

ONTARIO FINANCING AUTHORITY

2025 ANNUAL REPORT

Mandate

The Ontario Financing Authority (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;
- manages the investment activities of the Ontario Nuclear Funds with Ontario Power Generation Inc. (OPG); and
- carries out the day-to-day operations of Ontario Electricity Financial Corporation (OEFC) 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.

In pursuing its mandate, the OFA is committed to its core values of respect, innovation, teamwork and accountability.

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Statement from the Chair and the Chief Executive Officer

The Ontario Financing Authority (OFA) successfully completed the Province's long-term borrowing program in 2024–25, raising \$49.5 billion. This was \$6.9 billion higher than the previous year's borrowing program. The increase in borrowing was a decision to take advantage of market access. Throughout 2025–26, the OFA will continue to provide cost-effective borrowing, debt management and other financial services on behalf of the Province.

Ontario remains the largest issuer of Canadian dollar Green Bonds today and plans to continue its leadership in the Canadian dollar Green Bond market. In October 2024, the Green Bond program reached its 10th anniversary. For the first time, Ontario issued three Green Bonds in a fiscal year; one for \$1 billion and two for \$1.25 billion. Notably, the \$1 billion issue in October 2024 was the first ever 30-year Green Bond by a province. Total Green Bonds issued since 2014–15 is now \$21.5 billion.

The OFA's values of respect, innovation, teamwork and accountability remain a core component of all we do. These values are critical to our success and are a key driver in our work to develop the next generation of OFA leadership and position the organization for an even better future. We remain strongly committed to creating an inclusive, diverse, equitable, anti-racist and accessible work environment.

We thank OFA staff for their continued hard work and successes, and the Board of Directors for their advice and oversight during the 2024–25 fiscal year. We look forward to working with staff and the Board in 2025–26.



Jason Fitzsimmons
Chair



Gadi Mayman
Chief Executive Officer

Management's Discussion and Analysis

This section details management's discussion and analysis of the results achieved by the OFA for the Province in 2024–25 and its objectives for 2025–26.

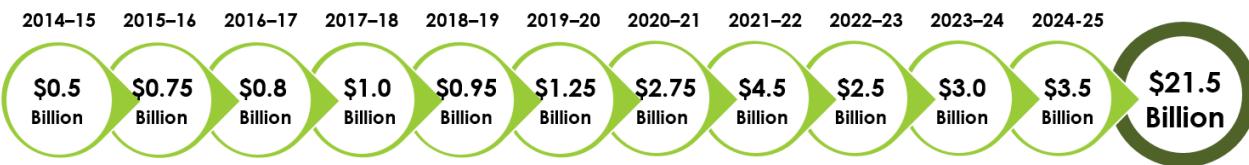
Capital Markets Activities

Borrowing Program

Ontario's borrowing program is primarily used to refinance maturing debt, make investments in capital assets and fund deficits, when applicable. Long-term borrowing for 2024–25 totalled \$49.5 billion and took advantage of the strong demand for Ontario bonds. The weighted-average term to maturity of long-term Provincial debt issued has been extended from 8.1 years in 2009–10 to 14.1 years in 2024–25. This continued extension of the term to maturity allows the Province to lock in interest rates for a longer period, which reduces refinancing risks and helps offset the impact of higher interest rates on the Province's Interest and Other Debt Servicing Charges (IOD) costs. As of the *2025 Budget*, the IOD forecast for 2024–25 is \$15.2 billion.

Ontario remains the largest issuer of Canadian dollar Green Bonds and plans to continue its leadership in the Canadian dollar Green Bond market. On January 30, 2025, Ontario issued a \$1.25 billion Green Bond, which was the third Green Bond issued in the 2024–25 fiscal year, eighteenth Green Bond overall, and Ontario's fourth Green Bond issued under the Ontario Sustainable Bond Framework. This Green Bond marked the first time Ontario has issued more than two Green Bonds in a fiscal year. Most notably, the \$1 billion Green Bond that was issued on October 2, 2024 was the first ever 30-year Green Bond by a province.

Ontario Green Bonds



Strong global investor demand for Canadian-dollar assets allowed Ontario to borrow 79 per cent of the 2024–25 borrowing program in the Canadian-dollar market. This percentage is within Ontario's target range for domestic borrowing of 75 to 90 per cent for the 2024–25 fiscal year.

Investments

The OFA manages the Province's liquid reserve portfolio to optimize investment returns and to ensure sufficient funds are available to meet cash requirements for the Province. The average level of unrestricted liquid reserves in 2024–25 was \$41.9 billion. In the normal course of business, the Province may pledge or receive collateral for derivative transactions and repurchase agreements. Unrestricted liquid reserves are a more prudent measure of total liquid reserves as pledged collateral is netted out of the total liquid reserves calculation.

The OFA also invests on behalf of certain public bodies to help increase their returns by streamlining investment processes and reducing investment costs. In 2024–25, the OFA provided investment services to a number of agencies, boards, commissions and other public bodies, including Infrastructure Ontario, Ontario Trillium Foundation, Venture Ontario and the Financial Services Regulatory Authority of Ontario. Total funds managed were \$1.0 billion.

With OPG, the OFA continued to manage the investment activities of funds established under the Ontario Nuclear Funds Agreement (ONFA). As of March 31, 2025, the combined market value of the Ontario Nuclear Funds was \$32.6 billion compared with \$30.3 billion at March 31, 2024 and \$4.9 billion when the funds were formally established in 2003.

The OFA and OPG have retained external investment managers to invest the Ontario Nuclear Funds in bonds, equities, and real assets. For the 12 months ending March 31, 2025, the funds' rate of return was 9.81 per cent, underperforming the market benchmark of 10.10 per cent. Since inception, the Ontario Nuclear Funds have returned 7.61 per cent annualized, outperforming the long-term target annualized rate of return. This target is a real rate of return of 3.25 per cent annually, calculated by adding 3.25 to the rate of change in the Ontario Consumer Price Index.

Borrowing and Debt Management

The OFA manages the debt of the Province and OEFC.

Total debt, which represents all borrowing without offsetting financial assets, was \$458.2 billion (interim) as at March 31, 2025, compared to \$437.6 billion as at March 31, 2024.

Ontario's net debt is the difference between total liabilities and total financial assets. Ontario's net debt was \$428.1 billion (interim) as of March 31, 2025 (March 31, 2024, \$408 billion). This projection for March 31, 2025 is \$11 billion below the forecast of \$439.1 billion in the *2024 Budget*, primarily due to an improved deficit position and corresponding decrease in funding requirements. It includes the broader public sector's (BPS) net debt of \$21.4 billion (interim) (March 31, 2024, \$18.4 billion).

The OFA's prudent risk management policies and practices mitigate the financial risks inherent in managing large debt and liquid reserve portfolios. A variety of financial instruments, including derivatives such as swaps and forward contracts, are used to manage exposures to interest rates and exchange rates risks. The OFA uses derivatives for hedging purposes only and does not permit the creation of net leverage using derivatives.

The OFA risk management policies and procedures address market, credit, liquidity and operational risks pertinent to the Province's debt, derivatives portfolios, liquid reserve and capital markets transactions. The Province's financial risks are monitored continuously, with these risk exposures marked-to-market daily and audited annually.

The policies were developed following the guidelines and directives of regulatory bodies. The OFA conducts biennial reviews of its risk management policies to ensure they align with the best practices in the industry and remain consistent with the latest developments in global capital markets. Amendments to the risk policies require approval from the Board.

Performance

The OFA monitors and measures the performance of the borrowing and money market programs. The performance of long-term fixed rate borrowing for 2024-25 is measured by comparing the all-in borrowing cost against the statistical distribution of benchmark interest rates observed during the year, with the objective being to attain a low percentile rank. Regular long-term fixed borrowing achieved a percentile rank of 52.4, within the target range of 45-55 percentile; strategic foreign borrowing achieved a percentile rank of 5.6 outperforming the target range of 40-60 percentile. The OFA also outperformed the program execution performance measure, particularly the completion of the borrowing program in the midst of inflationary pressures and rising interest rates over the entire fiscal year.

The performance of liquid reserve investments (money market program) is measured relative to the returns of a custom benchmark with a term of approximately 106 days. The target is ± 2 basis points relative to the benchmark. The program's return of 4.6 per cent was 7.2 basis points above the benchmark, outperforming the target. The outperformance was primarily due to the tenor selection in the money market portfolio. The gains were \$25.4 million when compared to the 106-day benchmark.

Market Risk

Market risk is the risk of loss due to changes in interest and foreign exchange rates.

The OFA manages market risk exposures with limits. The OFA limits the Province's maximum net interest rate resetting exposure of 35 per cent of debt and a maximum foreign-exchange exposure of 3 per cent.

The percentage of interest rate resetting exposure (net of liquid reserves) was 5.91 per cent of debt as at March 31, 2025. The foreign exchange exposure was 0.1 per cent of debt as at March 31, 2025.

Credit Risk

Credit risk is the risk of an economic loss due to default of bond issuers or transaction counterparties. The OFA enters transactions only with approved counterparties and issuers with high credit standing. Ontario's hedging transactions related to international borrowing result in credit risk exposure to its derivative counterparties. In order to manage and mitigate credit risk associated with derivative transactions, the Province has negotiated swap collateral agreements, i.e. Credit Support Annexes (CSAs) with all of its major derivatives counterparties. These agreements provide the terms and conditions for posting collateral in order to offset the credit exposure related to derivative transactions.

The OFA monitors credit exposures and concentration daily and conducts stress testing regularly. The Province's net credit risk exposure associated with the derivative portfolio as at March 31, 2025 was \$114 million, up from \$15 million as at March 31, 2024. Net credit risk exposure represents the loss that the Province would incur if all counterparties to which the Province had credit risk exposure were to default at the same time, less the mitigating impact of netting provisions as prescribed in contractual master agreements.

As at March 31, 2025, 97 per cent of Ontario's credit exposure was to counterparties rated AA- or better, down from 98 per cent as at March 31, 2024.

Liquidity Risk

Liquidity risk is the risk that liquid reserves will not be sufficient to meet the Province's cash and collateral requirements. This risk is controlled through the management of cash flows, liquid reserve levels as well as liquidity and collateral eligibility, and the short-term borrowing program.

The Province's Treasury Bill and U.S. Commercial Paper programs had authorized limits of \$46 billion and \$15 billion, respectively in 2024-25. As at March 31, 2025, the outstanding borrowing under the Province's Treasury bill and U.S. Commercial Paper programs stood at \$22.7 billion and \$5.4 billion, respectively.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or external events. The OFA manages operational risks through divisional procedures and contingency plans as well as appropriate staffing and training, all of which are reviewed on an ongoing basis. Quarterly updates demonstrate the work undertaken by the OFA to identify and mitigate risks related to staffing, training, and resources as part of the ONE OFA People Plan. As the OFA looks to modernize its culture and address potential future risks, work related to succession planning, learning and development, organizational communications and reputation continue to be a priority. In addition, the OFA's Business Continuity Plan ensures critical operations are completed in a timely manner in the event of an unforeseen business disruption.

All systems, infrastructure and services were successfully provided to all OFA divisions, with no significant disruptions or incidents in 2024–25. The Information Technology Division continued to provide strategic advice to manage organizational technology risks with increasing pressures. With advancements of the technology environment, upticks in data creation, consumption, and rising global cyber security threats, continued resource investment contributes to the proactive maintenance and management of systems, and will continue to be handled with the highest diligence in defense of the systems that support the OFA.

Credit Rating Agency Relations

The Province requires ratings from recognized credit rating agencies to issue debt in the capital markets. The OFA ensures credit rating agencies understand government policies and budget direction as well as economic and fiscal performance, and properly reflect these in their reports and decisions. Through the OFA, the Province maintains a one-window contact with the rating agencies to ensure information provided to them is consistent and coordinated.

Finance and Treasury Activities

The OFA continued to successfully deliver its Accounting and Financial Reporting, Banking, Cash Management, Capital Markets Operations, and Settlements functions throughout 2024–25. This included working closely with internal and external stakeholders to ensure effective delivery of centralized services.

Accounting and Financial Reporting

The OFA is involved in accounting policy and accurate financial reporting for various entities. In 2024-25, it successfully worked closely with the Province on reporting for provincial debt, derivatives and investments, in accordance with strict legislated timelines. This included ensuring accuracy and completeness of amounts reported in the Budget, Fall Economic Statement and Public Accounts. The Accounting and Financial Reporting team also prepared the annual financial statements for two agencies, the OFA and the OEFC.

The Office of the Auditor General of Ontario (OAGO) completed their annual review of the financial reporting associated with the debt and interest on debt presented in the 2023-24 Public Accounts, which continued to be free of material issues. In addition, the OFA and OEFC 2023-24 Financial Statements received an unqualified opinion from the OAGO.

The OFA's appointed internal auditor completed the 2023-24 Board-approved audit plan and their findings and recommendations were received by both management and the Board. As per the internal auditors' observations, the OFA has achieved significant progress on implementing recommendations that strengthened cyber security, enhanced internal and operational controls, as well as more streamlined and efficient operations in all divisions.

In support of the OFA's Debt Management program, the Settlements team continued to provide timely and efficient settlement and payment services. This ensured success in managing the Provincial and OEFC debt portfolios and Non-Utility Generator power purchase agreements, working closely with the Independent Electricity System Operator and our Meter Service Provider.

Treasury Services

The OFA continued to advise ministries on the application of the Cash Management Directive with regards to government priorities. This included ensuring that requests from ministries for advance and early payments to stakeholders and transfer payment entities in the broader public sector were analyzed on a case-by-case basis and approval was provided only to those with compelling rationale in line with Government priorities.

As part of the process to provide effective cash forecasting, the OFA continued to ensure the Province's cash reserves met its requirements. The Province balances the objective of maintaining the cost of holding liquid reserves against the need to always have enough cash on hand to fund its commitments, invest in capital assets, refinance maturing debt and pay interest. This included continued work with the Office of Economic Policy within the Ministry of Finance, as well as other ministries to ensure that cash forecasts including the potential zero cash date are as current and as accurate as possible.

The OFA continued to provide specialized advisory services to ministries and agencies to optimize payment solutions for effective revenue collection and disbursement processes. As part of its advisory services to agencies, the OFA provided advice to the Ontario Infrastructure Bank, subsequently renamed the Building Ontario Fund, on implementing an effective banking infrastructure to support its objectives.

The OFA leads the Provincial payment modernization initiative in partnership with the Ministry of Public and Business Service Delivery. This initiative aims to replace paper-based methods with cutting-edge electronic and automated processes, significantly enhancing operational efficiency and reducing environmental impact.

On the revenue collection side, through a Ministry of Finance initiative and in collaboration with banks, the X9 solution was implemented to enable the electronic processing of cheque images and remittance information, allowing the Ministry to efficiently deposit tax and non-tax revenue into the CRF bank accounts. Additionally, the Visa Debit and MasterCard flat fee per transaction service was implemented as a new method for tax collection, reducing fees for the Province by shifting from a value-based to a transaction-based service.

For disbursements, OFA is working with a banking partner and Provincial stakeholders to implement the e-transfer as a broad payment solution for the Province. This payment method will ensure that all ministries benefit from the increased efficiency and convenience of e-transfers. Initially, e-transfer payments were implemented exclusively for the Ministry of Education to provide financial assistance for families during COVID-19.

The OFA plays a key role in a cross-ministry Working Group, Executive Governance Committee and Payment Card Industry (PCI) Enterprise Industry Assessment and a Compliance Unit to ensure that ministries continued to maintain compliance with mandatory cardholder data security requirements for debit/credit card acceptance. The OFA also continued to work with stakeholders including Office of the Provincial Controller and PCI Enterprise Coordination Office as they are strategically reviewing further streamlining of compliance and reporting efforts for the OPS.

Capital Markets Operations

The OFA continued to support the Province's capital markets activities by negotiating and preparing the legal documentation for all financial transactions related to the Province's annual borrowing, investing and debt management programs. This involved negotiating and documenting all bond issues, money market transactions and derivatives agreements while working closely with Ministry of Finance legal counsel, external counsel and other stakeholders such as securities regulators, stock exchanges, domestic and international clearing systems and asset servicing agents. The OFA also conducts frequent research and employs various external operational platforms to ensure that the Province's capital markets transactions are carried out efficiently in accordance with current market standards.

To undertake borrowing transactions, the OFA also ensured that sufficient legal borrowing authority remained available at all times to execute the borrowing program. The OFA also supported various public bodies by preparing documentation related to their investment activities and borrowing requirements.

The OFA also managed ongoing regulatory compliance in all jurisdictions where the Province conducted capital markets transactions and maintains debt programs. This included fulfilling continuous disclosure obligations, ensuring compliance, and performing regulatory filings.

Financial Advice

The OFA was active in providing financial advice and implementation assistance to ministries, Crown agencies and other public bodies, including on corporate and electricity finance policies and initiatives, government business enterprises and other provincial assets.

Advisory Activities

Analysis and advice was provided on cost effective borrowing by public bodies, financial oversight of public bodies and a number of financial and investment policy proposals from Crown agencies and other stakeholders.

The OFA provided analysis and advice regarding electricity sector initiatives, electricity price mitigation measures and federal and provincial policies affecting the electricity sector in Ontario.

The OFA also continued to provide analysis and advice in respect of a number of Infrastructure Ontario projects.

Other Financial Services

Under its framework for providing financing to public bodies, the OFA provides mainly long-term financing to Crown agencies and various public bodies. In 2024–25, the OFA provided new long-term loans to a number of public bodies, including Ontario hospitals, colleges, and Crown corporations totalling \$548.2 million, and continued to monitor and provide advances under existing loan agreements. The OFA also extended, for an additional year, the \$2 billion credit facility to the Financial Services Regulatory Authority of Ontario (FSRA), for the purpose of addressing potential unexpected liquidity pressures in the Ontario credit union sector.

On behalf of the Province, the OFA has received a number of applications for the Province's Aboriginal Loan Guarantee Program, which are in various stages of completion and are under review by staff and a third party due diligence provider, as well as requests for information on the program for other projects in various stages of development. As at March 31, 2025, eleven loan guarantees have been approved under the program. The aggregate principal of loans guaranteed is approximately \$500 million.

The OFA also continued to provide loan administration services to the Province on its loan facility for construction financing of up to \$1.34 billion for a portion of the estimated construction cost of the Wataynikaneyap Power northwest grid connection project.

The OFA provided services to OEFC, including implementing and monitoring loan agreements between OEFC and OPG, and the management of Non-Utility Generator power purchase agreements.

The OFA provided a new \$1.25 billion credit facility to OPG and expanded the IESO credit facility to \$1.29 billion in 2024–25.

The OFA provided services to the Building Ontario Fund, including providing initial operational and onboarding supports to help enable its transition to an independent operational model, collaborating with stakeholders to help build potential project pipelines, and working with Ministry of Finance to support necessary government approvals and implementation of governance and accountability frameworks.

Activities were undertaken to assist in the continued implementation of ONFA, including reviewing OPG's proposed 2024 annual budget for eligible expenditures under ONFA for nuclear waste management.

The OFA also provided analysis to the Minister of Finance and the government on forecasting provincial revenues from the electricity sector and to support electricity policies and initiatives, focusing on potential fiscal, financing, and economic impacts on the Province and OEFC.

Corporate Governance

Accountability and Responsibilities

The OFA is an agency of the provincial Crown. The accountability framework is reflected in a Memorandum of Understanding between the OFA and the Minister of Finance, which sets out the roles and responsibilities of each party and is available on the OFA's website.

The OFA is governed by a Board of Directors appointed by the Lieutenant Governor in Council. The Act provides that the Deputy Minister of Finance is the Chair of the Board. The Board is accountable to the Minister through the Chair, and through the Minister to the Legislative Assembly. The Board performs a supervisory role, overseeing the management of the business and affairs of the OFA to ensure the OFA's mandate is fulfilled. Standards of conduct for directors are set out in a Board-approved Code of Conduct.

Three committees of the Board assist it in supervising the management of the OFA. The Audit and Risk Management Committee assists the Board in fulfilling its responsibilities in respect to audits, financial reporting, risk management, and internal controls. The Human Resources and Governance Committee assists the Board in ensuring appropriate policies and procedures are in place relating to compensation for staff in critical areas and with respect to corporate governance. The ONFA Investment Committee supervises the OFA's activities related to the investment of the Ontario Nuclear Funds.

The OFA's CEO is responsible for managing the day-to-day operations and ongoing activities of the OFA and reports the OFA's performance to the Board. The CEO and OFA employees are appointed pursuant to the *Public Service of Ontario Act, 2006*.

Human Resources

As a Commission Public Body, OFA employment is governed by the *Public Service of Ontario Act, 2006*. As OFA employees are public servants, the directives of the Public Service Commission govern their employment and remuneration.

The *Capital Investment Plan Act, 1993* outlines the OFA-specific Finance Management Control Group (FMCG) classification which was designed to support the specialized skills and expertise of staff working in capital markets. Under the Act, compensation for FMCG is approved by the Board of Directors and Minister of Finance, rather than the Public Service Commission.

The OFA continues its transformation by aligning its people, processes, and practices with its core values. Central to this effort is the One OFA People Plan, introduced in 2022, to drive cultural change and provide strategic direction that strengthens employee connection and engagement-both now and in the future,

The Plan ensures that key OFA priorities are deeply integrated with employee and cultural experiences. This transformation supports critical areas such as employee engagement, succession planning, and retention-an urgent focus as nearly one-third of the organization is eligible to retire within five years. Notably, the entire Capital Markets executive leadership team experienced a turnover in the last 18 months.

The OFA is proactively preparing for upcoming retirements in other key areas to ensure the protection of corporate memory and business practices by fostering cross-functional collaboration and empowering staff to embrace leadership roles and pursue developmental opportunities. The evolution has been largely staff-driven, reflecting broad, grassroots desire for change across the organization.

To adapt to shifting workforce expectations and the evolving nature of work, the OFA is modernizing its workforce planning practices by implementing industry best practices, aiming to cultivate a skilled, agile and resilient workforce equipped to today's challenges and tomorrow's transformations. The OFA will continue to proactively monitor emerging trends and address their impact on the existing workforce.

Currently, staff allocation is 172 FTEs.

This count has grown approximately 6% over the past three years due to organizational restructuring, including the creation of new executive roles and the establishment of the Building Ontario Fund.

As of March 31, 2025, all 172 FTEs were in use:

- 30 FMCG, of which:
 - 26 are AOFA
 - 4 are XOFA
- 104 MCP, of which:
 - 78 are Individual Contributors
 - 26 are Management and Executive (EXE2)
- 33 OPSEU Excluded
- 1 AMAPCEO
- 4 ALOC

OFA Employee Summary

Division	FTE	Executive	Management	Staff
CEO's Office	4	1	1	2
Credit & Rating Relations	3	0	1	2
Capital Markets	21	3	10	8
Office of CFO	3	1	0	2
Accounting and Financial Reporting	25	0	6	19
Corporate Finance	11	0	3	8
Electricity Finance	8	0	3	5
Treasury and Capital Markets Operation	26	0	4	22
Office of the COO	3	1	0	2
Corporate Affairs	20	0	5	15
Information Technology	21	0	4	17
Risk Management	15	0	3	12
Strategic Projects Finance	6	0	2	4
Legal	6	1	0	5
TOTAL	172	7	42	123

Board of Directors

The table below provides an overview of the Board of Directors as of March 31, 2025, including their total remuneration during 2024–25 which is determined on a per diem basis. All directors are entitled to participate in any Board committee meeting.

Biographies of current directors, including their membership in Board committees, are available on the OFA's website.

Director	Date First Appointed	End of Current Term	Board and Committee meetings attended	Remuneration Paid in 2024–25
Jason Fitzsimmons (Chair)	August 12, 2024	Ex officio, as the Deputy Minister of Finance	2	N/A – OPS Employee
Steve Geist (Vice-Chair)	July 2, 2020	July 1, 2026	16	\$12,925
Rani Dhaliwal	January 7, 2021	January 6, 2027	15	\$10,500
Heather-Anne Irwin	October 19, 2016	October 23, 2025	7	\$3,000
Gadi Mayman (CEO)	August 31, 2000	July 20, 2026	9	N/A – OPS Employee
Diane McArthur	June 22, 2016	December 8, 2025	11	\$7,500
Paul Potvin	February 15, 2017	February 13, 2026	14	\$10,000
Rita Theil	March 24, 2022	April 10, 2028	9	\$7,000
Grant Williams	March 24, 2022	April 10, 2028	18	\$12,750
Total:				\$63,675

Former Board Members, Yim Chan appointment to the Board ended March 2025 was remunerated \$4,500 during 2024–25. Marie MacDougal appointment to the Board ended April 2025 was remunerated \$6,000 during 2024–25.

Financial Reporting Requirements

The OFA prepares annual financial statements in accordance with Canadian Public Sector Accounting Standards. The financial statements are reviewed and recommended by the Audit and Risk Management Committee and approved by the Board. The annual financial statements are audited by the Auditor General who expresses an opinion on whether they present the financial results fairly in accordance with Canadian public sector accounting standards. The audited financial statements are tabled in the Legislative Assembly as part of the Annual Report and are included in the Financial Statements of Government Organizations and Business Enterprises section of the Public Accounts of the Province. Unaudited financial statements are prepared quarterly and presented to the Audit and Risk Management Committee and the Board.

Internal Controls

Management is responsible for establishing and maintaining internal controls to provide reasonable assurance regarding the reliability of financial reporting, to safeguard the OFA's assets and to manage its liabilities.

In meeting its responsibility for the reliability and timeliness of financial information, the OFA uses a comprehensive system of internal controls, including organizational and procedural controls. The system of internal controls includes:

- comprehensive business planning;
- written communication of policies and procedures governing corporate conduct and risk management;
- segregation of duties;
- maintenance and retention of detailed records;
- responsible delegation of authority and personal accountability;
- careful selection and training of personnel; and
- regularly updated accounting and financial risk policies and procedures.

As part of its annual business plan, the OFA conducts an assessment of corporate-wide risks and develops appropriate mitigation strategies.

The OFA's appointed internal auditor develops an annual internal audit plan based on a review of the OFA's risk assessment and input from the Audit and Risk Management Committee and Management. The internal audit plan is approved by the Board on the recommendation of the Audit and Risk Management Committee.

Summary of Financial Results

The Ontario Financing Authority (OFA) executes the Province's borrowing program and manages debt and investment of liquid reserves and recovers the cost of these services from the Province. The OFA also provides loans to Crown agencies and other public bodies at the direction of the Province. It also provides other financial services to Crown agencies and other public bodies. These costs are recovered on a fee-for-service basis.

The outstanding balance of the loans to public bodies at March 31, 2025 was \$5,371.1 million, a net increase of \$397 million from \$4,974.1 million in March 2024 (Note 19 to the Financial Statements). The increase was due to new loans of \$848.4 million offset by repayments of \$451.4 million.

The OFA continued to provide investment management services to other public bodies, managing an aggregate investment amount of \$997 million (2024 – \$2,298 million).

The OFA recovered operating costs from related-party agencies and others amounting to \$6.8 million for the year ended March 31, 2025 (2024 – \$5.6 million). The OFA's excess of revenue over expenses before payment to the Province for the year amounted to \$5.2 million (2024 – \$4.9 million) from the loan administration fees charged on loans to public bodies as well as the interest income from its cash reserves.

The OFA remitted \$6.8 million (2024 – \$4.3 million) of its surplus funds to the Province in February 2025. The payment is presented as a current year expense, resulting in the OFA recording a deficit of \$1.6 million (2024 – \$0.6 million surplus). Despite this, the OFA's operations continued unaffected.

OFA continues to maintain prudent financial management of expenditures despite the pressures arising from salary increases due to Bill 124 remedies and the inclusion of expenditures incurred during the year on behalf of Building Ontario Fund. Actual expenditures were \$3.0 million higher than the approved budget, resulting in increase in cost recoveries from the Province. Revenue from loan administration fees and interest revenues were \$1.4 million higher than budget contributing to an equal increase in operating surplus

Financial Statements

Management's Responsibility for Financial Reporting

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.

On behalf of Management:



Gadi Mayman
Chief Executive Officer

(06-20-2025)

Jose Yee
Chief Financial Officer

(06-20-2025)

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.



Shelley Spence, FCPA, FCA, LPA
Auditor General

Toronto, Ontario
June 20, 2025

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		
	March 31		March 31
	2025 Budget	2025 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	March 31
	2025	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:

<i>(in thousands of dollars)</i>	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

<i>(in thousands of dollars)</i>	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:

<i>(in thousands of dollars)</i>	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:

<i>(in thousands of dollars)</i>	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:

<i>(in thousands of dollars)</i>	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

	Computer hardware	Leasehold improvements	Furniture and equipment	Total
<i>(in thousands of dollars)</i>				
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

	Computer hardware	Leasehold improvements	Furniture and equipment	Total
<i>(in thousands of dollars)</i>				
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:

<i>(in thousands of dollars)</i>	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:

<i>(in thousands of dollars)</i>	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)

Loan administration fees:

	2025	2024
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)

Loan administration fees receivable:

	March 31, 2025	March 31, 2024
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)

Investment management fees:

	2025	2024
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

Investment management fees receivable:

	March 31, 2025	March 31, 2024
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.

Appendices

Ontario's Credit Ratings

A credit rating is a current assessment of the creditworthiness of a borrower with respect to a specified obligation. It indicates the capacity and willingness of a borrower to pay interest and principal in a timely manner.

Long-Term Ratings

Long-term ratings are assigned a letter grade ranging from investment grade, to speculative grade, to highly speculative or default. Ratings within each category may include a "+" or "-" (or a high or low) to indicate the relative strength of rating within that category.

Long-term ratings are also assigned an outlook indicating the likely direction of an issuer's rating over the intermediate term, typically ranging from 6 months to 2 years. The outlook is denoted (P) for Positive Outlook, (N) for Negative Outlook or (D) for Developing Outlook. No identifier is attached to the rating if the outlook is Stable.

As of May 26, 2025, the long-term ratings of the Province are as follows:

- Moody's Investors Service Aa3
- Standard & Poor's AA-
- Morningstar DBRS AA
- Fitch AA-

Short-Term Ratings

Short-term ratings are for debt maturities of less than one year. Ratings are graded into several categories, ranging from the highest-quality obligations to default. As of May 5, 2025, the short-term ratings of the Province are as follows:

- Moody's Investors Service P-1
- Standard & Poor's A-1+
- Morningstar DBRS R-1 (high)
- Fitch F1+

Chart Descriptions: Alternative Text

Ontario Green Bonds

Since 2014, Ontario has issued Green Bonds totalling \$21.5 billion.

Year	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Green Bond Issues (\$)	\$0.5 billion	\$0.75 billion	\$0.8 billion	\$1.0 billion	\$0.95 billion	\$1.25 billion	\$2.75 billion	\$4.5 billion	\$2.5 billion	\$3.0 billion	\$3.5 billion

Source: Ontario Financing Authority.

Additional Sources of Information

www.ofina.on.ca

The website provides information on Ontario's borrowing program and debt, and contains publications from the OFA.

Ontario Budget

The Borrowing and Debt Management chapter discusses the Province's borrowing and debt management activities for the fiscal year ended, and outlines the outlook for the upcoming fiscal year.

Quarterly Finances – OFA Fact Sheet

The OFA Fact Sheet provides quarterly updates of the government's annual budget forecast. The full set of quarterly finances information is also available on the Ministry of Finance website, www.ontario.ca/page/ministry-finance.

Form 18-k

This is the Province's annual report to the U.S. Securities and Exchange Commission (SEC).

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