



**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2007**

**THE UNIVERSITY OF WINNIPEG**

**WINNIPEG, MANITOBA, CANADA**

**THE UNIVERSITY OF WINNIPEG  
CONSOLIDATED FINANCIAL STATEMENTS**



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

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

The University's operations include the University undergraduate and graduate credit programs, Continuing Education Division, are idWfll3.3(ol3jthe con)5.6(tnl13.3(ol3jthe con)5.66)r7 TDef(ol3jtrvia8on,are idWfl43jtttrvie)5.4( a2

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

### **University of Winnipeg Pension Plan**

Discussions between the University, Plan Stakeholders and the Provincial Government have continued in 2006-07 with the objective of arriving at a solution to the Pension Plan's solvency deficiency challenge. These discussions have been productive and



**UNIVERSITY OF WINNIPEG**

OFFICE OF THE  
AUDITOR GENERAL  
MANITOBA

AUDITOR'S REPORT

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

We have audited the consolidated statement of financial position of the University of Winnipeg as at

include assessing the accounting principles used and significant estimates made by management, as well  
as evaluating the overall financial statement presentation.

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

Original document signed by:  
Carol Ballinger

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

**Statement I**

**ASSETS**

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

**LIABILITIES AND NET ASSETS**

Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$6,640	\$6,234
Deferred Revenue	2,634	2,150
Deferred Contributions (Note 6)	5,702	5,033
Unfunded Staff Benefits (Note 7)	1,466	1,409
Due to Related Party (Note 19)	179	306
	<u>16,621</u>	<u>15,132</u>
Obligations under Capital Leases (Note 9)	423	0
Long Term Liabilities (Note 10)	1,414	1,913
Deferred Capital Contributions (Note 11)	48,221	40,936
Net Assets:		
Unrestricted Net Assets	2,101	2,041
Internally Restricted Net Assets (Note 12)	1,395	1,488
Endowments (Note 13)	2,684	2,462
Investment in Capital Assets	10,579	10,629
	<u>16,759</u>	<u>16,620</u>
	<u>\$83,438</u>	<u>\$74,601</u>
Trust Assets (Note 13)		
Commitments (Notes 15, 16, 17, 22)		
Contingencies (Note 18)		
Subsequent Events (Note 10, 23)		

Approved by the Board of Regents

*(Original signed by Terry Hidichuk)*

Chair, Board of Regents

*(Original signed by Lloyd Axworthy)*

President & Vice Chancellor

*See accompanying notes to the consolidated financial statements.*

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

**Statement II**

	<b>2007 \$000</b>	<b>2006 \$000</b>
<b>REVENUE</b>		
Government Grants:		
Council on Post Secondary Education	\$40,448	\$37,753
Other Province of Manitoba	1,662	1,542
Government of Canada	2,634	2,473
Student Academic Fees	28,335	26,973
Gifts, Grants and Bequests	1,257	2,181
Investment Income	1,684	1,574



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

Statement III

	----- 2007 -----				2006	
	UNRESTRICTED NET ASSETS \$000	INTERNALLY RESTRICTED NET ASSETS (Note 12) \$000	ENDOWMENTS (Note 13) \$000	INVESTMENT IN CAPITAL ASSETS \$000	TOTAL \$000	TOTAL \$000
<b>BALANCE, BEGINNING OF YEAR</b>	\$2,041	\$1,488	\$2,462	\$10,629	\$16,620	\$15,286
Deficiency of Revenue Over Expenses	(83)				(83)	(478)
Direct Increases (Decreases):						

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

**Statement IV**

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

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

*See accompanying notes to the consolidated financial statements.*

**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDE**

**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007**

**(AMOUNTS IN THOUSANDS)**

---

**C) Cash and Cash Equivalents**

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





**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007**

**(AMOUNTS IN THOUSANDS)**

---

**7. Unfunded Staff Benefits**

The balance of unfunded staff benefits includes:

	<b>2007 \$000</b>	<b>2006 \$000</b>
Accrued Vacation Pay	\$1,382	\$1,326
Supplementary Pension Payable - Current Portion	84	83
	<u>\$1,466</u>	<u>\$1,409</u>

**8. Bank Indebtedness**

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

**9. Obligations under Capital Leases**

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

**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007**

**(AMOUNTS IN THOUSANDS)**

**10. Long Term Liabilities**

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

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

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

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

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

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



**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007**

**(AMOUNTS IN THOUSANDS)**

**11. Deferred Capital Contributions**

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

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

**12. Internally Restricted Net Assets**

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

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

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

**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007**

**(AMOUNTS IN THOUSANDS)**

The strategic provisions provide for:

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

**13. 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 \$1,566 – Note 4 (2006 - \$1,566) and short-term investments of \$1,118 (2006 – accounts receivable \$896).

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

**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007**

**(AMOUNTS IN THOUSANDS)**

---

**14. University of Winnipeg Pension Plan (the Plan)**

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

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

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

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

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

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

**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007  
(AMOUNTS IN THOUSANDS)**

---

**Defined Contribution Obligation**

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

The defined contribution segment of the Plan consists of:

	<b>December 31 2006 \$000</b>	<b>December 31 2005 \$000</b>
Balance, Beginning of Year	\$13,681	\$11,049
Contributions	1,870	1,641
Benefit Payments and Expenses	(861)	

MOU1,6411 Tc(1,6411 Tcm0c(1- 48R.f.94 4 scn0Sor dddddd012 Tc(\$13,681)Tj12 0 0 12 441,64Tm0 Tc( )Tj10.98 0 0 10.98 7  
ember 31 2005

**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007  
(AMOUNTS IN THOUSANDS)**

---

<b>Change in Plan Assets</b>	<b>December 31 2006 \$000</b>	<b>December 31 2005 \$000</b>
Fair Value of Plan Assets, January 1	\$113,374	\$104,813
Actual Return on Plan Assets, Net of Expenses	14,072	12,284
Employer Contributions	1,750	1,855
Employee Contributions	970	990



**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED M978 TDand0.5191 64.8 719.04 Tm0 TcddNDE**





**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007**

**(AMOUNTS IN THOUSANDS)**

---

**(d) Endowment Fund Agreement**

**THE UNIVERSITY OF WINNIPEG**

**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDE**

**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007**

**(AMOUNTS IN THOUSANDS)**

---

**17. University of Winnipeg Community Renewal Corporation**

The University of Winnipeg Community Renewal Corporation (“UWCRC”) was incorporated by Articles of Incorporation, without share capital, on April 6, 2005, as a controlled entity of the University. UWCRC’s mandate is to support the University by developing a sustainable university community that promotes the attractiveness of the University to its faculty, staff, students, and the

**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007**



**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007**

**(AMOUNTS IN THOUSANDS)**

**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007**

**(AMOUNTS IN THOUSANDS)**

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

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

**20. Financial Instruments**

**a) Fair value**

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

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

**b) Credit Risk**

The University is subject to credit risk through receivables. Receivables are with

market Tt5.re ac9.308 TD0 T011 Tc0.

and the amounts of ( ) JT\*ent ]-19 tee(ies approxent ie )p()5.2(p454 TD0 T011 Tc0.)Tj/



**THE UNIVERSITY OF WINNIPEG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007**

**(AMOUNTS IN THOUSANDS)**

---

**21. Reclassification of Comparative Figures**

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

**22. Richardson College for the Environment & Science Complex**

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

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

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

**23. Subsequent Events**

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

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

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