



CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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FINANCIAL STATEMENTS

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THE UNIVERSITY OF

WINNIPEG

UNIVERSITY OF WINNIPEG

MANAGEMENT REPORT

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The University's Board of Regents is responsible for overseeing the business affairs of the University for which approving the consolidated financial statements. The Board has designated the management and the Auditor General of Manitoba on matters relating to the financial reporting to the Board. The Auditor General of Manitoba has reviewed the consolidated financial statements without the presence of management. The Board of Regents has reviewed and approved those annual consolidated financial statements.

In management's opinion, these annual consolidated financial statements have been properly prepared with reasonable accuracy in accordance with generally accepted accounting principles and standards. Management is responsible for the preparation and maintenance of the internal control system to ensure the assets of the University are properly safeguarded. The integrity of internal controls is reviewed on an ongoing basis by the University's Audit Services Services.

The external auditor, the Auditor General of Manitoba, is responsible for auditing those annual

In Reply or Management

(Original signed by Bill Balan)

Bill Balan
Vice-President (Finance & Administration)

(Original signed by Michael Emelio)

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 financial statements of the University of Winnipeg, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of operations, change in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the consolidated financial statements.

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THE UNIVERSITY OF WINNIPEG

Statement I

Amounts in thousands

Due from Related Parties (Note 20) 200 704

LIABILITIES AND NET ASSETS

Accounts Payable and Accrued Liabilities 42,675 4,920

Deferred Revenue 5,488 4,989

Deferred Contributions (Note 9) 9,900 10,400

Deferred Contributions from Related Parties 100 100

Due to Related Parties (Note 20) 806 548

233,247 208,853

Obligations under Capital Leases (Note 10) 382 236

Long Term Liabilities (Note 12) 58,873 48,272

Deferred Capital Contributions (Note 14) 129,206 119,241

Obligations for Compensated Absence (Note 9) 467 420

Due to Related Parties (Note 20) 10,400 11,011

233,247 208,853

Net Assets:

Unrestricted Net Deficiency (28,414) (25,506)

Internally Dedicated (Note 12) 2,075 1,629

Investment in Capital Assets 22,000 21,001

164 1,342

Special Purpose and Trust Assets (Notes 3, 13)
Contractual Obligations (Notes 10, 17, 18, 19)
Contingencies (Note 22)

Approved by the Board of Regents

(Original signed by Brenda Keyser)
Chair, Board of Regents

(Original signed by Lloyd Axworthy)
President & Vice-Chancellor

THE UNIVERSITY OF WINNIPEG
CONSOLIDATED STATEMENT OF OPERATIONS
For The Year Ended March 31, 2014
Amounts in Thousands

Statement II

	2014	2013
REVENUE		
Government Grants:		
Transition Post-Secondary Education	\$ 32,002	\$ 30,747
Province of Manitoba, other	3,323	3,480
Government of Canada	6,133	4,455
Student Academic Fees	35,035	37,037
Gifts, Grants and Bequests	4,832	4,141
Interest Income	534	600
Other Revenues	9,232	9,003
	<u>131,200</u>	<u>124,923</u>
EXPENSES		
Salaries and Benefits	84,855	82,668
Supplies, Services and Other Expenses	19,042	19,062
Cost of Sales	324	311
Rent, Utilities and Related Expenses	13,014	10,872
Interest	2,430	2,414
Provincial and Municipal Taxes	1,709	1,645
Scholarships and Awards	4,305	3,935
Gifts to Related Party (Note 2)	1,070	1,700
Amortization of Capital Assets	6,020	5,925
	<u>138,788</u>	<u>138,332</u>
Excess (Deficiency) of Revenues over Expenses	\$ (7,588)	\$ (13,409)

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

THE UNIVERSITY OF WINNIPEG
 CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
 For the Year Ended March 31, 2014

Statement III

Amounts in Thousands

	2014				
	Unrestricted Net Deficiency	Internally Restricted (Note13)	Externally Restricted (Note14)	Investment in Capital Assets	Total
BALANCE, BEGINNING OF YEAR	\$ (25,506)	\$ 1,638	\$ 3,359	\$ 21,851	\$ 1,342
Excess (Deficiency) of Revenue over Expenses	(4,000)	-	-	-	(4,000)
Endowment Contributions	-	-	200	-	200
Endowment Custodial/Management Fees	-	-	(12)	-	(12)
Transfers:					
Internally Funded:					
Capital Asset Additions	(2,409)	-	-	2,409	0
Amortization of Deferred Capital Contributions	(2,907)	-	-	2,907	0
Amortization of Capital Assets	6,020	-	-	(6,020)	0
Disposal of Capital Assets	1	-	-	(1)	0
Repayment of Loans from Restricted Assets	(100)	-	-	100	0
Internally Restricted Net Assets	(187)	187	-	-	0
Strategic Provisions - Reductions (Note 13)	-	-	-	-	0
NET CHANGE FOR THE YEAR	(2,908)	437	188	1,105	(1,178)
BALANCE, END OF YEAR	(28,414)	2,075	3,547	22,956	1,164

	2013				
	Unrestricted Net Deficiency	Internally Restricted (Note13)	Externally Restricted (Note14)	Investment in Capital Assets	Total
Excess (Deficiency) of Revenue over Expenses	(2,479)	-	-	-	(2,479)
Endowment Contributions	-	-	200	-	200
Endowment Custodial/Management Fees	-	-	(12)	-	(12)
Transfers:					
Internally Funded:					
Capital Asset Additions	(1,582)	-	-	1,582	0
Amortization of Deferred Capital Contributions	(2,920)	-	-	2,920	0
Amortization of Capital Assets	5,025	-	-	(5,025)	0
Disposal of Capital Assets	1	-	-	(1)	0
Repayment of Loans from Restricted Assets	(100)	-	-	100	0
Internally Restricted Net Assets	(187)	187	-	-	0
Strategic Provisions - Reductions (Note 13)	-	-	-	-	0
NET CHANGE FOR THE YEAR	(1,955)	187	188	1,105	(1,475)
BALANCE, END OF YEAR	(30,369)	2,264	3,735	21,851	750

THE UNIVERSITY OF WINNIPEG
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2014
Amounts in Thousands

Statement IV

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from:		
Government Grants	70,292	67,862
Student Academic Fees	40,019	37,023
Gifts, Grants and Bequests	5,445	4,015
Interest Income	531	532
Sales of Services and Products	1,472	1,547
Other Revenues	9,218	8,959
Cash Paid for:		
Supplies, Services and Other Expenses	(19,103)	(17,193)

Building, Utilities and Related Expenses	(10,411)	(12,000)
Interest Paid	(2,447)	(2,397)
Depreciation and Amortization	(1,000)	(1,000)
Gifts, Grants and Bequests	(1,000)	(1,000)

CASH AND SHORT TERM INVESTMENTS END OF YEAR \$ 21,277 \$ 16,284

Cash and Cash Equivalents 20,398 16,094

Excluded from Operating and Financing Activities are non-current assets received under Capital Leases and the related obligations under Capital Leases totalling \$305 (2013 - \$0).

A Statement of Financial Position and Statement of Financial Activities are included in the consolidated financial statements.

THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2014
Amounts in Thousands

1. Authority and Purpose

The University of Winnipeg (the University) operates under the authority of the University of Winnipeg Act of the Province of Manitoba. The University of Winnipeg (the University) operates under the authority of the University of Winnipeg Act of the Province of Manitoba. The primary role of the University is to provide post-secondary education, research and services. The University also operates the Collegiate, an independent high school and a number of other education related activities. The University is a not for profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

2. Summary of Significant Accounting Policies

A) Basis of Accounting and Principles of Consolidation

The consolidated financial statements have been prepared in accordance with Canadian accounting standards, as issued by the Public Sector Accounting Board. The consolidated financial statements of the University include the University's investment in the 460 Portage Avenue Joint Venture (Note 24), a government partnership, which is accounted for using the proportional consolidated method. The University (UWCRC), both controlled entities, are not consolidated in these financial statements, but details of their (19 respectively).

B) Revenue Recognition

The University follows the deferral method of accounting for contributions such that the restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the resources must be used.

Externally restricted non-capital and non-environment contributions are recognized as revenue in the period in which the goods and services are recognized as revenue in the period in which the services are rendered or goods are received.

Externally restricted non-capital and non-environment contributions are recognized as revenue in the period in which the direct increases in net assets in the period in which they are received.

Externally restricted contributions for the acquisitions of capital assets having limited lives are recorded as deferred capital contributions in the period in which they are received and amortized into revenue at a rate corresponding with the amortization rate for the related capital asset.

Promissory notes payable to the Manitoba Provincial Government for the construction or purchase of capital assets which will be repaid from future funding provided by the Manitoba Provincial Government through the Council on Post-Secondary Education (COPSE) are, in substance, capital grants. These capital grants are

limited use. The interest expense and the related amount from COPSE over the terms of the promissory notes are both excluded from the statement of operations and changes in fund balances.

C) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and highly liquid temporary money market instruments convertible to cash within three months or less.

D) Long Term Receivables

Long term receivables are carried at amortized cost using the effective interest rate method. Long term receivables are due from a related joint venture with a non-related partner and are secured by the 460 Portage Avenue property.

THE UNIVERSITY OF WINNIPEG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2014

Amounts in Thousands

E) Tangible Capital Assets

Purchased capital assets and collections of the University are recorded at cost. Donated assets are recorded

collections of rare books and works of art are not amortized.

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

Building, additions and improvements	60 years
Leasehold improvements	Term of lease
Library acquisitions	00 years
Furnishings and equipment	10 years
Major system computer software	10 years
Computer equipment	5 years
Vehicles	5 years

F) Accrued vacation pay

The University recognizes vacation pay as an expense on the accrual basis.

G) Other Employee Benefits

The University provides health benefits and pension plan contributions to eligible employees in receipt of long

care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are recorded in the financial statements in the year they occur.

University employees appointed to a position expected to last one year or more are entitled to 180 days of sick leave that is non-vesting, non-accumulating and event-driven. The benefit expense and liabilities are recorded when the triggering event occurs.

H) Financial Instruments

All currently held financial instruments are reported at cost or amortized cost. The effective interest rate method is used to recognize interest income or expense. Transaction expenses related to all financial instruments are expensed as incurred.

I) Trusteed Pension Plan

The University contributes to the University of Winnipeg Trusteed Pension Plan for eligible employees. The

Plan has both defined benefit and defined contribution components. The pension expense for the defined benefit component of the pension plan is determined actuarially using the projected unit credit actuarial cost

actuarial gains and losses over the estimated average remaining service life (FARSL) of active members of the defined benefit plan. The amortization amount for a year is determined by dividing the unamortized balance at the end of the previous year by the FARSL

The pension expense for the defined contribution component of the pension plan equals the contributions made during the year.

Amounts in Thousands

J) Loan Guarantees

The University guarantees a condition of a loan on the land and building situated at 404 Dodge Avenue, the University's main building, for a period of 10 years. The loan is for the purpose of financing the construction of a new building. The loan is secured by a mortgage on the property. The University is required to ensure that another tenant is obtained to bring the ratio back to 1.0:1.0 or higher. The unrelated owners in the building are responsible for the mortgage payments.

K) Use of Judgments

The preparation of the University's financial statements in conformity with PSAS for GNEROs requires management to make judgments, apart from those involving estimations, in applying accounting policies that affect the reported amounts of assets, liabilities, revenues and expenses. Items requiring the use of significant estimates include the useful life of capital and intangible assets, allowance for doubtful accounts, and the actuarial estimation of compensated absence liabilities and pension obligations. Actual results could differ from these estimates.

L) Use of Estimates

The preparation of the University's financial statements in conformity with PSAS for GNEROs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include the useful life of capital and intangible assets, allowance for doubtful accounts, and the actuarial estimation of compensated absence liabilities and pension obligations. Actual results could differ from these estimates.

3. Cash and Cash Equivalents

	2014	2013
Operating Funds	\$ 8,451	\$ 3,845
Sponsored Research and Designated Funds	3,662	4,970
	<u>12,113</u>	<u>8,815</u>
Special Purpose and Trust Funds	7,580	6,349
Externally Restricted (Endowments)	703	930
	<u>\$ 20,396</u>	<u>\$ 16,094</u>

Short-term investments, \$984,000, consist of fixed income investments.

4. Long Term Investments

	2014	2013
Fixed Income Instruments	\$ 1,239	\$ 1,515
Equity Investment in properties	724	724
	<u>\$ 1,963</u>	<u>\$ 2,239</u>

THE UNIVERSITY OF WINNIPEG
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the Year Ended March 31, 2014

5. Long Term Receivables

	2014	2013
Receivable from the 460 Portage Avenue Joint Venture		
100 Portage Ave. (Interest Rate 4.65%, due December 31, 2020)	11,311	11,411
Less: University of Winnipeg component	(7,544)	(7,607)
	3,767	3,804
460 Portage Ave. (Interest Rate 4.65%, due December 31, 2020)	723	816
Less: Current Portion	(4,493)	(4,620)
	(35)	(33)
	\$ 4,458	\$ 4,587

Annual principal payments receivable on the notes during the next five years and thereafter are: 2015 \$35, 2016 - \$37, 2017 - \$39, 2018 - \$41, 2019 - \$43, thereafter - \$4,298.

These notes are carried at amortized cost using the effective interest rate method.

6. Capital Assets

	2014		2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 10,606	\$ -	\$ 10,574	\$ -
Buildings Addition	171,600	24,007	171,357	22,000
Library Acquisitions	13,681	12,378	13,511	12,051
Collections	1,542	-	1,527	-
Major System Computer Software	2,275	2,559	2,204	2,277
Furniture Under Construction	31,123	1,200	31,123	1,200
Government Grants (Capital) received	2,168	1,834	1,834	1,428
276,531 \$ 77,946 248,446 \$ 71,962				
Less Accumulated Amortization		(77,946)		(71,962)
Net Book Value	\$ 198,585		\$ 176,484	

Furnishings and Equipment include vehicles and Computer Equipment.

7. Bank Indebtedness

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, 2014 or March 31, 2013.

THE UNIVERSITY OF WINNIPEG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2014

Amounts in Thousands

The University provides health benefits and pension plan contributions to employees receiving long term disability (LTD) benefits.

Health benefit premiums are paid by the University until the barrier of recovery and return to work, death, or the actuarial present value of future premiums for each employee based on the current monthly premium, assumed inflation for health benefits premiums, the interest discount rate and assumed probability of recovery prior to normal pension commencement date. The following assumptions were made in determining the actuarial present value of future premiums:

- A discount rate of 6.00% (2013 - 5.85%)
Health benefit premium inflation of 5.00% per year
- Canada Pension Plan earnings base increase at 3.00% per year

University of Winnipeg Trusteed Pension Plan in accordance with the provisions of the pension plan (see note 16)

Contributions are calculated based on the salary rate at the time of disability, and the annual credit requirement based on the salary of disability, the projected future YAMPE and yearly maximum contributory earnings (YAMCE), the pension commencement date.

9. Deferred Contributions

libraries, library acquisitions and lecture funds

	2014	2013
Balance, Beginning of Year	\$ 10,106	\$ 8,937
Contributions Expensed	(13,237)	(11,976)
Balance, End of Year	\$ 9,392	\$ 10,106
Balance Consists of:		
Sponsored Research and Designated Funds	\$ 1,721	\$ 5,500
Special Purpose Trust	1,394	4,317
Operating Funds	284	289
	\$ 9,392	\$ 10,106

10. Obligations under Capital Leases

April 30, 2014 and September 30, 2013 together with the balances of the obligations under capital leases

2015/16	115
2016/17	114
2017/18	114
2018/19	57
Total minimum lease payments	518
Less: Amount representing interest at approximately 2.5%	(22)
Balance of Obligations under Capital Leases	496
Less: Current Portion of Obligations under Capital Leases	(103)
Obligations under Capital Leases	\$ 393

THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Contributions from the Foundation	991	1,039
Less: Amortization of Deferred Capital Contributions	(2,927)	(2,920)

Operations

12. Long Term Liabilities

	2014	2013
Premises Notes	\$ 50,050	\$ 40,549
Less: Current Portion of Long Term Liabilities	(1,490)	(1,741)
	<u>\$ 58,873</u>	<u>\$ 48,272</u>

	2014	2013
Province of Manitoba Premises Notes Secured by:		
Dunelmith Expansion (Interest rate 5.55% due October 31, 2047)	1,905	1,014
McFeetors Hall:		
Interest rate 4.10% due September 30, 2013		300
Interest rate 5.25% due October 31, 2049	10,550	10,649
460 Portage Avenue		
Interest rate 4.65%, due December 31, 2020	1,992	2,238
Interest rate 5.60%, due December 31, 2050	9,002	9,074
Interest rate 2.625% due October 31, 2016	1,157	1,584
Interest rate 3.80%, due October 31, 2052	2,797	2,829
366 Spence & 336 Young (Interest rate 4.95% due March 31, 2051)	682	688
Richardson College for the Environment & Science Complex		
Interest rate 4.95% due March 31, 2051 (Parking Lot)	2,900	2,925
Interest rate 2.25% due January 31, 2020	1,405	1,704
Variable interest rate of prime less 0.75% due January 31, 2020	404	1,200
United RecPlay loan advances (interest rate of prime less 0.75%)	12,800	
Province of Manitoba Unsecured Notes:		
Reserve Bank of Canada	2,120	2,120
Pension Plan Special Payments (Interest rate 4.45% due 11-30-2050)	1,000	0,000
	<u>13,183</u>	<u>13,302</u>
	<u>\$ 59,950</u>	<u>\$ 49,548</u>

Annual principal payments on the notes during the next five years and thereafter are: 2015 \$1,429; 2016 \$1,300; 2017 \$1,250; 2018 \$1,025; 2019 \$1,070; thereafter \$52,799.

THE UNIVERSITY OF WINNIPEG
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2014
 Amounts in Thousands

Interest expense during the year on long term liabilities totaled \$2,010 (2013 - \$2,004) of which \$122 (2013 - \$0) was capitalized during the year.

March 31, 2013 Reductions Additions March 31, 2014

Infrastructure				
Capital Reserve	350	-	-	350
Strategic Development				
Project Development	229	-	250	479
579	250	829		

THE UNIVERSITY OF WINNIPEG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2014

Amounts in Thousands

an obligation.

Accounts receivable are due for the most part from various levels of government and students. The carrying amount of accounts receivable is considered to approximate fair value due to the University's historical experience regarding collections.

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

	2014	2013
Accounts Receivable, gross		
Current	\$ 3,894	\$ 5,112
Past Due	1,470	3,119
	<u>5,364</u>	<u>8,231</u>
Less: Allowance for Doubtful Accounts	(390)	(313)
Accounts Receivable, net	<u>\$ 4,974</u>	<u>\$ 7,918</u>

The credit risk on cash and cash equivalents and short and long term fixed income investments is considered low as the counterparties are highly rated financial institutions. The credit risk regarding the equity investment in term receivables is considered low as the receivable is from an established not-for-profit organization and secured by the 460 Portage Avenue property therefore no allowance has been provided for.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Interest Rate Risk

Liquidity Risk

Liquidity risk is the risk that the University will not be able to meet all cash outflow obligations as they come due. The University mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash

There have been no significant changes from the previous year in the exposure to risk or policies, procedures

THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amounts in thousands

Pension Plan The Plan is registered under the Income Tax Act and the Manitoba Pension Benefits Act (Registration #300014). The defined benefit segment of the Plan was closed to new members effective January 1,

Prior to July 2000, the University was responsible for the administration of the Plan. An independent board of trustees is now responsible for the administration of the Plan and in the course of its ongoing operations, the assets are invested on the advice of professional investment managers and are held under a Trust Agreement by a trust company.

Contributions are made by the University based on the salary of each active member in accordance with the

Defined Contribution Obligation

Members of the defined contribution segment contribute 6% of their salary, not in excess of 0.5% of the Canada Pension Plan's Year's Maximum Pensionable Earnings (YMPE) to the Plan. The University contributes

	Dec. 31, 2013	Dec. 31, 2012
Balance, Beginning of Year	\$ 32,997	\$ 27,310
Contributions	5,243	4,066
Benefits and Refunds Paid	(1,451)	(633)
Net Investment Return	5,100	2,254
Balance, End of Year	\$ 41,889	\$ 32,997
Expense recognized for the period ending December 31	\$ 2,540	\$ 2,034

Defined Benefit Obligation

Pensions are provided on the basis of final average earnings and service. The maximum pension per year of service is 1.5% of final average earnings plus 0.5% of the total year average earnings from earnings of the pension fund in excess of 6%, limited to the increase in the CPI. At the December 31, 2012 valuation of the defined benefit segment of the Plan, there were 104 active members with an average age of 57.3. There were 40 former

members contribute 8.1% of salary up to the Canada Pension Plan's Year's Basic Exemption (YBE) or 1% between the YBE and YMPE and 8.0% in excess of the YMPE. Members contribute only on salary not in excess of \$86,111 plus 50% of the YMPE.

The University contributes 10.0% of salary up to the YBE, 1.0% between the YBE and YMPE and 8.0% in excess of the YMPE. The University also contributes 50% of the YMPE.

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. Valuations may be required more frequently depending on the financial position

Actuarial valuations are performed by Fidelity Investments using the actuarial benefit method. The latest actuarial valuation of the Plan was prepared and filed with the Manitoba Pension Commission as at December 31, 2012, and the results were extrapolated to December 31, 2013. There is a net unrecognized actuarial loss to be amortized over

For the Year Ended March 31, 2014
Amounts in Thousands

rates, salary increases and mortality. The assumptions used reflect the University's best estimates. At December 31, 2013, the expected future inflation rate is 2.00%. Salaries are assumed to increase 3.00% per year, plus a premium and then increase in a manner consistent with the University's historical experience. The expected rate of return on plan assets, net of investment expenses, is 7.50%.

Assets and liabilities are valued at market values. The expected rate of return on plan assets, net of investment expenses, is 7.50%.

	2013	2012
Accrued Benefit Obligation, Beginning of Year	\$ 140,314	\$ 139,531
Interest Cost	8,054	7,999
Benefits and Refunds Paid	(8,087)	(8,133)
Actuarial gain (loss)	1,662	(1,281)
Accrued Benefit Obligation, End of Year	\$ 144,639	\$ 140,614

Change in Market Value of Plan Assets - Calendar Year Ending December 31

	2013	2012
Market Value of Plan Assets, Beginning of Year	\$ 113,822	\$ 107,876
University Contributions	4,211	5,161
Member Contributions	959	874
Benefit Payments	(8,087)	(8,133)
Actual Return on Plan Assets	15,761	8,294
Plan Expenses	(250)	(250)
Market Value of Plan Assets, End of Year	126,416	113,822
Expected market value of assets at end of year	117,221	111,770
Gain (loss) on plan assets	\$ 9,195	\$ 2,052

The plan assets for the Calendar Year Ending December 31, 2013, consisted of:

	2013	2012
Domestic fixed income	\$ 37,814	\$ 50,872
Canadian equity	31,746	37,001
U.S. equity	15,377	9,843
International equity	18,794	10,261
Cash and cash equivalents	22,720	6,816
Net accruals	(35)	(61)
	\$ 126,416	\$ 113,822

Asset allocation is determined and monitored by the independent Board of Trustees.

Expected average remaining service life

	2014	2013
Expected average remaining service life	7.9	8.4
Net unamortized gain (loss), Beginning of year	\$ (13,687)	\$ (10,320)

2009

Net unamortized amounts

4,725

13,687

Rate of salary increase

2009

3.00

3.00

Thereafter

2.00

4.00

Funding Obligation

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

The University is not responsible for providing additional funding levels in accordance with the Pension Benefits Act of Manitoba.

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 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.

administration expenses.

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17. Contractual Obligations

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, 2020. In addition, the University has entered into a number of contracts to complete capital additions and renovations on various properties during the upcoming year. The above obligations require annual payments over the next five years and thereafter as follows:

	Lease	Contractual Obligations	Total
2014	\$ 17,685	\$ 5,174	\$ 22,859
2015			
2016			
2017			
2018			
2019			
2020			
Thereafter			

Income Stream The Foundation is a charitable not-for-profit organization and, as such, is exempt from income tax under the Income Tax Act (Canada).

The establishment of the Foundation is based upon mutually binding agreements between the University and the Foundation. The Foundation is a controlled entity of the University. The financial statements have been prepared in accordance with the PSAS for CNEFOs, including the 1000 series of standards, as issued by the Public Sector Accounting Board within its scope and follows the principles of fund accounting to record the day-to-day transactions.

As the Foundation is a controlled entity of the University, their financial statements have been prepared in accordance with the PSAS for CNEFOs, including the 1000 series of standards, as issued by the Public Sector Accounting Board within its scope and follows the principles of fund accounting to record the day-to-day transactions.

The financial position of the Foundation at March 31, which includes the University of Winnipeg Foundation USA Inc. a controlled entity, is summarized as follows:

	2014	2013
Statement of Financial Position		
Assets	\$ 52,979	\$ 46,158
Liabilities	\$ 766	\$ 1,562
Fund Balances:		
Operating Fund	467	222
Unrestricted Fund	21	-
Investment in Capital Assets	21	13
Building and Program Fund	577	573
Funds held pending Terms of Reference	10	78
Internally Restricted	-	250
Endowment Funds	11,000	11,000
Total	52,213	44,596

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Statement of Operations:

Source of Funds:

	2014	2013
Transfer from University of Winnipeg	\$ 1,078	\$ 599
Investment Income	3,262	1,765
University of Winnipeg support funding	385	473
Endowment administration fee	867	794
	<u>9,863</u>	<u>9,257</u>

Operating activities:

Increase in funds	\$ 2,929	\$ 1,616
Items not involving a current outlay of cash	3	(736)
Capital activities	(12)	(12)
Investing activities	(2,845)	(1,552)
Financing activities	(605)	678
(Decrease) increase in cash	(634)	689
Cash, beginning of year	1,594	905
Cash, end of year	\$ 960	\$ 1,594

The University of Winnipeg Community Renewal Corporation (UWCRC) was incorporated on April 6, 2005 as a corporation without share capital. UWCRC is a charitable not-for-profit organization and no such is exempt from income taxes under the Income Tax Act (Canada). UWCRC holds assets that are held for the benefit of the University of Winnipeg and are not taxable entities that are taxable.

UWCRC's mandate is to support the University by developing a sustainable university community that promotes the University and Government of Manitoba's commitment to sustainable development. UWCRC is a not-for-profit organization and is not a charitable organization. UWCRC is a charitable organization and is not a charitable organization.

Related Parties Note 20

PS 4200 series of standards, as issued by the Public Sector Accounting Board.

UWCRC holds a 65% interest in and is a landlord of the property located at 1045 Broadway, Winnipeg, Manitoba. The property is a commercial complex comprising an office building, retail stores and a parkade adjacent to the University's main campus. The University is leasing office space in the Property.

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the 491 Portage Avenue Joint Venture. The principal outstanding at March 31, 2014 is \$12,000 (2013: \$12,172). The mortgage and advance are secured by an \$18,000 debenture registered against the title of the property, share pledge agreements, and the postponement of claims by the joint venture to a total of \$3,000.

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

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

	2014	2013
Statement of Financial Position:		
Assets		
Accounts receivable	419	313
Due from University of Winnipeg (Note 20)	-	6
Capital assets	597	610
Investments, at equity	5,111	4,918
	<u>\$ 6,477</u>	<u>\$ 6,220</u>
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 65	\$ 72
Current portion of long term debt	22	27
Due to University of Winnipeg	24	-
Long term debt	440	444
Deferred capital contributions	200	200
Net assets	5,945	5,672

	\$ 6,477	\$ 6,220
Revenue		
	1,452	1,318
Excess of revenue over expenses		
	273	440
Net assets, beginning of year	5,672	5,262
Net assets, end of year	<u>\$ 5,945</u>	<u>\$ 5,672</u>

Statement of Cash Flows		
Increase (decrease) in funds from operations	\$ (26)	\$ 280
Increase in cash	(23)	159
Cash, beginning of year	373	214

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20. Related Party Transactions and Balances

The Foundation and UMWRC, Avenue Joint Venture and Diversity Food Services (Diversity) are also related parties. Diversity, an unincorporated joint venture, is related to the University by way of UMWRC owning 100% of the issued share capital of a numbered company which jointly controls Diversity.

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

	2014	2013
From the University to the Foundation:		
i) Operating grant	\$ 200	\$ 288
ii) Gifts of matching funds for endowment	\$ 720	\$ 542
From the Foundation to the University:		
i) Transfer of annual donations	\$ 3,295	\$ 3,908
From UMWRC to the University:		
i) Management fees	\$ 167	\$ 214
From the University to the Joint Venture:		
i) Lease expense	\$ 701	\$ 760
From the Joint Venture to the University:		
i) Service fees	\$ 92	\$ 88
From the University to Diversity:		
i) Food services	\$ 858	\$ 871
From Diversity to the University:		
i) Rental revenue	\$ 70	\$ 103

These transactions are recorded at the exchange amount which is the amount established and agreed to by the parties to the transaction. The University's share of the Joint Venture's income and expenses has been eliminated upon consolidation.

Due from related parties:	404	404
Notes receivable (Note 5)	44,044	44,444

Due to related parties:

UWRC

70

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in terms of common ownership to all Divisions of Manitoba created departments, agencies and Crown Corporations. The University enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

21. 460 Portage Avenue Joint Venture

The University entered into an agreement in 2009 with the Government of Manitoba to provide space for the operations of the University and its affiliates on a long-term basis. The purpose of the joint venture is to construct and operate a building primarily intended for the operations of the University and its affiliates on a long-term basis. The joint venture is a 50/50 partnership between the University and the Government of Manitoba.

Details of recurring amounts are shown in the Related Parties Note 20.

The joint venture financial statements have been prepared in accordance with Canadian accounting standards for private enterprises. The following is a summary of the University's nonproportionate share of the financial position, results of operations and cash flows of the joint venture included in the consolidated financial statements for the

Statement of Financial Position

Assets:

Accounts receivable and prepaid expenses
Capital assets
Intangible asset

2014

2013

\$ 263	\$ 334
8,072	8,159
1,225	1,258
9,560	9,751

Liabilities and Venturer's Equity:

Accounts payable and accrued liabilities
Due to the University of Winnipeg
Deferred capital contributions
Venturer's equity
Capital Reserve

\$ 5	\$ 0
7,526	7,651
409	416
1,572	1,678
48	-
9,560	9,751

Revenues:

Rent revenue
Amortization of deferred capital contributions

\$ 104	\$ 110
7	7
111	117
688	743

Expenses:

Building operating
Interest
Amortization
Amortization of intangible asset

204	271
204	204
119	118
33	33
747	783

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Performance

Cash flows from (used by) operating activities

	2017	2016
Cash flows from (used by) operating activities	222	108
Proceeds from long term financing		1,904
Capital contributions received	-	24
Repayment of long term debt	(422)	(602)

The intangible asset included in the joint venture represents the University's ability to obtain long-term financing and well as certain other balances were eliminated in the University's accounts as consolidated.

Construction of the building resulted in a number of deficiencies which had to be rectified upon possession. The cost of remedial action is included in the cost of the building; however the joint venture is negotiating with the contractor team for the building and expects to be able to recover some of these costs. The result of these negotiations is unknown, but may result in costs between \$0 and \$225 being recovered by the joint venture. The University does not intend to fund any such costs.

22. Contingencies

The University is named as a defendant in litigation where legal action has commenced or is anticipated. The University does not believe these contingencies will have a material effect on the financial position of the University or the University's cash flows.

The University, acting as trustee for the 460 Portage Avenue Joint Venture has entered into an agreement with an unrelated third party to purchase the land known as 460 Portage Avenue. The agreement calls for a final payment of \$1.5 million on or before 31st December 31, 2017. No provision has been made in the financial statements for this contingent future payment.

23. Reclassification of Comparative Figures

Certain 2014 comparative figures have been reclassified to conform with the accounting policies adopted for 2014.