



THE UNIVERSITY OF
WINNIPEG

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2011

THE UNIVERSITY OF WINNIPEG

WINNIPEG, MANITOBA, CANADA

THE UNIVERSITY OF WINNIPEG
CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2011

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THE UNIVERSITY OF WINNIPEG

UNIVERSITY OF WINNIPEG MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with 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 23, 2011



INDEPENDENT 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 accompanying consolidated financial statements of the University of Winnipeg, which comprise the consolidated statement of financial position as at March 31, 2011, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, consolidated the financial statements present fairly, in all material respects, the financial position of the University of Winnipeg as at March 31, 2011, 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**

June 23, 2011
Winnipeg, Manitoba

Carol Bellringer, FCA, MBA
Auditor General

THE UNIVERSITY OF WINNIPEG
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at March 31, 2011
(with comparative figures for 2010)

Statement I

ASSETS

	2011 \$000	2010 \$000
Current Assets:		
Cash and Cash Equivalents (Note 3)	\$30,051	\$22,030
Short Term Investments	900	1,183
Accounts Receivable (Note 16)	7,592	8,801
Due from Related Parties (Note 23)	503	137
Prepaid Expenses	1,098	842
Inventories (Note 4)	25	54
	<u>40,169</u>	<u>33,047</u>
Long Term Investments (Note 5)	1,953	2,470
Long Term Receivables (Note 6)	3,880	0
Advances to 460 Portage Avenue Joint Venture (Note 25)	0	7,750
Capital Assets (Note 7 a)	165,864	119,377
Intangible Assets (Note 7 b)	877	998
	<u>\$212,743</u>	<u>\$163,642</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$15,245	\$11,298
Deferred Revenue	8,205	4,700
Deferred Contributions (Note 8)	8,105	8,051
Staff Benefits Payable (Note 9)	1,740	1,718
Current Portion of Obligations Under Capital Leases (Note 11)	294	224
Current Portion of Long Term Debt (Note 12)	1,458	2,183
Due to Related Parties (Note 23)	621	344
	<u>35,668</u>	<u>28,518</u>
Obligations under Capital Leases (Note 11)	628	282
Long Term Liabilities (Note 12)	43,856	33,692
Deferred Capital Contributions (Note 13)	121,694	92,638
Accrued Pension Liability (Note 18)	1,784	1,461
Net Assets:		
Unrestricted Net Deficiency	(8,893)	(9,755)
Internally Restricted Net Assets (Note 14)	1,761	1,561
Endowments (Note 15)	2,628	2,628
Investment in Capital Assets	13,617	12,617
	<u>9,113</u>	<u>7,051</u>
	<u>\$212,743</u>	<u>\$163,642</u>
Special Purpose and Trust Assets (Notes 3, 15)		
Commitments (Note 18)		
Contractual Obligations (Notes 11, 19, 20, 21)		
Contingencies (Note 22)		

Approved by the Board of Regents

(Original signed by Craig Lee)

Chair, Board of Regents

(Original signed by Lloyd Axworthy)

President & Vice Chancellor

See accompanying notes to the financial statements.

THE UNIVERSITY OF WINNIPEG
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended March 31, 2011
(with comparative figures for 2010)

Statement II

	2011 \$000	2010 \$000
REVENUE		
Government Grants:		
Council on Post Secondary Education	\$52,107	\$49,890
Other Province of Manitoba	4,324	5,403
Government of Canada	4,112	3,073
Student Academic Fees	34,564	30,602
Gifts, Grants and Bequests	3,583	3,108
Investment Income	1,372	534
Sales of Services and Products	1,168	1,467
Other Revenues	9,512	7,502
Amortization of Deferred Capital Contributions (Note 13)	2,550	2,132
	<u>113,292</u>	<u>103,711</u>
EXPENSES		
Salaries	63,395	59,569
Staff Benefits	8,478	9,614
Supplies, Services and Other Expenses	17,667	17,067
Cost of Sales	314	635
Building, Utilities and Related Expenses	9,443	7,977
Interest	1,515	944
Provincial and Municipal Taxes	1,498	1,333
Scholarships and Awards	3,283	2,945
Gifts to Related Party (Note 23)	1,219	370
Amortization of Capital Assets	4,418	3,698
	<u>111,230</u>	<u>104,152</u>
Excess (Deficiency) of Revenue over Expenses from Operations	2,062	(441)
Gain on Disposal of Capital Assets	0	202
Settlement Related to Pension Superintendent's Order	0	(1,776)
Excess (Deficiency) of Revenue over Expenses	<u>\$2,062</u>	<u>(\$2,015)</u>

See accompanying notes to the financial statements.

THE UNIVERSITY OF WINNIPEG
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended March 31, 2011
(with comparative figures for 2010)

Statement III

	2011				2010
	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	(\$9,755)	\$1,561	\$2,628	\$12,617	\$9,066
Excess (Deficiency) of Revenue Over Expenses	2,062				(2,015)
Transfers:					
Internally Funded:					
Capital Asset Additions	(2,804)			2,804	0
Amortization of Deferred Capital Contributions	(2,550)			2,550	0
Amortization of Capital Assets	4,418			(4,418)	0
Disposal of Capital Assets	132			(132)	0
Repayment of Long Term Debt	(196)			196	0
Internally Restricted Net Assets	(144)	144		0	0
Strategic Provisions – Reductions (Note 14)	471	(471)		0	0
Strategic Provisions – Additions (Note 14)	(527)	527		0	0
NET CHANGE FOR THE YEAR	862	200	0	1,000	(2,015)
BALANCE, END OF YEAR	(\$8,893)	\$1,761	\$2,628	\$13,617	\$7,051

See accompanying notes to the financial statements.

THE UNIVERSITY OF WINNIPEG
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2011
(with comparative figures for 2010)

Statement IV

	2011 \$000	2010 \$000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from:		
Government Grants	\$64,814	\$57,893
Student Academic Fees	34,400	30,660
Gifts, Grants and Bequests	794	2,671
Investment Income	1,410	582
Sales of Services and Products	2,045	1,948
Other Revenues	11,069	8,223
Cash Paid for:		
Salaries	(62,887)	(59,014)
Staff Benefits	(8,378)	(7,982)
Supplies, Services and Other Expenses	(16,453)	(14,667)
Cost of Sales	(1,330)	(398)
Building, Utilities and Related Expenses	(7,044)	(7,465)
Interest Paid	(1,515)	(674)
Provincial and Municipal Taxes	(1,487)	(1,311)
Scholarships and Awards	(3,292)	(2,944)
Gifts to Related Party	(1,241)	(458)
Pension Superintendent's Order Settlement Costs	0	(8,776)
	<u>10,905</u>	<u>(1,712)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Purchase of Capital Assets	(46,645)	(29,521)
Advances from (to) 460 Portage Avenue Joint Venture	3,734	(7,750)
Cash from Disposal of Capital Assets	0	608
Proceeds on Maturity of Long Term Investments	517	1,183
Collections of Long Term Receivables	26	0
	<u>(42,368)</u>	<u>(35,480)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment and Retirement of Long Term Debt	(1,651)	(2,171)
Long Term Debt Proceeds – Building Purchases and Construction	11,798	14,550
Long Term Debt Proceeds – Pension Order Settlement	0	8,776
Deferred Capital Contributions	29,054	24,941
	<u>39,201</u>	<u>46,096</u>
NET INCREASE IN CASH AND SHORT TERM INVESTMENTS	7,738	8,904
CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR	23,213	14,309
CASH AND SHORT TERM INVESTMENTS, END OF YEAR	<u>\$30,951</u>	<u>\$23,213</u>
Cash and Short Term Investments consists of:		
Cash and Cash Equivalents	30,051	22,030
Short Term Investments	900	1,183
	<u>\$30,951</u>	<u>\$23,213</u>

Excluded from Investing and Financing Activities are equipment acquired under Capital Leases and the related obligations under Capital Leases totalling \$723 (2010 - \$97).

See accompanying notes to the financial statements.

**THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011**

(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 proportional consolidation method.

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 CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011**

(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 CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011**

(AMOUNTS IN THOUSANDS)

H) Financial Instruments

All financial instruments are initially recorded at fair value. Subsequent measurement is determined by the classification of each financial asset and liability. Financial instruments are classified as one of the following: held-for-trading, loans and receivables, held-to-maturity, available-for-sale 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, long term receivables and advances to 460 Portage Avenue Joint Venture are classified as loans and receivables; accounts payable and accrued liabilities, staff benefits, due to related parties and long term liabilities are classified as other liabilities.

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

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

Except for held-for-trading 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) Fair Value Measurement

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

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

Level 2 – for instruments measured at 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 instruments measured at inputs that are based on unobservable market data and are significant to the fair value measurement.

**THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011**

(AMOUNTS IN THOUSANDS)

J) 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.

K) Principles of Consolidation

The consolidated financial statements of the University include the University's proportion of the accounts of the 460 Portage Avenue Joint Venture. The University maintains a two-thirds ownership of the Joint Venture, which owns and operates the lower three floors of the building located at 460 Portage Avenue, also known as "the Buhler Centre". The Buhler Centre is the home to the University of Winnipeg's Division of Continuing Education and Faculty of Business and Economics as well as the other venturer, The Plug-In institute of Contemporary Art (Plug-In), and a small café space which is rented to an external third party. The University of Winnipeg Foundation (the Foundation) and the University of Winnipeg Community Renewal Corporation (UWCRC), both controlled entities, are not consolidated in these financial statements, but their financial results are included in the notes 20 and 21 respectively.

L) 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 UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

(AMOUNTS IN THOUSANDS)

M) Future Accounting Policy Changes

Public Sector Accounting Standards

The CICA's Public Sector Accounting Board announced that government controlled not-for-profit organizations will adopt public sector accounting (PSA) standards, which include not-for profit accounting standards, effective for fiscal years beginning on or after January 1, 2012. The transition date for the University of April 1, 2012 will require the restatement of the March 31, 2012 figures in the March 31, 2013 financial statements. The University is currently assessing the impact of the differences between PSA standards and the current basis of financial reporting.

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.

**THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011**

(AMOUNTS IN THOUSANDS)

3. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

	2011	2010
Operating Funds	\$18,658	\$11,605
Sponsored Research and Designated Funds	3,793	3,362
	<u>22,451</u>	<u>14,967</u>
Special Purpose and Trust Funds	7,600	7,063
	<u>\$30,051</u>	<u>\$22,030</u>

Trust funds are restricted funds held for deferred contributions - \$3,664 (2010 - \$3,502) and endowments - \$0 (2010 - \$75). Special purpose funds are comprised of internally restricted net assets - \$707 (2010 - \$563), due to operating - \$3,046 (2010 - \$2,719) and due to related party - \$183 (2010 - \$204).

Short term investments - \$900 (2010 - \$1,183) consist of fixed income investments.

4. Inventories

Inventory consists of finished goods, comprised primarily of bulk paper. During the year ended March 31, 2011, inventories totalling \$138 were expensed (2010 - \$235) to Cost of Sales.

5. Long Term Investments

Long term investments are comprised of the following:

	2011	2010
Fixed Income Instruments	\$1,229	\$1,746
Equity investment in properties	724	724
	<u>\$1,953</u>	<u>\$2,470</u>

Long term investments consist of trust funds - \$0 (2010 - \$100), endowments - \$1,953 (2010 - \$2,170) and operating funds - \$0 (2010 - \$200). Long term investments are recorded at fair value with the exception of the equity investment in properties for which market information is not readily available and is therefore carried at cost.

**THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011**

(AMOUNTS IN THOUSANDS)

6. Long Term Receivables

Long term receivables are comprised of the following:

	2011
Receivable from the 460 Portage Avenue Joint Venture	
Promissory Notes Secured by:	
460 Portage Ave.	\$8,707
Interest Rate 5.6%, due December 31, 2050	
460 Portage Ave	394
Interest Rate 7.00%, due March 1, 2018	
	<u>9,101</u>
Less: University of Winnipeg Component	<u>(6,067)</u>
	3,034
Receivable from Plug-In ICA	
460 Portage Ave.	883
Interest Rate 4.65%, due December 31, 2020	
	<u>3,917</u>
Less: Current Portion	<u>(37)</u>
	<u>\$3,880</u>

Annual principal payments receivable on the notes during the next five years and thereafter are: 2012 – \$37, 2013 - \$39, 2014 - \$41, 2015 - \$45, 2016 - \$48, thereafter - \$3,707.

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

The determination of the fair value of the long term receivables is not practicable due to their underlying terms and conditions.

THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

(AMOUNTS IN THOUSANDS)

7. Capital Assets and Intangibles

	2011		2010	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
(a) Capital Assets				
Land	\$8,557	\$0	\$7,870	\$0
Buildings, Additions and Improvements	110,746	23,916	97,639	22,123
Library Acquisitions	13,549	11,830	13,550	11,603
Furnishings and Equipment	33,733	23,362	29,988	21,996
Collections	1,400	0	1,327	0
Buildings Under Construction (Note 24)	56,075	0	24,233	0
Equipment Under Capital Leases	1,800	888	1,077	585
	<u>225,860</u>	<u>\$59,996</u>	<u>175,684</u>	<u>\$56,307</u>
Less Accumulated Amortization	59,996		56,307	
Net Book Value	<u>\$165,864</u>		<u>\$119,377</u>	

Furnishings and Equipment include Vehicles and Computer Equipment.

(b) Intangible Assets

Major System Computer Software	\$2,916	\$2,853
Less Accumulated Amortization	<u>2,039</u>	<u>1,855</u>
Net Book Value	<u>\$ 877</u>	<u>\$ 998</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.

	2011	2010
Balance, Beginning of Year	\$8,051	\$6,697
Contributions Received	10,584	9,598
Contributions Expended	(9,475)	(7,874)
Transferred to Foundation (Note 23)	<u>(1,055)</u>	<u>(370)</u>
Balance, End of Year	<u>\$8,105</u>	<u>\$8,051</u>
Balance Consists of:		
Sponsored Research and Designated Funds	\$4,259	\$3,773
Special Purpose Trust	3,664	4,002
Operating Funds	<u>182</u>	<u>276</u>
	<u>\$8,105</u>	<u>\$8,051</u>

**THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011**

(AMOUNTS IN THOUSANDS)

9. Staff Benefits Payable

The balance of staff benefits payable is comprised of accrued vacation pay of \$1,740 (2010 - \$1,718).

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, 2011 or March 31, 2010.

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 September 1, 2015 together with the balances of the obligations under capital leases:

2011/12	315
2012/13	249
2013/14	205
2014/15	155
2015/16	60
Total minimum lease payments	984
Less amount representing interest at approximately 3.5%	(62)
Balance of Obligations under Capital Leases	922
Less: Current Portion of Obligations under Capital Leases	(294)
Obligations under Capital Leases	\$ 628

Interest expense for the current year on the lease obligations amounted to \$29 (2010 - \$25).

12. Long Term Liabilities

	2011	2010
Promissory Notes	\$44,870	\$35,344
Mortgages Payable	75	110
Supplementary Pensions Payable	369	421
	45,314	35,875
Less: Current Portion of Long Term Liabilities	(1,458)	(2,183)
	\$43,856	\$33,692

**THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011**

(AMOUNTS IN THOUSANDS)

	2011	2010
Province of Manitoba Promissory Notes Secured by:		
509 Ellice and 433 Young Street Interest rate 4.45%, due April 15, 2015	\$400	\$498
CanWest Centre for Theatre and Film Interest rate 4.00%, due March 31, 2011	0	600
Duckworth Athletic Complex Expansion Interest rate 5.55%, due October 31, 2047	1,949	1,965
Wesley Hall – HVAC Interest rate 3.875%, due June 30, 2010	0	850
McFeetors Hall Bridge Financing Interest rate 4.10%, due September 30, 2013	900	1,200
McFeetors Hall Interest rate 5.25%, due October 31, 2049	10,832	10,916
460 Portage Avenue Interest rate 4.65%, due December 31, 2020	2,696	2,750
460 Portage Avenue Interest rate 5.60%, due December 31, 2050	9,206	5,000
460 Portage Avenue Interest rate 2.625%, due October 31, 2016	2,406	0
366 Spence Street & 336 Young Street Interest rate 4.95%, due March 31, 2051	700	0
Science Complex – Parking Lot Interest rate 4.95%, due March 31, 2051	3,900	0
	<u>32,989</u>	<u>23,779</u>
Province of Manitoba Unsecured Notes:		
491 Portage Avenue – Annex Interest rate 5.40%, due July 31, 2050	2,787	2,800
Pension Settlement Interest rate 5.35%, due January 31, 2050	8,700	8,765
	<u>11,487</u>	<u>11,565</u>
Other Promissory Notes:		
460 Portage Avenue – Deferred Land Lease Interest rate 7.00%, due March 1, 2018	394	0
	<u>\$44,870</u>	<u>\$35,344</u>

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Annual principal payments on the notes during the next five years and thereafter are: 2012 - \$1,370; 2013 - \$1,411; 2014 - \$1,454; 2015 - \$1,198; 2016 - \$1,156; thereafter - \$38,281.

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 two years are: 2012 - \$37; 2013 - \$38.

Supplementary pensions payable represents payments to past Presidents of the University for services performed and is based on an actuarial calculation. The amount due in 2012 is \$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 \$1,724 (2010 - \$649).

13. Deferred Capital Contributions

Deferred capital contributions represent unamortized external contributions related to the purchase of capital assets in the amount of \$121,694 (2010 - \$90,149) and funds held for future capital project expenditures in the amount of \$0 (2010 - \$2,489). The amortization of deferred capital contributions is recorded as revenue in the Statement of Operations.

	2011	2010
Balance, Beginning of Year	\$92,638	\$69,377
Contributions Received	29,542	21,310
Contributions from University of Winnipeg Foundation	2,013	4,034
Mortgage Principal Contributions	51	49
Amortization of Deferred Capital Contributions	(2,550)	(2,132)
Balance, End of Year	<u>\$121,694</u>	<u>\$92,638</u>

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14. Internally Restricted Net Assets

Internally restricted net assets balance at March 31, 2011 is \$1,761 (2010 - \$1,561). It consists of cumulative net unrestricted trust income of \$705 (2010 - \$561) and strategic provisions of \$1,056 (2010 - \$1,000).

The cumulative net unrestricted trust income of \$705 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. 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, 2010	Reductions	Additions	March 31, 2011
Infrastructure				
Capital Reserve	\$906	(429)		\$ 477
Building Renovations	50			50
Strategic Development				
Internal Research Grants	2			2
Project Development	42	(42)	527	527
	<u>\$1,000</u>	<u>(\$ 471)</u>	<u>\$ 527</u>	<u>\$1,056</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 \$1,953 – Note 5 (2010 - \$2,170) and cash and short term investments of \$675 (2010 – \$458).

Endowments of \$1,978 (2010 - \$1,978) are held in trust in accordance with the terms of a certain bequest. In 2011, the University has a 10% share in the income distribution from this trust (2010 – 10% share).

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16. Financial Instruments

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

	Carrying Amount	
	2011	2010
Financial Assets Held-For-Trading:		
Cash and Cash Equivalents	\$30,051	\$22,030
Short Term Investments	900	1,183
Financial Assets Available for Sale:		
Long Term Investments – Fixed Income Instruments	1,953	2,470
Loans and Receivables:		
Accounts Receivable	7,592	8,801
Due From Related Parties	503	137
Long Term Receivables	3,880	0
Advances to 460 Portage Avenue Joint Venture	0	7,750
	<u>\$44,879</u>	<u>\$42,371</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. 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 counterparties are highly rated financial institutions and quality commercial property. The credit risk on long term receivables is considered low as the receivable is from an established not-for-profit organization and secured by their interest in the 460 Portage Avenue Joint Venture.

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

	2011	2010
Accounts Receivable, gross		
Current	\$6,363	\$7,733
Past Due	1,555	1,422
	<u>7,918</u>	<u>9,155</u>
Less: Allowance for Doubtful Accounts	(326)	(354)
Accounts Receivable, net	<u>\$7,592</u>	<u>\$8,801</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.

Long-term liabilities are at fixed interest rates and terms

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

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

Cash and cash equivalents and short and long term investments have been categorized based upon a fair value hierarchy in accordance with the amendment to CICA 3862. See Note 2 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, 2011. There have been no transfers between levels during the year.

Investments at Fair Value as at March 31, 2011				
	Level 1	Level 2	Level 3	Total
Cash & Cash Equivalents	\$30,051			\$30,051
Short Term Investments		900		900
Fixed Income Investments		1,229		1,229
	<u>\$30,051</u>	<u>\$2,129</u>		<u>\$32,180</u>

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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
	\$22,030	\$2,929		\$24,959

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 liabilities. 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, 2011, there were no changes in capital management strategy, 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.

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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 (as of December 31, 2000), and all new employees must now participate in the defined contribution side of the Plan.

At December 31, 2010 the fair value of the Plan's net assets was \$139,414 (2009 - \$129,423). 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 plus any amounts required to be funded in order to comply with the requirements of the Pension Benefits Act of Manitoba. 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 as at December 31, 2010 are \$113,074 and \$137,402 respectively. The corresponding values for the plan assets and plan obligations projected to the fiscal year-end, March 31, 2011 are \$114,611 and \$137,880 respectively.

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 2010	December 31 2009
Balance, Beginning of Year	\$21,850	\$16,458
Contributions	3,465	2,784
Benefits and Refunds Paid	(1,156)	(525)
Net Investment Return	2,191	3,133
Balance, End of Year	<u>\$26,350</u>	<u>\$21,850</u>

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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 and filed with the Manitoba Pension Commission as at December 31, 2007 by Eckler Ltd., a firm of consulting actuaries. The membership data as at December 31, 2007 was subsequently projected to December 31, 2008. An actuarial valuation of the Plan was prepared as at December 31, 2008 and the results were extrapolated by Eckler Ltd. to December 31, 2009 for the purpose of determining the pension expense for the fiscal year ending March 31, 2010. A second actuarial valuation of the Plan was prepared as at December 31, 2008 by Eckler Ltd., and the results were extrapolated by them to December 31, 2010 for the purpose of determining the benefit obligation as at December 31, 2010.

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.

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 2010	December 31 2009
Benefit Obligation, January 1	\$123,437	\$120,328
Current Service Cost	2,225	2,293
Interest Cost	7,230	7,100
Benefits and Refunds Paid	(8,085)	(6,284)
Actuarial Loss	12,595	0
Benefit Obligation, December 31	<u>\$137,402</u>	<u>\$123,437</u>

Change in Plan Assets

	December 31 2010	December 31 2009
Fair Value of Plan Assets, January 1	\$107,573	\$95,016
Actual Return on Plan Assets, Net of Expenses	10,777	16,183
Employer Contributions	1,957	1,780
Employee Contributions	852	878
Benefits and Refunds Paid	(8,085)	(6,284)
Fair Value of Plan Assets, December 31	<u>\$113,074</u>	<u>\$107,573</u>

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Reconciliation of Funded Status

	March 31 2011	March 31 2010
Funded Status – Deficit	(\$24,328)	(\$15,864)
Employer Contributions After December 31	403	420
Unamortized Transitional Asset	(1,820)	(2,276)
Unamortized Net Actuarial Loss	23,961	16,259
Accrued Benefit Liability, Before Valuation Allowance	(1,784)	(1,461)
Valuation Allowance	0	0
Accrued Benefit Liability, Net of Valuation Allowance	<u>(\$1,784)</u>	<u>(\$1,461)</u>

Components of Pension Expense

	December 31 2010	December 31 2009
Employer Share of Current Service Cost	\$1,373	\$1,415
Interest Cost	7,230	7,100
Expected Return on Plan Assets	(6,296)	(5,592)
Amortization of Transitional Asset	(456)	(456)
Amortization of Actuarial Loss	412	1,646
Decrease in Valuation Allowance	0	(874)
Net Pension Expense	<u>\$2,263</u>	<u>\$3,239</u>

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

Discount rate	- pre and post-retirement	6.00%	6.00%
	- provision for post-retirement indexing	0.25%	0.25%
Rate of salary increase	- 2009	2.50%	2.50%
	- thereafter	4.00%	4.00%
Expected rate of return on Plan Assets		5.55%	6.00%

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

Discount rate	- pre and post-retirement	5.00%	6.00%
	- provision for post-retirement indexing	0.50%	0.25%
Rate of salary increase	- 2009	2.50%	2.50%
	- thereafter	3.40%	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 came into effect on May 31, 2010. The benefit changes were 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:

2011/12	\$5,574
2012/13	2,359
2013/14	2,313
2014/15	2,251
2015/16	1,365
Thereafter	11,319
	<u>\$25,181</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 2010-2011 budget discussions and as approved by the University's Board of Regents and the Foundation's Board of Directors, the University agreed to provide an operating grant to the Foundation of \$550 for the year. (2010 - \$275) 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, 2011 for occupancy and support services and the corresponding grant to the Foundation to offset these costs was \$173 (2010 - \$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 \$1,100 in 2010-2011 (\$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 23 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:

	2011	2010
Statement of Financial Position:		
Assets	<u>\$40,010</u>	<u>\$37,705</u>
Liabilities	<u>525</u>	<u>307</u>
Fund Balances:		
Operating Fund	181	194
Unrestricted Fund	2	3
Investment in Capital Assets	25	34
Building and Program Fund	674	2,074
Funds Held Pending Terms of Reference	79	125
Unrestricted Bequests	44	42
Endowment Fund	<u>38,480</u>	<u>34,926</u>
	<u>39,485</u>	<u>37,398</u>
	<u>\$40,010</u>	<u>\$37,705</u>
Statement of Operations		
Sources of Funds:		
Transfer from University of Winnipeg	\$516	\$55
Investment Income	1,367	912
Unrealized Gain (Loss) on Investments	1,779	4,739
University of Winnipeg Support Funding	723	448
Endowment Administration Fee	685	500
Annual Donations	<u>4,836</u>	<u>4,891</u>
	<u>9,906</u>	<u>11,545</u>
Uses of Funds:		
Endowment - Gifts to the University	1,100	383
Endowment - Administration Fee	685	500
Endowment - Administration Expenses	106	106
Operations	1,560	1,456
Donations Gifted to the University of Winnipeg	<u>4,368</u>	<u>6,147</u>
	<u>7,819</u>	<u>8,592</u>
Increase (Decrease) in Funds	<u>\$2,087</u>	<u>\$2,953</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 3 years as follows:

2011/12	240
2012/13	210
2013/14	180
	<hr/>
	\$ 630
	<hr/>

For 2010-2011, the University and the Foundation agreed that the operating grant would be \$550. 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 to the University in connection with the following in accordance to agreements entered into between the UWCRC and the University:

- 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 \$52 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 \$190.
- d) In addition, the University paid \$275 for management services related to student housing and food services. In return UWCRC contracted back from the University Food Services for a fee of \$30.

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 2010-11 fiscal year.

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

	2011	2010
Statement of Financial Position:		
Assets:		
Cash	\$179	\$173
Accounts Receivable	129	303
Income Taxes Recoverable	38	0
Due from University of Winnipeg (Note 23)	12	5
Capital Assets	787	807
Investments, at Equity	1,225	1,022
	<u>\$2,370</u>	<u>\$2,310</u>
Liabilities and Net Assets:		
Accounts Payable and Accrued Liabilities	\$77	\$96
Current Portion of Long Term Debt	29	30
Long Term Debt	248	275
Deferred Capital Contributions	411	422
Future Income Taxes	166	115
Net Assets	1,439	1,372
	<u>\$2,370</u>	<u>\$2,310</u>

	2011	2010
Statement of Operations and Changes in Net Assets:		
Revenue		
Share of Equity Income	\$203	\$116
Consulting	681	832
Other	79	65
	<u>963</u>	<u>1,013</u>
Expenses	<u>896</u>	<u>851</u>
Excess of Revenue over Expenses	67	162
Net Assets – Beginning of Year	1,372	1,164
Investment in Capital Assets and Transfers	0	46
Net Assets – End of Year	<u>\$1,439</u>	<u>\$1,372</u>

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22. Contingencies

The University is named as a defendant in litigations where legal action has commenced or is anticipated. While the ultimate outcomes of these proceedings cannot be predicted at this time, management and its legal counsel are of the opinion that, either the outcomes will not have a 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, 2011.

23. Related Party Transactions and Balances

The Foundation and UWCRC are controlled entities of the University. The Trusteed Pension Plan and the 460 Portage Avenue Joint Venture are also related parties.

The University charges benefit administration costs to the Trusteed Pension Plan. The charge for 2010-2011 was \$53 (2009-2010 - \$52). 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:

	2011	2010
From the University to the Foundation:		
i) Operating grant	\$550	\$275
ii) Transfer of residuals for endowment	\$516	\$31
iii) Transfer of matching funds for endowment	\$539	\$339
iv) Occupancy & Support Agreement (Note 20 b)	\$173	\$173
From the Foundation to the University:		
i) Transfer of annual donations	\$4,368	\$6,147
ii) Income allocation	\$1,100	\$383
iii) Advance of 2010/11 income allocation	\$0	\$500
iv) Occupancy & Support Agreement (Note 20 b)	\$173	\$173
From the University to UWCRC		
i) Consulting fees (excluding GST)	\$641	\$728
From UWCRC to the University		
i) Management fees	\$220	\$296
From the University to the Joint Venture		
i) Lease expense	\$173	\$0
ii) Capital contribution	\$484	\$0
From the Joint Venture to the University		
i) Service fees	\$44	\$0

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

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

	2011	2010
Due from Related Party		
Foundation	\$359	\$137
UWCRC	70	0
460 Portage Avenue Joint Venture	74	0
	<u>503</u>	<u>137</u>
Due from 460 Portage Avenue Joint Venture		
Notes Receivable	<u>9,101</u>	<u>0</u>
Due to Related Parties		
Foundation	539	339
UWCRC	82	5
	<u>\$ 621</u>	<u>\$ 344</u>

24. Richardson College for the Environment & Science Complex

The University has commenced the development of the Richardson College for the Environment and Science Complex, which was completed in April 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.

25. 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 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. A fourth floor was later added which is solely owned by the University and is not part of the Joint Venture with Plug-in ICA.

The University owns two-thirds of the Joint Venture with Plug-in ICA controlling the remaining third. The joint venture's revenues consist of long term space leases with a Café owner, parking revenue and "rents" from the ventures which are intended to cover the capital and operating costs of the Joint Venture on the basis of square footage occupied. The University is the Property Manager for the 460 Portage Ave Joint Venture and processes all of the Joint Ventures financial transactions, as well as providing certain services, the cost of which are reimbursed by the Joint Venture as disclosed in note 23 – related parties.

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The following is a summary of the University's proportionate share of the financial position, results of operations and cash flows of the Joint Venture included in the consolidated financial statements for the year ended March 31, 2011.

	2011
Statement of Financial Position	
Assets:	
Accounts Receivable and Prepaid Expenses	4
Capital Assets	6,942
Intangible Asset	1,325
	<u>8,271</u>
Liabilities and Venturers' Equity	
Accounts Payable and Accrued Liabilities	5
Due to the University of Winnipeg	6,116
Deferred Capital Contributions	320
Venturers Equity	1,830
	<u>8,271</u>
Statement of Operations	
Revenues	
Parking	12
Amortization of Deferred Capital Contribution	3
Expense Recovery from Venturers	142
	<u>157</u>
Expenses	
Building Operating	109
Interest	151
Amortization	58
Amortization of Intangible Asset	8
	<u>326</u>
Net Loss	<u>(169)</u>
Statement of Cash Flows	
Cash Receipts from Tenants & Venturers	155
Cash Paid to Suppliers	(109)
Interest Paid	(151)
Cash Flows used by Operating Activities	<u>(105)</u>
Venturers' Contributions	667
Proceeds from Long Term Financing	6,085
Capital Contributions Received	322
Other Financing Activities	31
Cash Flows from Financing Activities	<u>7,105</u>
Cash Flows used in Investing Activities – Purchase of Capital Assets	<u>(7,000)</u>
Net Change in Cash Position	<u>0</u>

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

The intangible asset included in the Joint Venture represents the University's ability to obtain long term financing and is valued at the amount agreed to in the Joint Venture Agreement. The University's portion of the intangible asset as well as certain other balances were eliminated in the University's accounts on consolidation.

Construction of the building resulted in a number of deficiencies which had to be rectified upon possession. The cost of remedial action is included in the cost of the building, however the Joint Venture is negotiating with the design team for the building and expects to be able to recover some of these costs. The result of these negotiations is unknown, but may result in costs between \$0 and \$225 being recovered by the Joint Venture. The University's share of these costs would be two thirds or \$0 to \$150.

For 2009-10 the University's statement of financial position included the loans payable related to the Joint Venture and Advances to 460 Portage Avenue Joint Venture for the same amount (2010 - \$7,750) as the Building was under construction. There was no net income (loss) from the joint venture for the year ended March 31, 2010.

26. Reclassification of Comparative Figures

Certain 2010 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2011.