



THE UNIVERSITY OF
WINNIPEG

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2010

THE UNIVERSITY OF WINNIPEG

WINNIPEG, MANITOBA, CANADA

THE UNIVERSITY OF WINNIPEG

FINANCIAL STATEMENTS

for the year ended March 31, 2010

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THE UNIVERSITY OF WINNIPEG

The University of Winnipeg Report on the Financial Statements Report of the Vice-President Finance & Administration (Amounts in Thousands)

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

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

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

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

The University of Winnipeg Pension Plan experienced significant losses in 2008 resulting in a significant deficit between plan assets and liabilities as of December 2008. CICA Handbook section 3461, Employee Future Benefits, requires a portion of this deficit to be amortized into the financial statements in the year following the year when the size of the deficit exceeds 10% of the plan assets or liabilities. This resulted in a non-cash liability of \$1,461, shown as an Accrued Pension Liability on the Statement of Financial Position, and an expense of \$1,646 which is included in the Staff Benefits expense line. The assets of the Pension Plan have recovered significantly from its December 2008 levels, and future expenses related to this line will be lower.

The unusual items were small gains on the sale of surplus housing assets and the recording of the final expense related to an order by the Superintendent of Pensions. The University accrued a \$7,000 loss in the 2008-09 financial statements related to a liability resulting from an order from the Superintendent of Pensions in regards to a series of transactions around the year 2000. In accordance with CICA Handbook section 3290 Contingencies; the 2008-09 accrual was set as the minimum likely amount to be paid. The final calculation and pay out in January 2010 was \$8,776. The variance between the amount recognized in 2009-10 and the actual payment (\$1,776) was recognized as an expense in the 2009-10 financial statements.

Capital Projects

Capital expansion continued with the completion in the year of the McFeetors Hall: Great-West Life Student Residence and new daycare facility. Work continued on the development of the Science Complex and Richardson College for the Environment, and the Buhler Centre sites; work on these projects is expected to continue in the coming year, with the occupancy scheduled for fall 2010 in the Buhler Centre and Fall 2011 for the Science Complex. These projects have been funded through grants provided by the Provincial and Federal Governments and private donations, as well as through limited financing funded through dedicated future revenue streams. Work was also started on the new AnX during the year. The AnX will be a student services mall in the former Greyhound Bus Depot. This new home to the bookstore, medical clinic and food services will open in the 2010-11 fiscal year.

The Buhler Centre, also known as 460 Portage Avenue is being constructed with the Plug-In Institute of Contemporary Art (Plug-In). The University and Plug-in have entered into a Joint Venture agreement which outlines the terms of the relationship. Ownership of the building will be split based on the equity contribution brought forth by each party, which will be determined on the completion of the building. Plug-in will own no less than 16% and no more than 50% of the building, with the University owning the remaining portion. Financing for the project consists of long-term loans to the University from the Provincial Government. The Joint Venture agreement states each party will be responsible for their proportionate share of the loan. For 2009-10 the University's balance sheet includes the full amount of the loans outstanding as at March 31, 2010, as well as advances to the 460 Portage Avenue Joint Venture for the same amount. The University has recorded its interest in the Joint Venture using the equity method.

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

Programs

Cisco Systems provided a significant gift to the University of Winnipeg in the year. Consisting of a donation of Cisco technology, including multiple cutting edge Telepresence video conferencing suites, and an endowment to support a research chair in collaborative technology, this contribution will significantly improve the University's information technology infrastructure, and support research in this exciting and growing field.

There were several significant program initiatives underway at the University in 2009-10. The President and Vice-Chancellor's discussion paper on Community Learning released in the year, outlines a strategy which builds on the University's success in reaching out and partnering with our neighbors to breakdown barriers and create a more inclusive, vibrant, reflective and lifelong learning environment at the University.

The University has also expanded Co-op education opportunities and was accepted into a prestigious international joint Masters program in Development Practice (MDP). The University will become the international hub with a focus on Indigenous Development for a global network of universities including Columbia University's Earth Institute (New York, New York, USA), Sciences PO (Paris, France), Universidade Federal do Rio de Janeiro (Rio, Brazil), Tsinghua University (Beijing, China), University of California (Berkeley), and James Cook University (Australia). Start-up funding for the MDP program is being provided through an \$800,000 USD grant from the John D. and Catherine T. MacArthur Foundation.

Financial Results

Total revenues in the year increased 3.8%, primarily as a result of increased operating grants, and a combination of increased enrollment and a 4.5% increase to undergraduate and graduate student fees. Sales of Services and Products and Cost of Sales both declined significantly in the year as the University transferred the operations of its bookstore to Follett Canada in July 2009. Follett Canada provides a commission to the University of Winnipeg on all in-store and on-line sales. The existing inventory was sold at cost to the new manager as part of the arrangement and the proceeds were transferred to the Capital Reserve.

In January 2009 the Court of Appeal denied the University's appeal of the judgment of the Pension Commission, upholding a 2006 order from the Superintendent of Pensions to the University. The order requires the University to pay an amount to certain members of the Defined Benefit Pension Plan. Upon receipt of clarification of certain issues by the Superintendent, and approval to make the payment by Canada Revenue Agency the University paid \$8,776 into the Pension Plan in January 2010. The plan then paid amounts to the plan members entitled to a payout. As the University did not know the exact amount of the payment at March 2009, a liability of \$7,000 was recorded on the University's books which represented the University's best estimate at that time. The difference between the amount recognized last year and the actual payment is recognized in 2009-10. As the University does not anticipate any future benefit from this payment, the entire amount has been expensed in the year. The University did not have the operating dollars to fund this obligation, so the Province of Manitoba provided a loan to pay the liability which will be repaid over 40 years.

Operating expenses in the year increased 4.5% primarily as a result of salaries and the costs related to the \$1,646 amortization of the pension plan deficit, which is included in Staff Benefits expense. The inclusion of the settlement cost related to the Pension Superintendent's decision and gain on disposal of capital assets produces a deficit of \$2,015 for the year.

Unrestricted net assets decreased to a deficiency of \$9,755 as a result of the deficit, and the transfer of net proceeds of sale from Capital Assets to a Capital Reserve. Internally Restricted Net Assets increased slightly to \$1,561.

The deficit this year reduces the net assets of the University to \$7,051. Total assets have increased to \$163,505 primarily as a result of increased investments in facilities. Liabilities have increased to \$63,816 primarily as a result of loans related to capital projects and the pension liability and deferred capital contributions increased to \$92,638 as a result of those same capital projects.

(Original signed by Bill Balan)

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

June 15, 2010



THE UNIVERSITY OF WINNIPEG

UNIVERSITY OF WINNIPEG

MANAGEMENT REPORT

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

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

On Behalf of Management

(Original signed by Bill Balan)

Bill Balan
Vice-President (Finance & Administration)

(Original signed by Michael Emslie)

Michael Emslie, CA
Controller and Executive Director, Financial Services

Winnipeg, Manitoba
June 14, 2010



OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITOR'S REPORT

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

We have audited the statement of financial position of the University of Winnipeg as at March 31, 2010, and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

ORIGINAL DOCUMENT SIGNED BY
CAROL BELLRINGER

Winnipeg, Manitoba
June 14, 2010

Carol Bellringer, FCA, MBA
Auditor General

THE UNIVERSITY OF WINNIPEG
STATEMENT OF FINANCIAL POSITION
as at March 31, 2010
(with comparative figures for 2009)

Statement I

ASSETS

	2010 \$000	2009 \$000
Current Assets:		
Cash and Cash Equivalents (Note 4)	\$22,030	\$13,045
Short Term Investments	1,183	1,264
Accounts Receivable (Note 16)	8,801	9,291
Due from Related Party (Note 24)	0	101
Prepaid Expenses	842	802
Inventories (Note 5)	54	1,395
	<u>32,910</u>	<u>25,898</u>
Long Term Investments (Note 6)	2,470	3,653
Advances to 460 Portage Avenue Joint Venture (Note 26)	7,750	0
Capital Assets (Note 7 a)	119,377	93,396
Intangible Assets (Note 7 b)	998	1,179
	<u>\$163,505</u>	<u>\$124,126</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$11,298	\$10,408
Deferred Revenue	4,700	4,402
Deferred Contributions (Note 8)	8,051	6,697
Staff Benefits Payable (Note 9)	1,718	1,522
Current Portion of Long Term Debt (Note 11, 12)	2,407	2,538
Due to Related Parties (Note 24)	207	25
Settlement Payable for Pension Superintendent's Order (Note 23 b)	0	7,000
	<u>28,381</u>	<u>32,592</u>
Obligations under Capital Leases (Note 11)	282	425
Long Term Liabilities (Note 12)	33,692	12,666
Deferred Capital Contributions (Note 13)	92,638	69,377
Accrued Pension Liability (Note 18)	1,461	0
Net Assets:		
Unrestricted Net Deficiency	(9,755)	(7,286)
Internally Restricted Net Assets (Note 14)	1,561	1,418
Endowments (Note 15)	2,628	2,628
Investment in Capital Assets	12,617	12,306
	<u>7,051</u>	<u>9,066</u>
	<u>\$163,505</u>	<u>\$124,126</u>
Special Purpose and Trust Assets (Notes 4, 15)		
Commitments (Note 18)		
Contractual Obligations (Notes 10, 19, 20, 21)		
Contingencies (Note 23)		

Approved by the Board of Regents

(Original signed by Debra Radi)

Chair, Board of Regents

(Original signed by Lloyd Axworthy)

President & Vice Chancellor

See accompanying notes to the financial statements.

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

Statement II

	2010 \$000	2009 \$000
REVENUE		
Government Grants:		
Council on Post Secondary Education	\$49,890	\$47,448
Other Province of Manitoba	5,403	4,163
Government of Canada	3,073	2,954
Student Academic Fees	30,602	28,827
Gifts, Grants and Bequests	3,108	2,396
Investment Income	534	1,628
Sales of Services and Products	1,467	4,606
Other Revenues	7,502	5,987
Amortization of Deferred Capital Contributions (Note 13)	2,132	1,871
	<u>103,711</u>	<u>99,880</u>
EXPENSES		
Salaries	59,569	57,295
Staff Benefits	9,614	7,690
Supplies, Services and Other Expenses	17,067	15,569
Cost of Sales	1,579	3,166
Building, Utilities and Related Expenses	7,977	7,655
Provincial and Municipal Taxes	1,333	1,210
Scholarships and Awards	2,945	3,238
Gifts to Related Party (Note 24)	370	624
Amortization of Capital Assets	3,698	3,208
	<u>104,152</u>	<u>99,655</u>
Excess (Deficiency) of Revenue over Expenses from Operations	(441)	225
Gain on Disposal of Capital Assets (Note 22)	202	603
Settlement Related to Pension Superintendent's Order (Note 23 b)	(1,776)	(7,000)
Deficiency of Revenue over Expenses	<u>(\$2,015)</u>	<u>(\$6,172)</u>

See accompanying notes to the financial statements.

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

Statement III

	2010				2009
	UNRESTRICTED NET DEFICIENCY \$000	INTERNALLY RESTRICTED NET ASSETS (Note 14) \$000	ENDOWMENTS (Note 15) \$000	INVESTMENT IN CAPITAL ASSETS \$000	TOTAL \$000
BALANCE, BEGINNING OF YEAR	(\$7,286)	\$1,418	\$2,628	\$12,306	\$15,294
Deficiency of Revenue Over Expenses	(2,015)				(6,172)
Direct Increases (Decreases):					
Endowed Investment Net Realized Losses					(56)
Transfers:					
Internally Funded:					
Capital Asset Additions	(2,254)			2,254	0
Amortization of Capital Assets	1,354			(1,354)	0
Disposal of Capital Assets	735			(735)	0
Repayment of Long Term Debt	(146)			146	0
Internally Restricted Net Assets	(131)	131			0
Strategic Provisions – Reductions (Note 14)	1,227	(1,227)			0
Strategic Provisions – Additions (Note 14)	(1,239)	1,239			0
NET CHANGE FOR THE YEAR	(2,469)	143	0	311	(6,228)
BALANCE, END OF YEAR	(\$9,755)	\$1,561	\$2,628	\$12,617	\$9,066

See accompanying notes to the financial statements.

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

Statement IV

	2010 \$000	2009 \$000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from:		
Government Grants	\$57,893	\$54,238
Student Academic Fees	30,660	29,163
Gifts, Grants and Bequests	2,671	2,960
Investment Income	582	1,695
Sales of Services and Products	1,948	4,551
Other Revenues	8,223	5,864
Cash Paid for:		
Salaries and Staff Benefits	(66,996)	(64,842)
Supplies, Services and Other Expenses	(14,667)	(14,921)
Cost of Sales	(398)	(3,459)
Building, Utilities and Related Expenses	(7,465)	(7,400)
Interest Paid	(674)	(370)
Provincial and Municipal Taxes	(1,311)	(1,208)
Scholarships and Awards	(2,944)	(3,242)
Gifts to Related Party	(458)	(634)
Pension Superintendent's Order Settlement Costs	(8,776)	0
	<u>(1,712)</u>	<u>2,395</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Purchase of Capital Assets	(29,521)	(20,100)
Advances to 460 Portage Avenue Joint Venture	(7,750)	0
Cash from Disposal of Capital Assets	608	1,000
Proceeds on Maturity of Long Term Investments	1,183	221
	<u>(35,480)</u>	<u>(18,879)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment and Retirement of Long Term Debt	(2,171)	(845)
Long Term Debt Proceeds – Building Purchases and Construction	14,550	10,150
Long Term Debt Proceeds – Pension Order Settlement	8,776	0
Deferred Capital Contributions	24,941	11,061
	<u>46,096</u>	<u>20,366</u>
NET INCREASE IN CASH AND SHORT TERM INVESTMENTS	8,904	3,882
CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR	14,309	10,427
CASH AND SHORT TERM INVESTMENTS, END OF YEAR	<u>\$23,213</u>	<u>\$14,309</u>
Cash and Short Term Investments consists of:		
Cash and Cash Equivalents	22,030	13,045
Short Term Investments	1,183	1,264
	<u>\$23,213</u>	<u>\$14,309</u>

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

See accompanying notes to the financial statements.

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

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

A) Basis of Accounting

The University of Winnipeg has adopted not-for-profit accounting standards as its basis of accounting. The University of Winnipeg Foundation (the Foundation) (Note 20) and the University of Winnipeg Community Renewal Corporation (UWCRC) (Note 21), both controlled entities, are not consolidated in these financial statements, but details of their financial results are included in the notes to the financial statements. Investment in the 460 Portage Avenue Joint Venture is accounted for using the equity method. The University of Winnipeg Education Housing Corporation (UWEHC), which was previously controlled and consolidated, was dissolved effective March 17, 2010. Its remaining net assets, including capital assets, deferred capital contributions, and debt, were transferred at carrying value to UWCRC; the carrying value of the assets at the date of transfer equalled the carrying value of the liabilities.

B) 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.

C) 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.

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

(AMOUNTS IN THOUSANDS)

Promissory notes entered into with 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, under the deferral method of accounting, are reflected as deferred capital contributions in the statement of financial position, if the asset acquired has a limited useful life. The related funding from COPSE to offset the interest expense over the terms of the promissory notes as well as the interest expense are both excluded from the statement of operations and changes in fund balances.

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

D) 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.

E) Investments

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

F) Inventories

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

G) Capital Assets and Intangibles

Capital assets and collections purchased by the University are recorded at cost. Collections include Art Work and Rare Books recorded at fair value derived by independent 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
Computer Equipment	5 years
Vehicles	5 years
Equipment under Capital Lease	Term of Lease

Intangible assets are recorded at cost and are amortized on a straight-line basis over their useful lives as follows:

Major System Computer Software	10 years
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**THE UNIVERSITY OF WINNIPEG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010**

(AMOUNTS IN THOUSANDS)

H) Financial Instruments

All financial instruments are recorded at fair value. Subsequent measurement is determined by the classification of each financial asset and liability. Financial instruments are classified as one of the following: held-for-trading, loans and receivables, held-to-maturity, available-for-sale or other liabilities. Financial instruments classified as held-for-trading are measured at fair value with gains and losses recognized in the Statement of Operations. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost using the effective interest rate method. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in unrestricted net assets.

Cash and cash equivalents and short term investments are designated as held-for-trading; accounts receivable, due from related parties and advances to 460 Portage Avenue Joint Venture as loans and receivables; accounts payable and accrued liabilities, staff benefits, due to related party and long term liabilities as other liabilities.

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

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

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

I) Use of Estimates

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

J) Trusted Pension Plan

The University contributes to the University of Winnipeg Trusted Pension Plan for University employees. The pension expense for the defined benefit component of the pension plan is determined actuarially using the projected unit credit actuarial cost method and management's best estimates of investment performance, salary escalation, retirement ages of employees and member mortality. With respect to the amortization of actuarial gains or losses, the University has adopted a policy consistent with the minimum requirements of CICA Handbook section 3461 which is to amortize the excess of the unamortized net gains or losses over 10% of the greater of the defined benefit obligation or defined benefit plan assets as at the beginning of the year, over the expected average remaining service life of active employees. The pension expense for the defined contribution component of the pension plan equals the contributions made during the year.

The accounts of the University of Winnipeg Trusted Pension Plan do not form part of the financial statements of the University.

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

(AMOUNTS IN THOUSANDS)

K) Future Accounting Policy Changes

Business Combinations and Non-controlling Interests

The CICA has issued these new standards, Business Combinations Section 1582, Consolidations Section 1601 and Non-controlling Interests Section 1602.

Section 1582 will be converged with IFRS 3 Business Combinations. Section 1602 will be converged with the requirements of IAS 27 Consolidated and Separate Financial Statements for non-controlling interests. Section 1601 carries forward the requirements of Consolidated Financial Statements Section 1600 other than those relating to non-controlling interests.

Section 1582 applies to a transaction in which the acquirer obtains control of one or more businesses. The term "business" is more broadly defined than in the existing standard. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. Any interest in the acquiree owned prior to obtaining control will be remeasured at fair value at the acquisition date, eliminating the need for guidance on step acquisitions. A bargain purchase will result in recognition of a gain. Acquisition costs must be expensed.

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

The new standards are effective for fiscal years beginning on or after January 1, 2011. Early adoption is encouraged. This standard will affect the accounting treatment used for any future business acquisitions.

3. Change in Accounting Policies

Adoption of new accounting standards:

- (i) The CICA amended a number of standards applicable to not-for-profit organizations (NFPOs) and issued new standard, CICA 4470 "Disclosures of Allocated Expenses by Not-for-Profit Organizations."

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

- eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a NFPO to present such an amount as a category of internally restricted net assets when it chooses to do so;
- clarify that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions;
- make Cash Flow Statements, Section 1540 applicable to NFPOs; and
- make Interim Financial Statements, Section 1751, applicable to NFPOs that prepare interim financial statements in accordance with GAAP.

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

(AMOUNTS IN THOUSANDS)

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

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

New standard CICA 4470 "Disclosure of Allocated Expenses by Not-For-Profit Organizations" establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The main features of the new Section are:

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

These new requirements did not significantly affect the financial statements.

- (ii) On April 1, 2009, the University adopted The Canadian Institute of Chartered Accountants' ("CICA") Emerging Issues Committee Abstract 173 – Credit Risk and the Fair Value of Financial Asset and Financial Liabilities ("EIC-173"). EIC-173 clarifies how credit risk and counterparty risk should be taken into account in determining the fair value of financial instruments. The adoption of EIC-173 did not have a significant impact on the valuation of the University's financial instruments or their net assets.
- (iii) The University adopted the amendments to CICA Handbook Section 3862, Financial Instruments – Disclosures ("Section 3862") on April 1, 2009. The amendments introduce a "fair value hierarchy" for disclosures to provide information to financial statement users about the relative reliability of inputs used in fair value measurements. Section 3862 requires that an entity classify each financial instrument into one of three fair value levels as follows:

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

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

Level 3 – for inputs that are based on unobservable market data and are significant to the fair value measurement.

Prior year comparative data is not required to be presented for the first year of adoption. These amendments result in additional disclosures and have no impact on the University's net assets.

The new disclosure requirements are provided in Note 16.

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- (iv) On April 1, 2009, the University adopted CICA Handbook Section 3064, Goodwill and Intangibles. This Section, which replaces Goodwill and Other Intangible Assets, Section 3062, and Research and Development Costs, Section 3450, establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets.

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

4. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

	2010	2009
Operating Funds	\$11,605	\$6,221
Sponsored Research and Designated Funds	3,362	3,343
	<u>14,967</u>	<u>9,564</u>
Special Purpose and Trust Funds	7,063	3,481
	<u>\$22,030</u>	<u>\$13,045</u>

Trust funds are restricted funds held for deferred contributions - \$3,502 (2009 - \$2,047) and endowments - \$75 (2009 - \$75). Special purpose funds are comprised of internally restricted net assets - \$563 (2009 - \$431), due to operating - \$2,719 (2009 - \$734) and due to related party - \$204 (2009 - \$194).

Short term investments - \$1,183 (2009 - \$1,264) consist of fixed income investments.

5. Inventories

Inventory consists of finished goods, comprised primarily of bulk paper (2009 - books purchased for resale). During the year ended March 31, 2010, inventories totalling \$235 were expensed (2009 - \$2,672) to Cost of Sales. The majority of bookstore inventory was sold at net realizable value to an independent third party that is now operating the Bookstore. At year end, the remaining bookstore inventory was written down (\$165) to a nil value.

6. Long Term Investments

Long term investments are comprised of the following:

	2010	2009
Fixed Income Instruments	\$1,746	\$2,929
Equity investment in properties	724	724
	<u>\$2,470</u>	<u>\$3,653</u>

Long term investments consist of trust funds - \$100 (2009 - \$500), endowments - \$2,170 (2009 - \$2,553) and operating funds - \$200 (2009 - \$600). Long term investments are recorded at fair value with the exception of the equity investment in properties of which market information is not readily available.

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7. Capital Assets and Intangibles

	2010		2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
(a) Capital Assets				
Land	\$7,870	\$0	\$8,168	\$0
Buildings, Additions and Improvements	97,639	22,123	72,107	20,822
Library Acquisitions	13,550	11,603	13,285	11,245
Furnishings and Equipment	29,988	21,996	26,446	20,783
Collections	1,327	0	1,304	0
Buildings Under Construction (Note 25)	24,233	0	24,330	0
Equipment Under Capital Leases	1,077	585	979	373
	<u>175,684</u>	<u>\$56,307</u>	<u>146,619</u>	<u>\$53,223</u>
Less Accumulated Amortization	<u>56,307</u>		<u>53,223</u>	
Net Book Value	<u>\$119,377</u>		<u>\$93,396</u>	

Furnishings and Equipment include Vehicles and Computer Equipment.

(b) Intangible Assets

Major System Computer Software	\$2,853	\$2,817
Less Accumulated Amortization	<u>1,855</u>	<u>1,638</u>
Net Book Value	<u>\$ 998</u>	<u>\$1,179</u>

8. 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.

	2010	2009
Balance, Beginning of Year	\$6,697	\$5,350
Contributions Received	9,598	10,284
Contributions Expended	(7,874)	(8,333)
Transferred to Foundation (Note 24)	(370)	(604)
Balance, End of Year	<u>\$8,051</u>	<u>\$6,697</u>
Balance Consists of:		
Sponsored Research and Designated Funds	\$3,773	\$3,704
Special Purpose Trust	4,002	2,810
Operating Funds	<u>276</u>	<u>183</u>
	<u>\$8,051</u>	<u>\$6,697</u>

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9. Staff Benefits Payable

The balance of staff benefits is comprised of accrued vacation pay of \$1,718 (2009 - \$1,522).

10. 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, 2010 or March 31, 2009.

11. Obligations under Capital Leases

The following is a schedule of future minimum lease payments for equipment under capital leases expiring between June 1, 2011 and November 1, 2014 together with the balances of the obligations under capital leases:

2010/11	\$242
2011/12	162
2012/13	96
2013/14	53
2014/15	3
Total minimum lease payments	<u>556</u>
Less amount representing interest at approximately 3.5%	<u>(50)</u>
Balance of Obligations under Capital Leases	506
Less: Current Portion of Obligations under Capital Leases	<u>(224)</u>
Obligations under Capital Leases	<u>\$ 282</u>

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

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12. Long Term Liabilities

	2010	2009
Promissory Notes	\$35,344	\$13,926
Mortgages Payable	110	142
UWEHC Mortgages Payable	0	466
Supplementary Pensions Payable	421	472
	<u>35,875</u>	<u>15,006</u>
Less: Current Portion of Long Term Liabilities	<u>(2,183)</u>	<u>(2,340)</u>
	<u><u>\$33,692</u></u>	<u><u>\$12,666</u></u>

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

	2010	2009
Promissory Notes Secured by:		
509 Ellice and 433 Young Street Interest rate 4.45%, due April 15, 2015	\$498	\$596
CanWest Centre for Theatre and Film Interest rate 4.00%, due March 31, 2011	600	1,200
Duckworth Athletic Complex Expansion Interest rate 5.55%, due October 31, 2047	1,965	1,980
Wesley Hall – HVAC Interest rate 3.875%, due June 30, 2010	850	1,700
McFeetors Hall Bridge Financing Interest rate 4.10%, due September 30, 2013	1,200	1,500
McFeetors Hall Interest rate 5.25%, due October 31, 2049	10,916	6,950
460 Portage Avenue Interest rate 4.65%, due December 31, 2020	2,750	0
460 Portage Avenue Interest rate 5.60%, due December 31, 2050	5,000	0
	<u>23,779</u>	<u>13,926</u>
Unsecured Notes:		
491 Portage Avenue – Annex Interest rate 5.40%, due July 31, 2050	2,800	0
Pension Settlement Interest rate 5.35%, due January 31, 2050	8,765	0
	<u>11,565</u>	<u>0</u>
	<u><u>\$35,344</u></u>	<u><u>\$13,926</u></u>

**THE UNIVERSITY OF WINNIPEG
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Annual principal payments on the notes during the next five years and thereafter are: 2011 - \$2,097; 2012 - \$882; 2013 - \$907; 2014 - \$933; 2015 - \$661; thereafter - \$29,864.

The mortgage payable, secured by Graham Hall, is payable to Canada Mortgage and Housing with interest 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 three years are: 2011 - \$35; 2012 - \$37; 2013 - \$38.

All University of Winnipeg Education Housing Corporation properties were disposed of during the year by way of either sales to third parties or transfers to the University of Winnipeg Community Renewal Corporation (UWCRC). The mortgages related to the properties sold were retired using the proceeds from the respective sales of the properties; the remaining mortgages were transferred to the UWCRC.

Supplementary pensions payable represents payments to past Presidents of the University for services performed and is based on an actuarial calculation. The amount due in 2011 is \$51.

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

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

13. Deferred Capital Contributions

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

	2010	2009
Balance, Beginning of Year	\$69,377	\$60,048
Contributions Received	21,310	8,182
Contributions from University of Winnipeg Foundation	4,034	2,972
Mortgage Principal Contributions	49	46
Amortization of Deferred Capital Contributions	(2,132)	(1,871)
Balance, End of Year	<u>\$92,638</u>	<u>\$69,377</u>

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14. Internally Restricted Net Assets

Internally restricted net assets balance at March 31, 2010 is \$1,561 (2009 - \$1,418). It consists of cumulative net unrestricted trust income of \$561 (2009 - \$430) and strategic provisions of \$1,000 (2009 - \$988).

The cumulative net unrestricted trust income of \$561 is available to fund Board of Regents scholarships.

The strategic provisions additions represent an appropriation from unrestricted net assets to internally restricted assets. These appropriations are made to provide for future funding support of initiatives within the Strategic Plan and the Academic Plan. The 2010 addition represents the net proceeds on the disposition of three properties and the disposition of Bookstore inventory to an unrelated third party that will be operating the Bookstore. Actual expenses related to strategic provisions are charged to operations and are covered with a corresponding transfer of funds from internally restricted (see Statement III).

The strategic provisions provide for:

	March 31, 2009	Reductions	Additions	March 31, 2010
Infrastructure				
Capital Reserve	\$877	(\$1,210)	\$1,239	\$ 906
Building Renovations	51	(1)		50
Strategic Development				
Internal Research Grants	2			2
Project Development	58	(16)		42
	<u>\$ 988</u>	<u>(\$1,227)</u>	<u>\$1,239</u>	<u>\$1,000</u>

15. Net Assets Restricted for Endowment Purposes

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

Endowments are comprised of long term investments of \$2,170 – Note 6 (2009 - \$2,553) and cash and short term investments of \$458 (2009 – \$75).

Endowments of \$1,978 (2009 - \$1,978) are held in trust in accordance with the terms of a certain bequest. In 2010, the University has a 10% share in the income distribution from this trust (2009 – 10% share).

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16. Financial Instruments

The University's financial instrument assets consist of cash and cash equivalents and short term investments, which are designated as held for trading and measured at fair value; accounts receivable, due from related parties and advances to 460 Portage Avenue Joint Venture, which are designated as loans and receivables and are measured at amortized cost; long term investments, which are designated as available for sale and are measured at fair value. Fair value information is not readily available for certain investments held in an equity investment. Financial instrument liabilities are accounts payable and accrued liabilities, staff benefits, current portion of long term debt, due to related party, and long term debt which are designated as other liabilities and measured at amortized cost. The University is exposed to credit, interest rate and liquidity risk. Based on the University's small amount of foreign currency denominated assets and liabilities, a change in exchange rates would not have a material effect on its Statement of Operations.

Credit risk

Credit risk is the risk of potential loss to the University if a counterparty to a financial instrument fails to discharge an obligation. The University's credit risk is primarily attributable to its cash and cash equivalents, accounts receivable and long term investments. The credit risk on cash and cash equivalents is considered low as the counterparties are high credit quality institutions. The credit risk on receivables is considered low as the counterparts are primarily various levels of government and student fee related. The carrying amount of accounts receivable has been reduced through the use of allowance for doubtful accounts. The credit risk on long term investments is considered low as the counterparts are highly rated financial institutions and quality commercial property.

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

	Carrying Amount	
	2010	2009
Financial Assets Held-For-Trading:		
Cash and Cash Equivalents	\$22,030	\$13,045
Short Term Investments	1,183	1,264
Financial Assets Available for Sale:		
Long Term Investments – Fixed Income Instruments	2,470	3,653
Loans and Receivables:		
Accounts Receivable	8,801	9,291
Due from Related Parties	0	101
Advances to 460 Portage Avenue Joint Venture	7,750	0
	<u>\$42,234</u>	<u>\$27,354</u>

The University manages the credit risk related to these items by maintaining its cash and cash equivalents and its long term investments with highly rated financial institutions. Accounts receivable are due, for the most part, from various levels of government and student fee accounts where collection is considered very likely.

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

	2010	2009
Accounts Receivable, gross		
Current	\$7,733	\$7,928
Past Due	1,422	1,727
	<u>9,155</u>	<u>9,655</u>
Less: Allowance for Doubtful Accounts	(354)	(364)
Accounts Receivable, net	<u>\$8,801</u>	<u>\$9,291</u>

Interest rate risk

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

Liquidity risk

Liquidity risk is the risk that an investment could not be readily converted into cash when needed. The risk is managed by holding the majority of our investments in cash and cash equivalents. As cash equivalents are held in a premium money market fund in which at least 90% of the assets must be comprised of liquid investments, the exposure to liquidity risk is not considered material.

Fair value disclosure

Cash and cash equivalents and short and long term investments have been categorized based upon a fair value hierarchy in accordance with the amendment to CICA 3862. See Note 3 for a discussion of the University's policies regarding this hierarchy. The following fair value hierarchy table presents information about the University's cash and cash equivalents and short and long term investments measured at fair value as at March 31, 2010. There have been no transfers between levels during the year.

Investments at Fair Value as at March 31, 2010				
	Level 1	Level 2	Level 3	Total
Cash & Cash Equivalents	\$22,030			\$22,030
Short Term Investments		1,183		1,183
Fixed Income Investments		1,746		1,746
Equity Investment in Properties			724	724
	<u>\$22,030</u>	<u>\$2,929</u>	<u>\$ 724</u>	<u>\$25,683</u>

**THE UNIVERSITY OF WINNIPEG
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17. Capital Disclosures

The University's objectives in managing capital are:

- minimizing the cost of capital
- preserving the ability to continue as a going concern
- maintaining flexibility to ensure the ongoing ability to execute the Strategic Plan

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

The University has various policies in place to manage capital, including a policy requiring Board approval on major capital expenditures, securing debt and capital budget approval. The University also uses its unrestricted net assets in a strategic fashion to support the Strategic Plan, special initiatives and campus expansion and redevelopment. The University also maintains deferred contribution accounts and endowments for externally restricted funding. These funds are managed with the objective of spending the funds in accordance with the various terms stipulated in the funding arrangements.

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

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

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

The Plan was established as a contributory defined benefit pension plan at September 1, 1972. The Plan is registered under the Income Tax Act and the Manitoba Pension Benefits Act (Registration #309914). A Trust Company holds the assets under a Trust Agreement and provides daily administration of the Plan. Professional investment managers administer the portfolio. The University was responsible for overseeing the administration of the Plan, until July 2008 when an independent Board of Trustees assumed responsibility for administration of the Plan.

The Plan covers all eligible employees of the University of Winnipeg, except those who are members of the United Church of Canada Pension Plan. Permanent academic employees join the Plan on their 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. The defined benefit side of the Plan is now closed, and all new employees must now participate in the defined contribution side of the Plan.

At December 31, 2009 the fair value of the Plan's net assets was \$129,429 (2008 - \$111,474). Under the Plan, contributions are made by Plan members, which are matched by the University of Winnipeg 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.

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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 as at December 31, 2009 are \$107,573 and \$123,437 respectively. The corresponding values for the plan assets and plan obligations projected to the fiscal year-end, March 31, 2010 are \$109,467 and \$124,534 respectively.

Note 23(b) provides details, with respect to Plan amendment #2001/1, of the University's January 2010 funding of a lump sum amount into the Plan for the benefit of defined benefit members, in relation to the undistributed portion of their proportionate share of the Plan surplus, as determined by the Plan Actuary in 1999.

Given that the University's contribution of \$8,776 into the fund was made in January, 2010, and payments to members entitled to a share of this amount commenced in February, 2010, the net assets available for benefits as at December 31, 2009 do not include an account receivable from the University in respect of the surplus distribution, nor does the defined benefit obligation shown below include an amount for surplus distribution. However, the values for the plan assets and plan obligations projected to the fiscal year-end, March 31, 2010 reflect the outstanding payments which were \$877 at that date.

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 segments of the Plan are:

	December 31 2009	December 31 2008
Balance, Beginning of Year	\$16,458	\$18,560
Contributions	2,784	2,499
Benefits and Refunds Paid	(525)	(860)
Net Investment Return/(Loss)	3,133	(3,741)
Balance, End of Year	<u>\$21,850</u>	<u>\$16,458</u>

Defined Benefit Obligation

In accordance with the Pension Benefits Act, an actuarial valuation of the defined benefit segment of the Plan is required at least every three years. An actuarial valuation of the Plan was prepared using data as at December 31, 2007 by Eckler Ltd., a firm of consulting actuaries. The results were extrapolated by them to December 31, 2009.

The benefit obligation has been calculated pursuant to CICA Handbook 3461, using a modified market-related discount rate. This approach can differ from the calculation of the benefit obligation in the Trusteed Pension Plan Financial Statements which uses an expected long term rate of return.

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Excluding the obligation with respect to the Revised Order of the Superintendent of Pensions, made June 6, 2008, the financial information is based on the financial position of the Defined Benefit Pension Plan as of December 31, 2009, the "measurement date" and for the purpose of financial statements, the in-year pension expense (and the calculation of the valuation allowance in particular) reflects the employer contributions to the Plan with respect to the three-month period ending March 31, 2010.

Change in Defined Benefit Obligation

	December 31 2009	December 31 2008
Benefit Obligation, January 1	\$120,328	\$124,184
Current Service Cost	2,293	2,640
Interest Cost	7,100	6,511
Benefits and Refunds Paid	(6,284)	(7,610)
Actuarial Gain	0	(5,397)
Benefit Obligation, December 31	<u>\$123,437</u>	<u>\$120,328</u>

Change in Plan Assets

	December 31 2009	December 31 2008
Fair Value of Plan Assets, January 1	\$95,016	\$116,485
Actual Return on Plan Assets, Net of Expenses	16,183	(16,630)
Employer Contributions	1,780	1,847
Employee Contributions	878	924
Benefits and Refunds Paid	(6,284)	(7,610)
Fair Value of Plan Assets, December 31	<u>\$107,573</u>	<u>\$95,016</u>

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Reconciliation of Funded Status

	March 31 2010	March 31 2009
Funded Status – Deficit	(\$15,864)	(\$25,312)
Employer Contributions After December 31	420	422
Unamortized Transitional Asset	(2,276)	(2,732)
Unamortized Net Actuarial Loss	16,259	28,496
Accrued Benefit Asset/(Liability), Before Valuation Allowance	(1,461)	874
Valuation Allowance	0	(874)
Accrued Benefit Liability, Net of Valuation Allowance	(\$1,461)	\$ 0

Components of Pension Expense

	December 31 2009	December 31 2008
Employer Share of Current Service Cost	\$1,415	\$1,716
Interest Cost	7,100	6,511
Expected Return on Plan Assets	(5,592)	(6,103)
Amortization of Transitional Asset	(456)	(456)
Amortization of Actuarial Loss	1,646	0
Increase (Decrease) in Valuation Allowance	(874)	178
Net Pension Expense	\$3,239	\$1,846

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

Discount Rate	- pre and post-retirement	6.00%	5.35%
	- provision for post-retirement indexing	0.25%	0.00%
Rate of salary increase	- 2008 and 2009	2.50%	2.50%
	- thereafter	4.00%	4.00%

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

Discount Rate	- pre and post-retirement	6.00%	6.00%
	- provision for post-retirement indexing	0.25%	0.25%
Rate of salary increase	- 2008 and 2009	2.50%	2.50%
	- thereafter	4.00%	4.00%

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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, 2007 confirms that the defined benefit segment of the Plan has a solvency deficiency of \$20,665.

The University would normally be required under the *Pension Benefits Act* to make additional contributions to amortize the solvency deficiency over a five year period. However, the Provincial Government has provided universities in Manitoba with an opportunity to be permanently exempted from the usual solvency funding requirements, while the Plan continues on a going-concern basis. The University Pension Plan's Exemption Regulation (Regulation 141/2007) was registered October 15, 2007. The University has complied with all requirements to be entitled to the permanent exemption.

The going-concern deficiency at December 31, 2007 was \$2,384 and the annual deficiency funding payments are \$386, which the University will continue to make until the deficiency is eliminated.

In addition, because of the going-concern deficiency at December 31, 2007, the University is also required to make an additional contribution of \$291 (2009 - \$295) to cover the current service shortfall.

During 2005, amendments were made to the *Pension Benefits Act* which will affect the benefits payable from the Plan. The regulations implementing the amendments were published in March 2010, and the benefit changes will come into effect on May 31, 2010. The benefit changes will be treated as a plan amendment at that date. The Plan's Actuary had estimated in 2009 that these changes would add approximately \$1,900 to the actuarial present value of accrued benefits as at December 31, 2008.

19. 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 1, 2030. In addition, the University has entered into a number of contracts to complete capital additions and renovations on campus properties during the upcoming year. The above obligations require annual payments over the next five years and thereafter as follows:

2010/11	\$40,841
2011/12	1,742
2012/13	1,671
2013/14	1,646
2014/15	1,580
Thereafter	12,528
	<u>\$60,008</u>

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20. The University of Winnipeg Foundation Inc.

The University's Board of Regents approved the establishment of the University of Winnipeg Foundation Inc. in March 2003. The Foundation's vision is to strengthen, deepen and advance the University's mission 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 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 the 2009-2010 budget discussions and as approved by the University's Board of Regents and the Foundation's Board of Directors, the University agreed to provide a reduced operating grant to the Foundation of \$275 for the year. The operating grant is subject to annual approval of the Board of Regents.

(b) Occupancy and Support Agreement

This Agreement, which was renewed April 1, 2009 and expires March 31, 2014, documents the basis upon which the Foundation occupied space on campus and the Foundation's use of certain existing systems, programs and personnel of the University. Through this agreement, the Foundation has agreed to pay the University a fee for occupancy and support services. The fee for the year ended March 31, 2010 for occupancy and support services and the corresponding grant to the Foundation to offset these costs was \$173.

(c) 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.

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The University and the Foundation have agreed that the amount will be determined by applying the agreed percentage (4.25% for 2008-2009) to the prior year beginning balance of the contributed capital plus a pro-rated percentage of the agreed percentage for those gifts received in each quarter of the previous year. (ie. $\frac{3}{4}$ of 4.25% for those gifts received in the first quarter, $\frac{1}{2}$ of 4.25% in the second quarter and $\frac{1}{4}$ of 4.25% for those gifts received in the third quarter). Based on this formula, the Foundation provided the University with \$1,119 in 2008-2009.

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

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

(d) Endowment Supplemental Agreement

This agreement, signed on July 22, 2008, formalizes practices in place between the Foundation and the University with respect to the handling of residuals, immature funds and the calculation of the award based on the agreed percentage.

The financial information of the Foundation is not consolidated in the University's financial statements and is provided within this note and Note 24 on Related Party Transactions and Balances. The Foundation is a controlled entity of the University based upon the following factors:

- i) The University has a significant economic interest in the Foundation which conducts its activities for the exclusive benefit of the University.
- ii) The Foundation requires the University's consent to amend its by-laws.
- iii) The objectives of the Foundation and the University have the common purpose to strengthen, deepen and advance the University's mission.

Financial Position:

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

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

	2010	2009
Statement of Financial Position:		
Assets	<u>\$37,705</u>	<u>\$35,479</u>
Liabilities	<u>307</u>	<u>1,034</u>
Fund Balances:		
Operating Fund	194	310
Unrestricted Fund	3	1
Investment in Capital Assets	34	42
Building and Program Fund	2,074	4,612
Funds Held Pending Terms of Reference	125	84
Unrestricted Bequests	42	299
Endowment Fund	<u>34,926</u>	<u>29,097</u>
	<u>37,398</u>	<u>34,445</u>
	<u>\$37,705</u>	<u>\$35,479</u>
Statement of Operations		
Sources of Funds:		
Transfer from University of Winnipeg	\$55	\$119
Investment Income	912	715
Unrealized Gain (Loss) on Investments	4,739	(5,455)
University of Winnipeg Support Funding	448	625
Endowment Administration Fee	500	668
Annual Donations	<u>4,891</u>	<u>7,442</u>
	<u>11,545</u>	<u>4,114</u>
Uses of Funds:		
Capital Programs	0	59
Endowment - Gifts to the University	383	1,119
Endowment - Administration Fee	500	668
Endowment - Administration Expenses	106	98
Operations	1,456	1,320
Donations Gifted to the University of Winnipeg	<u>6,147</u>	<u>4,879</u>
	<u>8,592</u>	<u>8,143</u>
Increase (Decrease) in Funds	<u>\$2,953</u>	<u>(\$4,029)</u>

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Restrictions are placed upon expenditures within Funds including:

- i) The Operating Fund reflects the administrative and overhead costs of undertaking the Foundation's activities.
- ii) The Unrestricted Fund records the receipt of donations received in the year that are identified by the donor to go to the area of greatest need.
- iii) The Building and Program Fund is specifically intended to record the receipt of all donations intended for University programs and capital projects.
- iv) The Funds Held Pending Terms of Reference includes donations received for capital gifts, endowment gifts, and other restricted purposes not yet allocated pending donor wishes.
- v) Unrestricted Bequest Gifts include monies received from estates in which the funds and accrued interest can be retained by the Foundation to support its ongoing operations.
- vi) The Endowment Fund reports the receipt of funds established from gifts by donors, which are 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 4 years and thereafter as follows:

2010/11	\$ 270
2011/12	240
2012/13	210
2013/14	180
	<u>\$ 900</u>

For 2009-2010, the University and the Foundation agreed that the operating grant would be \$275. However, no formal agreement has been signed to reflect this change.

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21. University of Winnipeg Community Renewal Corporation

The University of Winnipeg Community Renewal Corporation (UWCRC) was incorporated by Articles of Incorporation, without share capital, on April 6, 2005, as a controlled entity of the University. UWCRC's mandate is to support the University by developing a sustainable university community that promotes the attractiveness of the University to its faculty, staff, students, and the greater community. As part of its mandate, UWCRC will manage projects on behalf of the University, including but not limited to, the development of a comprehensive Campus and Community Development Plan, the assessment of particular development projects and the development of partnerships with community, private and public sector organizations.

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

- a) To assist the University with the design and development of the Science Building Complex on the basis of a per diem fee of \$1 for a total of \$107 for the year.
- b) To assist in the early development of a variety of capital projects on behalf of the University based on a fee for performance contract. The amount of the consulting fee for services rendered in the year is \$75.
- c) To manage the University's Student Housing assets and all aspects of the Student Housing Program for a fixed annual fee of \$250. In return, 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.
- d) In addition, the University paid \$307 for management services related to student housing and food services. In return UWCRC contracted back from the University Food Services for a fee of \$121.

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 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 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 debt service coverage ratio did not go below 1.0:1.0 during the 2009-10 fiscal year.

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

	2010	2009
Statement of Financial Position:		
Assets:		
Cash	\$173	\$224
Accounts Receivable	303	276
Due from University of Winnipeg (Note 24)	5	0
Capital Assets	807	0
Investments, at Equity	1,022	925
	<u>\$2,310</u>	<u>\$1,425</u>
Liabilities and Net Assets:		
Accounts Payable and Accrued Liabilities	\$96	\$58
Current Portion of Long Term Debt	30	0
Due to University of Winnipeg (Note 24)	0	102
Long Term Debt	275	0
Deferred Capital Contributions	422	0
Future Income Taxes	115	101
Net Assets	1,372	1,164
	<u>\$2,310</u>	<u>\$1,425</u>

	2010	2009
Statement of Operations and Changes in Net Assets:		
Revenue		
Share of Equity Income	\$116	\$146
Consulting	832	541
Net Property Income	0	10
Other	65	33
	<u>1,013</u>	<u>730</u>
Expenses	<u>851</u>	<u>634</u>
Excess of Revenue over Expenses	162	96
Net Assets – Beginning of Year	1,164	1,068
Investment in Capital Assets and Transfers	46	0
Net Assets – End of Year	<u>\$1,372</u>	<u>\$1,164</u>

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22. Gain on Disposal of Capital Assets

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

As the disposal of land and buildings is not a regular occurrence for the University, the gain on disposal of these properties \$202 (2009 - \$603) is disclosed separately on the Statement of Operations (Statement II) after the Excess of Revenue over Expenses from Operations.

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

23. Contingencies

- 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, 2010.
- 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 \$6,454, plus interest net of adjustments of approximately \$1.6 million, into the Plan, for the benefit of defined benefit members, in relation to the undistributed portion of their proportionate share of the Plan surplus, as determined by the Plan Actuary in 1999.

The University appealed the Superintendent's decision to the Pension Commission, and the Commission's Final Decision was made on April 23, 2008. The Final Decision upheld the Superintendent's Order. The University further appealed the decision of the Commission to the Manitoba Court of Appeal; and the Court denied the appeal in January 2009.

There were a number of issues affecting the value of the payment to be made, and the Plan's Board of Trustees wrote the Superintendent requesting clarification of several of these issues. The Superintendent provided clarification and Canada Revenue Agency provided approval in the year and the University made a payment of \$8,776 into the Plan in January 2010. In order to finance the payment, the University received a loan of \$8,776 which will be repaid over 40 years (Note 12).

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24. Related Party Transactions and Balances

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

The University charges benefit administration costs to the Trusteed Pension Plan. The charge for 2009-2010 was \$52 (2008-2009 - \$50). These transactions are 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:

	2010	2009
From the University to the Foundation:		
i) Operating grant	\$275	\$625
ii) Gifts for endowment	\$370	\$624
iii) Occupancy & Support Agreement (Note 20 b)	\$173	\$0
From the Foundation to the University:		
i) Transfer of specified funds	\$0	\$59
ii) Transfer of annual donations	\$6,147	\$4,879
iii) Income allocation	\$383	\$1,119
iv) Advance of 2010/11 income allocation	\$500	\$0
v) Occupancy & Support Agreement (Note 20 b)	\$173	\$0
From the University to UWCRC		
i) Consulting fees (excluding GST)	\$728	\$469
From UWCRC to the University		
i) Management fees	\$296	\$167

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

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

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

25. Richardson College for the Environment & Science Complex

The University has commenced the development and design of the Richardson College for the Environment and Science Complex to be completed in March 2011. 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 \$25,000 from the Provincial Government as a contribution towards the funding of the Science Building Complex. This capital funding has been recorded as deferred capital contributions. The funding is financed by six promissory notes payable to the Province of Manitoba bearing interest at rates ranging from 5.15% to 5.95%. The notes are notionally repayable over a term of 40 years with funding from the Province of Manitoba.

26. 460 Portage Avenue Joint Venture

Advances to 460 Portage Avenue Joint Venture

During the year the University borrowed \$7,750 on behalf of the 460 Portage Avenue Joint Venture to finance the construction of the building at 460 Portage Avenue. The loans are made up of two components, a 10 year bridge loan which will be repaid as donations are received, and a 40 year loan which will be repaid from building revenues.

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

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

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

2010/11	\$ 70
2011/12	288
2012/13	303
2013/14	318
2014/15	333
	<u>1,312</u>
Thereafter	6,438
	<u><u>\$7,750</u></u>

460 Portage Avenue Joint Venture

The University of Winnipeg entered into a Joint Venture Agreement with the Plug-In Institute of Contemporary Art (Plug-In ICA) in July 2009. The Agreement calls for the development of a three story (later expanded to four story) building on the south-west corner of Portage Avenue and Colony Street, and for joint control between the University and the Plug-In ICA of that facility.

The ownership interests in the joint venture will be split based on the equity contributed by each party, which will be determined once the building is completed. Plug-in ICA will own no less than 16% and no more than 50% of the joint venture, with the University owning the remaining portion. The joint venture's revenues will consist of long-term space leases with the University, Plug-In ICA, parking revenue and other rents.

For 2009-10 the University's statement of financial position includes the full amount of the loans payable as at March 31, 2010, and the Advances to 460 Portage Avenue Joint Venture for the same amount. The University has recorded its interest in the joint venture using the equity method. There was no net income (loss) from the joint venture included in the University's financial statements for the year ended March 31, 2010.

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

Statement of Financial Position

Assets:

Cash	\$ 2,678
Accounts Receivable	600
Due from Related Parties	4
Capital Assets – Building Under Construction	7,670
	<u>\$10,952</u>

Liabilities:

Accounts Payable and Accrued Liabilities	\$ 2,505
Advances from University of Winnipeg	7,750
Deferred Capital Contributions	697
	<u>\$10,952</u>

27. Reclassification of Comparative Figures

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