



THE UNIVERSITY OF



WINNIPEG

FINANCIAL STATEMENTS

THE UNIVERSITY OF WINNIPEG

WINNIPEG, MANITOBA, CANADA

FINANCIAL STATEMENTS

For the year ended March 31, 2010

PAGE

Report on the Financial Statements

Management Report

Financial Statements



# THE UNIVERSITY OF WINNIPEG

## The University of Winnipeg Report on the Financial Statements

(Amounts in Thousands)

The University of Winnipeg's financial statements contain the financial results of the University of Winnipeg's operations. The 2009 comparative figures also include the operations of the University of Winnipeg Educational Housing Corporation (UWEHC) which was wound up in March 2010. The financial results of the (UWCRC) are included by means of notes to the financial statements for purposes of disclosure.

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

The University wound up the UWEHC in the year transferring the remaining net assets of the corporation which included five houses near the University used as student residences to the UWCRC.

Operations unfolded largely as expected at the University in 2009-2010. Enrollment increased by over 2% bringing student fee revenue in slightly better than budget and significant effort was put into controlling expenditures. However, amortization of losses in the pension plan resulted in a small deficit of \$441 for the year before unusual items which increased the deficit to \$2,015.

The University of Winnipeg Pension Plan experienced significant losses in 2008 resulting in a significant deficit between plan assets and liabilities as of December 2008. CICA Handbook section 3461, Employee Future Benefits, requires a portion of this deficit to be amortized into the financial statements in the year following the year when the size of the deficit exceeds 40% of the plan assets or liabilities. This resulted in an expense of \$1,646 which is included in the Staff Benefits expense line. The assets of the Pension Plan are expected to be lower.

The unusual items were small gains on the sale of surplus housing assets and the recording of the final expense related to an order by the Superintendent of Pensions. The University accrued a \$7,000 loss in the 2008-09 financial statements related to a liability resulting from an order from the Superintendent of Pensions in regards to a series of transactions around the year 2000. In accordance with CICA Handbook section 3290 Contingencies; the 2008-09 accrual was set as the minimum likely amount to be paid. The final

The Public Centre, also known as 400 Dakota Avenue is a joint venture between the University of Winnipeg and the City of Winnipeg. The University and the City have entered into a joint venture agreement which outlines the terms of the relationship. The building is a 10-story building located at 400 Dakota Avenue. The building will be used for a variety of services including a book store, medical clinic and food services will open in the 2010-11 fiscal year.

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2009-10 also saw the continuation of work on deferred maintenance projects funded by a \$7,900 grant from the Province of Manitoba. The funding was announced and work began in 2008-09, and the projects should be completed by March of 2011. This funding will be used to complete a series of deferred maintenance projects including roofing replacement, accessibility improvements to washrooms and doors, fire alarm system upgrading, and other projects.

## Programs

There were several significant program initiatives undertaken at the University in 2009-10. The President and Vice-Chancellor's discussion paper on Community Learning released in the year outlines a strategy which

focuses on the University's success in teaching and learning with our students and our commitment to our

community. The University has also expanded Co-op education opportunities and was accepted into a prestigious

international joint Masters program in Development Practice (MDFP). The University will become the international hub with a focus on indigenous Development for a global network of universities including

Universidade Federal Rural do Rio de Janeiro (Rio, Brazil), Tsinghua University (Beijing, China), University

of Toronto, and the University of British Columbia. The University will also be a member of the

Association of Universities and Colleges of Canada (AUCC) and will be a member of the

Association of Universities and Colleges of Canada (AUCC) and will be a member of the

## Financial Results

The University's financial results for 2009-10 are summarized in the following table:

Transfer of the operations of the University to the Province of Manitoba in July 2009. The Province provided a

grant of \$10,000,000 to the University as part of the arrangement and the proceeds were transferred to the Capital Reserve.

In January 2009, the Court of Appeal denied the University's appeal of the judgment of the Pension

Commissioner requiring the University to pay an amount to certain members of the Defined Benefit Pension Plan. Upon

order of the Pension Commission, the University paid \$8,776 into the Pension Plan in January 2010. The plan then paid

amounts to the plan members entitled to a payout. As the University did not know the exact amount of the

payment at March 2009, a liability of \$7,000 was recorded on the University's books which represented the

University's best estimate at that time. The difference between the amount recognized last year and the

payment, the entire amount has been expensed in the year. The University did not have the operating

dollars to fund this obligation, so the Province of Manitoba provided a loan to pay the liability which will be

repaid over 40 years.

Operating expenses in the year increased 4.5% primarily as a result of salaries and the costs related to the

settlement cost related to the Pension Superintendent's decision and gain on disposal of capital assets

Unrestricted net assets decreased to a deficiency of \$9,755 as a result of the deficit, and the transfer of net

proceeds of sale from Capital Assets to a Capital Reserve. Internally Restricted Net Assets increased

UNIVERSITY OF WINNIPEG

MANAGEMENT REPORT

The accompanying 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 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 financial statements.

On Behalf of Management

*(Original signed by Bill Balan)*

Bill Balan

*(Original signed by Michael Emshier)*

Controller and Executive Director, Financial Services

Winnipeg, Manitoba  
June 14, 2010



OFFICE OF THE  
AUDITOR GENERAL  
MANITOBA

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 statement of financial position of the University of Winnipeg as at March 31, 2010, and the 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.

Our audit was conducted on the basis of financial statements prepared on an accrual 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.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

June 14, 2010

Auditor General

With comparative figures for 2009

Cash and Cash Equivalents (Note 4)

\$22,030

\$13,045

Accounts Receivable (Note 5)

3,000

2,281

Title from Related Party (Note 24)

0

101

Long Term Investments (Note 23)

9,470

9,859

Intangible Assets (Note 7.5)

000

1,170

LIABILITIES AND NET ASSETS

Deferred Revenue

4,700

4,407

Deferred Contributions (Note 8)

8,100

8,100

28,381

32,592

Long Term Investments (Note 23)

33,092

32,000

Deferred Capital Contributions (Note 13)

92,638

69,377

Accrued Pension Liability (Note 18)

1,461

0

Net Assets

Unrestricted Net Deficiency

(9,755)

(7,286)

Endowments (Note 15)

2,628

2,628

Investment in Capital Assets

12,617

12,306

7,051

9,066

\$163,505

\$124,126

Special Purpose and Trust Assets (Notes 4, 15)

Commitments (Note 18)

Contingencies (Note 23)

Approved by the Board of Regents

(Original signed by Dabra Paril)

(Original signed by Lloyd Ayrworthy)

Chair, Board of Regents

President & Vice-Chancellor

THE UNIVERSITY OF WINNIPEG  
 STATEMENT OF OPERATIONS  
 For the Year Ended March 31, 2010  
 (with comparative figures for 2009)

Statement II

	2010 \$000	2009 \$000
<b>REVENUE</b>		
Government Grants:		
Council on Post Secondary Education	\$40,800	\$47,448
Investment income	534	1,628
Excess (Deficiency) of Revenue over Expenses from Operations	(441)	225
Gain on Disposal of Capital Assets (Note 22)	202	603
Settlement Related to Pension Superintendent's Order (Note 23 h)	(1,776)	(7,000)
Deficiency of Revenue	(1,915)	(6,172)



Statement III

SITY OF WINNIPE  
 OF CHANGES IN NET ASSETS  
 Ended March 31, 2010  
 ative figures for 2009

	2010			2009 TOTAL \$000
	UNRESTRICTED NET DEFICIENCY \$000	INTERNALLY RESTRICTED NET ASSETS (Note 14) \$000	ENDOWMENTS (Note 15) \$000	
BEGINNING OF YEAR	(\$7,286)	1,418	\$2,628	12,306
Revenue Over Expenses (Decreases):	(2,015)			(2,015)
Investment Net Realized Losses				0
Undistributed:				
Asset Additions	(2,254)			2,254
Reduction of Capital Assets	1,354			(1,354)
Reduction of Capital Assets	735			(735)
Payment of Long Term Debt	(146)			146
Restricted Net Assets	(131)	131		0
Provisions - Reductions (Note 14)	1,227	(1,227)		0
Provisions - Additions (Note 14)	(1,239)	1,239		0
CHANGE FOR THE YEAR	(2,469)	143	0	(2,015)
END OF YEAR	(\$9,755)	1,561	\$2,628	12,617
				(6,228)
				\$9,066

See accompanying notes to the financial statements.

THE UNIVERSITY OF WINNIPEG  
 STATEMENT OF CASH FLOWS  
 For the Year Ended March 31, 2010  
 (with comparative figures for 2009)

Statement IV

	2010 \$000	2009 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from:		
Government Grants	\$57,800	\$57,200
Student Academic Fees	30,860	29,163
Gifts, Grants and Bequests	2,674	2,980
Investment Income	582	1,695
Other Revenues	8,223	5,864
Cash Paid for:		
Salaries and Staff Benefits	(66,996)	(64,842)
Supplies, Services and Other Expenses	(14,667)	(14,921)
Cost of Sales	(398)	(3,459)
Interest Paid	(674)	(370)
Provincial and Municipal Taxes	(1,311)	(1,200)
Scholarships and Awards	(2,044)	(2,242)
Pension Superintendent's Order Settlement Costs	(8,776)	0
	<u>(4,742)</u>	<u>2,205</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Cash Purchase of Capital Assets	(29,521)	(20,100)
Advances to 400 Portage Avenue Joint Venture	(7,350)	0

Cash and Short Term Investments consists of:		
Cash and Cash Equivalents	22,030	13,045
Short Term Investments	1,183	1,264
	<u>\$23,213</u>	<u>\$14,309</u>

Excluded from Investing and Financing Activities are equipment acquired under Capital Leases and the related obligations under Capital Leases totalling \$97 (2009 - \$260).

THE UNIVERSITY OF WINNIPEG  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2010

(AMOUNTS IN THOUSANDS)

4. Authority and Purpose

The University of Winnipeg (the University) operates under the authority of the University of  
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.

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

A) Basis of Accounting

The University of Winnipeg has adopted not-for-profit accounting standards as its basis of

B) Contributions

The University has chosen to use the deferral method of accounting for contributions.

AMOUNTS IN THOUSANDS

AMOUNTS IN THOUSANDS

Promissory notes entered into with the Manitoba Provincial Government for the

by the Manitoba Provincial Government through the Manitoba Post Secondary Education

are in substance capital grants. These capital grants include the period

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

Provisional commitments are recorded as direct increases in net assets in the period in

**D) Cash and Cash Equivalents**

borrowings are considered to be financing activities.

**E) Investments**

certain properties, which is recorded at estimated fair value on the date received and designated as available for sale.

**F) Inventories**

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

**G) Capital Assets and Intangibles**

Capital assets and collections purchased by the University are recorded at cost. Collections include Art Work and Rare Books recorded at fair value derived by independent

useful lives as follows:

Buildings, Additions and Improvements	60 years
Leasehold Improvements	Term of Lease
Library Acquisitions	10 years
Furniture and Equipment	10 years

THE UNIVERSITY OF WINNIPEG  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2010

AMOUNTS IN THOUSANDS

4) Financial Instruments

are classified as one of the following: held for trading, loans and receivables held to 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

Cash and cash equivalents and short term investments are designated as held for trading.

Long term investments are designated as available for sale as they are comprised of investments that are not held for the purpose of earning short term income.

Except for held-for-trading designated financial instruments, transaction costs that are incurred are recorded in the Statement of Operations. For held-for-trading financial assets and liabilities, transaction costs are recorded in the statement of operations as incurred.

1) Use of Estimates

In preparing the University's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses during the period. Actual results could differ from these estimates.

2) Trusted Pension Plan

The University contributes to the University of Winnipeg Trusted Pension Plan for defined benefit pension. The funding period for a defined benefit pension plan is determined actuarially using the projected unit credit actuarial cost method and management's best estimates of investment performance, salary escalation, retirement

and other factors. The University has adopted a policy consistent with the minimum

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 contribution component of the pension plan equals the contributions made during the year.

THE UNIVERSITY OF WINNIPEG  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2010

(AMOUNTS IN THOUSANDS)

K) Future Accounting Policy Changes

Business Combinations and Non-controlling Interests

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

interests.

(NFPOs) and issued new standard, CICA 4470 "Disclosures of Allocated Expenses by Not-for-Profit Organizations."

CICA 4400 "Financial Statement Presentation by Not-For-Profit Organizations" was amended to:

- eliminate the requirement to treat net assets invested in capital assets as a separate category of internally restricted net assets when it chooses to do so;

Related Party Transactions, Section 3840.

New standard CICA 4470 Disclosure of

function to another. The main features 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 fundraising and general support functions and the amounts and functions to which they have been allocated.

These new requirements do not significantly affect the financial statements of the University.

(ii) On April 1, 2009, the University adopted The Canadian Institute of Chartered Accountants ("CICA") Emerging Issues Committee Abstract 173 - Credit Risk and

clarifies how credit risk and counterparty risk should be taken into account in determining the fair value of financial instruments. The adoption of EIC-173 did not affect the University's net assets.

(iii) The University adopted the amendments to CICA Handbook Section 3862 Financial

instruments - Disclosures ("Section 3862")

Level 1 - for unadjusted quoted prices in active markets for identical unrestricted assets or liabilities.

Level 2 - for inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly, and

Level 3 - for inputs that are based on unobservable market data and are

**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE FINANCIAL STATEMENTS**

(iv) On April 1, 2009, the University adopted CICA Handbook Section 3064 Goodwill Section 3002, and Research and Development Costs, Section 3400, establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets.

Adoption of these standards resulted in the reclassification of major system computer software from capital assets to intangible assets (Note 2 G and Note 7).

**4. Cash and Cash Equivalents**

Cash and cash equivalents consist of the following:

	2010	2009
Operating Funds	\$11,605	\$9,334
Sponsored Research and Designated Funds	3,362	3,343
	<u>14,967</u>	<u>9,564</u>
Special Purpose and Trust Funds	7,063	3,481
	<u>\$22,030</u>	<u>\$13,045</u>

Trust funds are restricted funds held for deferred contributions, \$3,502 (2009 - \$2,047) and

**5. Inventories**

During the year ended March 31, 2010, inventories of \$22,030 (2009 - \$13,045) were reported. The majority of inventories were sold at net realizable value.

**6. Long Term Investments**

Long term investments are disclosed in the following:



**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2010**

AMOUNTS IN THOUSANDS

**7. Capital Assets and Intangibles**

	2010		2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
<b>(a) Capital Assets</b>				
Land	\$7,970	\$0	\$9,169	\$0
Buildings and equipment	23,200	21,281	23,440	20,100
Intangible assets	1,055	1,000		
<b>NET BOOK VALUE</b>	<b>\$9,025</b>		<b>\$1,179</b>	

**8. Deferred Contributions**

Deferred contributions represent contributions received for special purposes such as Sponsored research and research funds and Ontario Foundation for research or educational and business library acquisitions and lecture funds.

	2010	2009
Balance, Beginning of Year	\$8,051	\$7,050
Contributions Received	9,598	10,284
Contributions Expended	(7,014)	(8,333)
Transferred to Foundation (Note 24)	(370)	(604)
<b>Balance, End of Year</b>	<b>\$8,051</b>	<b>\$6,697</b>

Balance Consists of:

Operating funds	\$8,051	\$6,697
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THE UNIVERSITY OF MINNESOTA

The following is a schedule of future minimum lease payments for equipment under capital leases obligations under capital leases:

2010/11	\$242
2011/12	162
2012/13	96
2013/14	53
2014/15	3
Total minimum lease payments	556
Less amount representing interest at approximately 3.5%	(50)
Balance of Obligations under Capital Leases	506
Obligations under Capital Leases	\$ 282

Interest expense for the current year on the lease obligations amounted to \$25 (2009 - \$23).

**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2010**

(AMOUNTS IN THOUSANDS)

WUFC Mortgages Payable

0

466

The promissory notes are loans from the Province of Manitoba as shown below:

	2010	2009
<b>Promissory Notes Secured by:</b>		
509 Ellice and 433 Young Street Interest rate 4.45%, due April 15, 2015	\$498	\$596
CanWest Centre for Theatre and Film Interest rate 4.00%, due March 31, 2011	600	1,200
Duckworth Athletic Complex Expansion Interest rate 5.55%, due October 31, 2047	1,965	1,980
Wesley Hall – HVAC interest rate 3.875%, due June 30, 2010	850	1,700
McFeetors Hall Bridge Financing Interest rate 4.10%, due September 30, 2012	1,200	1,500
McFeetors Hall Interest rate 5.25%, due October 31, 2049	10,916	6,950
460 Portage Avenue Interest rate 4.65%, due December 31, 2020	2,750	0

Insured Notes

Interest rate 3.40%, due July 31, 2000

Interest rate 3.33%, due January 31, 2000

**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2010**

(AMOUNTS IN THOUSANDS)

The mortgages secured by Graham Hall is secured by Canada Mortgage and Housing with interest at 5.375% due October 1, 2012. The Council on Post-Secondary Education annual mortgage during the next three years are: 2011 - \$33, 2012 - \$37, 2013 - \$38.

Renewal Corporation (UWCRQ) - The mortgages related to the properties sold were retired using the proceeds from the respective sales of the properties, the remaining mortgages were transferred to the UWCRQ.

The determination of the fair value of the Province of Manitoba promissory notes and the other long term debt is not affected by their underlying terms and conditions.

Interest expense during the year on long term liabilities totalled \$649 (2009 - \$347).

**13. Deferred Capital Contributions**

Deferred capital contributions represent contributions or assets held in trust to be used for the purchase of capital assets in the amount of \$90,149 (2009 - \$67,812) and funds held for future capital project expenditures in the amount of \$2,489 (2009 - \$1,565). The amortization of deferred capital contributions is recorded as revenue in the Statement of Operations.

	2010	2009
Balance, Beginning of Year	\$69,377	\$60,048
Contributions Received	21,310	8,182
Contributions from University of Winnipeg	4,034	2,972
Amortization of Deferred Capital Contributions	(2,132)	(1,871)
Balance, End of Year	<u>\$92,638</u>	<u>\$69,377</u>

**THE UNIVERSITY OF WINNIPEG**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2010**

(AMOUNTS IN THOUSANDS)

Internally restricted net assets balance at March 31, 2010 is \$1,561 (2009 - \$1,418). It consists of

(2009 - \$988)

The strategic provisions provide for:

	March 31	Revisions	Additions	March 31	March 31	March 31
<b>Infrastructure</b>						
Capital Reserve		\$877		\$1,200	\$1,239	\$906
Building Renovations		50		(1)		50
<b>Strategic Development</b>						
Internal Research Grants			2			2
Project Development			58	(16)		42
			<u>\$ 988</u>	<u>(\$1,227)</u>	<u>\$1,239</u>	<u>\$1,000</u>

**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 62.74% - made in 2009 - 62.74% of 2009 cash  
 Endowments of 62.74% (2009 - 62.74%) are held in trust in accordance with the terms of a certain  
 agreement for 2009 - 62.74% (2009 - 62.74%) which in this instance includes those terms listed below  
 10% shareholder.

THE UNIVERSITY OF WINNIPEG

FOR THE YEAR ENDED MARCH 31, 2010

(AMOUNTS IN THOUSANDS)

16. Financial Instruments

investments, which are designated as held for trading and measured at fair value; accounts receivable, due from related parties and advances to 400 Portage Avenue Joint Venture, which are designated as loans and receivables and are measured at amortized cost; long term investments, which are designated as available for sale and are measured at fair value. Fair value information is not readily available for certain investments held in an equity investment. Financial instrument liabilities are accounts payable and accrued liabilities, staff benefits, current portion of long term

Based on the university's small amount of foreign currency denominated assets and liabilities, a

fails to discharge an obligation. The University's credit risk is primarily attributable to its cash and

exposure to credit risk at March 31 was:

	Carrying Amount	
	2010	2009
Financial Assets Held-For-Trading:		
Cash and Cash Equivalents	\$22,030	\$13,045
Short Term Investments	1,183	1,264
Financial Assets Available for Sale:		
Loans and Receivables:		
Accounts Receivable	8,801	9,291
Due from Related Parties	0	101

**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE FINANCIAL STATEMENTS**

AMOUNTS IN THOUSANDS

Accounts Receivable, gross		
Current	\$7,733	\$7,928
Past Due	1,422	1,727
	9,155	9,655
Less: Allowance for Doubtful Accounts	(354)	(364)
Accounts Receivable, net	\$8,801	\$9,291

**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

**Liquidity risk**

Liquidity risk is the risk that an investment could not be readily converted into cash when needed.

Due to the nature of the University's investments, the exposure to liquidity risk is not considered material.

**Fair value disclosure**

	Level 1	Level 2	Level 3	Total
Cash & Cash Equivalents	\$22,030			\$22,030
Short Term Investments		1,183		1,183

ACQUISITION INVESTMENTS

## 17. Capital Disclosures

The University's objectives in managing capital are:

- maintaining flexibility to ensure the ongoing ability to execute the Strategic Plan

The University's capital is comprised of its unrestricted net assets (deficiency), internally restricted net assets and long term debt. Capital in unrestricted net assets (deficiency) includes long term debt used to finance the payment of the pension settlement and supplementary pensions payable. The balance of long term debt is used to finance the acquisition of capital assets.

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 redevelopment. The University also maintains deferred contributions for various purposes with the objective of spending the funds in accordance with the various terms stipulated in the funding arrangements.

The University's Statements of Financial Position, Operations and Changes in Fund Balances set out balances at the beginning and the end of the year.

For the year ended March 31, 2010, there were no changes in capital management strategy except for the use of long term debt to finance the payment of the pension settlement and the University has met its externally imposed capital requirements.

## 18. University of Winnipeg Trusteed Pension Plan (the Plan)

The Plan was established as a contributory defined benefit pension plan on September 4, 1979.

(Registration #309914). A Trust Company holds the assets under a Trust Agreement and provides daily administration of the Plan. Professional investment managers administer the portfolio. The University was responsible for overseeing the administration of the Plan, until July 2008 when an independent Board of Trustees assumed responsibility for administration of the Plan.

The Plan covers all eligible employees of the University of Winnipeg except those who are

members of the United Church of Canada Pension Plan. Permanent academic employees join the

Plan on their first anniversary date of employment. The members

of the Plan are eligible for a pension on their first anniversary date of employment. The members

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of the Plan are eligible for a pension on their first anniversary date of employment. The members



THE UNIVERSITY OF WINNIPEG

In accordance with the Canadian Institute of Chartered Accountants (CICA) accounting standard

and the related performance and disclosure requirements for financial reporting purposes, are as follows:

Corporate assets, net of related assets and liabilities, are as follows:

Assets

2000

Assets available for benefits as at December 31, 2000 do not include an amount receivable from

assets available for benefits as at December 31, 2000 do not include an amount receivable from

Assets

2000

The defined contribution sections of the Plan will always

The defined contribution segments of the Plan are:

Benefits and Refunds Paid	(505)	(900)
Net Investment Return/(Loss)	3,133	(3,741)
Balance, End of Year	\$21,850	\$16,458

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 three years. An actuarial valuation of the Plan was prepared using data as at December 31, 2007 by Eckler Ltd., a firm of consulting actuaries. The results

THE UNIVERSITY OF WINNIPEG

NOTES TO THE FINANCIAL STATEMENTS

Excluding the obligation with respect to the Revised Order of the Superintendent of Pensions, (page June 30, 2006, the financial information is based on the financial position of the Defined Benefit Pension Plan as of December 31, 2006. The measurement date used for the purposes of financial statements, the in-year pension expense (and the calculation of the valuation allowance in particular) reflects the employer contributions to the Plan with respect to the three-month period

	December 31 2006	December 31 2005
Interest Cost	7,100	6,511
Benefits and Refunds Paid	(6,284)	(7,610)
<b>Benefit Obligation, December 31</b>	<b>\$123,437</b>	<b>\$120,328</b>

Change in Plan Assets	December 31 2006	December 31 2005
	Fair Value of Plan Assets, January 1	\$95,016
Actual Return on Plan Assets, Net of Expenses	16,183	(16,630)
Employer Contributions	1,790	1,917
Employee Contributions	878	924
Benefits and Refunds Paid	(7,300)	(7,010)
<b>Fair Value of Plan Assets, December 31</b>	<b>\$107,573</b>	<b>\$95,016</b>

FOR THE YEAR ENDED MARCH 31, 2000

	March 31 2000	March 31 2000
Funded Status – Deficit	(\$15,864)	(\$25,312)
Employer Contributions After December 31	100	100
Unamortized Transitional Asset	(2,276)	(2,732)
Unamortized Net Actuarial Loss	16,259	28,496
Accrued Benefit Asset/(Liability) Before Valuation Allowance		
Allowance	(1,461)	874
Valuation Allowance	0	(874)
Accrued Benefit Liability, Net of Valuation Allowance	(\$1,461)	\$ 0

Components of Pension Expense

Amortization of Transitional Asset	(150)	(150)
Increase/Decrease on valuation contracts	(174)	176

Discount Rate - pre and post-retirement	6.00%	5.35%
Rate of salary increase	4.00%	4.00%
Benefit	4.00%	4.00%

December 31 were:

Discount Rate - pre and post-retirement	6.00%	6.00%
Rate of salary increase	4.00%	4.00%
Benefit - thereafter	4.00%	4.00%

**THE UNIVERSITY OF WINNIPEG  
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FOR THE YEAR ENDED MARCH 31, 2010**

**(AMOUNTS IN THOUSANDS)**

In the event that the actuarial valuation of the Plan determines that the Plan is not fully funded, the University is responsible for providing adequate funding levels in accordance with the *Pension Benefits Act of Manitoba*.

The actuarial valuation at December 31, 2007 confirms that the defined benefit component of the Plan has a solvency deficiency of \$20,665.

The University would normally be required under the *Pension Benefits Act* to make additional contributions to amortize the solvency deficiency over a five year period. However, the Provincial Government has exempted the Plan from the usual solvency funding requirements while the Plan continues on a going concern basis. The University Pension Plan's Exemption Regulation (Regulation 141/2007) was registered in October 10, 2007. The University has complied with all requirements to be entitled to the permanent exemption.

The going concern deficiency at December 31, 2007 was \$2,384 and the annual deficiency funding payments are \$286, which the University will continue to make until the deficiency is eliminated.

In addition, because of the going concern deficiency at December 31, 2007, the University is also required to make an additional contribution of \$904 (2008 - 2005) 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. The regulations implementing the amendments were published in March 2005 and the University was grandfathered into the new provisions on May 1, 2005. The Plan's Actuary had estimated in 2000 that these changes would result in a \$1,000 increase in the pension liability as of December 31, 2008.

**19. Contractual Obligations**

March 1, 2010. In addition, the University has entered into a number of contracts to complete

2011/12	1,742
2012/13	1,671
2013/14	1,646
2014/15	1,580
Thereafter	12,528
	\$30,000

THE UNIVERSITY OF WINNIPEG  
NOTES TO THE FINANCIAL STATEMENTS

(AMOUNTS IN THOUSANDS)

20 The University of Winnipeg Foundation Inc

Foundation Inc in March 2002. 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 fund, the basis 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 by the Foundation. However, continue on an agency basis through the University.

During the 2009-2010 budget discussions and as approved by the University's Board of

(b) Occupancy and Support Agreement

This Agreement, which was renewed April 1, 2009 and expires March 31, 2014, documents the

the Foundation has agreed to pay the University a fee for occupancy and support services (the fee for the year ended March 31, 2010 for occupancy and support services and the

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

This Agreement states that the Foundation will assume responsibility for the Endowment Fund

THE UNIVERSITY OF WINNIPEG

NOTES TO THE FINANCIAL STATEMENTS

(AMOUNTS IN THOUSANDS)

The University and the Foundation have agreed that the amount will be determined by applying the agreed percentage of the contributed capital plus a pro-rated percentage of the agreed percentage for those gifts received in each quarter of the previous year (i.e.  $\frac{1}{4}$  of 4.25% for those gifts received in the first quarter,  $\frac{1}{2}$  of 4.25% in the second quarter, and  $\frac{3}{4}$  of 4.25% for those gifts received in the third quarter). Based on this formula, the Foundation provided the University with \$1,110 in 2009-2009.

Due to the decline in value of the Endowment Fund as a result of the global economic downturn in 2008-2009, the Endowment Fund was only able to provide a gift of \$383 in 2009-2010.

The Foundation is entitled to an annual administration fee equal to  $\frac{1}{2}$  of 1% of the Endowment Fund capital of the previous year (or such other higher percentage as the University may agree to from time to time). On April 24, 2008, the University committed its continued support of the Foundation by providing that the Foundation may continue to retain an annual administration fee of 2% each year to the duration of the Capital Campaign.

(d) Endowment Supplemental Agreement

This agreement, signed on July 22, 2008, formalizes practices in place between the Foundation

The financial information of the Foundation is not consolidated in the University's financial

1) The University has a significant economic interest in the Foundation which conducts its activities for the exclusive benefit of the University.

The objectives of the Foundation and the University are 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 FINANCIAL STATEMENTS  
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(AMOUNTS IN THOUSANDS)

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

<b>Unrestricted Funds</b>		
Building and Program Fund	2,074	4,612
Funds Held Pending Terms of Reference	125	84
Unrestricted Bequests	42	299
Endowment Fund	34,926	29,097
	37,398	34,445
	\$37,705	\$35,479

**Statement of Operations**

**Sources of Funds:**

Transfer from University of Winnipeg	\$55	\$119
Investment Income	912	715
Unrealized Gain (Loss) on Investments	4,739	(5,455)
	11,545	4,114

**Uses of Funds:**

Capital Programs	0	59
Endowment - Gifts to the University	383	1,110
Endowment - Administration Expenses	100	90
Operations	1,456	1,320
Donations Gifted to the University of Winnipeg	6,147	4,879
	8,592	8,143

<b>Excess / (Deficit) in Funds</b>	<b>\$2,650</b>	<b>(\$4,000)</b>
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# THE UNIVERSITY OF WINNIPEG

Restrictions are placed upon expenditures within Funds including:

The University will record the receipt of donations received in the year that are identified by the donor to go to the area of greatest need.

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

pending donor wishes.

v) Unrestricted Bequest Gifts include monies received from estates in which the funds and accrued interest can be retained by the Foundation to support its ongoing operations.

vi) The Endowment Fund reports the receipt of funds established from gifts by donors which are restricted to be used for endowment purposes.

In the Coordination Cooperation and Funding Agreement, the University has agreed to provide the Foundation with a \$300 per annum operating grant, reducing by \$30 per annum commencing in 2010-2011. This funding commitment will end in 2013-2014.

The University is required to make annual payments over the next 4 years and thereafter as

2011/12	240
2012/13	210
2013/14	180
	<hr/>
	\$ 900



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(AMOUNTS IN THOUSANDS)

24. 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, including but not limited to, the development of a comprehensive Campus and Community Development Plan, the assessment of particular development projects and 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

University based on a fee for performance contract. The amount of the consulting fee for services rendered in the year is \$75.

- c) To manage the University's Student Housing assets and all aspects of the Student Housing program for a fixed annual fee of \$200, in return, UWCRC contracted back to

- d) In addition, the University paid \$307 for management services related to student housing and food services. In return, UWCRC contracted back from the University

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

containing an office building, retail stores and a garage adjacent to the University's main campus. The investment represents a significant portion of the University's

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

Property did not go below 100%, that is, that the Property would always generate a net

base source of the Property at normal commercial terms of assets and annual rental is obtained

THE UNIVERSITY OF WINNIPEG  
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(AMOUNTS IN THOUSANDS)

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

	2010	2009
<b>Statement of Financial Position:</b>		
<b>Assets:</b>		
Cash	\$173	\$224
Accounts Receivable	302	276
Capital Assets	807	0
Investments, at Equity	1,022	925
	<b>\$2,310</b>	<b>\$1,425</b>
<b>Liabilities and Net Assets:</b>		
Accounts Payable	300	250
Long Term Debt	375	0
Deferred Capital Contributions	422	0
Future Income Taxes	115	101
Net Assets	1,372	1,164
	<b>\$2,310</b>	<b>\$1,425</b>

	2010	2009
<b>Statement of Operations and Changes in Net Assets:</b>		
Net Assets - Beginning of Year	1,164	1,164
Net Assets - End of Year	<b>\$1,372</b>	<b>\$1,104</b>

AMOUNTS IN THOUSANDS

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

The disposal of these properties \$202 (2009 - \$603) is disclosed separately on the Statement of Operations (Statement II) after the Excess of Revenue over Expenses from Operations.

The net proceeds (net of transaction costs and debt repayment) of \$389 are included on the Statement of Changes in Net Assets (Statement III) as an addition to Internally Restricted Net Assets. These proceeds were used as an addition to the capital reserve (see Note 14).

23. Contingencies

with respect to their proportionate share of the plan surplus as determined by the Plan Actuary in 1999.

The Commission's final decision was made on April 23, 2008. The final decision in the Strathmore case, the University later adopted the decision in the

These issues. The Strathmore and Canada Revenue Agency

**THE UNIVERSITY OF WINNIPEG  
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(AMOUNTS IN THOUSANDS)

**24 Related Party Transactions and Balances**

The Foundation and UWCRC are controlled entities of the University. The Trusteed Pension Plan is also a related party.

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

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

	2010	2009
From the University to the Foundation:		
i) Operating grant	\$275	\$625
ii) Gifts for endowment	\$370	\$624
iii) Occupancy & Support Agreement (Note 20 b)	\$173	\$0
From the Foundation to the University:		
i) Transfer of specified funds	\$0	\$59
ii) Transfer of annual donations	\$6,147	\$1,870
iii) Income allocation	\$383	\$1,919
iv) Advance of 2010/11 income allocation	\$500	\$0
v) Occupancy & Support Agreement (Note 20 b)	\$173	\$0
From UWCRC to the University:		
i) Management fees	\$296	\$167

These transactions are recorded at the purchase amount which is the amount established and

**THE UNIVERSITY OF WINNIPEG**  
**FOR THE YEAR ENDED MARCH 31, 2010**

AMOUNTS IN THOUSANDS

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

	2010	2009
Due from Related Party		
Operating – UWCRC	\$ 0	\$ 101
	0	101
Due to Related Parties		
Operating – Foundation	202	25
Operating – UWCRC	5	0
	\$ 207	\$ 25

**25. Richardson College for the Environment & Science Complex**

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 turnkey basis and assist the University in attracting private investment for the project.

The University has received \$25,000 from the Provincial Government as a contribution towards the capital contributions. The funding is financed by six promissory notes payable to the Province of Manitoba bearing interest at a rate of 5.45% to 5.95%. The notes are non-recourse and are repayable over a term of 40 years with funding from the Province of Manitoba.

During the year the University borrowed \$7,750 on behalf of the 460 Portage Avenue Joint Venture

loan which will be repaid from building revenues.

**THE UNIVERSITY OF WINNIPEG  
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(AMOUNTS IN THOUSANDS)

(AMOUNTS IN THOUSANDS)

Both loans are guaranteed by the respective owners of the respective of their respective interests in the joint venture. The loan balances as at March 31, are shown below:

	2010
Interest Rate 4.65%, due December 31, 2020	\$ 2,750
Interest Rate 5.60%, due December 31, 2050	<u>5,000</u>
	<u>\$ 7,750</u>

The advances will be repaid by the joint venture on the same terms as the loans payable. The payments due over the next five years and thereafter are as follows:

1,312

Thereafter

\$7,750

**460 Portage Avenue Joint Venture**

The University of Winnipeg entered into a Joint Venture Agreement with the Plug-In Institute of Contemporary Art (Plug-In ICA) in 2006. This joint venture is for the construction of a three story (later expanded to four story) building on the south-west corner of Portage Avenue and Colony Street, and for joint control between the University and the Plug-In ICA of that facility.

For 2009-10 the University's statement of financial position includes the full amount of the loans payable as at March 31, 2010, and the Advances to 460 Portage Avenue Joint Venture for the same amount. The University has recorded its interest in the joint venture using the equity

method. There was no net income loss from the joint venture included in the University's statement

**THE UNIVERSITY OF WINNIPEG  
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**(AMOUNTS IN THOUSANDS)**

The Statement of Financial Position for the joint venture as at March 31, 2010 is as follows:

**Assets:**

Cash	\$ 2,678
Accounts Receivable	600

**Liabilities:**

\$10,952

**27. Reclassification of Comparative Figures**

Certain 2009 financial figures have been reclassified to conform with the financial statements presentation adopted for 2010.