



THE UNIVERSITY OF
WINNIPEG

CONSOLIDATED FINANCIAL STATEMENTS

THE UNIVERSITY OF WINNIPEG

WINNIPEG, MANITOBA, CANADA

THE UNIVERSITY OF WINNIPEG

FINANCIAL STATEMENTS

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THE UNIVERSITY OF WINNIPEG

UNIVERSITY OF WINNIPEG MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with generally accepted accounting principles for not-for-profit organizations. These accounts have been prepared on a basis consistent with those of the prior year. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other risks. 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
Vice-President (Finance & Administration)

(Original signed by Michael Emslie)

Michael Emslie, CA

June 28, 2012

THE UNIVERSITY OF WINNIPEG
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at March 31, 2012
(with comparative figures for 2011)

Statement I

ASSETS

	2012 \$000	2011 \$000
Current Assets:		
Cash and Cash Equivalents (Notes 4, 11)	\$18,359	\$20,054
Short Term Investments (Note 4)	295	900
Accounts Receivable (Note 17)	7,842	7,555
Due from Related Parties (Note 24)	343	503
Prepaid Expenses	1,980	1,880
	28,168	40,169
Long Term Investments (Note 6)	2,010	1,050
Long Term Receivables (Note 7)	3,845	3,880
Capital Assets (Note 8 a)	173,401	165,864
Intangible Assets (Note 8 b)	946	877
	<u>\$208,459</u>	<u>\$212,743</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$7,060	\$45,045
Due to Related Parties (Note 24)	957	624
Obligations under Capital Leases (Note 12)	436	628
Long Term Liabilities (Note 13)	46,536	43,856
Deferred Capital Contributions (Note 14)	123,000	121,804
Accrued Pensions (Note 15)	40,000	40,000
	<u>257,029</u>	<u>291,957</u>
Restricted Net Assets:		
Internally Restricted Net Assets (Note 15)	1,055	1,701
Endowments (Note 16)	3,172	2,628
Investment in Capital Assets	16,054	13,617
	<u>8,925</u>	<u>9,113</u>
	<u>\$208,459</u>	<u>\$212,743</u>
Special Purpose and Trust Assets (Notes 4, 16)		
Commitments (Note 19)		
Contractual Obligations (Notes 12, 20, 21, 22)		

(Original signed by Craig Lee)

(Original signed by Lloyd Axworthy)

THE UNIVERSITY OF WINNIPEG
 CONSOLIDATED STATEMENT OF OPERATIONS
 For the Year Ended March 31, 2012
 (with comparative figures for 2011)

Statement II

	2012 \$000	2011 \$000
REVENUE		
Government Grants:		
Council on Post-Secondary Education	\$57,273	\$52,407
Government of Canada	4,462	4,112
Student Academic Fees	35,922	34,564
Gifts, Grants and Bequests	3,450	3,583
Investment Income	1,858	1,372
Sales of Services and Products	1,290	1,168
Other Revenues	9,216	9,512
Amortization of Deferred Capital Contributions (Note 14)	2,500	2,550
EXPENSES		
Salaries	65,692	63,395
Staff Benefits	10,426	8,478
Supplies, Services and Other Expenses	19,719	17,667
Cost of Sales	331	314
Buildings, Utilities and Related Expenses	10,912	9,443
Interest	2,255	1,515
Provincial and Municipal Taxes	1,504	1,400
Scholarships and Awards	3,883	3,283
Gifts and Related Costs (Note 14)	337	337

See accompanying notes to the financial statements.

NIPEG
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED
DECEMBER 31, 2012
(continued from page 1)

	2012		2011	
	UNRESTRICTED NET DEFICIENCY \$000	ENDOWMENTS (Note 16) \$000	INVESTMENT IN CAPITAL ASSETS \$000	TOTAL \$000
AT THE BEGINNING OF YEAR	(\$8,893)	\$2,628	\$13,617	\$7,051
Revenue Over Expenses	(732)			2,062
Management fees		570		0
Investment income		(26)		0
Net Contributions	(4,237)		4,237	0
Net Capital Contributions	(3,509)		3,509	0
Net Assets	5,498		(5,498)	0
Net Assets	19		(19)	0
Net Debt	(208)		208	0
Net Assets	(208)			0
Reductions (Note 15)	330			0
Additions (Note 15)	(16)			0
AT THE END OF YEAR	(3,063)	544	2,437	2,062
RECONCILIATION	(\$11,956)	\$3,172	\$16,054	\$9,113

See accompanying statements.

THE UNIVERSITY OF WINNIPEG
 CONSOLIDATED STATEMENT OF CASH FLOWS

Statement IV

For the Year Ended March 31, 2015
 with comparative figures to 2014

Government Grants	504,360	504,614	
Student Academic Fees	3,377	4,201	
Gifts, Grants and Requests	3,592	794	
Investment Income	1,800	1,410	
Sales of Software and Products	1,022	2,025	
Other Revenues	9,438	11,109	
Salaries	(68,410)	(62,887)	
Staff Benefits	(11,956)	(9,378)	
Supplies, Services and Other Expenses	(21,218)	(16,453)	
Cost of Sales		(317)	(1,330)
Building, Utilities and Related Expenses		(14,298)	(7,044)
Interest Paid		(2,255)	(1,515)
Provincial and Municipal Taxes	(1,000)	(1,407)	(4,407)
Scholarships and Awards	(6,888)	(6,302)	
Gifts to Capital Assets	(6,000)	(6,450)	(1,011)

CASH FLOWS FROM INVESTING ACTIVITIES:

Cash Purchase of Capital Assets	(12,799)	(46,645)
Advances from (to) 480 Portage Avenue Joint Venture	0	3,734
Proceeds on Maturity of Long Term Investments	205	517
Collections of Long Term Receivables	35	26
	(12,839)	(42,368)

Cash and Short Term Investments consists of:

Cash and Cash Equivalents	18,352	30,051
Short Term Investments		295
		18,647
		30,951

obligations under Capital Leases totalling \$62 (2014 - \$72)

THE UNIVERSITY OF WINNIPEG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

C) 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 expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Restricted contributions are classified based on the nature of the restriction.

Externally restricted non-capital and non-endowment contributions are deferred and recognized as revenue in the period in which the related expenses are incurred.

Externally restricted capital contributions are deferred and recognized as revenue in the period in which the related expenses are incurred.

Amortization of deferred capital contributions is recognized as revenue in the period in which the related expenses are incurred.

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.

Externally restricted non-capital and non-endowment contributions are deferred and recognized as revenue in the period in which the related expenses are incurred.

Externally restricted capital contributions are deferred and recognized as revenue in the period in which the related expenses are incurred.

Amortization of deferred capital contributions is recognized as revenue in the period in which the related expenses are incurred.

F) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and highly liquid investments that are readily convertible to cash. Borrowings are considered to be financing activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2002

AMOUNTS IN THOUSANDS \$

1. INTRODUCTION

H) Capital Assets and Intangibles

Purchased capital assets and collections of the University are recorded at cost. Donated include Art Work and Rare Books recorded at fair value derived by independent appraisal at the time of acquisition or donation. Land, buildings or rare books and works of art are not

W. Financial Instruments

All financial instruments are initially recorded at fair value. Subsequent measurement is determined by the classification of each financial asset and liability. Financial instruments are classified as one of the following: held-for-trading, loans and receivables, held-to-maturity, available-for-sale, and other liabilities.

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

accounts receivable, due from related parties, and long term investments are classified as other liabilities.

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.

The University does not have any held-to-maturity instruments.

Except for held-for-trading and available-for-sale financial instruments, all other financial instruments are classified as other liabilities.

AMOUNTS IN THOUSANDS

J) Fair Value Measurement

Each financial instrument measured at fair value is classified into one of three fair value levels as follows:

Level 1 - for instruments measured at unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 - for instruments measured using inputs other than Level 1 inputs that are directly or indirectly observable

Level 3 - for instruments measured using valuation techniques that require inputs that are not based on observable market data or inputs based on unobservable prices for similar instruments and

Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses.

L) Trusteed Pension Plan

The University contributes to the University of Winnipeg Trusteed Pension Plan for University employees. The pension expense for the defined benefit component of the pension plan is determined actuarially using the projected unit credit actuarial cost method and management's best estimates of investment performance, salary escalation, retirement ages of employees and member mortality. With respect to the amortization of actuarial gains or losses, the University has adopted a policy consistent with the requirements of CICA Handbook section 2461 which is to amortize the excess of the unamortized net gains or losses over 10% of the greater of the defined benefit obligation or

The CICA's Public Sector Accounting Board announced that government controlled not-for-profit

THE UNIVERSITY OF WINNIPEG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

	2012	2011
Operating Funds	\$7,823	\$18,658
Sponsored Research and Designated Funds	4,164	3,702
	<u>11,987</u>	<u>22,451</u>
Special Purpose and Trust Funds	6,365	7,600
	<u>\$18,352</u>	<u>\$30,051</u>

Trust funds are restricted funds held for deferred contributions - \$3,763 (2011 - \$3,664) and

(2011 - \$103).

6. Long Term Investments

Long term investments are comprised of the following:

	2012	2011
Fixed Income Instruments	\$1,295	\$1,229
Equity Investment in Properties	704	704
	<u>\$2,019</u>	<u>\$1,953</u>

Long term investments consist of endowments of \$2,010 (2011 - \$1,952). Long term investments are recorded at fair value with the exception of the equity investment in connection for which current market information is not readily available and is therefore carried at estimated fair value on the date the asset was received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AMOUNTS IN THOUSANDS

Long term receivables are composed of the following:

	2012	2011
Receivable from the 460 Portage Avenue Joint Venture		
Promissory Notes Secured by:		
460 Portage Ave. Interest Rate 5.6% due December 31, 2050	\$8,646	\$8,707
460 Portage Ave. Interest Rate 7.00% due March 1, 2010	349	394
	<u>8,995</u>	<u>9,101</u>
Less: University of Winnipeg component (Note 25)	(5,997)	(6,067)
	<u>2,998</u>	<u>3,034</u>
Receivable from Plug-In ICA		
460 Portage Ave. Interest Rate 4.25% due December 31, 2020	885	883
	<u>885</u>	<u>883</u>
	<u>\$3,845</u>	<u>\$3,880</u>

**THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012**

9. Capital Assets and Intangible Assets

2012	2011	Cost	Accumulated	Cost	Accumulated
(a) Capital Assets					
Land		\$9,054	\$0	\$8,557	\$0
Buildings, Additions and Improvements		171,951	26,701	110,746	23,916
Library Acquisitions		10,724	10,000	10,510	11,000
Furnishings and Equipment		22,733	22,733	22,733	22,733

(b) Intangible Assets

Major System Computer Software	\$3,149	\$2,916
Less Accumulated Amortization	2,203	2,039
Net Book Value	<u>\$ 946</u>	<u>\$ 877</u>

9. Deferred Contributions

Deferred contributions represent contributions received for capital resources such as Sponsored Research and Designated Funds and Special Purpose Trusts, endowments of scholarships and bursaries, library acquisitions and lecture funds.

Contributions Expended	(11,464)	(9,475)
Transferred to Foundation (Note 24)	(965)	(1,055)
Balance, End of Year	<u>\$8,937</u>	<u>\$8,105</u>

Balance Consists of:

Sponsored Research and Designated Funds	\$4,913	\$4,259
Special Purpose Trust	3,763	3,664
Operating Funds	261	182
	<u>\$8,937</u>	<u>\$8,105</u>

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

(AMOUNTS IN THOUSANDS)

The University has an operating line of credit with a bank authorized in the amount of \$1,500. The line of credit is unsecured and bears interest at prime. It was not utilized at March 31, 2012 or March 31, 2011.

12. Obligations under Capital Leases

The following is a schedule of future minimum lease payments for equipment under capital leases expiring between June 1, 2012 and March 31, 2016 together with the balances of the obligations

under capital leases:

2012/13	262
2013/14	219

Obligations under Capital Leases	\$ 436
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Interest expense for the current year on the lease obligations amounted to \$22 (2011 - \$29).

13. Long Term Liabilities

	2012	2011
Mortgages Payable	38	75
Supplementary Pensions Payable	516	369
	48,265	45,314
Less: Current Portion of Long Term Liabilities	(4,700)	(4,450)

**THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012**

Province of Manitoba Promissory Notes Secured by:

509 Ellice and 433 Young Street

2012

2011

Interest rate 4.45%, due April 15, 2013	3,502	3,400
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Interest rate 3.55%, due October 31, 2011	1,832	1,840
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Interest rate 4.10%, due September 30, 2013	900	900
---	-----	-----

Interest rate 3.25%, due October 31, 2013	10,140	10,032
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Interest rate 4.05%, due December 31, 2020	2,472	2,030
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460 Portage Avenue

Interest rate 2.625%, due October 31, 2016

2,000

2,406

Interest rate 4.95%, due March 31, 2001	684	700
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Interest rate 4.95%, due March 31, 2001	3,000	3,000
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Complex

Interest rate 2.55%, due January 31, 2020

1,962

0

491 Portage Avenue – Annex

Interest rate 5.40%, due July 31, 2050

2,765

2,787

460 Portage Avenue – Deferred Land Lease

Interest rate 7.00%, due March 1, 2018

210

204

**THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012**

(AMOUNTS IN THOUSANDS)

The University received capital funding from the Provincial Government as a contribution towards the renovation of the Engineering and Science Computer Building and the

Maintenance expenditures on campus. The funding was financed by promissory notes payable to the Province of Manitoba bearing interest at rates ranging from 4.05% to 5.05%. The

The mortgage payable secured by Graham Hall is payable to Canada Mortgage and Housing with interest at 5.25% due October 1, 2012. The Council on Post-Secondary Education annual operating grant provides for the \$40 annual mortgage payment. Disbursed payments on this mortgage during the next year are \$38.

Supplementary pensions payable represents payments to past Presidents of the University for services performed and is based on an actuarial calculation. The amount due in 2012 is \$40.

Interest expense during the year on term liabilities totaled \$2,305,720, of which \$48 (2011 - \$209) was capitalized during the year.

14. Deferred Capital Contributions

Foundation

Amortization of Deferred Capital Contributions

(2,500)

(2,500)

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

FOR THE YEAR ENDED MARCH 31, 2012

accumulated net unrestricted trust income of \$915 (2011 - \$770) and Strategic Provisions of \$742

the cumulative net unrestricted trust income of \$742 is available to fund Board of Regents

the strategic provisions additions represent an appropriation from unrestricted net assets to
interim restricted assets. These appropriations are made for projects that require financial support or
initiatives within the Strategic Plan and the Academic Plan. Actual expenses related to strategic

Infrastructure

<u>\$1,056</u>	<u>(\$ 330)</u>	<u>\$ 16</u>	<u>\$ 742</u>
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10. Not Assets Restricted for Endowment Purposes

Endowments are comprised of long term investments of \$2,019 – Note 6 (2011 - \$1,953) and cash and short term investments of \$1,153 (2011 – \$675).

Endowments of \$2,322 (2011 - \$1,978) are held in trust in accordance with the terms of a certain bequest. In 2012, the University has a 10% share in the income distribution from this trust (2011 – 10% share).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012**

(AMOUNTS IN THOUSANDS)

not have a material effect on its Statement of Operations.

Credit risk

Credit risk is the risk of potential loss to the University if a counterparty to a financial instrument

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

	2012	2011
Financial Assets Held-For-Trading:		
Cash and Cash Equivalents	\$10,052	\$30,051
Short Term Investments	295	900
Financial Assets Available for Sale:		
Long Term Investments - Fixed Income Instruments	2,019	1,953
Loans and Receivables:		
Accounts Receivable	7,842	7,555
Current Portion of Long Term Receivables	38	37
Due From Related Parties	343	503
Long Term Receivables	3,845	3,880
	<u>\$32,734</u>	<u>\$44,879</u>

The University manages the credit risk related to these items by maintaining its cash and cash

quality commercial property. The credit risk on long term receivables is considered low as the

**THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012**

The aging of accounts receivable at March 31 is as follows:

	2012	2011
Accounts Receivable, gross		
Current	\$6,942	\$6,326
Past Due	1,206	1,555
	<u>8,148</u>	<u>7,881</u>
Less: Allowance for Doubtful Accounts	(306)	(326)
Accounts Receivable, net	<u>\$7,842</u>	<u>\$7,555</u>

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.

considered material.

Fair value disclosure

The fair values of accounts receivable, due from related parties, accounts payable and accrued liabilities, staff benefits payable, and due to related parties approximates their carrying values due to their short term maturity.

Cash and cash equivalents and short and long term investments have been categorized based upon a fair value hierarchy in accordance with the amendments to IFRS 1367. See Note 7 for a discussion of the University's policies regarding this hierarchy. The following fair value hierarchy table presents information about the University's cash and cash equivalents and short and long term investments measured at fair value. There have been no transfers between levels during the year.

Level 1	Level 2	Level 3	Total

THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

(AMOUNTS IN THOUSANDS)

Investments at Fair Value as at March 31, 2012

Level 1	Level 2	Level 3	Total
Class Equivale			\$30,000
Short Term Investments			900
			900
			\$30,900

16. Capital Disclosures

The University's objectives in managing capital are:

minimizing the cost of capital

Initiatives and campus expansion and redevelopment. The University also maintains deferred

the University has met its externally imposed capital requirements.

The Plan was established as a contributory defined benefit pension plan at September 1, 1972.

THE UNIVERSITY OF WINNIPEG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS IN THOUSANDS)

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. As the Plan is currently under 90% funded on a solvency basis, annual valuations are required.

An actuarial valuation of the Plan was prepared and filed with the Manitoba Pension Commission as at December 31, 2007 by Eckler Ltd. (Eckler), a firm of consulting actuaries. The membership data as at December 31, 2007 was subsequently projected to December 31, 2008 and used to

The benefit obligation has been calculated pursuant to CICA Handbook 3461, using a modified

Interest Cost	6,820	7,230	
Benefits and Refunds Paid		(9,142)	(9,095)
Plan Amendment		3,289	0
Actuarial Loss		24,551	12,595
Accrued Benefit Obligation, December 31		\$105,459	\$107,409

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AMOUNTS IN THOUSANDS

Components of Pension Expense

	December 31 2011	December 31 2010
Interest Cost	6,828	7,230
Expected Return on Plan Assets	(6,502)	(6,296)
Amortization of Transitional Asset	(456)	(456)
Amortization of Past Service Cost	294	0
Increase in Valuation Allowance	501	0
Net Pension Expense	<u>\$3,481</u>	<u>\$2,263</u>

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

Discount rate	- pre and post-retirement	5.00%	6.00%
	indexing	0.50%	0.25%
Rate of salary increase	- 2009	2.50%	2.50%
	- thereafter	3.40%	3.40%
Expected Return on Plan Assets		5.85%	5.55%

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

Discount rate	- pre and post-retirement	4.40%	5.00%
	- provision for post-retirement		
	indexing	0.50%	0.50%
Rate of salary increase	- 2009	2.50%	2.50%
	- thereafter	3.40%	3.40%

Funding Obligation

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, 2010 confirms that the defined benefit segment of the Plan has a solvency deficiency of \$25,256 and a solvency ratio of 0.752.

THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

(AMOUNTS IN THOUSANDS)

The University is not currently 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 provided universities in Manitoba with an opportunity to be permanently exempted 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 October 15, 2007. The University has complied with all requirements to be entitled to the permanent exemption.

The going concern deficiency at December 31, 2010 was \$25,377 and the annual deficiency funding payments are \$2,637, which the University will continue to make until the deficiency is eliminated.

In addition, because of the going concern deficiency at December 31, 2010, the University is also required to make an additional contribution of \$894 (2010 - \$291) to cover the current service shortfall.

The Board of Trustees made seven amendments to the Plan in 2011. These amendments included administrative changes to rekey revisions to the Pension Benefits Act in the year. These changes included defining the interest rate to be used in crediting member contribution accounts, clarifying what expenses the Plan is responsible for paying to the University,

permitting non-resident and critically ill members to cash their benefits, and

allowing the University to terminate the Plan in the event of a merger or acquisition.

20. Contractual Obligations

The University has operating lease obligations that cover equipment and building space integral to the University's operations. The lease obligations are as follows:

Year	Amount
2011	10,264

In addition, the University has contractual obligations of approximately \$10 million for capital additions and renovations on campus properties during the upcoming year. The above obligations are payable over the next five years and thereafter as follows:

Year	Amount
2011	10,264
2012	10,264
2013	10,264
2014	10,264
2015	10,264
2016	10,264
2017	10,264
2018	10,264
2019	10,264
2020	10,264
2021	10,264
2022	10,264
2023	10,264
2024	10,264
2025	10,264
2026	10,264
2027	10,264
2028	10,264
2029	10,264
2030	10,264
2031	10,264
2032	10,264
2033	10,264
2034	10,264
2035	10,264
2036	10,264
2037	10,264
2038	10,264
2039	10,264
2040	10,264
2041	10,264
2042	10,264
2043	10,264
2044	10,264
2045	10,264
2046	10,264
2047	10,264
2048	10,264
2049	10,264
2050	10,264

THE UNIVERSITY OF WINNIPEG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

(AMOUNTS IN THOUSANDS)

The University's Board of Regents approved the establishment of the University of Winnipeg Foundation Inc. in March 2003. The Foundation's vision is to strengthen, deepen and advance the University's mission and vision through the provision of ongoing support in some circumstances.

The establishment of the Foundation is based on several conditions that provide for the administration of the specified fund, the basis of operation and the relationship between the University and the Foundation, the transfer 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

Reported in the Foundation's Board of Directors

(b) Coordination and Support Agreement

This Agreement, which was renewed April 1, 2009 and expires March 31, 2014, documents the certain existing systems, programs and procedures of the University. Through this agreement, the Foundation will be responsible for the

The fee for the year ended March 31, 2010 for services provided to the Foundation corresponding grant to the Foundation to offset these costs was \$183 (2011 - \$173).

(c) Endowment Fund Agreement

The University and the Foundation entered into an Agreement that provided for the transfer of certain endowment funds from the University to the Foundation on April 1, 2004.

This Agreement states that the Foundation will assume responsibility for the Endowment Fund and will be responsible for the management of the fund. The Foundation has committed to provide the University with an amount equal to the agreed percentage mentioned by the current year's beginning balance of the contributed capital. The agreed percentage is

THE UNIVERSITY OF WINNIPEG
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(AMOUNTS IN THOUSANDS)

the agreed percentage (3.5% for 2011-2012) to the prior year beginning balance of the contributed capital plus a pro-rated percentage of the agreed percentage for those gifts received in each quarter of the previous year. (ie. $\frac{3}{4}$ of 3.5% for those gifts received in the first quarter, $\frac{1}{2}$ of 3.5% in the second quarter and $\frac{1}{4}$ of 3.5% for those gifts received in the third quarter). Based on this formula, the Foundation provided the University with \$1,174 in 2011-2012 (\$1,100 in 2010-2011).

The Foundation is entitled to an annual administration fee equal to $\frac{1}{4}$ of 1% of the Endowment

Foundation by providing that the Foundation may continue to retain an annual administration

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

of the fund based on the agreed percentage

balances. The Foundation is a registered entity of the University based upon the following factors:

The University has a significant economic interest in the Foundation which conducts 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

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(AMOUNTS IN THOUSANDS)

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

	2012	2011
Statement of Financial Position:		
Assets	<u>\$41,206</u>	<u>\$40,010</u>
Liabilities	280	525
Fund Balances:		
Operating Fund	298	181
Unrestricted Fund	8	2
Investment in Capital Assets	4	25
Building and Program Fund	509	674
Funds Held Pending Terms of Reference	145	70
Unrestricted Requests	135	11
Endowment Fund	39,688	38,480
Transfer from University of Winnipeg	300	250
Investment Income	1,277	1,367
Unrealized Gain (Loss) on Investments	(762)	1,779
University of Winnipeg Support Funding	651	700
Loss on Disposal of Assets	(11)	0
Annual Donations	<u>6,767</u>	<u>4,836</u>
	<u>8,980</u>	<u>9,906</u>
Uses of Funds:		
Operations	1,521	1,560
Donations Gifted to the University of Winnipeg	2,060	1,268
Increase in Funds	<u>\$1,441</u>	<u>\$2,087</u>

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AMOUNTS IN THOUSANDS

Restrictions are placed upon expenditures within Funds including:

- i) The Operating 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 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 donations intended for University programs and capital projects.
- iv) The Funds Held Pending Terms of Reference includes donations received for pending research projects.
- v) Unrestricted Request Gifts include monies received from entities in which the funds are used for the Foundation's operations.
- vi) The Endowment Fund reports the receipt of funds established from gifts by donors, which are designated to remain under the Foundation's management in perpetuity.

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 9 years as follows:

2012/13	210
2013/14	180
	\$ 390

For 2011-2012, the University and the Foundation agreed that the operating grant would be \$400. However, no formal agreement has been signed to reflect this change.

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FOR THE YEAR ENDED MARCH 31, 2007

AMOUNTS IN THOUSANDS OF
DOLLARS IN THOUSANDS

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

University based on a fee for performance contract. The amount of the consulting fee

amounted to a fixed annual fee of \$230. In return, UWCRC committed to

which continues to be managed by the University's Student Life Services Department for a fixed annual fee of \$190.

d) In addition, the University paid \$272 for management services related to student

UWCRC holds a 25% investment in the land and building situated at 401 Portage Avenue

(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 the loan, the University took responsibility for assuring that the debt service 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 tenants for each \$1.00 the owners of the Property are required to pay to its lender). If for any reason the Property fell below that ratio, the University would be required to lease space in the property at normal commercial rents, or secure that another tenant is obtained

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

	2012	2011 (Restated)
Statement of Financial Position:		
Assets:		
Cash	\$214	\$179
Accounts Receivable	249	130
Income Taxes Recoverable	0	38
Due from University of Winnipeg (Note 23)	0	12
Capital Assets	620	787
Investments of Equity	4,101	4,112
Due to University of Winnipeg	96	0
Long Term Debt	167	248
Deferred Capital Contributions	215	111
Net Assets	4,646	4,520
	<u>\$5,274</u>	<u>\$5,288</u>

	2012	2011 (Restated)
Revenue		
Share of Equity Income	\$145	\$155
Salaries and Benefits	502	413
Consulting and Professional Fees	118	216
Supplies, Services and Other Expenses	348	218
	<u>968</u>	<u>847</u>
Excess of Revenue over Expenses	126	68
Net Assets – Beginning of Year	1,439	1,371
Prior Period Adjustment	3,081	3,081
Net Assets – As Restated	4,520	4,450
Net Assets – End of Year	\$4,646	\$4,520

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(AMOUNTS IN THOUSANDS)

future income taxes).

23. Contingencies

The University is named as a defendant in litigations where legal action has commenced or is anticipated. While the ultimate outcomes of these proceedings cannot be predicted at this time, management and its legal counsel are of the opinion that either the outcomes will not have a provision has been made in the financial statements in respect of these claims, as of March 31, 2012.

24. Related Party Transactions and Balances

The Foundation and UWCR are controlled entities of the University. The Trustee Planning Plan and the 460 Portage Avenue Joint Venture are also related parties.

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

i) Operating grant	\$468	\$550
ii) Gifts of residuals for endowment	\$283	\$516
iii) Gifts of matching funds for endowment	\$222	\$500
iv) Occupancy & Support Agreement (Note 21 b)	\$183	\$173
From the Foundation to the University:		
i) Transfer of annual donations	\$3,950	\$4,368
ii) Income allocation	\$1,174	\$1,100
iii) Occupancy & Support Agreement (Note 21 b)	\$183	\$173
From the University to UWCR		
i) Consulting fees (excluding GST)	\$634	\$641
From UWCR to the University		
i) Management fees	\$190	\$220
From the University to the Joint Venture		
i) Lease expense	\$691	\$673
ii) Capital contribution	\$167	\$104
From the Joint Venture to the University		
i) Service fees	\$99	\$14

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(AMOUNTS IN THOUSANDS)

(AMOUNTS IN THOUSANDS)

These transactions are recorded at the purchase amount which is the amount agreed to by the related parties. The University's share of the Joint Venture related party transactions have been eliminated upon consolidation of the Joint Venture.

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

Due from Related Party	2011	2010
460 Portage Avenue Joint Venture	343	503
Due from 460 Portage Avenue Joint Venture		
Foundation	919	539
UWCRC	38	82
	\$ 957	\$ 621

In addition to those related transactions disclosed elsewhere in these financial statements, the University is related in terms of common ownership to all Provincial of Manitoba departments, agencies and Crown corporations. The University enters into transactions with these

25. 460 Portage Avenue Joint Venture

The University of Winnipeg entered into a Joint Venture Agreement with the Blue In Institute of Child Health and All (Blue In ICA) in July 2009. This agreement covers a three-story building on the south west corner of Portage Avenue and Colony Street, and for joint control between the University and the Blue In ICA of that facility. A fourth floor was later added which is solely owned by the University and is not part of the Joint Venture with Blue In ICA.

The joint venture's revenues consist of long term space leases with a café owner, parking revenue and "fronts" from the venture which are intended to cover the capital and operating costs of the Joint Venture on the basis of square footage occupied. The University is the Property Manager for the 460 Portage Ave Joint Venture and processes all of the Joint Ventures financial transactions, as well as providing certain services, the cost of which are reimbursed by the Joint Venture as disclosed in note 24.

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Capital Assets	0,910	0,942
	<u>8,221</u>	<u>8,271</u>
Liabilities and Venturers' Equity		
Accounts Payable and Accrued Liabilities	6	5
Due to the University of Winnipeg	6,007	6,116
Deferred Capital Contributions	300	320
Venturers Equity	1,719	1,830
	<u>8,221</u>	<u>8,271</u>

Statement of Operations

Rental Revenue	75	12	1
Expense Recovery from Venturers		571	142
		<u>651</u>	<u>157</u>
Building Operating		271	109
Interest		242	154
Amortization		117	58
		<u>763</u>	<u>326</u>
Net Loss		<u>(112)</u>	<u>(169)</u>

Statement of Cash Flows

Cash Receipts from Tenants & venturers		637	133
Cash Paid to Suppliers		(275)	(109)
Interest Paid		(342)	(151)
Cash Flows from Operating Activities		<u>20</u>	<u>(127)</u>
Venturers' Contributions		0	667
Proceeds from Long Term Financing		0	6,085
Capital Contributions Received		85	322
Other Financing Activities		(20)	31
Net Change in Cash Position		<u>0</u>	<u>0</u>

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Some of these balances were netted against balances on the University's accounts on consolidation.

The intangible asset included in the Joint Venture agreement is the right of first refusal term financing and is valued at the amount agreed to in the Joint Venture Agreement. The University's portion of the intangible asset, as well as certain other balances, were eliminated in the University's accounts on consolidation.

and \$225 being recovered by the Joint Venture. The University's share of these costs would be two thirds or \$0 to \$150.

Certain 2011 comparative figures have been reclassified to conform with the financial statements presented for the current year.