until March 2028, to finance project costs on an interim basis. As of March 31, 2025, Infrastructure Ontario has not drawn any funds from this facility (2024 – $nil).

Ontario Power Generation Inc (OPG) has been provided a revolving credit facility up to $1.25 billion, until December 2029, for the purpose of meeting OPG's liquidity needs for general corporate purposes. As of March 31, 2025, OPG has not drawn any funds from this facility (2024 – $nil).

In the event funds are advanced under the above facilities they will be disclosed under note 19b.