



THE UNIVERSITY OF
WINNIPEG

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

THE UNIVERSITY OF WINNIPEG

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CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2009

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THE UNIVERSITY OF WINNIPEG

The University of Winnipeg

Report of the Vice-President Finance & Administration

of disclosure.

The University's operations include the University undergraduate and graduate credit programs, Continuing Education Division, the Collegiate Campus Services, Academic Enterprises, sponsored research, designated funds, and trust funds.

and the performance of a review of academic programs

number of courses taken per student decreased in the year continuing a recent trend and bringing student fee revenue in line with budget. This shortfall was offset by a higher than expected operating grant from the Government of Manitoba and other income. Financial services provided to the University exceeded expectations. Significant effort was put into controlling expenditures in the year which resulted in a surplus of \$225,000 from normal operations. A liability resulting from an order from the Superintendent of Pensions relating to a series of transactions around the year 2000 however result in a deficit of \$6.2 million this year.

Work on these projects is expected to continue in the coming year. These projects have been funded. Maintenance issue on campus. This money will be used to complete a series of deferred maintenance projects including roofing replacement, accessibility improvements to washrooms and doors, fire alarm systems and various other minor projects. In the spirit of the 2008-09 and 2009-10 fiscal years.

2008-09 was the first full year for the Faculty of Business and new Graduate Programs both programs have

In January 2000 the Court of Appeal denied the University's appeal of the judgment of the Pension

University does not have the operating dollars to fund this obligation, so we will be applying to the Province of Manitoba for a loan to pay the liability, and petitioning to have off the loan over 20 or 30 years. If the actual payout differs from the amount accrued, or the nature of the payout does provide a future benefit to the University, the entry will be revised in future years. The University also sold two properties it had been holding (a house on Spruce Street and the Gladstones Apartments) for a gain of \$600,000 in the year. The net proceeds from these sales have been added to the University's Capital Reserve.

The deficit this year reduces the net assets of the University to \$9,000,000. Total assets have increased to \$115,060,000, primarily as a result of the Deferred Capital Contributions and loans related to those same capital projects and the Pension Liability.

Total revenues for the year increased 9.5% primarily as a result of increased operating grants, increased Deferred Capital Contributions related to newer Capital Projects. Student enrollment decreased slightly in the year as a result of the second year with the new student admission system, and decreased from the previous year as a result of the second year with the new student admission system, and decreased from the previous year as a result of the second year with the new student admission system, and decreased from the previous year as a result of the second year with the new student admission system. Operating expenses increased 3.0% in the year, resulting in a surplus of \$220,000 from operations. The inclusion of the settlement

As a result of an agreement between the University and its Pension Plan Stakeholders, administration of The University of Winnipeg Pension Plan was transitioned to a Joint Trusteed Plan in July 2008.

The operating results for fiscal 2000-2009 demonstrate a balanced year of operations for the University, but also report a significant liability for the University, which will have an impact on future operating budgets for years to come.

(Original signed by Bill Rolan)
Vice-President (Finance & Administration)
The University of Winnipeg



THE UNIVERSITY OF WINNIPEG

UNIVERSITY OF WINNIPEG

MANAGEMENT REPORT

The accompanying consolidated financial statements are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles. These accounting principles have been applied on a basis consistent with the prior year. In management's opinion, the consolidated financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data. Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and to ensure the assets of the University are properly safeguarded.

The Board of Regents has reviewed and approved these consolidated financial statements.

On Behalf of Management:

(Original signed by Bill Balan)

Bill Balan

(Original signed by Michael Emslie)

Michael Emslie, CA
Controller and Executive Director, Financial Services

Winnipeg, Manitoba
May 29, 2009

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITOR'S REPORT

To the Lieutenant Governor in Council
To the Legislative Assembly of Manitoba
To the Board of Regents of the University of Winnipeg

We have audited the consolidated statement of financial position of the University of Winnipeg as at March 31, 2009, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. We examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion. We have audited the consolidated statement of financial position of the University as at March 31, 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original document signed by:
Carol Bellringer

THE UNIVERSITY OF WINNIPEG
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 as at March 31, 2009
 (with comparative figures for 2008)

Statement I

ASSETS

	2009 \$000	2008 \$000
Current Assets:		
Cash and Cash Equivalents (Note 4)	\$16,638	\$12,791
Inventories (Note 5)	1,395	1,057
	<u>28,227</u>	<u>15,800</u>
Capital Assets (Note 7)	94,575	76,410
	<u>\$124,126</u>	<u>\$99,556</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$10,408	\$8,470
Deferred Revenue	4,402	2,297
Deferred Contributions (Note 8)	6,697	5,350
Staff Benefits Payable (Note 9)	1,522	1,433
Current Portion of Long-Term Debt (Note 11, 12)	2,538	1,271
Due to Related Party (Note 24)	25	301
Settlement Payable for Pension Superintendent's Decision (Note 23)	7,000	0
	<u>32,592</u>	<u>19,185</u>
Obligations under Capital Leases (Note 11)	425	386
Deferred Capital Contributions (Note 13)	69,377	50,445
Unrestricted Net Assets (Deficiency)	(7,286)	332
Internally Restricted Net Assets (Note 14)	1,419	753
Contractual Obligations (Notes 10, 20, 21)		
Contingencies (Note 23)		

Approved by the Board of Regents

(Original signed by Debra Radl)

(Original signed by Lloyd Axworthy)

Chair, Board of Regents

President & Vice Chancellor

THE UNIVERSITY OF WINNIPEG

Statement II

For the Year Ended March 31, 2009
(with comparative figures for 2008)

	2009 \$000	2008 \$000
REVENUE		
Government Grants:		
Council on Post Secondary Education	\$47,448	\$42,706
Other Province of Manitoba	4,163	1,906
Student Academic Fees	28,827	28,184
Gifts, Grants and Requests	2,396	1,898
Supplies, Services and Other Expenses	15,569	13,696
Provincial and Municipal Taxes	1,210	1,151
Scholarships and Awards	3,238	2,670
Gifts to Related Party (Note 24)	624	1,004
	<u>99,655</u>	<u>92,692</u>
Excess (Deficiency) of Revenue over Expenses from Operations	225	(1,465)
Gain on Sale of Capital Assets (Note 22)	603	0
	<u>7,000</u>	<u>0</u>

See accompanying notes to the consolidated financial statements.

THE UNIVERSITY OF WINNIPEG
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended March 31, 2009
(with comparative figures for 2008)

Statement III

	2009			2008	
	UNRESTRICTED NET ASSETS (DEFICIENCY) \$000	INTERNALLY RESTRICTED NET ASSETS (Note 14) \$000	ENDOWMENTS (Note 15) \$000	INVESTMENT IN CAPITAL ASSETS \$000	TOTAL \$000
BALANCE, BEGINNING OF YEAR	\$332	\$751	\$2,684	\$11,527	\$16,759
Deficiency of Revenue Over Expenses	(6,172)				(1,465)
Direct Increases (Decreases):					
Endowed Investment Net Realized Losses			(56)		0
Transfers:					
Internally Funded:					
Capital Asset Additions	(2,091)			2,091	0
Amortization of Capital Assets	1,168			(1,168)	0
Disposal of Capital Assets	269			(269)	0
Repayment of Long Term Debt	(125)			125	0
Internally Restricted Net Assets	49	(49)			0
Strategic Provisions – Reductions (Note 14)	161	(161)			0
Strategic Provisions – Additions (Note 14)	(877)	877			0
NET CHANGE FOR THE YEAR	(7,618)	667	(56)	779	(1,465)
BALANCE, END OF YEAR	(\$7,286)	\$1,418	\$2,628	\$12,306	\$15,294

See accompanying notes to the consolidated financial statements.

THE UNIVERSITY OF WINNIPEG
 CONSOLIDATED STATEMENT OF CASH FLOWS
 For the Year Ended March 31, 2009
 (with comparative figures for 2008)

Statement IV

	2009 \$000	2008 \$000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from:		
Government Grants	\$54,238	\$44,987
Student Academic Fees	29,163	28,024
Gifts, Grants and Bequests	2,960	1,080
	1,005	1,715
Sales of Services and Products	4,551	4,705
Other Revenues	5,664	5,676
Cash Paid for:		
Salaries and Benefits	(64,842)	(59,776)
Supplies, Services and Other Expenses	(14,921)	(14,010)
Building, Utility and Related Expenses	(7,770)	(8,412)
Provincial and Municipal Taxes	(1,200)	(1,751)
Depreciation and Amortization	(3,242)	(2,858)
Gifts to Related Party	(834)	(833)
Cash Purchase of Capital Assets	(20,100)	(22,624)
Cash from Sale of Capital Assets	1,000	0
Proceeds on Sale of Long Term Investments	186	0
	<u>(18,914)</u>	<u>(22,624)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
	0	(5,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>0</u>	<u>(5,000)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>12,704</u>	<u>18,777</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$12,704</u></u>	<u><u>\$13,777</u></u>
Cash and Cash Equivalents Consists of:		
Cash in Bank	13,007	6,160
Short Term Investments	2,621	6,621

Excluded from Investing and Financing Activities are assets acquired under Capital Leases and the related obligations under Capital Leases totalling \$260 (2008 - \$114).

See accompanying notes to the consolidated financial statements

**THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009**

(AMOUNTS IN THOUSANDS)

1. Authority and Purpose

The University of Winnipeg (the University) operates under the authority of the University of Winnipeg Act, R.S.M. 1985, c. 100. The University is a charitable organization that provides post-secondary education and research in Arts, Sciences and Education. The University also operates the Collegiate, an independent high school and a number of other education related activities. The University is a registered charity and is exempt from the payment of income taxes.

2. Summary of Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Canadian generally

A) Contributions

The University has chosen to use the deferral method of accounting for contributions. Under the deferral method of accounting for contributions, restricted contributions related to

B) Revenue Recognition

Operating grants are recognized as revenue in the period received or receivable. Revenues received for tuition fees and sales of goods and services are recognized in the period in which the goods are received or the services rendered or substantially rendered.

Deferred contributions are externally restricted non-capital and non-endowment contributions which are deferred and are recognized as revenue in the period in which the

purchase of capital assets, which will be repaid from future funding provided by the Provincial Government through the Council on Post-Secondary Education (COPSE) are, in

instance, capital grants. These capital grants, under the deferral method of accounting, are not recognized as revenue until the asset is sold. The related funding from COPSE to offset the interest expense over the term of the asset, as well as the interest expense, are both excluded from the statement of operations and changes in fund balances.

Externally restricted contributions for the acquisitions of capital assets having limited lives

THE UNIVERSITY OF WINNIPEG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2012 AND FOR THE YEAR ENDED 2011

C) Cash and Cash Equivalents

... instruments, convertible to cash within three months unless bank borrowings are considered to be financing activities

D) Investments

Investments are recorded at fair value with the exception of a donated equity investment in certain properties, which is recorded at estimated fair value on the date received and designated as available for sale.

E) Inventories

Inventories are valued at the lower of cost or net realizable value

F) Capital Assets

Collections include Art Work and Rare Books recorded at fair value derived by independent appraisal at the time of acquisition or donation. Donated assets are recorded at estimated fair market value on the date received. Land, collections of rare books and works of art are

Furnishings and Equipment	10 years
Major Software Computer Software	10 years
Computer Equipment and Software	5 years
Vehicles	5 years
Equipment under Capital Lease	Term of Lease

G) Financial Instruments

... maturity, available for sale or other liabilities. Financial instruments classified as held for trading are measured at fair value with gains and losses recognized in the Statement of Operations. Financial instruments classified as held to maturity, loans and receivables and other liabilities are measured at amortized cost using the effective interest rate method and losses recognized directly in unrestricted net assets

Cash and cash equivalents are designated as held for trading; accounts receivable and due

THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

(AMOUNTS IN THOUSANDS)

long-term investments are designated as available for sale as they are comprised of
and term investments are designated as available for sale as they are comprised of
directly attributable to the acquisition or issuance of financial assets or liabilities are
accounted for as part of the respective asset or liability's carrying value at inception and
amortized over the expected life of the financial instrument using the effective interest
method. For held-for-trading financial assets and liabilities, transaction costs are recorded
in the statement of operations as incurred.

H) Use of Estimates

In preparing the University's consolidated financial statements, management is required to
in preparing the University's consolidated financial statements, management is required to

liabilities at the date of the financial statements and the amount of such expenses
expenses during the period. Actual results could differ from these estimates.

I) Principles of Consolidation

The consolidated financial statements of the University include the accounts of the

University of Winnipeg Education Corporation (UWPEC) and the University of Winnipeg

UWPEC secures and provides affordable residential accommodation for the benefit of
persons enrolled at the University. The University of Winnipeg Foundation (the Foundation)

both controlled entities, are not consolidated in these financial statements.

J) Pension Plan

The University contributes to the University of Winnipeg Pension Plan which is a trustee

credit actuarial cost method and management's best estimates of investment performance

amortization of actuarial gains or losses, the University has adopted a policy consistent with

of the unamortized net gains or losses over 10% of the greater of the defined benefit
obligation or defined benefit plan assets as at the beginning of the year over the expected
average remaining service life of active employees. The pension expense for the defined

(AMOUNTS IN THOUSANDS)

K) Future Accounting Policy Changes

Not-For-Profit Organizations

The CICA amended a number of standards applicable to not-for-profit organizations

Not-For-Profit Organizations.

amended to:

CICA 4430 "Capital Assets Held by Not-For-Profit Organizations" was amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities.

CICA 4460 "Disclosure of Related Party Transactions by Not-For-Profit Organizations" was amended to make the language in Section 4460 consistent with Related Party Transactions, Section 3840

New standard CICA 4470 "Disclosure of Allocated Expenses by Not-For-Profit

- The main features of the amendments of the new section are:
- A requirement for an entity that allocates its fundraising and general support expenses to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocations have been made; and
 - A requirement for an entity to disclose the amounts allocated from each of its they have been allocated.

These new requirements are effective April 1, 2009 and will only require additional disclosure in the financial statements.

Business Combinations and Non-controlling Interests

The CICA has issued these new standards, Business Combinations, Section 1582

THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

(AMOUNTS IN THOUSANDS)

Section 1502 will be converged with IFRS. Business Combinations Section 1000 will be

Statements for non-controlling interests. Section 1511 carries forward the requirements of
interests.

owned prior to obtaining control will be remeasured at fair value at the acquisition date.

Any non-controlling interest will be recognized as a separate component of equity [net
assets]. Net income is calculated without deduction for the non-controlling interest. Rather
net income is allocated between the controlling and non-controlling interests.

3. Change in Accounting Policies

Effective April 1, 2008, the University adopted the following new CICA accounting standards:

Inventories

Section 3031, establishes standards for determining the cost of inventories. The standard requires
that inventories be measured at the lower of cost and net realizable value, and provides guidance
on the types of costs that are to be assigned to inventories. There was no material effect on the
University's consolidated financial statements as a result of implementing the new standard
(Note 5).

Financial Instruments - Disclosure and Presentation

assist in evaluating their significance on an entity's financial position, performance and cash flows,
the nature and extent of risks to which the entity is exposed during the period and at the balance
sheet date and how the risks are managed. Adoption of these new standards has resulted in
additional note disclosure (Note 16).

Capital Disclosures

Section 1535 establishes standards for disclosing information about an entity's capital to enable an

THE UNIVERSITY OF MISSISSIPPI
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2009

4. 2008 AND 2009 EQUIPMENTS

	2009	2008
	\$000	\$000
Cash and cash equivalents		
Operating Funds	\$7,822	\$5,295
Research and Educational Funds	2,606	2,075
Special Funds	5,478	4,004

These funds are restricted funds held for related organizations - \$2,711 (2008 - \$2,140) and

related party - \$194 (2008 - \$403).

5. Inventories

Inventory consists of finished goods, comprised primarily of books purchased for resale. During the year ended March 31, 2009, inventories totalling \$ 2,672 were expensed (2008 - \$2,665) to

6. Long Term Investments

Long term investments are comprised of endowment funds (Note 15):

	2009	2008
	\$000	\$000
Fixed income instruments	0	50
Investment Shares	724	316
Equity investment in properties	\$1,324	\$1,566

Long term investments are recorded at fair value with the exception of the equity investment in properties of which market information is not readily available.

FOR THE YEAR ENDED MARCH 31, 2009

(AMOUNTS IN THOUSANDS)

7. Capital Assets

	2009		2008	
Land	\$8,168	\$0	\$8,168	\$8,278
Buildings, Additions and Improvements	72,107	20,822	51,285	46,451
Library Acquisitions	13,285	11,245	2,040	2,026
Furnishings and Equipment	29,263	22,421	6,842	6,458
Collections	1,304	0	1,304	1,239
Buildings Under Construction	24,330	0	24,330	11,443
Equipment Under Capital Leases	373	373	1,916	512

Furnishings and Equipment include Vehicles, Major System Computer Software and Computer Equipment and Software.

8. Deferred Contributions

Balance, Beginning of Year	\$5,350	\$5,702
Contributions Received	10,284	7,078
Contributions Expended	(9,222)	(5,507)
Transferred to Foundation	(604)	(1,923)
Balance, End of Year	\$6,697	\$5,350
Balance Consists of:		
Sponsored Research and Designated Funds	\$3,704	\$3,052
Special Purpose Trust	2,810	2,146
Operating Funds	183	152
	\$6,697	\$5,350

THE UNIVERSITY OF WINNIPEG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

(AMOUNTS IN THOUSANDS)

9. Staff Benefits Payable

The balance of staff benefits is comprised of accrued vacation pay of \$1,522 (2008 - \$1,496)

10. Bank Financing

The University has an operating line of credit with a bank authorized in the amount of \$1,250. The

11. Obligations under Capital Leases

The following is a schedule of future minimum lease payments under capital leases existing

Capital Leases

2011/12	140
2012/13	74
2013/14	31
Total minimum lease payments	685
Less amount representing interest at approximately 3.5%	(62)
Balance of Obligations under Capital Leases	623
Less: Current Portion	(198)
Obligations under Capital Leases	425

Interest expense for the current year on the above payments amounted to \$23

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

(AMOUNTS IN THOUSANDS)

12. Long Term Liabilities

	2009 \$000	2008 \$000
Promissory Notes	\$13,926	\$4,488
Mortgage Payable	142	174
LIWFHC Mortgages Payable	466	564
	<u>15,000</u>	<u>5,112</u>
Less: Current Portion	(2,340)	(1,129)
	<u>\$12,666</u>	<u>\$4,643</u>

Interest rate 4.45%, due April 15, 2015	\$596	\$694
CanWest Centre for Theatre and Film Interest rate 4.00%, due March 31, 2011	1,200	1,800
Dunsmuir Athletic Complex Expansion Interest rate 5.55%, due October 31, 2047	1,980	1,994
Wesley Hall – HVAC Interest rate 3.875%, due June 30, 2010	1,700	0
Student Housing Bridge Financing Interest rate 4.10%, due September 30, 2013		
Student Housing Interest rate 5.25%, due October 31, 2049	6,950	0
	<u>\$13,926</u>	<u>\$4,488</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

The University of Winnipeg is a member of the Canada Mortgage and Housing Corporation. The Corporation has provided a mortgage with an interest rate of 5.75% due October 1, 2012. The Corporation has provided an annual operating grant of \$40,000 for the \$40,000 annual mortgage payment. Principal payments on this mortgage during the next four years are: 2010 - \$33; 2011 - \$35; 2012 - \$36; 2013 - \$38.

In the Assiniboine Journal, the mortgage having in the Assiniboine Journal is a variable term mortgage and has a floating interest rate of prime. The three individual mortgages have principal payments on these mortgages during the next four years are: 2010 - \$24; 2011 - \$24; 2012 - \$24; 2013 - \$24.

services performed and is based on an actuarial calculation. The amount due in 2010 is \$51 long term debt is not practicable due to their underlying terms and conditions.

Interest expense during the year on long term liabilities totalled \$217 (2008 - \$196).

19. Deferred Capital Contributions

Deferred capital contributions represent unapportioned contributions related to the purchase of capital assets in the amount of \$67,912 (2008 - \$50,730) and funds held for future capital project contributions is recorded as revenue in the Statement of Operations.

	2009 \$000	2008 \$000
Balance, Beginning of Year	\$60,048	\$48,224
Contributions Received	8,182	9,386
Contributions from University of Winnipeg Foundation	2,972	4,106
Mortgage Principal Contributions	46	30
Amortization of Deferred Capital Contributions	(1,871)	(1,695)
Balance, End of Year	\$69,377	\$60,048

THE UNIVERSITY OF WINNIPEG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

(AMOUNTS IN MILLIONS)

14. Internally Restricted Net Assets

(Previously Restricted Net Assets)

Internally restricted net assets balance at March 31, 2009 is \$1,418 (2008 - \$737). It consists of

The cumulative net unrestricted trust income of \$430 is available to fund Board of Regents

internally restricted assets. These appropriations are made to provide for future funding support of initiatives within the Strategic Plan and the Academic Plan. The 2008 addition represents the net proceeds on the sale of two properties which have been used to create a capital reserve. Actual

funds from internally restricted (see Statement III)

The strategic provisions provide for:

	March 31, 2008	Reductions	Additions	March 31, 2009
Infrastructure				
Academic Equipment	100	(100)	0	0
Building Renovations	51	0	0	51
Strategic Development				
Internal Research Grants	50	(57)	0	2
Strategic Development	62	(4)	0	58

15. Net Assets Restricted for Endowment Purposes

Endowments consist of externally restricted contributions where the principal donation is required to be maintained in perpetuity. The investment income generated from endowments must be used in accordance with the various purposes established by the donors.

Endowments are comprised of long-term investments of \$1,324 - Note 6 (2008 - \$1,566) and short

request. In 2009, the University has a 10% share in the income distribution from this trust (2008 - 10% share).

THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

(AMOUNTS IN THOUSANDS)

16. Financial Instruments

The University's financial instrument assets consist of restricted cash equivalents, which are designated as held for trading, and measured at fair value; accounts receivable and due from other institutions, which are measured at amortized cost. Financial instrument liabilities are accounts payable and accrued liabilities, staff benefits and other long-term debt due to related party, obligations under capital leases and long-term investments, which are measured at amortized cost. The University's financial instruments do not have any credit risk.

Credit risk

Credit risk is the risk of potential loss to the University if a counterparty to a financial instrument fails to discharge an obligation. The University's credit risk is primarily attributable to its cash and cash equivalents, accounts receivable and long-term investments. The credit risk on cash and cash equivalents, accounts receivable and long-term investments is limited to the creditworthiness of the counterparties.

The University's accounts receivable has been reduced through the use of allowance for doubtful accounts. The credit risk on long-term investments is limited to the creditworthiness of the counterparties. The University's commercial property is not subject to credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at March 31 was:

	Carrying Amount	
	2009 \$000	2008 \$000
Financial Assets Held-For-Trading:		
Cash Equivalents	\$16,629	\$12,701
Financial Assets Available for Sale:		
Long Term Investments - Fixed Income Investments	1,024	1,500

Loans and Receivables:

Accounts Receivable	1,024	1,500
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THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

(AMOUNTS IN THOUSANDS)

The ageing of accounts receivable at March 31, 2009 is as follows:

	2009 \$000
Accounts Receivable, gross	
Current	\$7,928
Past Due	1,727
	9,655
Less: Allowance for Doubtful Accounts	(361)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The University's exposure to interest rate risk is concentrated in its cash equivalents. Generally, the value of cash equivalents increases if interest rates fall and decrease if interest rates rise. Due to the short term nature of the cash

Liquidity risk is the risk that an investment could not be readily converted into cash when needed. The risk is managed by holding the majority of our investments in cash and cash equivalents. As must be comprised of liquid investments, the exposure to liquidity risk is not considered material.

17. Capital Disclosures

The university's objectives in managing capital are:

- maintaining the cost of capital
- preserving the ability to continue as a going concern
- maintaining the ability to service debt
- maintaining the ability to fund the strategic plan

Management considers the current and long term portions of debt, unrestricted net assets and internally restricted net assets as capital. The University has various policies in place to manage capital, including a policy requiring board approval on major capital expenditures, securing debt and capital budget approval. The University also uses its unrestricted net assets in a strategic fashion to support the Strategic Plan, special initiatives and campus expansion and maintenance. During the financial year ended March 31, 2009, the University has established and maintains deferred contribution accounts and endowments for externally restricted funding. These funds are managed with the objectives of spending the funds in accordance with the various terms

FOR THE YEAR ENDED MARCH 31, 2009

(AMOUNTS IN THOUSANDS)

University of Manitoba Pension Plan (the Plan)
University of Winnipeg Pension Plan (the Plan)

The Plan was established as a compulsory defined benefit pension plan at September 1, 1972. The Plan is registered under the Income Tax Act and the Manitoba Pension Benefits Act.

A Trust Corporation holds the assets under a Trust Agreement and provides administrative services. A Pension Committee of the Board of Regents of the University was responsible for overseeing the operation of the Plan until March 31, 2009 when the Trustees and the Staffholders signed a series of

agreements which transferred the administration of the Plan from the University to an independent Board of Trustees which became

of the Plan is now closed, and all new employees must now participate in the defined contribution side of the Plan.

At December 31, 2008 the fair value of the Plan's net assets was \$111,474 (2007 - \$135,044). Under the Plan, contributions are made by Plan members, which are matched by the University for

employees who are not required to contribute to the Plan. The annual pension payable to a defined benefit member on retirement is based on the member's final average earnings and years of credited service.

uses a three-month accelerated measurement date for financial reporting purposes. As a result with respect to the defined benefit segment of the Plan, the reported values of the net assets and plan obligations as at December 31, 2008 are \$95,016 and \$120,328 respectively. The corresponding values for the plan assets and plan obligations projected to the fiscal year-end March 31, 2009 are \$92,614 and \$104,045 respectively.

Superintendent's Decision. Note 23 provides additional details regarding this decision.

Defined Contribution Obligation

**THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(AMOUNTS IN THOUSANDS)

	December 31 2008 \$000	December 31 2007 \$000
Balance, Beginning of Year	\$18,560	\$16,561
Contributions	2,499	2,110
Refunds and transfers	(100)	(100)
Net Investment Return (Loss)	(3,741)	375
Balance, End of Year	<u>\$16,458</u>	<u>\$18,560</u>

Defined Benefit Obligation

In accordance with the Pension Benefits Act, an actuarial valuation of the defined benefit segment of the Plan is required at least every 3 years. An actuarial valuation of the Plan was prepared effective December 31, 2007 by Eckler Ltd., a firm of consulting actuaries. The results were extrapolated by them to December 31, 2008.

The benefit obligation has been calculated pursuant to IAS 19 (2005) using a projected market related discount rate. This approach differs from the calculation of the benefit obligation in

Excluding the obligation with respect to the Revised Order of the Superintendent of Pensions made June 6, 2008, the financial information is based on the financial position of the Defined

financial statements. The 11-year benefit obligation is calculated on the basis of the financial information particularly regarding the University's contributions to the Plan during the 11-year period ending March 31, 2009.

Benefit Obligation, January 1	\$124,184	\$120,924
Current service cost	2,050	2,916
Interest Cost	6,511	6,138
Benefits and Refunds Paid	(7,610)	(9,199)
Actuarial Gain	(5,397)	(1,522)

THE UNIVERSITY OF WINNIPEG

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Change in Plan Assets

	December 31	December 31
	\$000	\$000
Fair Value of Plan Assets, January 1	\$116,485	\$123,236
Actual Return on Plan Assets, Net of Expenses	(16,630)	(235)

Reconciliation of Accrued Benefit Asset

	2008	2007
Accrued Benefit Obligation	(\$25,312)	(\$7,699)
Employer Contributions After December 31	422	422
Unamortized Transitional Asset	(2,732)	(3,188)
Unamortized Net Actuarial Losses	28,496	11,160
Accrued Benefit Asset, Before Valuation Allowance	874	696
Less: Valuation Allowance	(874)	(696)
Accrued Benefit Asset, Net of Valuation Allowance	\$ 0	\$ 0

Components of Pension Expense

	2008	2007
	\$000	\$000
Employer Share of Current Service Cost	\$1,716	\$1,881
Interest Cost	5,311	5,388
Excess Return on Plan Assets	(6,100)	(5,333)
Amortization of Transitional Asset	(400)	(400)
Increase in Valuation Allowance	179	210
Net Pension Expense	\$1,946	\$1,992

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Significant actuarial assumptions used in the determination of the 2008-09 pension expense were:

Discount Rate	- pre and post-retirement	5.35%
Rate of salary increase	- 2008 and 2009	7.50%

Significant actuarial assumptions used in the determination of the defined benefit obligation at December 31, 2008 were:

Discount Rate	- pre and post-retirement	6.00%
Rate of salary increase	- 2008 and 2009	2.50%
	- thereafter	4.00%

Funding Obligation

University is responsible for providing adequate funding levels in accordance with the *Pension Benefits Act of Manitoba*.

The actuarial valuation at December 31, 2007 reported that the defined benefit segment of the Plan has a solvency deficiency of \$20,500. The actuary projects this amount to be \$43,900 at December 31, 2008.

The University would normally be required under the *Pension Benefits Act* to make additional

the permanent exemption.

The going concern deficiency at December 31, 2007 was \$2,337 and the annual deficiency of funding

required to make additional contributions of \$200 in 2008, \$200 in 2009 and \$0 per year to cover the current service shortfall.

During 2005, amendments were made to the *Pension Benefits Act* which will affect the benefits payable from the Plan. These amendments have been proclaimed but the corresponding regulations have not yet been published. Based on a preliminary interpretation, the Plan's Actuary has estimated that these changes will add approximately \$1,100 to the actuarial present value of accrued benefits at December 31, 2004 and would have increased the annual special funding payments by approximately \$110 per year at that time. The 2005 amendments have not yet come

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(AMOUNTS IN THOUSANDS)

The University has operating lease obligations that cover equipment and building space integral to the University's operations. The lease obligations expire at various dates up to and including

March 31, 2012. In addition, the University has entered into a number of contracts to complete capital accounts and renovations on various properties during the upcoming year. The above

\$000

2011/12	1,148
2012/13	1,033
2013/14	929
Thereafter	2,768
	<u>\$19,438</u>

20. The University of Winnipeg Foundation Inc.

The University's Board of Regents approved the incorporation of the University of Winnipeg Foundation Inc. (the Foundation) in March 2003. The Foundation's vision is to strengthen, deepen and advance the University's mission through the creation of a long-term income stream.

The establishment of the Foundation is based upon mutually binding agreements between the University and the Foundation that provide for the administration of the specified funds, the basis of operation and the role of the University in the management of the funds, the investment of endowment funds and the provision of support services by the University to the Foundation.

The agreements with the Foundation are as follows:

(a) Coordination, Cooperation and Funding Agreement

The University and the Foundation have jointly agreed that all future fund raising activities

directed to the general public shall generally be conducted through the University. The University's Donor Club and direct gifts to libraries will continue on an agency basis through the University.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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AMOUNTS IN THOUSANDS

grant to the Foundation of \$575 for the year. In addition, the University provided \$50 from the interest earned on Science Complex funding. The operating grant is subject to annual approval of the Board of Regents.

(b) Occupancy and Support Agreement

This Agreement, which expired March 31, 2009, documents the basis upon which the

agreement largely continues the terms of the current agreement unchanged.

This Agreement provides for the transfer for the \$14,000 (over \$14,000) Manitoba capital contribution from the University to the Foundation. As at March 31, 2009, the entire \$14,000 has been transferred to the University to fund capital projects under the Campus Development Plan.

(d) Endowment Fund Agreement

The University and the Foundation entered into an Agreement that provided for the transfer of

commitment to provide the University with an amount equal to the agreed percentage multiplied

established by the Foundation and the University between September and December of each year.

**THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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AMOUNTS IN \$ UNLESS OTHERWISE SPECIFIED

On April 24, 2008, the University confirmed its continued support of the Foundation by providing that the Foundation may continue to retain an annual administration fee of 2% each year for the duration of the Capital Campaign.

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Continued University Administration

The financial information of the Foundation is not consolidated in the University's consolidated financial statements and is provided in the notes to the consolidated financial statements.

The financial information of the Foundation is not consolidated in the University's consolidated financial statements and is provided in the notes to the consolidated financial statements.

The Foundation is a controlled entity of the University based upon the following factors:

its activities for the exclusive benefit of the University

- ii) The Foundation requires the University's consent to amend its by-laws.
- iii) The objectives of the Foundation and the University have the common purpose to strengthen, deepen and advance the University's mission.

Financial Position:

The Foundation follows the restricted fund method of accounting for contributions. The Foundation maintains separate funds within its assets and follows the principles of fund accounting to record the day to day transactions.

THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(AMOUNTS IN THOUSANDS)

The financial position of the Foundation at March 31, 2009 is summarized as follows:

Statement of Financial Position:

Assets	\$35,479	\$39,200
Liabilities	1,034	726
Fund Balances:		
Operating Fund	310	109
Unrestricted Funds	104	10
Investment in Capital Assets	42	46
Building and Program Fund	4,612	5,171
Funds Held Pending Terms of Reference	84	57
Unrestricted Reserves	200	209
Endowment Fund	29,891	32,760
Transfer from University of Winnipeg	\$ 119	\$ 271
	4,114	7,040
Uses of Funds:		
Capital Programs	59	2,406
Endowment - Gifts to the University	1,119	1,000
Endowment - Administration Fee	668	584
Endowment - Administration Expenses	98	99
Operations	1,320	1,564
Donations Gifted to the University of Winnipeg	4,879	3,095
	8,143	8,748
Decrease in Funds	(4,029)	(1,708)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2009

Restrictions are placed upon expenditures within Funds including:

i) The Operating and Programs Fund reflects the administrative and overhead costs of undertaking the Foundation's activities

ii) The Unrestricted Fund records the receipt of donations received in the year that are

iii) The Building and Program Fund is specifically intended to record the receipt of all

The Special Fund records the receipt of funds established from gifts by donors

for endowment purposes. The Unrestricted Fund records the receipt of funds established from gifts by donors

The Unrestricted Fund records the receipt of funds established from gifts by donors

donor wishes.

iv) The Endowment Fund records the receipt of funds established from gifts by donors

for endowment purposes.

In the Coordination, Cooperation and Funding Agreement, the University has agreed to provide the

Foundation with a \$400,000 per annum operating grant. However, by the 31st March 2009, the University has agreed to provide the Foundation with a \$275,000 per annum operating grant.

The University is required to make annual payments over the next 5 years and thereafter as

	2011/12	2012
\$000	210	210
	2012/13	210
	2013/14	180
		<u>\$1,175</u>

For 2008-2010, the University and the Foundation have agreed that the operating grant will be \$275. However, no formal agreement has been signed to reflect this change.

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FOR THE YEAR ENDED MARCH 31, 2009

(AMOUNTS IN THOUSANDS)

21. University of Winnipeg Community Renewal Corporation

The University of Winnipeg Community Renewal Corporation ("UWCRC") was incorporated by Articles of Incorporation, without share capital, on April 6, 2005, as a controlled entity of the University. UWCRC's mandate is to support the University by developing a sustainable university community that promotes the attractiveness of the University to its faculty, staff, students and the greater community. As part of its mandate UWCRC will manage projects on behalf of the University and is authorized to enter into agreements for the development of partnerships with community, private and public sector organizations.

During the year UWCRC provided consulting services (in accordance to agreements entered into) to the University in connection with the following:

- a) To assist the University with the design and development of the Science Building Complex on the basis of a per diem fee of \$1 for a total of \$122 for the year.

- b) In addition, the University paid \$56 for management services related to student housing.

UWCRC holds a 25% investment in the land and building situated at 491 Portage Avenue

main Campus. The University is leasing office space in the Property.

UWCRC records its 25% investment in the Property on an equity basis as a result of significant influence.

As one of the conditions to obtaining financing for the Property, the financing company required that the University have a debt-to-service ratio for the debt coverage ratio on the Property did not go below 1.0:1.0 (that is, that the Property would always generate \$1.00 in revenue from its operations for every \$1.00 of debt service on the Property to the lender). If for any reason the Property fell below that ratio, the University would be required to

THE UNIVERSITY OF WINNIPEG THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(AMOUNTS IN THOUSANDS)

The financial position of UWCCO at March 31 is summarized as follows:

	2009 \$000	2008 \$000
Statement of Financial Position:		
Cash	\$224	\$198
Investment at Equity	925	900
Liabilities and Net Assets:		
Future Income Taxes	101	0
Net Assets	1,164	1,068
	<u>\$1,425</u>	<u>\$1,187</u>

Statement of Operations and Changes in Net Assets:

	2009 \$000	2008 \$000
Revenue:		
Consulting	541	450
Net Property Income	10	69
Other	33	68
	<u>730</u>	<u>833</u>
Expenses	<u>634</u>	<u>512</u>
Excess of Revenue over Expenses	<u>96</u>	<u>321</u>

THE UNIVERSITY OF WINNIPEG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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22. Gain On Sale Of Capital Assets

During the year the University disposed of two properties previously recorded as land and buildings within capital assets. These properties were not considered integral to the ongoing operations of the University.

As the disposal of land and buildings is not a regular occurrence for the University, the gain on sale

The net proceeds (net of transaction costs and debt repayment) of \$877 are reported on the

in respect of these claims, as of March 31, 2009.

several of these issues. Once the Superintendent has provided this clarification and an

estimated liabilities. As the University deems there is no future economic benefit

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FOR THE YEAR ENDED MARCH 31, 2008

(AMOUNTS IN THOUSANDS)

The University is currently discussing arrangements with the Province of Manitoba to borrow the monies required to make the payment as soon as the amount is known. The exact amount and interest rate of the loan will not be known until such time as the loan is

loan to be for a term of 30 to 40 years.

24. Related Party Transactions and Balances

The Foundation and UWCRC are controlled entities of the University. The United University of Winnipeg and UWCRC are controlled entities of the University. The Trustees of the Foundation are also a related party.

The University charges benefit administration costs to the Pension Plan. The charge for 2008-

During the year ending March 31, the University incurred transactions as follows:

i) Operating grant	\$625	\$575
ii) Gift	\$0	\$1,004
iii) Transfer of income allocation	\$0	\$920

From the Foundation to the University:

i) Transfer of annual donations	\$625	\$575
ii) Income allocation	\$0	\$920

From the University to UWCRC:

From UWCRC to the University		
i) Management fees	\$167	\$176

These transactions are recorded at the exchange amount which is the amount established and agreed to by the related parties.

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(AMOUNTS IN THOUSANDS)

At the end of the year, the amounts due to and from related parties are as follows:

	2009 \$000	2008 \$000
Due from Related Parties		
Specified Fund – Foundation	\$0	\$52
Operating – UWCBC	101	82
	<u>101</u>	<u>135</u>
Due to Related Party		
Operating – Foundation	25	301
	<u>\$ 25</u>	<u>\$ 301</u>

25. Richardson College for the Environment & Science Complex

The University has commenced the development and design of the Richardson College for the Environment and Science Complex to be completed in March 2014. The University entered a Definitive Agreement with Laureate Developments Inc. (the Developer) to assemble and transfer

lands to the University that will become the site for the University's Science Complex, develop and build the Science Building Complex for the University on a number of lots and assist the University

\$25,000 to contribute to the funding of the Science Building Complex. The University has received

capital contributions. The funding is financed by promissory notes payable to the Province of Manitoba in the amount of \$5,000, \$5,044 and \$5,000 bearing interest at 5.45%, 5.90% and 5.65% respectively. The notes are nationally renewable over a term of 10 years with funding from the Province of Manitoba.

The remaining \$12,357 will be provided to the University on the basis of \$1.00 of funding for every

26. Reclassification of Comparative Figures

Certain 2008 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2009.