



THE UNIVERSITY OF  
**WINNIPEG**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2012**

**THE UNIVERSITY OF WINNIPEG**

**WINNIPEG, MANITOBA, CANADA**

**THE UNIVERSITY OF WINNIPEG**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended March 31, 2012**

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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 for not-for-profit organizations. 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)*

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Bill Balan  
Vice-President (Finance & Administration)

*(Original signed by Michael Emslie)*

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Michael Emslie, CA  
Associate Vice-President Finance & Comptroller

Winnipeg, Manitoba  
June 28, 2012



## 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, 2012, 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, the consolidated financial statements present fairly, in all material respects, the financial position of the University of Winnipeg as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**Original signed by  
Carol Bellringer**

June 28, 2012  
Winnipeg, Manitoba

Carol Bellringer, FCA, MBA  
Auditor General

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

Statement I

ASSETS

	2012 \$000	2011 \$000
Current Assets:		
Cash and Cash Equivalents (Notes 4, 11)	\$18,352	\$30,051
Short Term Investments (Note 4)	295	900
Accounts Receivable (Note 17)	7,842	7,555
Current Portion of Long Term Receivables (Note 7)	38	37
Due from Related Parties (Note 24)	343	503
Prepaid Expenses	1,258	1,098
Inventories (Note 5)	40	25
	<u>28,168</u>	<u>40,169</u>
Long Term Investments (Note 6)	2,019	1,953
Long Term Receivables (Note 7)	3,845	3,880
Capital Assets (Note 8 a)	173,481	165,864
Intangible Assets (Note 8 b)	946	877
	<u>\$208,459</u>	<u>\$212,743</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$7,960	\$15,245
Deferred Revenue	7,921	8,205
Deferred Contributions (Note 9)	8,937	8,105
Staff Benefits Payable (Note 10)	1,806	1,740
Current Portion of Obligations Under Capital Leases (Note 12)	242	294
Current Portion of Long Term Debt (Note 13)	1,729	1,458
Due to Related Parties (Note 24)	957	621
	<u>29,552</u>	<u>35,668</u>
Obligations under Capital Leases (Note 12)	436	628
Long Term Liabilities (Note 13)	46,536	43,856
Deferred Capital Contributions (Note 14)	123,010	121,694
Accrued Pension Liability (Note 19)	0	1,784
Net Assets:		
Unrestricted Net Deficiency	(11,956)	(8,893)
Internally Restricted Net Assets (Note 15)	1,655	1,761
Endowments (Note 16)	3,172	2,628
Investment in Capital Assets	16,054	13,617
	<u>8,925</u>	<u>9,113</u>
	<u>\$208,459</u>	<u>\$212,743</u>
Special Purpose and Trust Assets (Notes 4, 16)		
Commitments (Note 19)		
Contractual Obligations (Notes 12, 20, 21, 22)		
Contingencies (Note 23)		

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, 2012  
(with comparative figures for 2011)

**Statement II**

	<b>2012</b> <b>\$000</b>	<b>2011</b> <b>\$000</b>
<b>REVENUE</b>		
Government Grants:		
Council on Post Secondary Education	\$57,343	\$52,107
Other Province of Manitoba	3,463	4,324
Government of Canada	4,462	4,112
Student Academic Fees	35,922	34,564
Gifts, Grants and Bequests	3,450	3,583
Investment Income	1,858	1,372
Sales of Services and Products	1,290	1,168
Other Revenues	9,216	9,512
Amortization of Deferred Capital Contributions (Note 14)	3,509	2,550
	<u>120,513</u>	<u>113,292</u>
<b>EXPENSES</b>		
Salaries	65,692	63,395
Staff Benefits	10,426	8,478
Supplies, Services and Other Expenses	19,719	17,667
Cost of Sales	331	314
Building, Utilities and Related Expenses	10,912	9,443
Interest	2,255	1,515
Provincial and Municipal Taxes	1,564	1,498
Scholarships and Awards	3,883	3,283
Gifts to Related Party (Note 24)	965	1,219
Amortization of Capital Assets	5,498	4,418
	<u>121,245</u>	<u>111,230</u>
Excess (Deficiency) of Revenue over Expenses from Operations	<u>( 732)</u>	<u>2,062</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, 2012  
(with comparative figures for 2011)

Statement III

	2012				2011
	UNRESTRICTED NET DEFICIENCY \$000	INTERNALLY RESTRICTED NET ASSETS (Note 15) \$000	ENDOWMENTS (Note 16) \$000	INVESTMENT IN CAPITAL ASSETS \$000	TOTAL \$000
BALANCE, BEGINNING OF YEAR	(\$8,893)	\$1,761	\$2,628	\$13,617	\$9,113
Excess (Deficiency) of Revenue Over Expenses	(732)				2,062
Endowment Contributions			570		0
Endowment custodial/management fees			(26)		0
Transfers:					
Internally Funded:					
Capital Asset Additions	(4,237)			4,237	0
Amortization of Deferred Capital Contributions	(3,509)			3,509	0
Amortization of Capital Assets	5,498			(5,498)	0
Disposal of Capital Assets	19			(19)	0
Repayment of Long Term Debt	(208)			208	0
Internally Restricted Net Assets	(208)	208			0
Strategic Provisions – Reductions (Note 15)	330	(330)			0
Strategic Provisions – Additions (Note 15)	(16)	16			0
NET CHANGE FOR THE YEAR	(3,063)	(106)	544	2,437	2,062
BALANCE, END OF YEAR	(\$11,956)	\$1,655	\$3,172	\$16,054	\$9,113

See accompanying notes to the financial statements.

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

**Statement IV**

	<b>2012 \$000</b>	<b>2011 \$000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from:		
Government Grants	\$64,368	\$64,814
Student Academic Fees	37,171	34,400
Gifts, Grants and Bequests	3,592	794
Investment Income	1,866	1,410
Sales of Services and Products	1,272	2,045
Other Revenues	9,438	11,069
Cash Paid for:		
Salaries	(68,419)	(62,887)
Staff Benefits	(11,856)	(8,378)
Supplies, Services and Other Expenses	(21,318)	(16,453)
Cost of Sales	(317)	(1,330)
Building, Utilities and Related Expenses	(14,298)	(7,044)
Interest Paid	(2,255)	(1,515)
Provincial and Municipal Taxes	(1,565)	(1,487)
Scholarships and Awards	(3,883)	(3,292)
Gifts to Related Party	(586)	(1,241)
	<u>(6,790)</u>	<u>10,905</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash Purchase of Capital Assets	(12,799)	(46,645)
Advances from (to) 460 Portage Avenue Joint Venture	0	3,734
Purchase of Long Term Investments	(370)	0
Proceeds on Maturity of Long Term Investments	295	517
Collections of Long Term Receivables	35	26
	<u>(12,839)</u>	<u>(42,368)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment and Retirement of Long Term Debt	(1,495)	(1,651)
Long Term Debt Proceeds – Building Purchases and Construction	4,250	11,798
Contributions Received for Endowment	570	0
Deferred Capital Contributions	4,000	29,054
	<u>7,325</u>	<u>39,201</u>
<b>NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS</b>	<b>(12,304)</b>	<b>7,738</b>
<b>CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR</b>	<b>30,951</b>	<b>23,213</b>
<b>CASH AND SHORT TERM INVESTMENTS, END OF YEAR</b>	<b><u>\$18,647</u></b>	<b><u>\$30,951</u></b>
Cash and Short Term Investments consists of:		
Cash and Cash Equivalents	18,352	30,051
Short Term Investments	295	900
	<u>\$18,647</u>	<u>\$30,951</u>

Excluded from Investing and Financing Activities are equipment acquired under Capital Leases and the related obligations under Capital Leases totalling \$62 (2011 - \$723).

*See accompanying notes to the financial statements.*



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

**(AMOUNTS IN THOUSANDS)**

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**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**

**A) Basis of Accounting and Principles of Consolidation**

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The consolidated financial statements of the University include the University's investment in the 460 Portage Avenue Joint Venture (Note 25) which is accounted for using the proportional consolidation method. The University of Winnipeg Foundation (the Foundation) and the University of Winnipeg Community Renewal Corporation (UWCRC), both controlled entities, are not consolidated in these consolidated financial statements, but details of their financial results are included in the notes to the consolidated financial statements (Notes 21 and 22 respectively).

**B) Components of Net Assets**

The University's net assets are presented in the financial statements in the following four categories.

The Unrestricted Net Deficiency reflects the operating position of the University and encompasses the general revenues and expenditures of undertaking the University's activities. Operating expenditures are funded primarily from grants, student academic fees and other revenues.

Internally Restricted Net Assets represents funds segregated from the University's general operating funds for specific purposes as well as gift revenue retained by the University trust fund that is general purpose in nature.

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.

The Investment in Capital Assets represents funds used to acquire capital assets utilized in the University's operations.

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

**(AMOUNTS IN THOUSANDS)**

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**C) Contributions**

The University has chosen to use the deferral method of accounting for contributions. Under the deferral method of accounting for contributions, restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Restricted contributions are 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.

**D) 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.

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

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 revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

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 interest expense and the related funding from COPSE to offset the interest expense over the terms of the promissory notes are both excluded from the statement of operations and changes in fund balances.

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

**E) 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.

**F) Investments**

Investments are measured 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.

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

**(AMOUNTS IN THOUSANDS)**

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**G) Inventories**

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

**H) Capital Assets and Intangibles**

Purchased capital assets and collections of the University are recorded at cost. Donated assets are recorded at estimated fair market value on the date received. Collections include Art Work and Rare Books recorded at fair value derived by independent appraisal at the time of acquisition or donation. 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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**I) 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 and long term receivables are classified as loans and receivables; accounts payable and accrued liabilities, staff benefits payable, 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 and available-for-sale 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 and available-for-sale financial assets and liabilities, transaction costs are recorded in the statement of operations as incurred.

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

**(AMOUNTS IN THOUSANDS)**

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**J) Fair Value Measurement**

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

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

Level 2 – for instruments measured using significant observable inputs, either directly or indirectly, and

Level 3 – for instruments measured using inputs that are not based on observable market data or using valuations based on quoted prices for similar instruments and are significant to the fair value measurement.

**K) 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.

**L) Trusteed Pension Plan**

The University contributes to the University of Winnipeg Trusteed Pension Plan for University employees. The pension expense for the defined benefit component of the pension plan is determined actuarially using the projected unit credit actuarial cost method and management's best estimates of investment performance, salary escalation, retirement ages of employees and member mortality. With respect to the amortization of actuarial gains or losses, the University has adopted a policy consistent with the 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.

**3. 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 University has determined it qualifies as a Government Not-for-Profit entity as defined in the PSA standards. The transition date for the University of April 1, 2011 will require the presentation of the April 1, 2011 consolidated statement of financial position and the restatement of the March 31, 2012 figures in the March 31, 2013 consolidated financial statements. The University is currently assessing the impact of the differences between PSA standards and the current basis of financial reporting.

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

**(AMOUNTS IN THOUSANDS)**

**4. Cash and Cash Equivalents**

Cash and cash equivalents consist of the following:

	<b>2012</b>	<b>2011</b>
Operating Funds	\$7,823	\$18,658
Sponsored Research and Designated Funds	4,164	3,793
	<u>11,987</u>	<u>22,451</u>
Special Purpose and Trust Funds	6,365	7,600
	<u>\$18,352</u>	<u>\$30,051</u>

Trust funds are restricted funds held for deferred contributions - \$3,763 (2011 - \$3,664) and endowments - \$859 (2011 - \$0). Special purpose funds are comprised of internally restricted net assets - \$913 (2011 - \$707), due to operating - \$67 (2011 - \$3,046) and due to related party - \$763 (2011 - \$183).

Short term investments - \$295 (2011 - \$900) consist of fixed income investments.

**5. Inventories**

Inventory consists of finished goods, comprised primarily of bulk paper. During the year ended March 31, 2012, inventories totalling \$92 were expensed (2011 - \$138) to Cost of Sales.

**6. Long Term Investments**

Long term investments are comprised of the following:

	<b>2012</b>	<b>2011</b>
Fixed Income Instruments	\$1,295	\$1,229
Equity investment in properties	724	724
	<u>\$2,019</u>	<u>\$1,953</u>

Long term investments consist of endowments of \$2,019 (2011 - \$1,953). Long term investments are recorded at fair value with the exception of the equity investment in properties for which current market information is not readily available and is therefore carried at estimated fair value on the date the asset was received.

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

**(AMOUNTS IN THOUSANDS)**

**7. Long Term Receivables**

Long term receivables are comprised of the following:

	2012	2011
Receivable from the 460 Portage Avenue Joint Venture		
Promissory Notes Secured by:		
460 Portage Ave.	\$8,646	\$8,707
Interest Rate 5.6%, due December 31, 2050		
460 Portage Ave	349	394
Interest Rate 7.00%, due March 1, 2018		
	<u>8,995</u>	<u>9,101</u>
Less: University of Winnipeg component (Note 25)	<u>(5,997)</u>	<u>(6,067)</u>
	2,998	3,034
Receivable from Plug-In ICA		
460 Portage Ave.	885	883
Interest Rate 4.65%, due December 31, 2020		
	<u>3,883</u>	<u>3,917</u>
Less: Current Portion	<u>(38)</u>	<u>(37)</u>
	<u>\$3,845</u>	<u>\$3,880</u>

Annual principal payments receivable on the notes during the next five years and thereafter are: 2013 - \$38, 2014 - \$40, 2015 - \$43, 2016 - \$46, 2017 - \$48, thereafter - \$3,668.

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

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

**(AMOUNTS IN THOUSANDS)**

**8. Capital Assets and Intangibles**

	<b>2012</b>		<b>2011</b>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Cost</b>	<b>Accumulated Amortization</b>
<b>(a) Capital Assets</b>				
Land	\$9,054	\$0	\$8,557	\$0
Buildings, Additions and Improvements	174,951	26,701	110,746	23,916
Library Acquisitions	13,704	12,098	13,549	11,830
Furnishings and Equipment	36,677	25,021	33,733	23,362
Collections	1,517	0	1,400	0
Buildings Under Construction	725	0	56,075	0
Equipment Under Capital Leases	1,861	1,188	1,800	888
	<u>238,489</u>	<u>\$65,008</u>	<u>225,860</u>	<u>\$59,996</u>
Less Accumulated Amortization	65,008		59,996	
Net Book Value	<u>\$173,481</u>		<u>\$165,864</u>	

Furnishings and Equipment include Vehicles and Computer Equipment.

**(b) Intangible Assets**

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

**9. 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.

	<b>2012</b>	<b>2011</b>
Balance, Beginning of Year	\$8,105	\$8,051
Contributions Received	13,261	10,584
Contributions Expended	(11,464)	(9,475)
Transferred to Foundation (Note 24)	(965)	(1,055)
Balance, End of Year	<u>\$8,937</u>	<u>\$8,105</u>
Balance Consists of:		
Sponsored Research and Designated Funds	\$4,913	\$4,259
Special Purpose Trust	3,763	3,664
Operating Funds	<u>261</u>	<u>182</u>
	<u>\$8,937</u>	<u>\$8,105</u>

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

**(AMOUNTS IN THOUSANDS)**

**10. Staff Benefits Payable**

The balance of staff benefits payable is comprised of accrued vacation pay of \$1,806 (2011 - \$1,740).

**11. 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, 2012 or March 31, 2011.

**12. Obligations under Capital Leases**

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

2012/13	262
2013/14	218
2014/15	169
2015/16	73
Total minimum lease payments	722
Less amount representing interest at approximately 3.5%	(44)
Balance of Obligations under Capital Leases	678
Less: Current Portion of Obligations under Capital Leases	(242)
Obligations under Capital Leases	\$ 436

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

**13. Long Term Liabilities**

	2012	2011
Promissory Notes	\$47,711	\$44,870
Mortgages Payable	38	75
Supplementary Pensions Payable	516	369
	48,265	45,314
Less: Current Portion of Long Term Liabilities	(1,729)	(1,458)
	\$46,536	\$43,856



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

**(AMOUNTS IN THOUSANDS)**

	<b>2012</b>	<b>2011</b>
Province of Manitoba Promissory Notes Secured by:		
509 Ellice and 433 Young Street Interest rate 4.45%, due April 15, 2015	\$302	\$400
Duckworth Athletic Complex Expansion Interest rate 5.55%, due October 31, 2047	1,932	1,949
McFeetors Hall Interest rate 4.10%, due September 30, 2013	600	900
McFeetors Hall Interest rate 5.25%, due October 31, 2049	10,743	10,832
460 Portage Avenue Interest rate 4.65%, due December 31, 2020	2,472	2,696
460 Portage Avenue Interest rate 5.60%, due December 31, 2050	9,142	9,206
460 Portage Avenue Interest rate 2.625%, due October 31, 2016	2,000	2,406
366 Spence Street & 336 Young Street Interest rate 4.95%, due March 31, 2051	694	700
Richardson College for the Environment & Science Complex – Parking Lot Interest rate 4.95%, due March 31, 2051	3,868	3,900
Richardson College for the Environment & Science Complex Interest rate 2.35%, due January 31, 2020	1,962	0
Richardson College for the Environment & Science Complex Variable interest rate per annum, equal to prime less 0.75 percent due, January 31, 2020	2,250	0
	<u>35,965</u>	<u>32,989</u>
Province of Manitoba Unsecured Notes:		
491 Portage Avenue – Annex Interest rate 5.40%, due July 31, 2050	2,765	2,787
Pension Settlement Interest rate 5.35%, due January 31, 2050	8,632	8,700
	<u>11,397</u>	<u>11,487</u>
Other Promissory Notes:		
460 Portage Avenue – Deferred Land Lease Interest rate 7.00%, due March 1, 2018	349	394
	<u>\$47,711</u>	<u>\$44,870</u>

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The University received capital funding from the Provincial Government as a contribution towards the Richardson College for the Environment and Science Complex Building and Deferred Maintenance expenditures on campus. The funding was financed by promissory notes payable to the Province of Manitoba bearing interest at rates ranging from 4.85% to 5.95%. The notes are repayable over a term of 40 years, due between February 2047 and November 2050. Repayment is funded by dedicated grants from the Province of Manitoba. This funding has been treated as a restricted grant and recorded as deferred capital contributions where it paid for an asset which was capitalized (such as the Richardson College for the Environment and Science Complex), or recognized as revenue in the period expended, if the expenditure did not meet the definition of a capital asset. The loan payments, off-setting revenues and debt outstanding are not recorded in the University's financial statements. The Balance of Debt outstanding at March 31, 2012 is \$53,784 (2011 - \$54,686).

Annual principal payments on the notes during the next five years and thereafter are: 2013 - \$1,642; 2014 - \$1,690; 2015 - \$1,440; 2016 - \$1,403; 2017 - \$1,256; thereafter - \$40,280.

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 year are \$38.

Supplementary pensions payable represents payments to past Presidents of the University for services performed and is based on an actuarial calculation. The amount due in 2013 is \$49.

Interest expense during the year on long term liabilities totalled \$2,303 (2011 - \$1,724) of which \$48 (2011 - \$209) was capitalized during the year.

#### **14. Deferred Capital Contributions**

Deferred capital contributions represent unamortized external contributions related to the purchase of capital assets in the amount of \$122,353 (2011 - \$121,694) and funds held for future capital project expenditures in the amount of \$657 (2011 - \$0). The amortization of deferred capital contributions is recorded as revenue in the Statement of Operations.

	2012	2011
Balance, Beginning of Year	\$121,694	\$92,638
Contributions Received	3,602	29,593
Contributions from University of Winnipeg Foundation	1,223	2,013
Amortization of Deferred Capital Contributions	(3,509)	(2,550)
Balance, End of Year	<u>\$123,010</u>	<u>\$121,694</u>

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**15. Internally Restricted Net Assets**

Internally restricted net assets balance at March 31, 2012 is \$1,655 (2011 - \$1,761). It consists of cumulative net unrestricted trust income of \$913 (2011 - \$705) and strategic provisions of \$742 (2011 - \$1,056).

The cumulative net unrestricted trust income of \$742 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, 2011	Reductions	Additions	March 31, 2012
<b>Infrastructure</b>				
Capital Reserve	\$477	(177)		\$ 300
Building Renovations	50			50
<b>Strategic Development</b>				
Internal Research Grants	2	(2)		0
Project Development	527	(151)	16	392
	<u>\$1,056</u>	<u>(\$ 330)</u>	<u>\$ 16</u>	<u>\$ 742</u>

**16. Net Assets Restricted for Endowment Purposes**

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

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

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**17. 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:

	<b>Carrying Amount</b>	
	<b>2012</b>	<b>2011</b>
Financial Assets Held-For-Trading:		
Cash and Cash Equivalents	\$18,352	\$30,051
Short Term Investments	295	900
Financial Assets Available for Sale:		
Long Term Investments – Fixed Income Instruments	2,019	1,953
Loans and Receivables:		
Accounts Receivable	7,842	7,555
Current Portion of Long Term Receivables	38	37
Due From Related Parties	343	503
Long Term Receivables	3,845	3,880
	<u>\$32,734</u>	<u>\$44,879</u>

The University manages the credit risk related to these items by maintaining its cash and cash equivalents and its short and 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 the 460 Portage Avenue Joint Venture.

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

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

**Interest rate risk**

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

Long-term liabilities are primarily 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 the University's 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 payable, and due to related parties approximates their carrying values due to their short term maturity.

Cash and cash equivalents and short and long term investments have been categorized based upon a fair value hierarchy in accordance with the 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. There have been no transfers between levels during the year.

Investments at Fair Value as at March 31, 2012				
	Level 1	Level 2	Level 3	Total
Cash & Cash Equivalents	\$18,352			\$18,352
Short Term Investments		295		295
Fixed Income Investments		1,295		1,295
	<u>\$18,352</u>	<u>\$1,590</u>		<u>\$19,942</u>

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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
	\$30,051	\$2,129		\$32,180

### **18. 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, 2012, there were no changes in capital management strategy, and the University has met its externally imposed capital requirements.

### **19. 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, 2011 the fair value of the Plan's net assets was \$135,201 (2010 - \$139,414). 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, 2011 are \$107,892 and \$165,453 respectively. The corresponding values for the plan assets and plan obligations projected to the fiscal year-end, March 31, 2012 are \$112,111 and \$166,481 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:

	<b>December 31 2011</b>	<b>December 31 2010</b>
Balance, Beginning of Year	\$26,350	\$21,850
Contributions	3,297	3,465
Benefits and Refunds Paid	(1,948)	(1,156)
Net Investment Return	(389)	2,191
Balance, End of Year	<u>\$27,310</u>	<u>\$26,350</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. As the Plan is currently under 90% funded on a solvency basis, annual valuations are required.

An actuarial valuation of the Plan was prepared and filed with the Manitoba Pension Commission as at December 31, 2007 by Eckler Ltd. (Eckler), a firm of consulting actuaries. The membership data as at December 31, 2007 was subsequently projected to December 31, 2008 and used to prepare an actuarial valuation at that date, which was extrapolated by Eckler to December 31, 2010 for the purpose of determining the pension expense for the fiscal year ending March 31, 2012.

A second valuation of the Plan was prepared by Eckler and filed with the Manitoba Pension Commission as at December 31, 2010. The results were extrapolated by them to December 31, 2011 for the purpose of determining the benefit obligation as at December 31, 2011.

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.

**Change in Accrued Benefit Obligation**

	<b>December 31 2011</b>	<b>December 31 2010</b>
Accrued Benefit Obligation, January 1	\$137,402	\$123,437
Current Service Cost	2,525	2,225
Interest Cost	6,828	7,230
Benefits and Refunds Paid	(9,142)	(8,085)
Plan Amendment	3,289	0
Actuarial Loss	24,551	12,595
Accrued Benefit Obligation, December 31	\$165,453	\$137,402



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**Change in Fair Value of Plan Assets**

	<b>December 31 2011</b>	<b>December 31 2010</b>
Fair Value of Plan Assets, January 1	\$113,074	\$107,573
Actual Return on Plan Assets, Net of Expenses	(1,326)	10,777
Employer Contributions	4,501	1,957
Employee Contributions	785	852
Benefits and Refunds Paid	(9,142)	(8,085)
Fair Value of Plan Assets, December 31	<u>\$107,892</u>	<u>\$113,074</u>

The plan assets at December 31, 2011 consist of Domestic Fixed Income investments of \$52,882, Canadian Equity investments of \$34,388, US Equity investments \$8,723, International Equity investments of \$9,378, cash and cash equivalents of \$2,547 and net accruals of (\$26). Asset allocation is determined and monitored by the independent Board of Trustees.

**Reconciliation of Funded Status**

	<b>March 31 2012</b>	<b>March 31 2011</b>
Funded Status – Deficit at December 31	(\$57,561)	(\$24,328)
Employer Contributions after December 31	1,167	403
Unamortized Transitional Asset	(1,364)	(1,820)
Unamortized Past Service Cost	2,995	0
Unamortized Net Actuarial Loss	<u>55,264</u>	<u>23,961</u>
Accrued Benefit Asset (Liability), before Valuation Allowance	501	(1,784)
Valuation Allowance	<u>(501)</u>	<u>0</u>
Accrued Benefit Asset (Liability), net of Valuation Allowance	<u>\$ 0</u>	<u>(\$1,784)</u>

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**Components of Pension Expense**

	<b>December 31 2011</b>	<b>December 31 2010</b>
Employer Share of Current Service Cost	\$1,740	\$1,373
Interest Cost	6,828	7,230
Expected Return on Plan Assets	(6,502)	(6,296)
Amortization of Transitional Asset	(456)	(456)
Amortization of Past Service Cost	294	0
Amortization of Actuarial Loss	1,076	412
Increase in Valuation Allowance	501	0
Net Pension Expense	<u>\$3,481</u>	<u>\$2,263</u>

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

Discount rate	- pre and post-retirement	5.00%	6.00%
	- provision for post-retirement indexing	0.50%	0.25%
Rate of salary increase	- 2009	2.50%	2.50%
	- thereafter	3.40%	4.00%
Expected rate of return on Plan Assets		5.85%	5.55%

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

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

**Funding Obligation**

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

The actuarial valuation at December 31, 2010 confirms that the defined benefit segment of the Plan has a solvency deficiency of \$25,256 and a solvency ratio of 0.752.

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

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

The Board of Trustees made seven amendments to the Plan in 2011. These amendments included a number of administrative changes to reflect revisions to the Pension Benefits Act in the year. These changes included defining the interest rate to be used in crediting member contribution accounts, clarifying what expenses the Plan is responsible for paying to the University, permitting non-resident and critically ill members to unlock their benefits, and changes related to the normal pension commencement date and late pension commencement.

The Plan was also amended to define how interest would be calculated on outstanding surplus entitlements, permitting voluntary days without pay, and increased the employee and employer contributions to the Plan in accordance with collective agreements negotiated between the University and its various bargaining units.

## **20. 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:

2012/13	\$3,653
2013/14	2,289
2014/15	2,191
2015/16	1,503
2016/17	1,148
Thereafter	10,264
	<u>\$21,048</u>

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**21. 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 2011-2012 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 \$468 for the year (2011 - \$550). 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, 2012 for occupancy and support services and the corresponding grant to the Foundation to offset these costs was \$183 (2011 - \$173).

**(c) Endowment Fund Agreement**

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

The Foundation is entitled to an annual administration fee equal to  $\frac{1}{2}$  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:

	2012	2011
Statement of Financial Position:		
Assets	<u>\$41,206</u>	<u>\$40,010</u>
Liabilities	<u>280</u>	<u>525</u>
Fund Balances:		
Operating Fund	298	181
Unrestricted Fund	8	2
Investment in Capital Assets	4	25
Building and Program Fund	598	674
Funds Held Pending Terms of Reference	195	79
Unrestricted Bequests	135	44
Endowment Fund	<u>39,688</u>	<u>38,480</u>
	<u>40,926</u>	<u>39,485</u>
	<u>\$41,206</u>	<u>\$40,010</u>
Statement of Operations		
Sources of Funds:		
Transfer from University of Winnipeg	\$283	\$516
Investment Income	1,277	1,367
Unrealized Gain (Loss) on Investments	(762)	1,779
University of Winnipeg Support Funding	651	723
Endowment Administration Fee	775	685
Loss on Disposal of Assets	(11)	0
Annual Donations	<u>6,767</u>	<u>4,836</u>
	<u>8,980</u>	<u>9,906</u>
Uses of Funds:		
Endowment - Gifts to the University	1,174	1,100
Endowment - Administration Fee	775	685
Endowment - Administration Expenses	119	106
Operations	1,521	1,560
Donations Gifted to the University of Winnipeg	<u>3,950</u>	<u>4,368</u>
	<u>7,539</u>	<u>7,819</u>
Increase in Funds	<u>\$1,441</u>	<u>\$2,087</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 2 years as follows:

2012/13	210
2013/14	180
	<hr/>
	\$ 390
	<hr/>

For 2011-2012, the University and the Foundation agreed that the operating grant would be \$468. However, no formal agreement has been signed to reflect this change.

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**22. 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 \$49 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 \$272 for management services related to student housing and food services.

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 2011-12 fiscal year.



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

	2012	2011 (Restated)
Statement of Financial Position:		
Assets:		
Cash	\$214	\$179
Accounts Receivable	249	130
Income Taxes Recoverable	0	38
Due from University of Winnipeg (Note 23)	0	12
Capital Assets	620	787
Investments, at Equity	4,191	4,142
	<u>\$5,274</u>	<u>\$5,288</u>
Liabilities and Net Assets:		
Accounts Payable and Accrued Liabilities	\$24	\$80
Current Portion of Long Term Debt	26	29
Due to University of Winnipeg	96	0
Long Term Debt	167	248
Deferred Capital Contributions	315	411
Net Assets	4,646	4,520
	<u>\$5,274</u>	<u>\$5,288</u>

	2012	2011 (Restated)
Statement of Operations and Changes in Net Assets:		
Revenue		
Share of Equity Income	\$145	\$155
Consulting	706	681
Other	243	79
	<u>1,094</u>	<u>915</u>
Expenses		
Salaries and Benefits	502	413
Consulting and Professional Fees	118	216
Supplies, Services and Other Expenses	348	218
	<u>968</u>	<u>847</u>
Excess of Revenue over Expenses	126	68
Net Assets – Beginning of Year	1,439	1,371
Prior Period Adjustment	3,081	3,081
Net Assets, As Restated	<u>4,520</u>	<u>4,452</u>
Net Assets – End of Year	<u>\$4,646</u>	<u>\$4,520</u>

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Upon adoption of accounting standards for private enterprises, the Joint Venture owning the land and building situated at 491 Portage Avenue elected to increase the carrying value of that property to fair value as permitted under the transitional standards. As a result the carrying value of the capital assets was increased by \$14,154 at March 31, 2011. This resulted in an increase in the corporation's 25% share of ventures' capital as at March 31, 2011 of \$3,081 (\$3,539 net of \$458 in future income taxes).

**23. Contingencies**

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

**24. 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 2011-2012 was \$53 (2010-2011 - \$53). 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:

	2012	2011
From the University to the Foundation:		
i) Operating grant	\$468	\$550
ii) Gifts of residuals for endowment	\$283	\$516
iii) Gifts of matching funds for endowment	\$682	\$539
iv) Occupancy & Support Agreement (Note 21 b)	\$183	\$173
From the Foundation to the University:		
i) Transfer of annual donations	\$3,950	\$4,368
ii) Income allocation	\$1,174	\$1,100
iii) Occupancy & Support Agreement (Note 21 b)	\$183	\$173
From the University to UWCRC		
i) Consulting fees (excluding GST)	\$634	\$641
From UWCRC to the University		
i) Management fees	\$190	\$220
From the University to the Joint Venture		
i) Lease expense	\$691	\$173
ii) Capital contribution	\$127	\$484
From the Joint Venture to the University		
i) Service fees	\$88	\$44

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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:

	2012	2011
Due from Related Party		
Foundation	\$159	\$359
UWCRC	134	70
460 Portage Avenue Joint Venture	50	74
	343	503
Due from 460 Portage Avenue Joint Venture		
Notes Receivable (Note 7)	8,995	9,101
Due to Related Parties		
Foundation	919	539
UWCRC	38	82
	\$ 957	\$ 621

In addition to those related transactions disclosed elsewhere in these financial statements, the University is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The University enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

**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 venturers which are intended to cover the capital and operating costs of the Joint Venture on the basis of square footage occupied. The University is the Property Manager for the 460 Portage Ave Joint Venture and processes all of the Joint Ventures financial transactions, as well as providing certain services, the cost of which are reimbursed by the Joint Venture as disclosed in note 24.

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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 years ended March 31.

	2012	2011
<b>Statement of Financial Position</b>		
Assets:		
Accounts Receivable and Prepaid Expenses	20	4
Capital Assets	6,910	6,942
Intangible Asset	1,291	1,325
	<u>8,221</u>	<u>8,271</u>
Liabilities and Venturers' Equity		
Accounts Payable and Accrued Liabilities	6	5
Due to the University of Winnipeg	6,097	6,116
Deferred Capital Contributions	399	320
Venturers Equity	1,719	1,830
	<u>8,221</u>	<u>8,271</u>
<b>Statement of Operations</b>		
Revenues		
Rental Revenue	75	12
Amortization of Deferred Capital Contribution	5	3
Expense Recovery from Venturers	571	142
	<u>651</u>	<u>157</u>
Expenses		
Building Operating	271	109
Interest	342	151
Amortization	117	58
Amortization of Intangible Asset	33	8
	<u>763</u>	<u>326</u>
Net Loss	<u>( 112)</u>	<u>( 169)</u>
<b>Statement of Cash Flows</b>		
Cash Receipts from Tenants & Venturers	637	155
Cash Paid to Suppliers	(275)	(109)
Interest Paid	(342)	(151)
Cash Flows used by Operating Activities	<u>20</u>	<u>(105)</u>
Venturers' Contributions	0	667
Proceeds from Long Term Financing	0	6,085
Capital Contributions Received	85	322
Other Financing Activities	(20)	31
Cash Flows from Financing Activities	<u>65</u>	<u>7,105</u>
Cash Flows used in Investing Activities – Purchase of Capital Assets	<u>(85)</u>	<u>(7,000)</u>
Net Change in Cash Position	<u>0</u>	<u>0</u>

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

The intangible asset included in the Joint Venture 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.

**26. Reclassification of Comparative Figures**

Certain 2011 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2012.