THE UNIVERSITY OF WINNIPEG

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2007

THE UNIVERSITY OF WINNIPEG

WINNIPEG, MANITOBA, CANADA

THE UNIVERSITY OF WINNIPEG

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2007

The University of Winnipeg
Report on the Consolidated Financial Statements
Report of the Vice-President Finance & Administration

The University of Winnipeg's consolidated financial statements contain the financial results of the University of Winnipeg's operations and the operations of the University of Winnipeg Educational Housing Corporation. The financial results of the University of Winnipeg Foundation and the University of Winnipeg Community Renewal Corporation are included by means of a note to the consolidated financial statements for purposes of disclosure.

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

The University has completed a successful year of operations with continuing record student enrolment and several significant major capital projects announced through the year. These projects set the stage for an expansion and enhancement of the existing Campus as part of a strategic initiative to provide for campus facilities that are state of the art to meet the growing needs of students.

The University experienced growth in revenues through increased enrolment and achieved, in effect, a breakeven operating position for the year. This is a reflection of sound budget management throughout the year and contributed to the University achieving its financial goals.

Capital expansion occurred as evidenced in the completion of projects including Spence Street re-alignment, Wesley Hall interior Upgrades (Phase 1), and the Helen Betty Osborne Building on Ellice Avenue. Projects that were announced, with progress made in the design phase of the project, include The Science Complex, The CanWest Centre for Theatre and Film, Spence Street Commons, and the Duckworth Building expansion. A highlight in the year was the receipt by the Foundation of several substantial donations towards major capital projects. The University was also provided with a major grant of $25 million from the Provincial Government to assist in funding the Science Complex.

While these results demonstrate the continuing turnaround in the University's financial results, it also reflects the continuing need for investment in capital and operating structures for infrastructure and equipment that still require attention.

The University's financial situation has shown an improvement over the previous year. Total assets have increased to $83.4 million with net assets realizing a modest increase to $16.7 million. Much of the growth in assets was realized as a result of increased investment in capital and facility infrastructure, and the receipt of the initial payment of $5.0 million from the Provincial Government for funding the Science Building. The statement of operations confirms a 5.6% increase in revenue to $87.6 million generating a $83,000 operating deficiency. This reflects an improvement over the previous year and was achieved through continuing and effective budget management processes within the University.

Unrestricted Net Assets increased by $60,000 to $2.1 million while internally restricted net assets declined by $104,000 to $1.4 million as reported in Statement III. The changes within Net Assets in Statement III include:

a) Internally funded transfers in respect of capital asset additions of $1.08 million and amortization totaling $1.08 million;
b) The addition of $409,000 to Strategic Provisions within internally restricted net assets as well as the expenditures of $601,000 funded from Strategic Provisions within the year;
c) Unspent endowed investment earnings in trust amounting to $222,000.

The University prepared a balanced budget for fiscal 2007-2008 that was approved by the Board of Regents on June 4, 2007, reflecting the operating plan for the University in the current year. The 2007-2008 budget is designed to build on the improvement in the University's financial position achieved in recent years and reflects three major priorities: the application of more funding to critical long term objectives and academic priorities, reduction of base operating costs, and the limitation of increases in student fees in the budget year.

University of Winnipeg Pension Plan

Discussions between the University, Plan Stakeholders and the Provincial Government have continued in 2006-07 with the objective of arriving at a solution to the Pension Plan's solvency deficiency challenge. These discussions have been productive and agreement was reached to have a formal proposal submitted by the University and Plan Stakeholders to the Provincial Government that will provide the University with a permanent exemption from the requirement to make solvency deficiency payments. In addition, the University and all Plan Stakeholders also agreed to begin the transition of the pension plan to a Joint Trusteed plan.

University of Winnipeg Community Renewal Corporation (UWCRC)

The UWCRC has managed the 25% interest in the 491 Portage Avenue building that provides additional space for the University's Finance and Administration staff. It has also operated in a significant role as a resource to the University in the continuing development and design of the Science Building Complex as well as developing the business plan for the expansion of the Duckworth Building.

The University of Winnipeg Foundation

During the year, the University of Winnipeg Foundation has continued to operate within the initial phase of its Capital Campaign and is successfully moving forward to a public launch of the campaign. In 2006-2007, the Foundation contributed $2.3 million from the Specified Fund towards major capital projects undertaken by the University, including the completion of the Helen Betty Osborne Building, completion of the initial phase of the Spence Street realignment, phase I of the restoration of the interior of Wesley Hall & Convocation Hall, completion of the Wesley Hall exterior stone remediation, and development and design work on the CanWest Centre for Theatre and Film.

The positive operating results in fiscal 2006-2007 combined with the 2007-2008 budget together mark another step in the continuing journey of the University regaining financial stability. In 2007-2008, additional operating funding from the Provincial Government together with the expenditure reductions made by Administration together with the anticipated resolution of the solvency deficiency in the defined benefit segment of the Pension Plan situate the University to better meet its academic priorities and achieve its strategic and operating objectives.

(Original signed by Bill Balan)

Bill Balan
Acting Vice-President (Finance & Administration)
The University of Winnipeg

June 8, 2007

THE UNIVERSITY OF WINNIPEG

UNIVERSITY OF WINNIPEG

MANAGEMENT REPORT

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

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

On Behalf of Management

(Original signed by Bill Balan)

Bill Balan
Acting Vice-President (Finance & Administration)

(Original signed by B. Douglas Prophet)

B. Douglas Prophet, CA
Associate Vice-President Finance

Winnipeg, Manitoba
June 8, 2007

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Board of Regents of the University of Winnipeg

We have audited the consolidated statement of financial position of the University of Winnipeg as at March 31, 2007 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original document signed by:
Carol Bellringer

Carol Bellringer, FCA, MBA
Auditor General

Winnipeg, Manitoba
June 8, 2007
Except for note 23 which is at June 29, 2007

500 - 330 Portage Avenue, Winnipeg (Manitoba) CANADA R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
www.oag.mb.ca

THE UNIVERSITY OF WINNIPEG **Statement I**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at March 31, 2007
(with comparative figures for 2006)

ASSETS

	2007 $000	2006 $000
Current Assets:		
Cash and Cash Equivalents (Note 3)	$18,777	$13,105
Accounts Receivable	3,531	4,200
Due from Related Parties (Note 19)	1,223	391
Prepaid Expenses	748	925
Inventory	1,193	1,106
	25,472	19,727
Long Term Investments (Note 4)	1,566	1,566
Capital Assets (Note 5)	56,400	53,308
	$83,438	$74,601

LIABILITIES AND NET ASSETS

	2007 $000	2006 $000
Current Liabilities:		
Accounts Payable and Accrued Liabilities	$6,640	$6,234
Deferred Revenue	2,634	2,150
Deferred Contributions (Note 6)	5,702	5,033
Unfunded Staff Benefits (Note 7)	1,466	1,409
Due to Related Party (Note 19)	179	306
	16,621	15,132
Obligations under Capital Leases (Note 9)	423	0
Long Term Liabilities (Note 10)	1,414	1,913
Deferred Capital Contributions (Note 11)	48,221	40,936
Net Assets:		
Unrestricted Net Assets	2,101	2,041
Internally Restricted Net Assets (Note 12)	1,395	1,488
Endowments (Note 13)	2,684	2,462
Investment in Capital Assets	10,579	10,629
	16,759	16,620
	$83,438	$74,601

Trust Assets (Note 13)
Commitments (Notes 15, 16, 17, 22)
Contingencies (Note 18)
Subsequent Events (Note 10, 23)

Approved by the Board of Regents

(Original signed by Terry Hidichuk) *(Original signed by Lloyd Axworthy)*

Chair, Board of Regents President & Vice Chancellor

See accompanying notes to the consolidated financial statements.

THE UNIVERSITY OF WINNIPEG **Statement II**
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended March 31, 2007
(with comparative figures for 2006)

	2007 $000	2006 $000
REVENUE		
Government Grants:		
Council on Post Secondary Education	$40,448	$37,753
Other Province of Manitoba	1,662	1,542
Government of Canada	2,634	2,473
Student Academic Fees	28,335	26,973
Gifts, Grants and Bequests	1,257	2,181
Investment Income	1,684	1,574
Sales of Services and Products	4,626	4,310
Other Revenues	5,252	4,806
Amortization of Deferred Capital Contributions (Note 11)	1,668	1,323
	87,566	82,935
EXPENSES		
Salaries	50,095	47,634
Staff Benefits	6,908	6,294
Supplies, Services and Other Expenses	13,881	12,376
Cost of Sales	3,049	3,045
Building, Utility and Related Expenses	6,376	6,289
Provincial and Municipal Taxes	1,099	1,398
Scholarships and Awards	2,601	2,362
Gifts to Related Parties (Note 19)	818	1,565
Amortization of Capital Assets	2,822	2,450
	87,649	83,413
DEFICIENCY OF REVENUE OVER EXPENSES	($83)	($478)

See accompanying notes to the consolidated financial statements.

THE UNIVERSITY OF WINNIPEG **Statement III**
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended March 31, 2007
(with comparative figures for 2006)

	2007					2006
	UNRESTRICTED NET ASSETS $000	**INTERNALLY RESTRICTED NET ASSETS (Note 12) $000**	**ENDOWMENTS (Note 13) $000**	**INVESTMENT IN CAPITAL ASSETS $000**	**TOTAL $000**	**TOTAL $000**
BALANCE, BEGINNING OF YEAR	$2,041	$1,488	$2,462	$10,629	$16,620	$15,286
Deficiency of Revenue Over Expenses	(83)				(83)	(478)
Direct Increases (Decreases):						
Endowment Contributions			222		222	1,812
Transfers:						
Internally Funded:						
Capital Asset Additions	(1,076)			1,076	0	0
Amortization of Capital Assets	1,082			(1,082)	0	0
Loss on Disposal of Capital Assets	165			(165)	0	0
Repayment of Long Term Debt	(121)			121	0	0
Internally Restricted Net Assets – Trust	(99)	99			0	0
Strategic Provisions – Reductions (Note 12)	601	(601)			0	0
Strategic Provisions – Additions	(409)	409			0	0
NET CHANGE FOR THE YEAR	60	(93)	222	(50)	139	1,334
BALANCE, END OF YEAR	$2,101	$1,395	$2,684	$10,579	$16,759	$16,620

See accompanying notes to the consolidated financial statements.

THE UNIVERSITY OF WINNIPEG **Statement IV**
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2007
(with comparative figures for 2006)

	2007 $000	2006 $000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from:		
Government Grants	$45,352	$42,554
Student Academic Fees	27,823	26,631
Gifts, Grants and Bequests	2,109	2,469
Investment Income	1,676	1,609
Sales of Services and Products	4,575	4,342
Other Revenues	5,594	4,728
Cash Paid for:		
Salaries and Benefits	(56,934)	(54,211)
Supplies, Services and Other Expenses	(13,803)	(11,533)
Cost of Sales	(2,938)	(3,544)
Building, Utility and Related Expenses	(6,610)	(6,112)
Provincial and Municipal Taxes	(1,099)	(1,515)
Scholarships and Awards	(2,610)	(2,356)
Gifts to Related Parties	(995)	(1,683)
	2,140	1,379
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Purchase of Capital Assets	(4,581)	(8,888)
	(4,581)	(8,888)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash Contributions Received for Endowment	222	0
Long Term Debt Repayments on Mortgages	(234)	(216)
Long Term Debt – Building Purchase	0	980
Cash Received for Deferred Capital Contributions	8,125	6,131
	8,113	6,895
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,672	(614)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	13,105	13,719
CASH AND CASH EQUIVALENTS, END OF YEAR	$18,777	$13,105
Cash and Cash Equivalents Consists of:		
Cash in Bank	2,721	14
Short Term Investments	16,056	13,091
	$18,777	$13,105

Excluded from Investing and Financing Activities are assets acquired under Capital Leases and the related obligations under Capital Leases totalling $605 (2006 - nil).

See accompanying notes to the consolidated financial statements.

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 primary role of the University is to provide post secondary education and research in Arts, Sciences and Education. The University also operates the Collegiate, an independent high school and a number of other education related activities. The University is a registered charity and is exempt from the payment of income taxes.

2. Summary of Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

A) Contributions

The University has chosen to use the deferral method of accounting for contributions. Under the deferral method of accounting for contributions, restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Restricted contributions are stipulations imposed that specify how resources must be used. External restrictions are imposed from outside the organization, usually by the contributor of the resources. Restrictions on contributions may only be externally imposed.

B) Revenue Recognition

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

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

Debt owing to the Province of Manitoba is reflected as deferred capital contributions in the statement of financial position. The related revenue earned from the Council on Post Secondary Education to offset the interest expense are both excluded from the statement of operations and changes in fund balances.

Externally restricted contributions for the acquisitions of capital assets having limited lives are recorded as deferred capital contributions in the period in which they are received. Amortization of deferred capital contributions is recognized as earned revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Endowment contributions are recorded as direct increases in net assets in the period in which they are received.

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. Bank borrowings are considered to be financing activities.

D) Investments

Investments are recorded at cost with the exception of donated investments, which are recorded at estimated fair value on the date received. When there has been a loss in the value of a long term investment, that is other than a temporary decline, the investment is written down to recognize the loss.

E) Inventories

Bookstore and Printing inventories are valued at the lower of cost or net realizable value.

F) Capital Assets

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 appraisal at the time of acquisition or donation. Donated assets are recorded at estimated fair market value on the date received. Land, collections of rare books and works of art are not amortized. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings, Additions and Improvements	60 years
Leasehold Improvements	Term of Lease
Library Acquisitions	10 years
Furnishings and Equipment	10 years
Major System Computer Software	10 years
Computer Equipment and Software	5 years
Vehicles	5 years
Equipment under Capital Lease	Term of Lease

G) Use of Estimates

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

H) Principles of Consolidation

The consolidated financial statements of the University include the accounts of the University of Winnipeg Education Housing Corporation (UWEHC), a wholly owned entity. UWEHC secures and provides affordable residential accommodation for the benefit of persons enrolled at the University. The University of Winnipeg Foundation (the Foundation) (Note 16) and the University of Winnipeg Community Renewal Corporation (UWCRC) (Note 17), both controlled entities, are not consolidated in these financial statements.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

	2007 $000	2006 $000
Operating Funds	$10,229	$7,694
Sponsored Research and Designated Funds	2,561	1,946
	12,790	9,640
Trust Funds	5,987	3,465
	$18,777	$13,105

Trust funds are held for deferred contributions - $2,870 (2006 - $2,721), internally restricted net assets - $661 (2006 - $562), endowments - $1,118 (2006 - $0) and due to operating - $1,338 (2006 - $182).

4. Long Term Investments

Long term investments are comprised of endowment funds (Note 13):

	2007 $000	2006 $000
Fixed Term Instruments	$600	$600
Investment Shares	50	50
Properties	916	916
	$1,566	$1,566

(AMOUNTS IN THOUSANDS)

5. Capital Assets

	2007			2006
	Cost $000	Accumulated Amortization $000	Net Book Value $000	Net Book Value $000
Land	$2,211	$0	$2,211	$2,211
Buildings, Additions and Improvements	61,004	18,597	42,407	34,689
Library Acquisitions	12,369	10,464	1,905	1,727
Furnishings and Equipment	25,971	20,007	5,964	6,375
Collections	1,221	0	1,221	1,172
Buildings Under Construction	2,159	0	2,159	7,134
Equipment Under Capital Lease	605	72	533	0
	$105,540	$49,140	$56,400	$53,308

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

6. Deferred Contributions

Deferred contributions represent contributions received for special purposes such as Sponsored Research and Designated Funds and Special Purpose Trust consisting of scholarships and bursaries, library acquisitions and lecture funds.

	2007 $000	2006 $000
Balance, Beginning of Year	$5,033	$4,910
Contributions Received	7,555	8,322
Contributions Expended	(6,119)	(6,634)
Transferred to Foundation	(767)	(1,565)
Balance, End of Year	$5,702	$5,033
Balance Consists of:		
Sponsored Research and Designated Funds	$2,832	$2,312
Special Purpose Trust	2,870	2,721
	$5,702	$5,033

7. Unfunded Staff Benefits

The balance of unfunded staff benefits includes:

	2007 $000	2006 $000
Accrued Vacation Pay	$1,382	$1,326
Supplementary Pension Payable - Current Portion	84	83
	$1,466	$1,409

8. Bank Indebtedness

The University has an operating line of credit with a bank authorized in the amount of $750. The line of credit is unsecured and bears interest at prime. It was not utilized at March 31, 2007 or March 31, 2006.

9. Obligations under Capital Leases

The following is a schedule of future minimum lease payments under capital leases expiring between July 1, 2011 and March 1, 2012 together with the balances of the obligations under capital leases:

	$000
2007/08	$134
2008/09	134
2009/10	134
2010/11	134
2011/12	54
Total minimum lease payments	590
Less amount representing interest at approximately 3.5%	(52)
Balance of obligations	538
Current Portion	115
Obligations under Capital Leases	$423

Interest expense for the current year on the lease obligations amounted to $13. The current portion of the Obligations under Capital Leases of $115 has been included in Accounts Payable and Accrued Liabilities.

10. Long Term Liabilities

	2007 $000	2006 $000
Promissory Note	$694	$792
Mortgage Payable	174	203
UWEHC Mortgages Payable	0	287
Supplementary Pensions Payable	546	631
	$1,414	$1,913

The promissory note represents an unsecured loan from the Province of Manitoba. The loan in the amount of $980 was used to finance the property located at 509 Ellice Avenue and 433 Young Street. The loan is due on April 15, 2015 and has an interest rate of 4.45%. It is repayable at $8 principal plus interest per month. Principal payments on the note amount to $98 per year.

The mortgage payable, secured by Graham Hall, is payable to Canada Mortgage and Housing at 5 3/8% due October 1, 2012. The Council on Post-Secondary Education annual operating grant provides for the $40 annual mortgage payment. Principal payments on this mortgage during the next five years are: 2008 - $30; 2009 - $31; 2010 - $33; 2011 - $35; 2012 - $37.

UWEHC mortgages are secured by Balmoral Street and Spence Street properties and are payable to the Assiniboine Credit Union. The mortgage payable on the Balmoral Street properties is a variable term mortgage and has a floating interest rate at prime. Due to the nature of this mortgage it has been recorded as a current liability. The four individual mortgages payable on the Spence Street properties are due April 1, 2007 and have an interest rate of 6.75%. On April 1, 2007, these mortgages were renewed with the Assiniboine Credit Union for a five-year term (maturing April 1, 2012) and have an interest rate of 6.55%.

Included in accounts payable and accrued liabilities is the current portion of long term debt of $128 (2006 - $451).

Interest paid during the year on long term liabilities totalled $89 (2006 - $93).

11. Deferred Capital Contributions

Deferred capital contributions represent unamortized external contributions related to the purchase of capital assets in the amount of $43,713 (2006 - $40,936) and funds held for future capital project expenditures in the amount of $4,508 (2006 - $0). The amortization of deferred capital contributions is recorded as revenue in the Statement of Operations.

	2007 $000	2006 $000
Balance, Beginning of Year	$40,936	$36,402
Contributions Received	1,228	2,910
Contributions from University of Winnipeg Foundation Specified Fund	7,696	2,920
Mortgage Principal Contributions	29	27
Amortization of Deferred Capital Contributions	(1,668)	(1,323)
Balance, End of Year	$48,221	$40,936

12. Internally Restricted Net Assets

Internally restricted net assets balance at March 31, 2007 is $1,395 (2006 - $1,488). It consists of cumulative net unrestricted trust income of $660 (2006 - $561) and strategic provisions of $735 (2006 - $927).

The cumulative net unrestricted trust income of $660 is available to fund Board of Regents scholarships.

The strategic provisions additions represent an appropriation from unrestricted net assets to internally restricted assets. This transfer is made to provide for future funding support of initiatives within the Strategic Plan and the Academic Plan. Actual expenditures related to strategic provisions are charged to operations with a corresponding transfer of funds from internally restricted (see Statement III).

The strategic provisions provide for:

	March 31, 2006 $000	Reductions $000	Transfers $000	Additions $000	March 31, 2007 $000
Fiscal Stabilization					
Defined Benefit Pension Sinking Fund	$500	($500)			$ 0
Infrastructure					
Student Information System	0			384	384
Academic Equipment	100				100
Building Renovations	66	(13)			53
Strategic Development					
Internal Research Grants	75	(6)			69
Library Endowment	13	(13)			0
World Council on Gifted Children	9	(9)			0
Employment Equity	20	(3)	(17)		0
Project Development	144	(57)	17	25	129
	$927	($601)	$0	$409	$735

13. <u>Net Assets Restricted for Endowment Purposes</u>

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

Endowments are comprised of long-term investments of $1,566 – Note 4 (2006 - $1,566) and short-term investments of $1,118 (2006 – accounts receivable $896).

Endowments of $2,034 are held in trust in accordance with the terms of a certain bequest. In 2007, the University has a 10% share in the income distribution from this trust (2006 – 10% share).

14. University of Winnipeg Pension Plan (the Plan)

The Plan was established as a contributory defined benefit pension plan at September 1, 1972. The Plan is registered under the Income Tax Act and the Manitoba Pension Benefits Act (Registration #309914). A Pension Committee oversees the administration of the Plan, monitors investments and makes policy recommendations to the Board of Regents of the University. A trust company holds the assets under a trust agreement and provides daily administration of the Plan. Professional investment managers administer the portfolio.

The Plan covers all eligible employees of the University, except those who are members of the United Church of Canada Pension Plan. Permanent academic employees join the Plan on their date of employment. Permanent non-academic employees may elect to join on their date of employment but must join on their first anniversary date of employment.

At December 31, 2006 the fair value of the Plan's net assets was $139,797 (2005 - $127,055). Under the Plan, contributions are made by Plan members which are matched by the University for the defined contribution members; for defined benefit members, an additional 1% is paid by the University. A member who receives benefits from the long-term disability plan of the University is not required to contribute to the Plan. The annual pension payable to a defined benefit member on retirement is based on the member's final average earnings and years of credited service.

In accordance with the Canadian Institute of Chartered Accountants (CICA) accounting standard for Employee Future Benefits, Section 3461 of the CICA Handbook – Accounting, the University uses a three-month accelerated measurement date for financial reporting purposes. As a result, with respect to the defined benefit segment of the Plan, the reported value of the plan assets and plan obligations are as at December 31, 2006 are $123,236 and $125,951 respectively. The corresponding values for the plan assets and plan obligations at the fiscal year-end, March 31, 2007 are $123,910 and $126,688 respectively.

The University, through a Board of Regents resolution of December 4, 2000, implemented Plan amendment #2001/1 that provided for the creation of a defined contribution segment to the Plan, an initial distribution of surplus equally to Plan members and the University, a further sharing of the remaining surplus to Plan members and the University, and the establishment of a Board of Trustees to operate the Plan at arm's length from the University. Subsequently, investment market conditions led to circumstances where the final distribution to Plan members and the University was not able to proceed.

In April 2003, the University and the Stakeholders who represent the defined benefit segment of the Plan agreed to amend the provisions of the Plan Amendment 2001/1 that had been approved by the Board of Regents in December 2000. All of the provisions of the agreement have been implemented with the exception of the establishment of a Board of Trustees to oversee the administration of the Plan. Discussions are ongoing between the University and the Plan Stakeholders with respect to a transition of the Plan to a Board of Trustees.

Defined Contribution Obligation

The obligation for pension benefits under the defined contribution segment of the Plan will always be equal to the net assets in each member's account. Therefore, no surplus or deficiency arises from fluctuations in the investment market.

The defined contribution segment of the Plan consists of:

	December 31 2006 $000	December 31 2005 $000
Balance, Beginning of Year	$13,681	$11,049
Contributions	1,870	1,641
Benefit Payments and Expenses	(861)	(420)
Net Investment Return	1,871	1,411
Balance, End of Year	$16,561	$13,681

Defined Benefit Obligation

In accordance with the Pension Benefits Act, an actuarial valuation of the defined benefit segment of the Plan is required at least every 3 years. An actuarial valuation of the Plan was prepared effective December 31, 2004 by Eckler Ltd., a firm of consulting actuaries and this valuation was updated by them to December 31, 2006.

The benefit obligation has been calculated pursuant to CICA Handbook 3461 using a prescribed market-related discount rate. This approach differs from the calculation of the benefit obligation in the Pension Plan financial statements which uses a discount rate based on the expected long-term rate of return consistent with the investment policy of the fund and determined in accordance with accepted actuarial practice.

The financial information is based on the projected financial position of the Defined Benefit Pension Plan as of December 31, 2006, the "measurement date" and updated with employer contributions to the Plan during the three-month period ending March 31, 2007.

Change in Defined Benefit Obligation

	December 31 2006 $000	December 31 2005 $000
Benefit Obligation, January 1	$123,114	$110,756
Current Service Cost	2,922	2,597
Interest Cost	6,056	6,254
Benefits and Refunds Paid	(6,930)	(6,568)
Actuarial Loss	789	10,075
Benefit Obligation, December 31	$125,951	$123,114

Change in Plan Assets

	December 31 2006 $000	December 31 2005 $000
Fair Value of Plan Assets, January 1	$113,374	$104,813
Actual Return on Plan Assets, Net of Expenses	14,072	12,284
Employer Contributions	1,750	1,855
Employee Contributions	970	990
Benefits and Refunds Paid	(6,930)	(6,568)
Fair Value of Plan Assets, December 31	$123,236	$113,374

Reconciliation of Funded Status

	March 31 2007 $000	March 31 2006 $000
Funded Status – (Deficit)	($2,715)	($9,740)
Employer Contributions After December 31	288	297
Unamortized Transitional Asset	(3,644)	(4,100)
Unamortized Net Actuarial Loss	6,448	14,354
Accrued Benefit Asset, Before Valuation Allowance	377	811
Valuation Allowance	(377)	(811)
Accrued Benefit Asset, Net of Valuation Allowance	$0	$0

Components of Pension Expense

	December 31 2006 $000	December 31 2005 $000
Employer Share of Current Service Cost	$1,952	$1,607
Interest Cost	6,056	6,254
Expected Return on Plan Assets	(5,563)	(5,920)
Amortization of Transitional Asset	(456)	(456)
Amortization of Actuarial Loss	186	0
Increase (Decrease) in Valuation Allowance	(434)	362
Net Pension Expense	$1,741	$1,847

(AMOUNTS IN THOUSANDS)

Significant actuarial assumptions used in the determination of the defined benefit obligation at December 31, 2004, its extrapolation to December 31, 2006 and the 2006 pension expense were:

Discount Rate	- pre and post-retirement	5.00%
Rate of salary increase	- 2006	3.00%
	- thereafter	4.00%

Significant actuarial assumptions used in the determination of the defined benefit obligation at December 31, 2006 were:

Discount Rate	- pre and post-retirement	5.0%
Rate of salary increase	- 2007	4.0%
	- thereafter	4.0%

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, 2004 reported that the defined benefit segment of the Plan has a solvency deficiency of $15,140.

The University would normally be required under the *Pension Benefits Act* to make additional annual payments of $3,435 over a five year period to retire the solvency deficiency. However, the Provincial Government has provided the University with an amnesty in respect of those payments. Under this amnesty, the Government has, by Order in Council (No.192/2005), made a regulatory change (Special Payments Exemption Regulation 75/2005) (the “Regulation”) under the *Pension Benefits Act* that enables the University to elect to defer the annual solvency payments over the next three years, thus providing time for the Government and the University to recommend a resolution to the solvency issue. The University made this election in September 2005.

The Regulation also requires that the going-concern valuation at December 31, 2004 be reported to the Pension Commission using market value for assets and requiring any deficiency in this valuation to be funded over no more than 10 years rather than the normal 15 years. On this basis, the going-concern deficiency at December 31, 2004 is $1,988 and the annual funding payments are $268.

However, on the advice of the Plan Actuary, the University has decided to administer the plan using a smoothing approach to asset value and to fund the resulting deficiency over 15 years. On that basis, the deficiency is $3,746 and the annual funding payments are $386. This smoothing approach, as recommended by the Plan Actuary, was approved by the University’s Board of Regents on May 30, 2005. The Regulation specifically permits the University to make funding contributions in excess of the minimum provided.

Because of the going-concern deficiency, the University was also required to make additional contributions of $166 in 2005, $178 in 2006 and $187 in 2007 to cover the current service shortfall.

The University had agreed with stakeholders to make an additional contribution of $600 in 2005 and that contribution was made in July 2005. The contribution was used to cover the going-concern deficiency payment and the current service shortfall for 2005, with the balance being used to partially offset the payments in 2006.

During 2005, amendments were made to the *Pension Benefits Act* which will affect the benefits payable from the Plan. These amendments have yet to be proclaimed and the corresponding regulations have yet to be published but, based on a preliminary interpretation, the Plan's Actuary estimates that these changes will add approximately $1,100 to the actuarial present value of accrued benefits at December 31, 2004 and would increase the minimum annual funding payments to approximately $500.

On December 8, 2006, the Superintendent of Pensions issued an Order requiring the University to develop and implement a written governance framework, and pay a lump sum amount estimated to be $6.2 million plus interest of about $2 million into the Plan for the benefit of Defined Benefit members in relation to the undistributed portion of their proportionate share of the surplus determined by the Plan Actuary in 1999.

The University has appealed the Superintendent's decision to the Pension Commission, and is seeking that the Order be quashed. The appeal proceedings before the Pension Commission have commenced, but the outcome will not be determined for some time. A further appeal lies to the Manitoba Court of Appeal, and the University has taken the position before the Commission, that the Order should be stayed until all legal proceedings are concluded. No payment, pursuant to the Order has been made, and no provision has been made for such future payment in the financial statements of the Plan.

15. Commitments

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 May 31, 2016. These lease contracts require annual payments over the next 5 years and thereafter as follows:

	$000
2007/08	$1,771
2008/09	1,095
2009/10	1,009
2010/11	692
2011/12	563
Thereafter	894
	$6,024

16. The University of Winnipeg Foundation

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

The establishment of the Foundation is based upon mutually binding agreements between the University and the Foundation that provide for the administration of the specified 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 University of Winnipeg 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, certain fund raising activities, such as the Wesmen Booster Club and direct gifts to libraries, will continue on an agency basis through the University.

During 2006-2007 budget discussions and as approved by the University's Board of Regents and the Foundation's Board of Directors, the University agreed to increase the annual operating grant to the Foundation to $575 per year. This increase in the operating grant compensates for the declining Specified Fund interest income previously available to the Foundation to assist in funding its operations. However, no formal agreement has been signed to reflect this change.

(b) Occupancy and Support Agreement

This Agreement documents the basis upon which the Foundation occupied space in Wesley Hall and elsewhere on Campus and the Foundation's use of certain existing systems, programs and personnel of the University. The Foundation has agreed to pay the University a fee of $45 per annum for occupancy and support services. The Agreement is effective for an initial term ending March 31, 2004 with an option for automatic renewal for a subsequent 5 year term thereafter.

Based on discussions in June 2006, and the approval of the University's Board of Regents, the University has agreed to waive the occupancy and support costs of $45 per year, relating to modern, occupancy space on the 7th floor of 491 Portage Avenue, for the remaining three years of the agreement commencing April 1, 2007.

(c) Specified Fund Agreement

This Agreement provides for the transfer of the $14,000 Government of Manitoba capital contribution from the University to the Foundation. The Agreement contemplates the disbursement of $14,000 to the University on a scheduled basis, which coincides with proposed capital projects under the Campus Development Plan, including Wesley Hall. The Foundation is entitled to retain any interest/appreciation in capital achieved during the time the Foundation holds the funds.

Based on discussions with the Foundation during the 2006-2007 budget process, and an accelerated draw down schedule provided by the University, the amount of Specified Fund income available to support Foundation operations was reduced from an original budget of $100 to a final budgeted amount of $50 for 2006-2007. For 2006-2007, $175 in interest income was earned on the Specified Fund. Of this amount, $125 was gifted to the University. The Foundation has agreed to continue to transfer excess interest over budget earned on the Specified Fund to the University. This arrangement is not applicable to future provincial grants for the Science Complex and other major capital projects (referred to as Specified Fund II by the Foundation).

(d) Endowment Fund Agreement

The University and the Foundation entered into an Agreement that provided for the transfer of existing endowment funds from the University to the Foundation, with an effective date of April 1, 2004.

This Agreement states that the Foundation will assume responsibility for the Endowment Fund effective April 1, 2004. In accordance with the Endowment Agreement, the Foundation has a commitment to provide the University with an amount equal to the agreed percentage multiplied by the current year's beginning balance of the contributed capital. The agreed percentage is established by the Foundation and the University between September and December of each year.

The University and the Foundation have agreed that the amount will be determined by applying the agreed percentage (4.45% for 2006-2007) 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. ¾ of 4.45% for those gifts received in the first quarter, ½ of 4.45% in the second quarter and ¼ of 4.45% for those gifts received in the third quarter). Based on this formula, the Foundation provided the University with $953 in 2006-2007.

The Foundation is entitled to an annual administration fee equal to ½ 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 November 29, 2004, the University agreed to increase this fee to 2% retroactive to April 1, 2004 for a four-year period, ending March 31, 2008.

The financial information of the Foundation is not consolidated in the University's financial statements and is provided within this note and note 19 on Related Party Transactions. The Foundation is a controlled entity of the University based upon the following factors:

i) The University has representation on the Foundation's Board of Directors and has the authority to approve members at its discretion.

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

iii) The Foundation requires the University's consent to amend its by-laws.

iv) The objectives of the Foundation and the University have the common purpose to strengthen, deepen and advance the University's mission.

Financial Position:

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

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

	2007 $000	2006 $000
Statement of Financial Position:		
Assets	$41,012	$33,765
Liabilities	1,813	388
Fund Balances:		
Operating Fund	585	463
Unrestricted Fund	14	0
Investment in Capital Assets	52	42
Building and Program Fund	4,303	350
Funds Held Pending Terms of Reference	60	-
Specified Fund	2,465	5,074
Endowment Fund	31,720	27,448
	39,199	33,377
	$41,012	$33,765

	2007 $000	2006 $000
Statement of Operations		
Sources of Funds:		
Transfer from University of Winnipeg	$5,090	$0
Investment Income	2,393	1,997
Unrealized Gain on Investments	880	0
University of Winnipeg Support Funding	575	300
Endowment Administration Fee	549	461
Annual Donations	7,168	5,483
	16,655	8,241
Uses of Funds:		
Capital Programs	7,609	2,926
Endowment - Gifts to the University	953	926
Endowment - Administration Fee	549	461
Endowment - Administration Expenses	92	82
Operations	1,107	1,183
Donations Gifted to the University of Winnipeg	1,551	1,888
	11,861	7,466
Increase in Funds	$4,794	$775

The March 31, 2007 financial information of the Foundation, shown above, reflects the adoption of two new CICA Handbook sections on financial instruments (section 3855 and section 3861). These sections were applied retroactively without restatement of comparative financial information. As a result of the adoption, the Foundation recorded non-cash credit of $1,028 in the endowment fund.

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 Specified Fund consists of the initial funding of $14,000 transferred to the Foundation from the University, pursuant to the "Specified Fund Agreement".

v) The Funds held pending Terms of Reference includes donations received for capital gifts, endowment gifts, and other restricted purposes not yet allocated pending donor wishes.

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 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 5 years and thereafter as follows:

	$000
2007/08	$575
2008/09	300
2009/10	300
2010/11	270
2011/12	240
Thereafter	390
	$2,075

During the budget process in 2006-2007, the University agreed to increase the operating grant from $300 to $575 per annum on a year-to-year basis, subject to the Foundation providing an annual business case to the University to support and verify the use of the increased annual operating grant. However, no formal agreement has been signed to reflect this change.

17. 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, the UWCRC entered into agreements with the University to provide consulting services in connection with the following:

a) To assist the University with the design and development of the Science Building Complex on the basis of a per diem fee of $1.

b) To undertake the design and development of the Duckworth Building Complex on behalf of the University based on a performance based fixed price contract. The amount of the consulting fee for services rendered is $212.

c) To manage the University's Student Housing assets and all aspects of the Student Housing Program for a fixed annual fee of $250. In return, the UWCRC contracted back to the University for delivery of the Student Life aspects of the Student Housing Program, which continues to be managed by the University's Student Life Services Department, for a fixed annual fee of $175.

UWCRC holds a 25% investment in the land and building situated at 491 Portage Avenue ("Property") in Winnipeg, Manitoba. It does so by owning all of the shares of 4332181 Manitoba Ltd., which owns 25% of the property and shares of 4306946 Manitoba Ltd. The latter entity holds title to the Property as bare trustee for its shareholders. The Property is a commercial complex comprising an office building, retail stores, a bus depot and a parkade adjacent to the University's main Campus. The University is leasing office space in the Property.

UWCRC records its 25% investment in the Property on an equity basis as a result of significant influence. As of March 31, 2007, no equity income from the Property has been recorded.

As one of the conditions to obtaining financing for the Property, the financing company required that the University take 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 assure that another tenant is obtained, such that the additional revenue would bring the debt service coverage ratio back to 1.0:1.0.

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

	2007 $000	2006 $000
Statement of Financial Position:		
Assets:		
Cash	$105	$80
Investment, at Equity	762	700
Other	7	21
	$ 874	$ 801
Liabilities and Net Assets:		
Accounts Payable and Accrued Liabilities	$25	$45
Due to University of Winnipeg (Note 19)	102	132
Net Assets	747	624
	$ 874	$ 801

	2007 $000	2006 $000
Statement of Operations and Changes in Net Assets:		
Revenue		
Operating Grants	$100	$100
Donations	0	700
Consulting	311	0
Net Property Income	25	0
Other	56	5
	492	805
Expenses	429	181
Excess of Revenue over Expenses	63	624
Net Assets – Beginning of Year	624	0
	687	624
Net Assets on Acquisition	60	0
Net Assets – End of Year	$ 747	$ 624

18. Contingencies

a) 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 material effect on the financial position of the University, or the outcomes are not determinable. No provision has been made in the financial statements in respect of these claims, as of March 31, 2007.

b) On December 8, 2006, the Superintendent of Pensions issued an Order requiring the University to develop and implement a written governance framework, and pay a lump sum amount estimated to be $6.2 million plus interest of about $2 million into the Plan for the benefit of Defined Benefit members in relation to the undistributed portion of their proportionate share of the surplus determined by the Plan Actuary in 1999.

The University has appealed the Superintendent's decision to the Pension Commission, and is seeking that the Order be quashed. The appeal proceedings before the Pension Commission have commenced, but the outcome will not be determined for some time. A further appeal lies to the Manitoba Court of Appeal, and the University has taken the position before the Commission, that the Order should be stayed until all legal proceedings are concluded. No payment, pursuant to the Order has been made, and no provision has been made for such future payment in the financial statements of the Plan.

19. Related Party Transactions

The University of Winnipeg Foundation (Foundation) and the University of Winnipeg Community Renewal Corporation (UWCRC) are controlled entities of the University. The University of Winnipeg Pension Plan is also a related party.

The University charges benefit administration costs to the Pension Plan. The charge for 2006-2007 was $55 (2005-2006 - $54). This transaction was measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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

		2007 $000	2006 $000
From the University to the Foundation:			
i)	Operating grant	$575	$300
ii)	Gifts for endowment	$818	$865
iii)	Transfer of Science Complex funding *	$5,000	$0
From the Foundation to the University:			
i)	Annual service fee	$0	$45
ii)	Transfer of specified funds	$2,724	$2,926
iii)	Transfer of annual donations	$1,425	$1,851
iv)	Income allocation	$953	$926
v)	Transfer of Science Complex funding *	$5,000	$0
From the University to UWCRC			
i)	Donations for investment in property (note 17)	$0	$700
ii)	Consulting fees	$309	$0
From UWCRC to the University			
i)	Management fees	$102	$0

* During the year, the University was advanced $5.0 million from the Government of Manitoba to assist in funding the Science Complex Project (see Note 22). The University subsequently paid $5.0 million to the Foundation as part of their Capital Campaign. These funds were subsequently transferred to the University to fund project development costs as well as the purchase of the land. These funds have been recorded as deferred capital contributions.

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

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

	2007 $000	2006 $000
Due from Related Parties		
Specified Fund – Foundation	$1,084	$259
Operating – UWCRC	139	132
	1,223	391
Due to Related Party		
Operating – Foundation	179	306
	$179	$306

20. Financial Instruments

a) Fair value

The carrying amounts of short term financial assets and liabilities approximate their fair values due to the short term maturity of these instruments. Short term financial assets are comprised of cash and cash equivalents and accounts receivable. Short term financial liabilities are comprised of accounts payable and accrued liabilities. The fair value of obligations under capital leases and long term liabilities also approximate their carrying value as the rates are consistent with market rates. The fair value of the fixed term instruments included in long term investments approximates its carrying value. The fair value of the properties included in long term investments is not determinable as it is not readily available. The fair value of the investment shares shown in long term investments are not determinable as these shares are not publicly traded and no market price is readily available.

The fair value of the due to (from) related parties is not determinable due to the underlying terms and conditions of these balances.

b) Credit Risk

The University is subject to credit risk through receivables. Receivables are with numerous organizations and individuals which reduces the concentration of credit risk. Reviews are made of the credit worthiness of accounts and reserves established as required.

c) Interest Rate and Foreign Exchange Risk

Interest rates, maturities and security affect the interest rate risk of certain of the University's financial assets and liabilities.

The University is subject to foreign exchange risk because a portion of its financial instruments are denominated in foreign currencies.

The financial risk is the risk to the University's earnings that arises from fluctuations in interest rates and foreign exchange rates and the degree of volatility of these rates. The University does not use derivative instruments to reduce its exposure to interest rate and foreign exchange risk.

21. Reclassification of Comparative Figures

Certain 2006 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2007.

22. Richardson College for the Environment & Science Complex

The University has commenced the development and design of the Richardson College for the Environment and Science Complex to be completed in September 2009. The University signed a Definitive Agreement with Laureate Developments Inc. (the Developer) to assemble and transfer lands to the University that will become the site for the University's Science Complex, develop and build the Science Building Complex for the University on a turnkey basis and assist the University in attracting partners to the project for the purposes of fund-raising.

The University has received a commitment from the Provincial Government to provide funding of $25,000 to contribute to the funding of the Science Building Complex. In February 2007, the University received an initial payment of $5,000 from the Provincial Government. The advance has been recorded as a deferred capital contribution. The advance is secured by a promissory note payable to the Province of Manitoba in the amount of $5,000 bearing interest at 5.15% repayable over a term of 40 years with funding from the Province of Manitoba.

The first $10,000 will be unconditionally advanced to the University. The remaining $15,000 will be advanced to the University on the basis of $1.00 advance for every $2.00 raised on the University of Winnipeg Foundation's Capital Campaign.

23. Subsequent Events

On June 15, 2007, the University received a payment of $5,310, representing a second advance from the Provincial Government on the $25,000 capital grant for the Science Complex. Total advances at June 15, 2007, amount to $10,310.

The University advanced funds to the developer towards the assembly and purchase of the land upon which the Science Complex will be built. The payments, in April 2007 and June 2007, amounted to $2,515 and $780 respectively, representing advances towards completion of the acquisition of the land. In return, the University received a first mortgage on all land that had been purchased and an assignment of purchase agreements on parcels of land that are scheduled to close in June 2007.

On June 29, 2007, the University completed the acquisition of the land for the Science Building Complex. The purchase price of the land totalled $5,400. As a condition of closing, the University undertook to release all security received on initial advances of $2,515 and $780.