



University
of Manitoba

2022 ANNUAL
FINANCIAL
REPORT



TABLE OF CONTENTS

MISSION, VISION and VALUES.....	2
REPORT OF THE BOARD OF GOVERNORS	3
MANAGEMENT DISCUSSION AND ANALYSIS	5
DISCLOSURES MADE UNDER <i>THE PUBLIC INTEREST DISCLOSURE</i> <i>(WHISTLEBLOWER PROTECTION) ACT</i>	22
STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING	23
INDEPENDENT AUDITOR'S REPORT	24
FINANCIAL STATEMENTS.....	27
Statement of Financial Position.....	27
Statement of Operations.....	28
Statement of Remeasurement Gains and Losses.....	29
Statement of Change in Net Financial Assets.....	30
Statement of Cash Flows.....	31
Notes to the Financial Statements	32

MISSION:

To create, preserve, communicate and apply knowledge, contributing to the cultural, social and economic well-being of the people of Manitoba, Canada and the world.

VISION:

To take our place among leading universities through a commitment to transformative research and scholarship, and to innovative teaching and learning – uniquely strengthened by Indigenous knowledge and perspectives.

VALUES:

To achieve our vision, we require a commitment to a common set of ideals. The University of Manitoba values: Academic Freedom, Accountability, Collegiality, Equity and Inclusion, Excellence, Innovation, Integrity, Respect, and Sustainability.

REPORT OF THE BOARD OF GOVERNORS

To the Minister of Advanced Education, Skills and Immigration, Manitoba

In compliance with Section 9.4(1) of *The Advanced Education Administration Act*, the Annual Report on the financial affairs of the University of Manitoba for the year ended March 31, 2022 is herewith submitted to the Minister of Advanced Education, Skills and Immigration.

The following are included with this Report:

- Management Discussion and Analysis
- Disclosures Made Under *The Public Interest Disclosure (Whistleblower Protection) Act*
- Statement of Management Responsibility for Financial Reporting
- Independent Auditor's Report
- Financial Statements

REPORT OF THE BOARD OF GOVERNORS

MEMBERS OF THE BOARD OF GOVERNORS:

At March 31, 2022 the members of the Board of Governors were as follows:

Chair

Laurel Hyde, B.S.A.

Vice-Chair

Lynette Magnus, B. Comm. (Hons.), CPA, CA

Chancellor

Anne Mahon, B.H. Ecol.

President and Vice-Chancellor

Michael Benarroch, B.A. (Hons.), M.A., Ph.D.

Appointed by the Lieutenant-Governor-in-Council:

Nathan Brigg

Juanita DeSouza-Huletey, B.A. (Hons.), M.A., PMP, ALEP

Alex Drummond, B.A.

Laurel Hyde, B.S.A.

Kathryn Lee, B. Comm. (Hons.), CPA

Lynette Magnus, B. Comm. (Hons.), CPA, CA

Tracey Matthews, B.A., B.Ed., M.Ed.

Nevada Mogan

Kimber Osiowy, B.Sc. (C.E.), M.Sc.

Allison Raizman, B.Sc., B.Sc. (Dent), DMD

Laura Reimer, B.A., MPA, Ph.D.

Elected by Senate

John Anderson, B.Sc., M.Sc., Ph.D.

Susan Prentice, B.A., M.E.S., Ph.D.

Jeffery Taylor, B.A., M.A., Ph.D.

Elected by Graduates

Duane Brothers, B.A., B.Ed., Ph.D.

Jeff Lieberman, B.A., B.Comm. (Hons.)

Nora Murdock, B.A., Cert.Ed., M.Ed., Ph.D.

Appointed by the University of Manitoba Students Union

Emily Kalo

Brendan Scott, B.Sc.

Silvia Sekander, M.Sc.

University Secretary

Jeff M. Leclerc, B.Ed., M.Ed., C.Dir.

Respectfully submitted,
The Board of Governors,
The University of Manitoba.

Original signed by

Laurel Hyde, Chair.

THE UNIVERSITY OF MANITOBA: THE ROAD TO RECOVERY

The University of Manitoba (University) is western Canada's first university, established in 1877, and is located on original lands of Anishinaabeg, Cree, Oji-Cree, Dakota, and Dene peoples, and on the homeland of the Métis Nation. The University is Manitoba's only research-intensive university, and one of the country's top research institutions. Since opening its doors 145 years ago, the University of Manitoba has thrived as a place where students come to learn and be inspired. The University continues to attract people from around the world who share its ideals and vision for positive change. The University believes in embracing challenges and taking action. Its students, faculty, researchers, staff, and alumni bring their unique voices to learning and discovery, shape new ways of doing things and contribute to important conversations on topics that matter most, from human rights to global health to climate change. The University of Manitoba is where imagination and action collide.

The fall term saw the enrolment of 31,037 students from over 100 countries. International student enrolment increased as a proportion of the total student population, and represented 21.9% of all students enrolled in 2021-22. Indigenous¹ students continued to be a strong component of the student population in the fall term and represented 8.4% of all students.

The University is pleased to have retained its status as one of Manitoba's Top 25 Employers for 2022. People drive the success of the University of Manitoba, as faculty and staff are dedicated to providing students with the exceptional education that they expect and deserve.

Thanks to generous benefactors, the University's endowment is one of the largest Canadian university endowments. In 2021-22, the market value of the University Investment Trust was \$878.7 million.

The 2020-21 fiscal year saw unprecedented challenges and widespread impacts caused by the COVID-19 global pandemic, and the University quickly adjusted its operations to preserve the health and safety of its community. As restrictions were gradually lifted through 2021-22, the University was able to re-open its campuses and resume many in-person activities. However, the continued health and safety of faculty, staff and students remained paramount and several enhanced safety measures were sustained to protect students, faculty, staff and the community. In addition to the continued impact of the COVID-19 pandemic on University operations, the University experienced a faculty labor disruption in fall 2021, and a decrease in operating support from the Province of Manitoba.

The University's Annual Surplus in 2021-22 was \$76.1 million before endowed donations, and reflected funding earmarked for future capital projects and research endeavors, and funding that has been set aside to support ongoing operations and future initiatives. The University also recorded net remeasurement gains of \$31.2 million, which represented an increase in the valuation of certain University investments held at March 31, 2022. The net financial impact of the Annual Surplus and Net Remeasurement Gains resulted in a Net Increase to Accumulated Surplus of \$129.2 million.

The following table summarizes the operating results of the University for the year ended March 31, 2022.

SUMMARY OF FINANCIAL RESULTS

(in thousands)

	2022	2021
Revenue	\$ 969,142	\$ 957,097
Expenses	893,058	854,111
Annual Surplus from Operating and Non-Operating Activities	76,084	102,986
Endowed Donations	22,016	13,538
Annual Surplus	98,100	116,524
Net Remeasurement Gains for the Year	31,119	122,598
Net Increase to Accumulated Surplus	\$ 129,219	\$ 239,122

¹ Indigenous identity is a voluntary self-declaration made on admission forms.

MANAGEMENT DISCUSSION AND ANALYSIS

OUR SHARED FUTURE

In spring 2020, the University presented its final report on *Taking Our Place: University of Manitoba Strategic Plan 2015-2020*. Since that time, the University has continued to achieve meaningful results across all five priorities described in that plan:

- *Inspiring Minds* through innovative and quality teaching
- *Driving Discovery and Insight* through excellence in research, scholarly work, and other creative activities
- *Creating Pathways to Indigenous Achievement*
- *Building Community* that creates an outstanding learning and working environment
- *Forging Connections* to foster high-impact community engagement

The University is continuing to advance its mission, vision and values and deliver on its commitment to reconciliation with Indigenous peoples. The COVID-19 pandemic presented the University community with immense challenges, but also with opportunities to learn and innovate. New problems led to progress as the University adapted to new ways of teaching, learning, researching, working, and engaging with each other. The pandemic also delayed the extensive community engagement that is fundamental to developing a new strategic plan. Nevertheless, in June 2021 every member of the University was invited to participate in an online questionnaire that built on the many discussions held across the University over the past year. Based on the rich feedback received from these discussions, and from close to 2,000 respondents (primarily faculty, staff and students), five priorities were confirmed that will drive efforts over the next 12-18 months. As outlined in *Our Shared Future: Building on our Strategic Plan*, the University will:

- Support and sustain a post-COVID teaching, learning, research and work environment. This includes a commitment, as one of Canada's top 15 research universities, to remain a leader in research excellence.
- Develop and publicize a University-wide anti-racism strategy.
- Enhance and expand opportunities for learning, including research opportunities for students.
- Deliver on commitments to Indigenous achievement and engagement.
- Create a more accessible, equitable, diverse, and inclusive University.

A comprehensive strategic planning exercise is anticipated to take place in 2022.

Consistent with past practice, the University's 2021-22 operating budget included the allocation of funding to support and advance strategic goals.

Strategic allocations in 2021-22 provided \$2.2 million to support the *Inspiring Minds through innovative and quality teaching* priority. This included support for enhanced teaching and learning through, among other things, the purchase of software and hardware used for remote teaching and learning, the creation of an experiential learning centre, and additional career counsellors (\$1.2 million). This support also strengthened the University's commitment to students by allocating \$1.0 million to both undergraduate and graduate students of the highest need, as well as for specific supports for international and Indigenous students.

Strategic allocations in 2021-22 provided \$1.0 million to support the *Driving Discovery and Insight through excellence in research, scholarly work and other creative activities* priority, to continue grant matching and providing research incentive programs.

Strategic allocations in 2021-22 also provided support for the *Creating Pathways to Indigenous Achievement* priority through the continued investment in the operations of the National Centre for Truth and Reconciliation (\$0.9 million), and for the recruitment of Indigenous faculty members (\$0.6 million). These allocations further supported the *Driving Discovery and Insight* and *Inspiring Minds* respectively.

The budget included continued investment of \$1.0 million in network switch replacement, and server renewal and enhancement as part of a multi-year commitment that supports the goal to provide information technology systems that support the needs of students, staff and faculty within the *Building Community* that creates an outstanding working environment priority. Also supporting this priority was an allocation of \$1.0 million to support the University's multi-year plan to relocate and redistribute electrical services for the Fort Garry campus; \$0.3 million for the implementation of an equity, diversity, and inclusion strategy; and \$0.2 million for additional accessibility coordinators to support students.

Additional details about the University's 2021-22 budget can be found at: <https://umanitoba.ca/finance/sites/finance/files/2022-01/2021-22-bog-submission-operating-budget.pdf>.

FINANCIAL OVERVIEW

A university is a complex organization that undertakes several activities in support of its mission and strategic objectives. In the attempt to fulfill its mission, vision and values, these activities include teaching, conducting research, community service, and providing ancillary services such as student residences, parking services and bookstore operations. In addition, a university maintains its own infrastructure including buildings, IT infrastructure, research equipment, office furnishings, roadways, and parking lots.

The financial statements of the University are prepared using Public Sector Accounting Standards (PSAS) and as a result, financial resources and impacts associated with all activities are combined together for reporting purposes. However, for the purpose of financial transparency, this report provides commentary on each type of activity. These activities have been categorized as follows:

Operating Activities

Operating activities include but are not exclusive to: the instruction and ongoing support of students; the operation and maintenance of facilities; the support of academic and research endeavors; the operation of libraries; the operation of bookstores, student residences, parking facilities and dining services; and the activities that support the relationship between the University and the community. These activities are supported by funding sources such as tuition fees, the operating grant from the Province of Manitoba, and revenue generated from ancillary services (e.g. student residences, parking services and bookstore operations). Costs associated with the University's operating activities include the salaries and benefits of faculty and staff, materials and supplies, utilities, plant maintenance, libraries, student services and other support services. Financial prudence and careful monitoring and management of operating finances to ensure that deficits aren't incurred is a crucial objective of the University.

Research Activities

Research activities include research projects undertaken by the University in order to produce specific research outcomes. Funding received in support of research activities is restricted for this purpose by external sponsors of research, and must be used in accordance with the associated contracts and agreements between the University and these sponsors. This funding cannot be used to support operating activities.

Capital Activities

Capital activities include but are not exclusive to: the purchase or building of new facilities or infrastructure; the renovation or replacement of existing facilities and infrastructure; and the purchase of major equipment, including scientific equipment, vehicles and information technology infrastructure. These items are acquired or built with the expectation that they will be used for a number of years to help deliver the University's mandate. These activities are funded by sources such as grants from the Province of Manitoba and the Government of Canada, donations from benefactors, and internal allocations. Funding received for capital activities is restricted for this purpose by external funders. At times, the University may also borrow funds to finance large capital projects. As such, costs associated with capital activities include debt repayment and interest costs associated with holding debt, as well as amortization costs.

MANAGEMENT DISCUSSION AND ANALYSIS

Special Purpose and Trust Activities

Special purpose and trust activities include but are not exclusive to: the undertaking of externally-assigned mandates, such as the provision of health care services in northern communities; the administration of employee staff benefit plans; and the administration of trust activities, which include the support of faculties and schools, students, professorships, chairs, research, libraries and athletic programs, to name a few. Funding for these activities comes from a variety of sources, including grants from the Province of Manitoba, Government of Canada, and other Canadian provinces; foreign governments; employee contributions to benefit plans; and donations from benefactors and investment income earned on those donations. Funding received for these activities is restricted by collective bargaining agreements, external funders and donors.

Endowment Activities

Endowment activities involve the receipt of resources that have been gifted or bequeathed to the University under the condition that they be held in perpetuity to support the future of the University. However, the income earned from investing these gifts and the spending of such is considered to be a trust activity, as it can be used only for specific purposes as previously outlined.

Financial Health

As a charitable not-for-profit organization, the University's financial goal is not to maximize profit. Rather, the University's finances are managed to maximize its ability to deliver on its teaching, research, and service mission while ensuring adequate reserves are in place for long-term financial sustainability.

Tracking the financial performance and measuring the financial health of the University as a whole can be a challenge, particularly when each facet of its diverse operations has its own unique characteristics and key indicators of whether it is meeting its financial or operational objectives.

The University's financial statements can be difficult to interpret due to the myriad of activities the University undertakes, the multiple funding sources, the externally imposed restrictions placed on some of that funding, and the complex accounting standards that must be followed. Further complicating matters is the requirement under PSAS to report the financial resources and impacts of all activities combined together, limiting insight into whether or not financial or operational objectives were achieved.

Several financial ratios were developed by Ron Salluzzo, et, All and published in *Strategic Financial Analysis for Higher Education* in 2010. These ratios provide insight into the degree to which a university's financial position allows it to weather unexpected financial challenges, settle its debt, and generate a positive cash flow. The University has chosen to present these ratios for the benefit of stakeholders, and they are to be considered in conjunction with the other data presented in this Annual Financial Report.

Primary Reserve Ratio

Does the University have sufficient financial flexibility?

The Primary Reserve Ratio measures whether a university has sufficient resources to continue operations in the event of a financial downturn or crisis.

The University relies heavily on provincial operating grants (49.6% of 2021-22 operating revenue) and tuition (32.4% of 2021-22 operating revenue) to fund its operating activities. Further, the majority of the University's expenses are salaries and benefits (77.0% of 2021-22 operating expenses). Because of its reliance on certain funding sources and its obligations to its employees, monitoring the University's ability to manage a financial crisis is an important aspect of sound financial stewardship.

A target score of 140 days is considered to be a threshold indicative of reasonable financial reserves.

Viability Ratio

Can the University settle its debt?

The Viability Ratio measures the availability of resources (unrestricted net assets) to cover a university's debt load should it need to do so, and whether its debt is being managed strategically to advance a university's mission.

A target score of 1.25 or better is considered to be indicative that a university has a reasonable level of resources available to settle its outstanding debt should it be required to do so.

Net Operating Revenue Ratio

Did the University generate a positive or negative cash flow?

The Net Operating Revenue Ratio indicates whether a university is living within its available resources, and if its aggregated activities resulted in a surplus or a deficit.

A positive score indicates that a university has generated a surplus, and a negative score indicates that a university has generated a deficit. A threshold demonstrating reasonable financial health for this ratio is 2.0%.

Return on Net Assets Ratio

Has the University's net assets increased or decreased?

The Return on Net Assets Ratio measures if a university is better off at the end of a fiscal period than at the beginning of a fiscal period. The threshold for reasonable financial health is 6.0%.

Composite Financial Index

How is the University's financial health?

Using Salluzzo's methodology, the scores of the above four ratios, applying weighting factors, can be combined into a single ratio called the Composite Financial Index (CFI). The CFI is intended to be used as a single measure of a university's financial health at a single point in time.

The strength factors and CFI score fall along a scale of -4 to +10. A CFI score of +3 is the threshold level showing reasonable financial health at a university. A score of less than +3 indicates a need for additional attention to a university's financial condition. A score of greater than +3 indicates an opportunity for the strategic use of unrestricted resources to achieve a university's objective. A score of +1 indicates little financial health, while a score of +10 is the high benchmark. A score of +3 or above is preferred.

The following are the University's financial ratio scores for the past two fiscal years.

FINANCIAL RATIO SCORES

Ratio	Minimum Threshold	2022	2021
Primary Reserve Ratio	140 days	218 days	226 days
Viability Ratio	1.25	1.7	1.6
Net Operating Revenue Ratio	2.0%	12.2%	21.5%
Return on Net Assets Ratio	6.0%	5.0%	5.2%
Composite Financial Index	3.0	5.2	7.2

MANAGEMENT DISCUSSION AND ANALYSIS

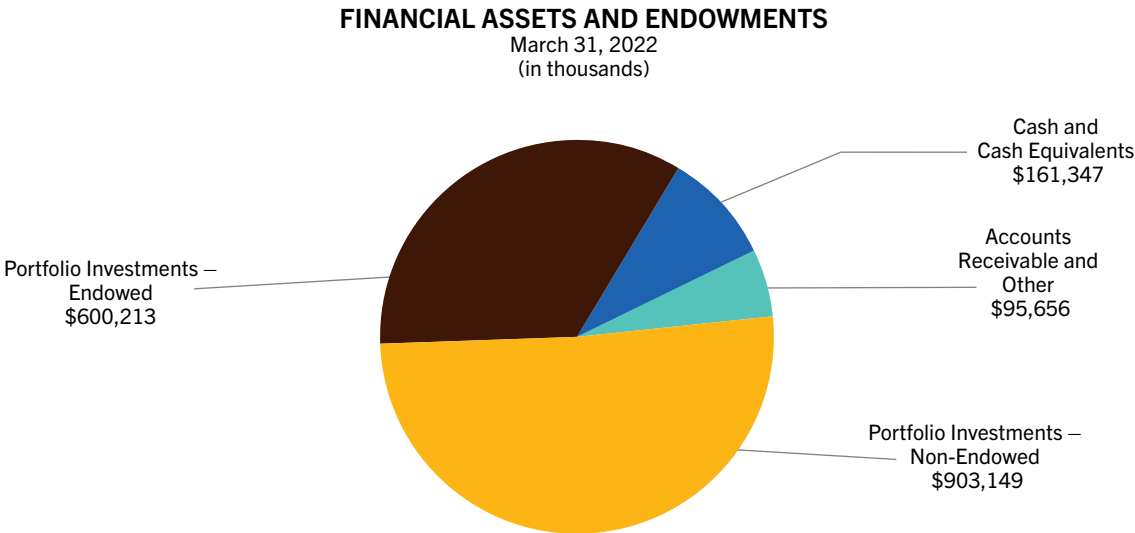
Financial Resources

Net Financial Assets

Net financial assets are comprised of the University's financial assets, liabilities and endowments. The University's net financial assets at March 31, 2022 were \$878.1 million, composed of financial assets of \$1.2 billion and endowments of \$600.2 million, offset by \$882.3 million of liabilities. The University's financial assets and liabilities are detailed below.

Financial Assets

Details of the University's financial assets, including endowed donations, are depicted below.



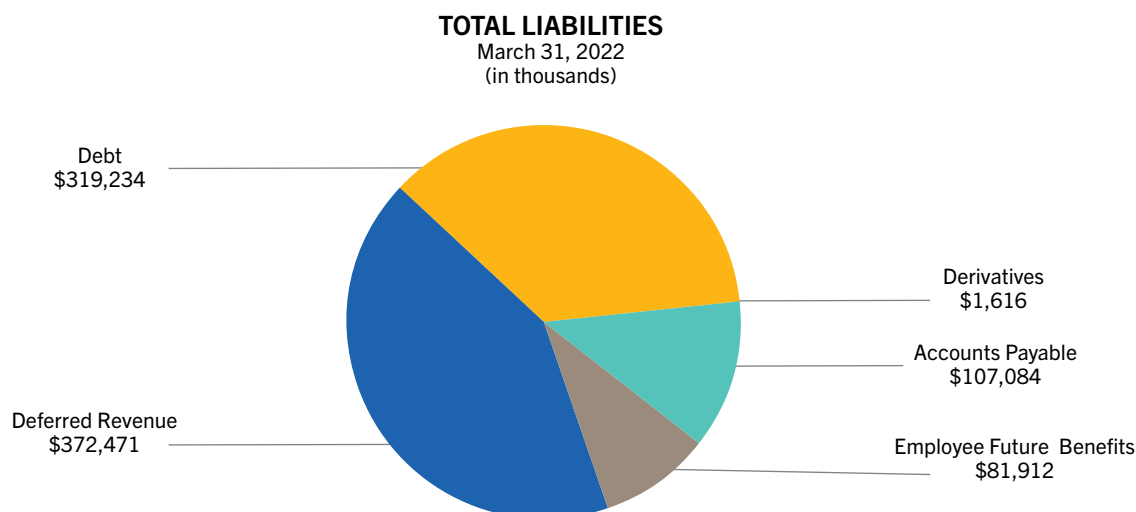
The majority of investments held were related to resources entrusted to the University by donors for specific activities and initiatives. Non-endowed portfolio investments (\$903.1 million) consisted of resources that were designated or held specifically for certain activities, whether by management decision or because it was required by external funders or donors. Endowed portfolio investments (\$600.2 million) consisted of donations that had been directed by benefactors to be held in perpetuity for the benefit of future generations, and as such cannot be used to support operating activities. Portfolio investments, both endowed and non-endowed, are discussed and further detailed in Note 6.

Cash and Cash Equivalents held by the University at any time are a result of timing differences between when revenue is received and expenditures are incurred. This is particularly true of research and capital activities, where often revenue is received in one year and the corresponding expenses are incurred as research or capital activities continue over multiple fiscal years. As the University constantly has multiple initiatives underway, it must manage its working capital appropriately to ensure that resources are available when they are needed. To enhance operational efficiency and reduce costs, cash is managed on a pooled basis, and depending on cash flow requirements may at times be invested in order to earn income. At March 31, 2022, the University had a Cash and Cash Equivalents balance of \$161.3 million, comprised solely of cash in bank.

Of the total combined balance of cash and investments of \$1.7 billion, \$965.6 million or 58.0% related to endowed and non-endowed donations and the investment income earned from them. A further \$273.3 million or 16.4% related to multi-year research projects, as well as staff benefit programs and other special purpose activities. The remaining balance of cash and investments held were designated for multi-year initiatives and capital projects, to support future operations, and to support future projects and other specific requirements. Maintaining liquid assets ensures that the faculties and unit have ready access to the resources they need to fund their operations, initiatives and projects within the next fiscal year.

Liabilities

The University's total liabilities at March 31, 2022 were \$882.3 million. Details of the University's liabilities at March 31, 2022 are depicted below.



Deferred revenue included revenue received through operating activities for services to be performed in the future (\$25.6 million), as well as funding received and entrusted to the University specifically for research, capital, special purpose and trust activities (\$346.9 million) that had not been spent as at March 31, 2022. Often projects and initiatives span multiple fiscal years, which results in the receipt of funding that cannot be recognized as revenue until it has been spent. Unspent donations and related investment income represented \$292.1 million of this total, while the remaining \$54.8 million is deferred research grant revenue from non-government sources. Unspent government grants and other sources of revenue are not deferred and are reflected in the accumulated surplus.

Debt included loans made to the University for such initiatives as the construction of the Active Living Centre, student residences and other buildings, and to fund infrastructure and deferred maintenance projects. Of the \$319.2 million of debt outstanding, \$161.4 million consisted of funding received from the Province of Manitoba for the construction and acquisition of tangible capital assets, for which the monthly principal and interest repayments of this debt are funded by grants provided by the Province of Manitoba.

Further details on the University's liabilities at March 31, 2022 are found in Notes 8, 9, 10, 11 and 12.

Non-Financial Assets

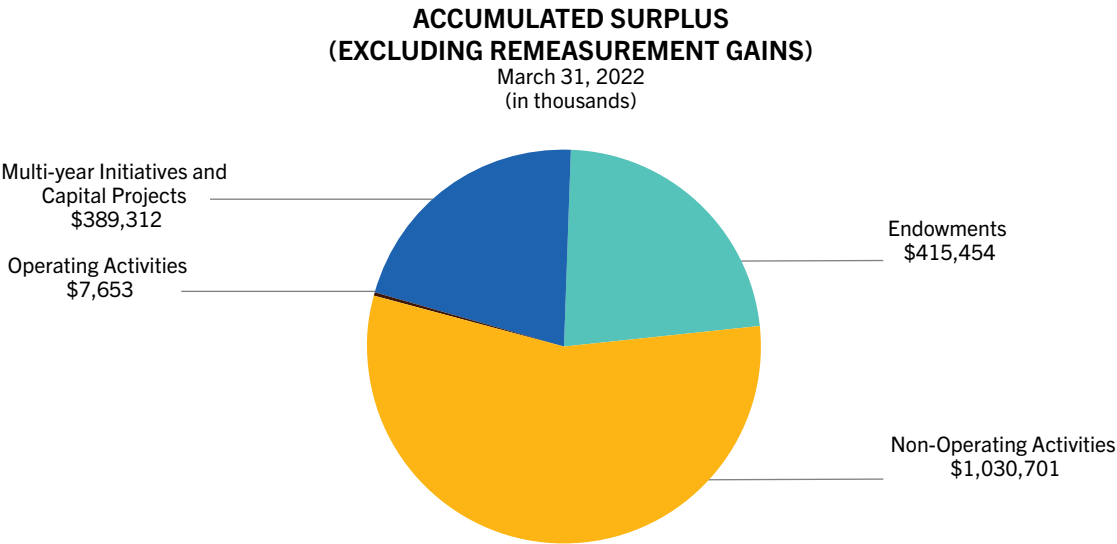
Non-financial assets were comprised of assets that are not readily convertible to cash to meet the University's obligations. The University's non-financial assets at March 31, 2022 were \$1.2 billion and consisted primarily of tangible capital assets. Tangible capital assets are acquired or built with the expectation that they will be used for several years to help deliver the University's mandate. The University's buildings, which number over one hundred and cover more than six million square feet, comprise the majority of its tangible capital assets and provide space for teaching, learning, administration and recreational activities.

Tangible capital assets are discussed later in this report and are further detailed in Note 13.

MANAGEMENT DISCUSSION AND ANALYSIS

Accumulated Surplus

Accumulated surplus is composed of net financial assets and non-financial assets. It does not necessarily represent expendable resources as a large part of the balance is comprised of tangible capital assets and endowed donations that cannot be readily converted to cash. The University's accumulated surplus at March 31, 2022, excluding accumulated remeasurement gains, was \$1.8 billion. The composition of the accumulated surplus balance at March 31, 2022 is depicted below.



The most significant portion of the accumulated surplus excluding remeasurement gains at March 31, 2022 pertained to non-operating activities such as capital, research, trust, and other certain activities. Among other things, it was comprised of tangible capital assets, debt, and funding entrusted to the University for specific purposes that was received, but had not been spent, as at March 31, 2022. Of the total, \$867.3 million was associated with capital assets, \$136.4 million pertained to research activities, \$72.5 million pertained to special purpose and trust activities, and (\$45.4 million) pertained to expenses funded by future revenues.

Accumulated surplus was further composed of endowments of \$415.5 million at March 31, 2022. As the endowed resources consisted of donations that have been directed by benefactors to be held in perpetuity for the benefit of future generations, this surplus cannot be used to support general operations.

The portion of the accumulated surplus at March 31, 2022 pertaining to funding designated for multi-year initiatives and capital projects was \$389.3 million. As discussed previously, this is composed of funding that has been set aside to support multi-year initiatives, future capital projects and operations, and other specific requirements.

The remaining balance of accumulated surplus was associated with operating activities. As a not-for-profit organization, the University's accumulated surplus/deficit associated with its operating activities is monitored closely and controlled to prevent overspending. The net increase for the 2021-22 fiscal year was twenty-three thousand dollars after all transfers.

The following table is a summary of the changes to the University's accumulated surplus that occurred in 2021-22.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF CHANGES TO ACCUMULATED SURPLUS

2021-22

(in thousands)

	Operating Activities	Non-Operating Activities	Multi-Year Initiatives and Capital Projects	Endowment	Total
Revenue	\$ 685,649	\$ 283,493	\$	\$	\$ 969,142
Expenses	(598,908)	(294,150)			(893,058)
Net Revenue	86,741	(10,657)			76,084
Net Allocations:					
Debt Repayment	(19,812)	19,812			
Student Assistance	(16,333)	15,391		942	
Capital Asset Acquisitions	(9,362)	34,233	(24,871)		
Research	(7,563)	7,563			
Budgeted Strategic Capital Initiatives	(6,800)		6,800		
Pension and Employee Future Benefits	(5,398)	5,398			
Future Indirect Costs of Research	(4,797)		4,797		
Staff Benefits	(3,988)	3,988			
Student Contributions to Endowments	(1,857)	973		884	
Other		(1,808)		1,808	
Indirect Costs of Research	8,015	(8,015)			
General Operating Support	16,439	(16,439)			
Multi-year Initiatives and Operating Projects	34,750		(34,750)		
	(16,706)	61,096	(48,024)	3,634	
Annual Surplus from Operating and Non-Operating Activities	70,035	50,439	(48,024)	3,634	76,084
Transfer of Operating Surplus:					
Faculty and Unit Carryover	(16,120)		16,120		
Faculty and Unit Transfers	(24,768)		24,768		
Central Transfers	(29,124)		29,124		
	(70,012)		70,012		
Endowed Donations				22,016	22,016
Annual Surplus	23	50,439	21,988	25,650	98,100
Restated Accumulated Surplus Beginning of Year ¹	7,630	980,262	367,324	389,804	1,745,020
Accumulated Surplus End of Year	\$ 7,653	\$ 1,030,701	\$ 389,312	\$ 415,454	\$ 1,843,120

¹ See Note 23 for further details.

MANAGEMENT DISCUSSION AND ANALYSIS

The change to accumulated surplus from operating and non-operating activities is the result of revenue less expenses, net of allocations to support other University activities. Details on the University's revenue and expenses in 2021-22 are found later in this report. Some net allocations are made as part of the normal course of operations and include the funding of debt repayments; student assistance; the purchase and construction of capital assets; budgeted allocations for strategic initiatives; and the support of research endeavors and staff benefit plans. They also include the allocation of overhead from research grants in support of indirect costs of research; operating support received from the annual spending allocation of investment income earned from trust and endowment assets (discussed later in this report); as well as the allocation of funding set aside in past years to support the costs of multi-year initiatives and capital projects. Other allocations are made to designate excess revenues and unspent funds to support costs of multi-year initiatives and capital projects.

As indicated in the above table, at March 31, 2022, \$70.0 million of operating surplus remained. This surplus was primarily a product of exceeding expectations for certain types of revenue, and lower than anticipated spending. The most significant factor was the underspending of operating expenses in the faculties, which contributed \$25.1 million to the surplus. This was due primarily to vacant positions (\$18.9 million); and the impact of a delayed reopening of the campuses and lifting of COVID-19 related restrictions (which caused underspending on certain expenses, such as travel for professional development (\$6.2 million)). The University also had lower than anticipated expenses in other areas of \$24.0 million. Further, certain sources of revenue were higher than anticipated in the budget. Tuition and related fees exceeded budgeted expectations by \$11.9 million (further details on tuition and related fees are found later in this report); and sales of goods and services revenue increased by \$7.7 million due to the gradual re-opening of the campuses and lifting of COVID-19 related restrictions, which enabled programs such as Mini-U and Bison Sports to resume.

The faculties, units and central administration designated the \$70.0 million of operating surplus to support operations, multi-year initiatives, future capital projects, and for other specific requirements in future fiscal years. This included support for fiscal stabilization, future operating expenses, and various initiatives (\$38.8 million); the redevelopment of Machray Hall (\$13.3 million); faculty and unit funded facility renovations, classroom and lab upgrades (\$11.5 million); and IT infrastructure and technology upgrades and network segmentation in support of cybersecurity initiatives (\$3.7 million).

Research, capital, trust and other activities contributed a further \$50.4 million to the accumulated surplus balance at March 31, 2022. This increase pertained primarily to funding received during the year for multi-year projects that was unspent at March 31, 2022.

During the year, the University transferred a net \$48.0 million of the funding set aside in past years for multi-year initiatives and capital projects. Of this funding, \$34.8 million was used to support operating expenses and multi-year projects and initiatives and included, among various other things, \$7.6 million of support for COVID-19 related strategic initiatives; \$6.6 million for support of indirect costs of research; \$6.1 million to support ancillary-related expenses as ancillary revenue received in 2021-22 was insufficient to support them; and \$4.4 million of support of ongoing information technology projects. A further \$24.9 million of support was spent on capital projects. Offsetting the deployment of this funding were budgeted strategic allocations made for future infrastructure projects (\$6.8 million) and support for indirect costs of research to be incurred in fiscal 2022-23.

Thanks to generous benefactors, endowed donations of \$22.0 million were received in 2021-22, which was an increase of \$8.5 million from the prior year. Each year, through a referendum, students choose to designate a portion of their tuition fees as a contribution to the University's endowments and to reallocate unspent investment income generated from the endowments back as endowment principal. This amount totaled \$3.6 million in 2021-22, for a total increase of \$25.7 million in endowments.

Accumulated Remeasurement Gains

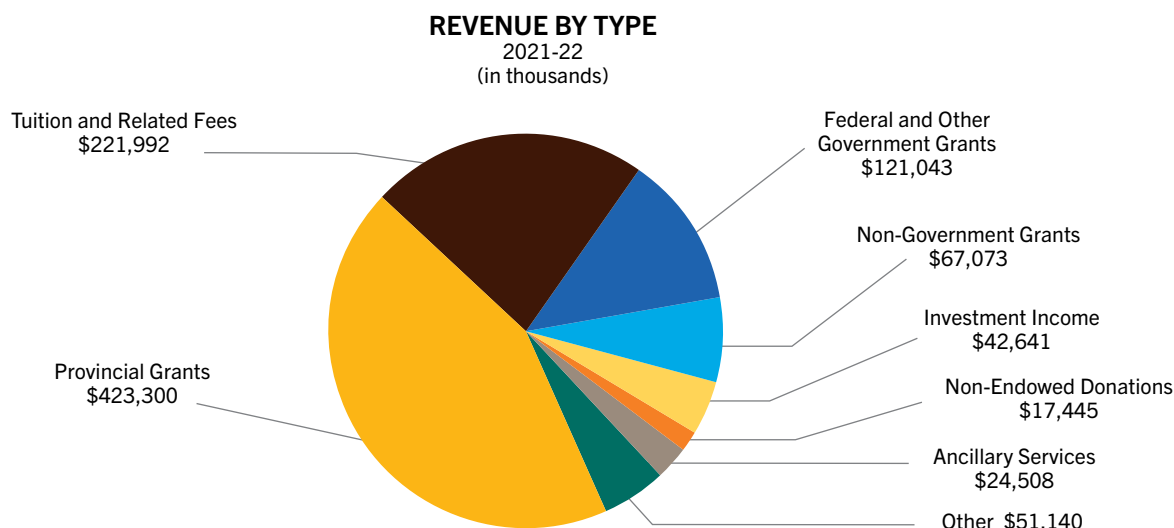
Accumulated remeasurement gains represent the accumulation of net unrealized gains and losses primarily on the investments held in the University Investment Trust, which is composed of endowed assets and some trust-related assets. During the year, the University recorded \$31.1 million in net remeasurement gains, comprised primarily of net unrealized gains experienced as Canadian equity and Canadian real estate valuations increased in the University Investment Trust (\$27.0 million) as global markets continue to recover from the impact of the COVID-19 pandemic. The addition of these remeasurement gains resulted in an accumulated remeasurement gains balance of \$252.8 million at March 31, 2022.

Financial Activities

Revenue

The University of Manitoba earns revenue from a variety of sources. In 2021-22, the University recognized \$969.1 million of revenue, which was an increase of \$12.0 million from the previous year.

The types of revenue recognized in 2021-22 were as follows:



Provincial Grants

The University's most significant funder was the Province of Manitoba. In 2021-22, grants from provincial departments and reporting entities totaled \$423.3 million or 43.7% of total revenues. Of the grants from the Province of Manitoba, \$365.0 million was provided as funding in support of operating activities; \$23.5 million was provided for infrastructure renewal and funding for specific capital projects; \$21.9 million was provided specifically for special projects, including the provision of health care services in northern Manitoba; \$7.9 million was provided specifically for research activities; and \$4.9 million was provided to support student scholarships and bursaries. Provincial grants decreased by \$6.5 million from the prior year due to a number of offsetting factors. A reduction in the operating grant of \$5.9 million, a decrease in research-related support of \$2.4 million, and a decrease in support from the Manitoba Scholarship and Bursary Initiative of \$1.3 million were offset by an increase in matching funding from Research Manitoba for projects funded by the Canada Foundation for Innovation (\$2.6 million), and support received for an expansion of the nursing program (\$0.8 million).

Tuition and Related Fees

The University's second largest source of revenue was Tuition and Related Fees, which in 2021-22 totaled \$222.0 million and was 22.9% of the University's total revenue. This was an increase of \$15.3 million from the prior year. The increase in Tuition and Related Fees was primarily attributed to a tuition and course-related fee increase of 3.75% as allowed by the Province of Manitoba, and a 7.0% increase in the enrolment of international students over the prior year fall term.

Federal and Other Government Grants

In 2021-22, support from the Government of Canada and other government bodies resulted in the University receiving \$121.0 million in federal and other government grant funding, which was 12.5% of the University's total revenue. Of this amount, \$112.3 million was received from the Government of Canada, \$5.0 million was received from other Canadian provinces, and \$3.7 million was received from provincial government business enterprises, foreign and municipal governments. This was a decrease of \$20.4 million from the prior year. The most significant factor that contributed to this decrease was the receipt of federal funding in fiscal 2020-21 in support of research continuity through the COVID-19

MANAGEMENT DISCUSSION AND ANALYSIS

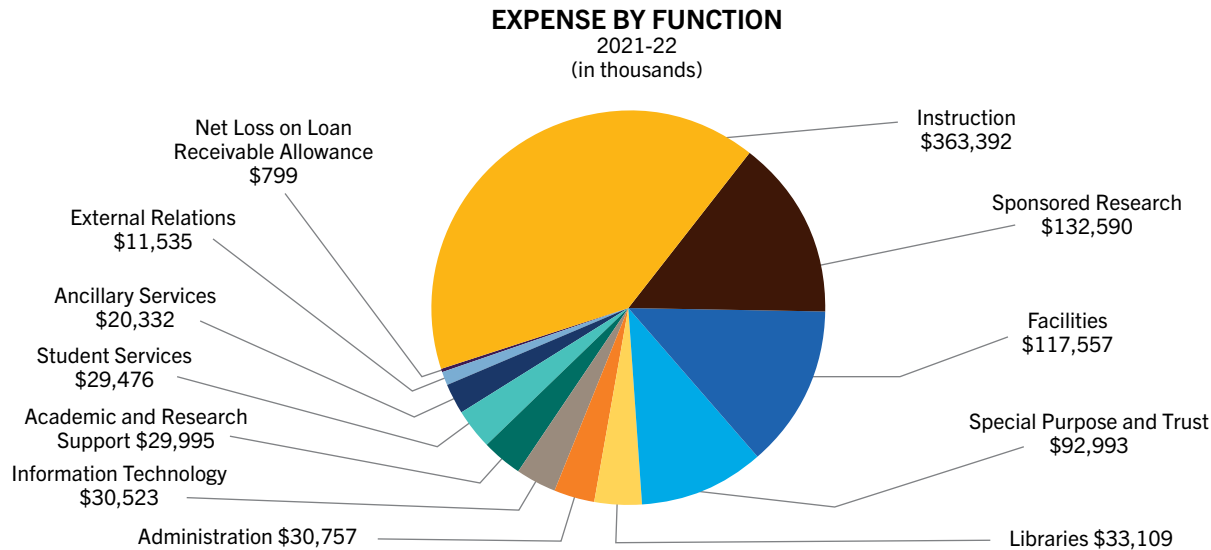
pandemic (\$12.6 million), which was not received in 2021-22. Also contributing to this decrease was the receipt of funding in the prior year related to the COVID-19 Response Project, created for the purpose of immunizing citizens in northern communities against COVID-19, which was not received in 2021-22 (\$6.4 million).

Expenses

For the purposes of the financial statements, expenses are classified based on the functional lines of service provided by the University.

In 2021-22, the University incurred \$892.1 million of expenses for all activities and across all functional lines of service. This was an increase of \$38.2 million from the previous year, due most significantly to the lifting of COVID-19 related restrictions and the gradual reopening of the campuses (\$15.9 million); accrued estimated general salary increases across all employee groups and other payments governed by collective bargaining agreements (\$10.5 million); and additional student assistance provided to support students through the pandemic and the faculty-related labor disruption (\$6.0 million).

Expenses incurred by function in 2021-22 were as follows:



Instruction

Instruction included the costs of all activities associated with direct educational delivery and academic functions within the University. Instruction expenses accounted for 40.3% of total expenses incurred in 2021-22. Instruction expenses increased by \$11.6 million or 3.3% from the prior year. This increase was attributed primarily to an accrued estimated general salary increase and other estimated payments to members of the University of Manitoba Faculty Association, to be made in accordance with the provisions of the new collective bargaining agreement signed on March 28, 2022 (\$8.1 million). Further, the gradual lifting of restrictions associated with the COVID-19 pandemic, along with the re-opening of University campuses, enabled the faculties to return to some in-person activities and travel for professional development which further contributed to the increase in expenses over the prior year.

Sponsored Research

Sponsored research included the costs associated with all activities funded by grants and contracts received from external organizations and undertaken within the University to produce specific research outcomes. Sponsored research expenses accounted for 14.9% of total expenses incurred in 2021-22. Sponsored research expenses decreased by \$3.3 million or 2.4% from the prior year. While domestic research activities returned to normal levels in 2021-22, the University's research activities located in other countries, in particular India and Kenya, experienced delays as those countries continued to enforce restrictions associated with the COVID-19 pandemic.

Facilities

Facilities included the costs associated with all activities pertaining to the ongoing operation and maintenance of the grounds, buildings and facilities of the University. It also included amortization expense and debt servicing costs. Facilities expenses accounted for 13.2% of total expenses incurred in 2021-22. Facilities expenses were fairly consistent with the prior year, increasing by \$1.5 million due primarily to an increase in amortization expense.

Special Purpose and Trust

Special purpose and trust included costs associated with the undertaking of externally-assigned mandates (such as the provision of medical care in northern communities); the administration of employee staff benefit plans; and the administration of the University's trust-related activities. Special purpose and trust expenses accounted for 10.4% of the University's total expenses incurred in 2021-22. Special purpose and trust expenses increased by \$17.3 million or 22.9% over the prior year due to a number of factors, including an increase in expenses incurred for COVID-19 related immunization of the residents of northern communities, an increase in student support provided by the University's trust, and an increase in travel to northern communities to provide medical services as COVID-19 related restrictions were gradually reduced.

Student Services

Student Services included costs directly associated with supporting students. Student Services expenses accounted for 3.3% of total expenses incurred in 2021-22. Student Services expenses increased by \$8.4 million or 39.7% from the prior year. This increase was attributed primarily to the re-opening of recreational facilities and the re-offering of sports, recreational and Mini-U programs that had been suspended due to restrictions associated with the COVID-19 pandemic.

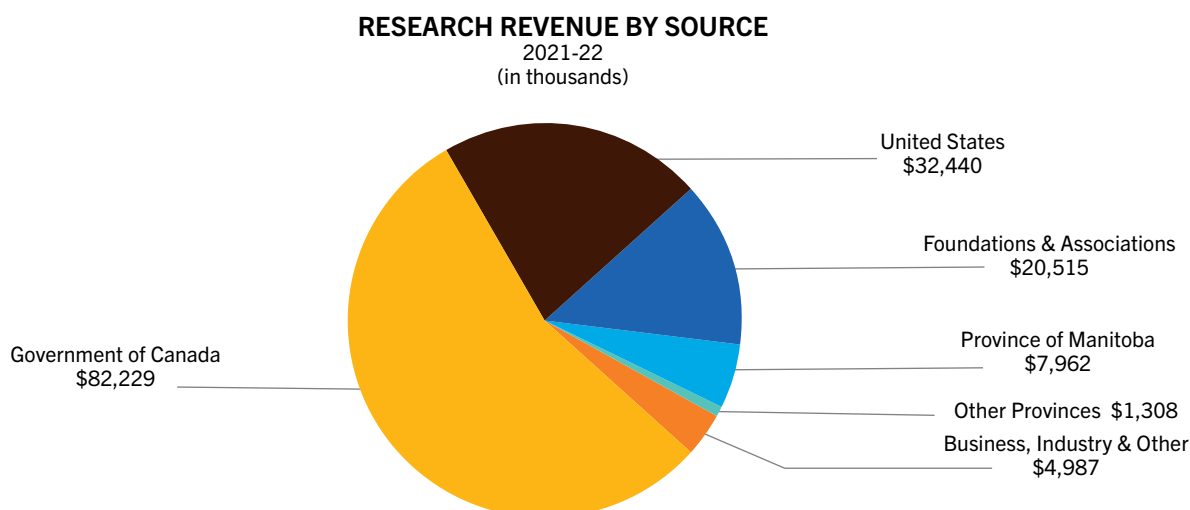
Details on the categorization of expenses in each of the functional lines of service can be found in Note 3(C).

RESEARCH

During 2021-22, research activities at the University returned to pre-pandemic levels as public safety restrictions were gradually reduced. Despite the lifting of provincially imposed restrictions, the University continued to maintain safeguards to support the safe resumption of the important work of the University's researchers.

In 2021-22 the University received \$157.8 million in sponsored research support, which was \$18.5 million lower than what was received in the prior year. Of the \$157.8 million received, \$8.4 million was deferred to support research-related spending in future years. In total, research-related revenue recognized in 2021-22 was \$149.4 million, which was a decrease of \$18.0 million from the prior year. This decrease is explained below.

Funding of the University's research activities comes from a variety of sources. The following diagram illustrates the sources of the research-related revenue recognized during 2021-22.



MANAGEMENT DISCUSSION AND ANALYSIS

The University's largest funder of research was the Government of Canada, which in 2021-22 provided \$82.2 million or 55.0% of research-related revenue through the issuance of grants and contracts. The majority of these grants and contracts were provided by the Tri-Agency, which is comprised of the Canadian Institutes of Health Research (\$33.8 million), the Natural Sciences and Engineering Research Council of Canada (\$22.0 million), and the Social Sciences and Humanities Research Council of Canada (\$6.5 million). Funding was also received from a variety of other federal government departments. Funding from the federal government decreased a net \$11.7 million or 12.4% from the previous year. In 2020-21, the University received COVID-19 relief funding provided from the Canada Research Continuity Emergency Fund (\$7.0 million) and through the Tri-Agency COVID-19 Supplement to Support Research Trainees and Research Personnel program (\$5.6 million), which was not received in 2021-22.

For the past three years the University's second largest source of research-related funding was the United States, which from multiple funders the University recognized \$32.4 million or 21.7% of its research-related revenue. This was a decrease of \$5.3 million from the prior year. The largest funder of research from the United States was the Bill and Melinda Gates Foundation, which provided \$29.4 million of revenue recognized in 2021-22, a decrease of \$2.0 million from the prior year. While funding received from the Bill and Melinda Gates Foundation increased by \$8.1 million from the prior year, the foundation provides funding for multi-year projects upon project onset and as a result, the University deferred a portion of this funding as it will be spent in future years. These funds were directed to the University's Institute for Global Public Health for ongoing projects primarily related to reproductive, maternal, neonatal and child health in India, Kenya and elsewhere.

The third largest source of research-related funding in 2021-22 was foundations and associations. From over 100 individual entities, the University recognized a total of \$20.5 million or 13.7% of its research-related revenue. This was an increase of \$3.5 million from the prior year. The most notable funders associated with revenue recognized in 2021-22 included MITACS (\$4.7 million), the Western Grains Research Foundation (\$1.9 million), the Children's Hospital Foundation of Manitoba (\$1.8 million), and the Canola Council of Canada (\$1.1 million).

The Province of Manitoba provided the University with \$8.0 million in funding in 2021-22, or 5.3% of its research-related revenue, which was \$2.4 million lower than what was received in the prior year. The most notable departments and other reporting entities that contributed to the University's research included Research Manitoba (\$4.0 million) and Manitoba Agriculture and Resource Development (\$2.1 million).

In 2021-22, research-related expenses were \$132.6 million, which was a decrease of \$3.3 million from the prior year. As previously mentioned, while domestic research activities returned to normal levels in 2021-22, the University's research activities located in other countries, in particular India and Kenya, experienced delays as those countries continued to enforce restrictions associated with the COVID-19 pandemic. Typically, there is a correlation between research-related revenue and expenses, as the University does not undertake research activities without the support of external funders. However, at times research funding is received at the commencement of a research project and may not all be spent during a particular fiscal year, as research projects often span multiple fiscal years. This often results in a differential between research revenues and research expenses, which can vary from year to year.

Expenses incurred to conduct research included directly related compensation costs and all other costs required to produce research outcomes. In 2021-22 research funding also provided \$28.0 million of support to students who participated in research activities, which amounted to 34.7% of all assistance provided to students by the University in 2021-22. This support enabled students to work with experienced researchers while they continued their studies and developed their own research activities. Research-related funding agreements and contracts provided the University with \$5.1 million of indirect cost funding, which was used to support research and defray some of the indirect costs associated with research activities. Research-related funding also enabled the investment of \$4.1 million in tangible capital assets, which included \$3.6 million for scientific and research equipment.

Research investment was highest in the Rady Faculty of Health Sciences, amounting to \$81.1 million in 2021-22. It was followed by the Faculty of Agricultural and Food Sciences (\$18.2 million), the Faculty of Science (\$13.3 million), the Clayton H. Riddell Faculty of Environment, Earth and Resources (\$13.1 million), and the Faculty of Engineering (\$8.9 million). In 2021-22, these five faculties accounted for 90.1% of the University's investment in research.

CAPITAL

The University carefully plans its capital activities, and identifies and prioritizes deferred maintenance, infrastructure renewal requirements and major capital projects. Approved by the University's Board of Governors in 2016, the University's Visionary (re)Generation Master Plan established a thirty-year vision and planning policy framework that guides the design and development of the University of Manitoba's Fort Garry campus. The Master Plan is a resource for the entire campus community. Development at the University's Bannatyne campus is guided by the Bannatyne Campus Master Plan.

Investment in Capital, Infrastructure and Technology

During 2021-22, the University invested \$66.2 million in capital assets, a decrease of \$3.7 million from the previous year. This included \$51.4 million for the construction of buildings, infrastructure renewal, parking lot and road upgrades, and land improvements; \$12.6 million for the acquisition of furniture, equipment and vehicles; and \$2.2 million for IT infrastructure and other technological improvements.

In 2021-22, the University completed the construction of the Churchill Marine Observatory (CMO), which is a globally unique, highly innovative, multi-disciplinary research facility located in the Canadian Arctic on the shores of Hudson Bay. The construction of CMO was funded by the Canada Foundation for Innovation, Polar Knowledge Canada, Western Economic Diversification, Research Manitoba, other Canadian universities, internal support, and in-kind donations made by generous organizations. The project to build CMO commenced in fiscal 2015-16, and at March 31, 2022 the University had incurred costs of \$36.1 million for the construction of Phase I and II of the facility and the purchase of specialized equipment. Equipment purchases will continue into the next fiscal year as the facility is outfitted to support its functional design and purpose. Once fully operational, this unique facility will bring together researchers from the Universities of Manitoba, Calgary, Victoria, Laval, Dalhousie, Washington and Aarhus, and from Government of Canada departments. Researchers will be on site starting this summer, and when fully operational the facility will house up to 20 researchers.

The project to design and build the Desautels Concert Hall began in fiscal 2019-20, with construction commencing in 2020-21 and continuing throughout 2021-22. Funded by the University and generous donors, the concert hall is Phase 3 of the Tache Art Project, a multi-year project to create a new music, art and theatre complex for the Faculty of Music. This 21,000 square foot venue will accommodate 408 seats, be custom designed for acoustic excellence, and will be fully equipped to provide the best possible experience for both performers and audiences. The concert hall will provide greater experimental learning experiences in a professional caliber venue for students and faculty and provide an important performance venue for rental to community arts groups. As at March 31, 2022, the University had incurred \$7.2 million of design and construction costs.

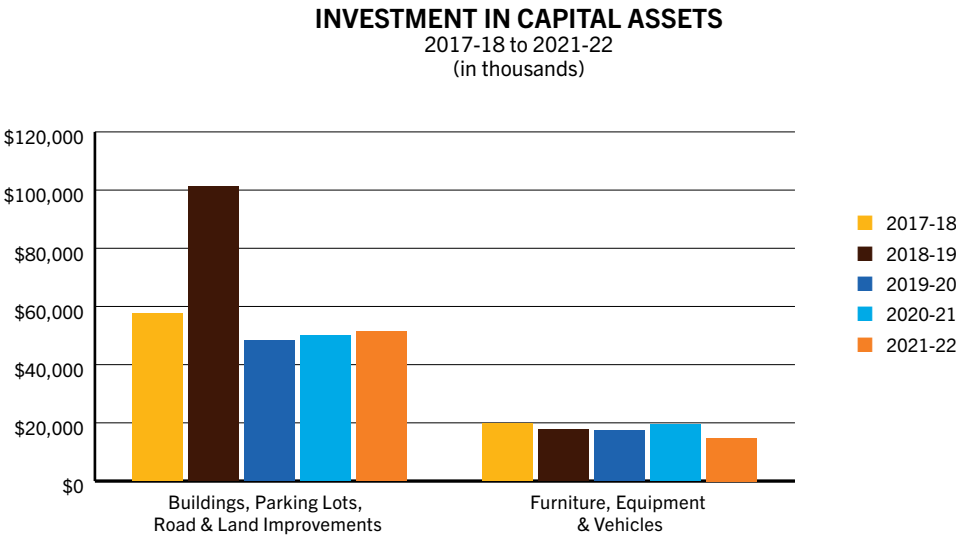
To enhance the teaching and learning experience, the University continuously invests in classrooms, learning spaces, and labs upgrades. Allocations made by the University to fund learning space renewal, along with generous donations, will continue to support these projects over the coming years. Over the past five years, \$25.3 million has been spent on these projects, with \$2.9 million of that incurred in fiscal 2021-22.

In fiscal 2021-22, the University also invested in several other renovation and upgrade projects, including CCTV renewal (\$2.2 million), the expansion of the Rady Faculty of Health Sciences Simulation Lab to accommodate the Doctor of Pharmacy program (\$1.9 million), and the redevelopment of former kitchen space in University College into office space (\$1.2 million).

The University invested \$22.9 million in infrastructure renewal projects in 2021-22. Investments in infrastructure included road and sidewalk repair (\$5.7 million), building envelope repair (\$4.6 million), HVAC system upgrades (\$2.7 million), fire and safety upgrades (\$2.1 million), window upgrades (\$2.0 million), and various other infrastructure renewal projects (\$3.8 million).

MANAGEMENT DISCUSSION AND ANALYSIS

The University's investment in capital, infrastructure and technology over the last five years is depicted below.



The University's investment in capital assets is highly dependent on the funding it receives from the federal and provincial governments and its donors. As such, the University's investment in capital assets will fluctuate from year to year.

TRUST AND ENDOWMENTS

The University's trust and endowments are an integral source of funding for students, faculties, professorships and chairs, research activities, capital projects, library acquisitions, athletic programs, and many other undertakings. The net investment income earned on trust and endowment assets, as well as donations received that can be used in their entirety, support the University's activities as directed by donors. Gifts and bequests received for endowment purposes must be held in perpetuity; however, each year a portion of the net investment income earned from investing these gifts is used to support current year endeavors, and the rest is reinvested to provide financial security for beneficiaries in the future.

Gifts to the University

In 2021-22 the University's generous donors made gifts of \$22.0 million for endowment purposes. Trust-related donations received totaled \$10.1 million, of which \$4.8 million were deferred for spending in future years.

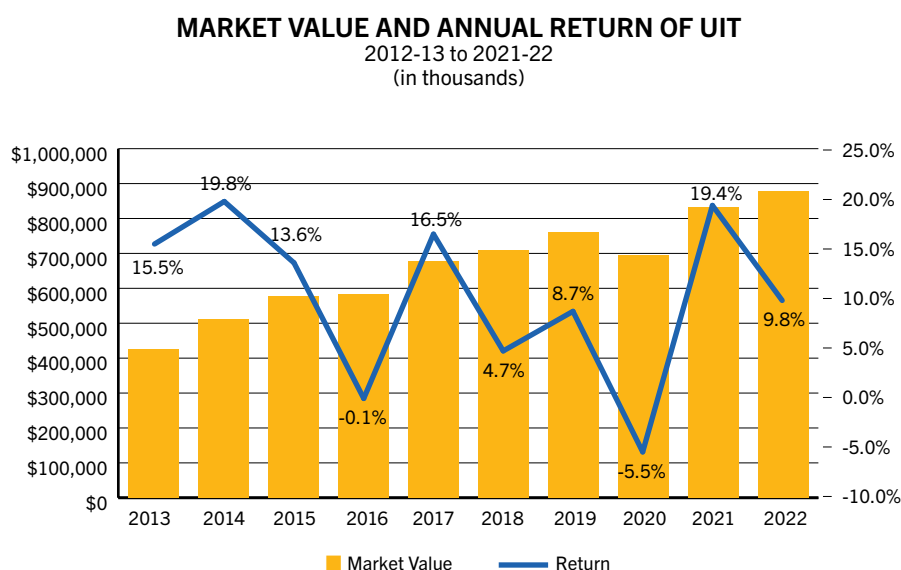
University Investment Trust

The majority of endowed assets and trust-related assets are invested together and collectively known as the University Investment Trust (UIT).

The UIT ended fiscal year 2021-22 with a market value of \$878.7 million, which was an increase of \$46.8 million from the prior year. The increase was due to a combination of gifts made to the UIT, as well as a one-year gross investment return of 9.8% as global markets continued to fluctuate throughout the COVID-19 pandemic recovery period. The UIT's Canadian equity and Canadian real estate portfolios led the way with returns of 21.1% and 14.6%, respectively. However, Canadian bonds and international equities were the drag on performance, both losing 4.7% of their value. Overall, the returns over the past one, five and ten year periods (9.8%, 7.1% and 9.9% respectively) have exceeded the primary investment objective of the UIT, which is to provide a net real return that exceeds the UIT spending payout of 4.5% as described below.

At the end of fiscal year 2021-22, the asset mix of the UIT investment portfolio was at 65.5% equities, 16.0% real estate, 9.6% infrastructure, 8.4% government bonds, and 0.5% cash equivalents.

The following graph demonstrates the growth of the market value of the UIT and annual returns over the past 10 years.



The Trust Investment Committee, responsible for providing governance and oversight of the UIT, reviews the asset mix of the UIT on a regular basis to evaluate how the UIT will perform over full market cycles, and to assess the likelihood of the UIT meeting its primary objective of achieving a real return that supports the spending payout to beneficiaries. The UIT's spending payout rate is currently set at 4.5% of the average market value of the UIT over a rolling 48-month period. This distribution rate balances the needs of current beneficiaries with those of future beneficiaries by ensuring the purchasing power of the UIT remains intact for future generations while providing for today's students. In order to achieve this, the UIT's portfolio asset mix is set with the purpose of achieving a rate of return great enough to fund the spending allocation, the associated investment management fees, and inflation in order to protect the purchasing power of the UIT for future beneficiaries. In 2021-22, the UIT generated enough investment income to fund an allocation of \$35.5 million of support to students, faculty, and other activities. Over the past 5 years, the support for beneficiaries has totaled \$154.0 million.

In fiscal 2020-21, a Responsible Investment Committee was established to recommend best practices and policy considerations with respect to the responsible investment of the UIT's assets. As at March 31, 2022, this committee was in the process of drafting policy recommendations for the consideration of the Board of Governors.

During the year, the University commissioned an independent study of the carbon footprint of the UIT's assets, and was pleased with the result that it was already the leader amongst its peers with regard to the low carbon footprint of its investment portfolio. The Trust Investment Committee also added an investment in another infrastructure fund to the portfolio in 2021-22, which will invest in infrastructure and businesses focused on helping economies transition to a low carbon environment.

CONCLUSION

The University of Manitoba is a highly complex, decentralized organization with wide-ranging activities at multiple locations. The University is proud of the many ways in which its students, faculty, staff, and alumni partner and engage with the broader community to advance collective priorities. The COVID-19 pandemic presented the University community with immense challenges, but also with opportunities to learn and innovate. New problems led to progress as the University adapted to new ways of teaching, learning, researching, working, and engaging with each other. Indeed, the resilience seen across the University is nothing short of inspiring. In the coming months and years, the University will work to evaluate what's been learned and build on innovations that can strengthen the institution, the community and the world beyond the pandemic.

MANAGEMENT DISCUSSION AND ANALYSIS

DISCLOSURES MADE UNDER *THE PUBLIC INTEREST DISCLOSURE (WHISTLEBLOWER PROTECTION) ACT*

The University of Manitoba has been designated as a “government body” under the regulations to *The Public Interest Disclosure (Whistleblower Protection) Act*, C.C.S.M., c.P217 (PIDA). All government bodies are required to implement procedures to manage disclosures, as defined by PIDA, and the University is committed to meeting or exceeding the requirements of PIDA.

The University’s Safe Disclosure (Whistleblower) Policy and Procedure is intended to detail how the University will manage disclosures under PIDA. A wrongdoing is a very serious act or omission that is an offence under another law; an act that creates a specific or substantial danger to life, health or safety of persons or the environment; gross mismanagement, including the mismanagement of public funds or government property; or directing our counselling a person to commit wrongdoing.

A disclosure made by an employee in good faith, in accordance with PIDA, and with a reasonable belief that wrongdoing has been or is about to be committed, is considered to be a disclosure under PIDA whether or not the subject matter constitutes wrongdoing. All disclosures receive careful and thorough review to determine if action is required and must be reported in the annual report.

The following is a report on the disclosures that were received under PIDA for the fiscal year April 1, 2021 – March 31, 2022.

Disclosures Received 0	Disclosures Acted On N/A	Disclosures Not Acted On N/A
Investigations Commenced N/A	Findings of Wrongdoing N/A	Disclosures Closed N/A

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The University is responsible for the preparation of the financial statements and has prepared them in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Chartered Professional Accountants Canada, including the standards for government not for profit organizations. The University believes the financial statements present fairly the University's financial position as at March 31, 2022 and the results of its operations for the years ending March 31, 2022.

The University's Board of Governors is responsible for overseeing the business affairs of the University and also has the responsibility to approve the financial statements. The Board has delegated certain responsibilities to its Audit and Risk Management Committee including the responsibility for reviewing the annual financial statements and meeting with management and the Auditor General of Manitoba on matters relating to the financial reporting. The Auditor General has full access to the Audit and Risk Management Committee with or without the presence of management. The Board has approved the financial statements.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the University has developed and maintains a system of internal controls designed to provide reasonable assurance that University assets are safeguarded from loss and that accounting records are a reliable basis for the preparation of financial statements. The integrity of internal controls is reviewed on an ongoing basis by the Audit and Risk Management Committee and Audit Services.

The financial statements for the year ended March 31, 2022 have been reported on by the Auditor General of Manitoba, the auditor appointed under *The University of Manitoba Act*. The Auditor's Report outlines the scope of his examination and provides his opinion on the fairness of presentation of the financial statements.

Original signed by

Michael Benarroch, B.A. (Hons.) M.A., Ph.D.
President and Vice-Chancellor

Winnipeg, Manitoba
June 28, 2022

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the Lieutenant Governor-in-Council
To the Legislative Assembly of Manitoba
To the Board of Governors of the University of Manitoba

Opinion

We have audited the financial statements of the University of Manitoba (the University), which comprise the statement of financial position as at March 31, 2022, and the statement of operations, the statement of remeasurement gains and losses, the statement of change in net financial assets, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2022, and the results of its operations, its remeasurement gains and losses, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Financial Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



We obtained the Annual Financial Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate the University or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT



-
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Winnipeg, Manitoba
June 28, 2022

**Original document signed by
Tyson Shtykalo**

Tyson Shtykalo, CPA, CA
Auditor General

UNIVERSITY OF MANITOBA
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022
(in thousands of dollars)

	2022	2021
Financial Assets		
Cash and Cash Equivalents (Note 3)	\$ 161,347	\$ 223,527
Accounts Receivable (Note 4)	95,048	89,441
Inventories Held for Sale	2,513	2,979
Portfolio Investments – Non-Endowed (Note 6)	903,149	742,469
Investment in Government Business Enterprise (Note 7)	(1,905)	(1,106)
	1,160,152	1,057,310
Liabilities		
Accounts Payable (Note 8)	107,084	95,839
Employee Future Benefits (Note 9)	81,912	87,134
Deferred Revenue (Note 10)	372,471	332,732
Debt (Note 11)	319,234	323,859
Derivatives (Note 12)	1,616	3,098
	882,317	842,662
Net Financial Assets Excluding Portfolio Investments – Endowed	277,835	214,648
Portfolio Investments – Endowed (Note 6)	600,213	550,845
Net Financial Assets	878,048	765,493
Non-Financial Assets		
Tangible Capital Assets (Note 13)	1,205,416	1,188,445
Prepaid Expenses	12,405	12,702
Inventories Held for Use	41	51
	1,217,862	1,201,198
Accumulated Surplus	\$ 2,095,910	\$ 1,966,691
Accumulated Surplus is comprised of:		
Accumulated Surplus	\$ 1,843,120	\$ 1,745,020
Accumulated Remeasurement Gains	252,790	221,671
	\$ 2,095,910	\$ 1,966,691

Contractual Obligations and Contingencies (Note 20)

Original signed by

Laurel Hyde – Chair

Original signed by

Lynette Magnus – Vice-Chair

(The accompanying Notes form an integral part of the Financial Statements)

FINANCIAL STATEMENTS

UNIVERSITY OF MANITOBA STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2022 (in thousands of dollars)

	Budget (Note 2L)	2022	2021
Revenue			
Provincial Grants (Note 17)	\$ 422,180	\$ 423,300	\$ 429,836
Tuition and Related Fees	210,120	221,992	206,690
Federal and Other Government Grants (Note 17)	107,144	121,043	142,572
Non-Government Grants	57,169	67,073	67,167
Investment Income (Note 18)	45,137	42,641	40,804
Sales of Goods and Services	23,603	30,803	23,085
Ancillary Services	32,060	24,508	20,414
Other Income	12,733	20,337	23,190
Non-Endowed Donations	13,980	17,445	4,221
Net Gain on Debt		799	224
Investment Loss on Government Business Enterprise		(799)	(1,106)
	924,126	969,142	957,097
Expenses			
Instruction	399,045	363,392	351,756
Sponsored Research	125,890	132,590	135,877
Facilities	117,835	117,557	116,044
Special Purpose and Trust	73,196	92,993	75,693
Libraries	34,390	33,109	33,374
Administration	38,839	30,757	30,356
Information Technology	27,355	30,523	27,298
Academic and Research Support	38,126	29,995	31,478
Student Services	25,833	29,476	21,102
Ancillary Services	22,907	20,332	20,461
External Relations	13,909	11,535	10,448
Net Loss on Loan Receivable Allowance		799	224
	917,325	893,058	854,111
	6,801	76,084	102,986
Endowed Donations	12,750	22,016	13,538
Annual Surplus	19,551	98,100	116,524
Previously Reported Accumulated Surplus Beginning of Year			1,630,276
Prior Year Restatement (Note 23)			(1,780)
Restated Accumulated Surplus Beginning of Year		1,745,020	1,628,496
Accumulated Surplus End of Year	\$	\$ 1,843,120	\$ 1,745,020

(The accompanying Notes form an integral part of the Financial Statements)

UNIVERSITY OF MANITOBA
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
FOR THE YEAR ENDED MARCH 31, 2022
(in thousands of dollars)

	2022	2021
Accumulated Remeasurement Gains		
Beginning of Year	\$ 221,671	\$ 99,073
Unrealized Gains (Losses) Attributed to:		
Derivatives	1,482	1,521
Foreign Exchange	(505)	(1,769)
Portfolio Investments	21,221	75,632
Designated Fair Value Investments	41,790	54,310
Amounts Reclassified to the Statement of Operations:		
Foreign Exchange	1,587	1,519
Portfolio Investments	(19,371)	2,026
Designated Fair Value Investments	(15,085)	(10,641)
Net Remeasurement Gains (Losses) for the Year	31,119	122,598
Accumulated Remeasurement Gains		
End of Year	\$ 252,790	\$ 221,671

(The accompanying Notes form an integral part of the Financial Statements)

FINANCIAL STATEMENTS

**UNIVERSITY OF MANITOBA
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2022
(in thousands of dollars)**

	Budget (Note 2L)	2022	2021
Annual Surplus	\$ 19,551	\$ 98,100	\$ 116,524
Purchase of Tangible Capital Assets	(80,369)	(66,172)	(69,885)
Amortization	50,625	49,091	48,073
Proceeds on Sale of Tangible Capital Assets		265	820
Loss (Gain) on Disposal of Tangible Capital Assets		(155)	(71)
	(29,744)	(16,971)	(21,063)
Decrease (Increase) in Inventories Held for Use		10	32
Decrease (Increase) in Prepaid Expenses		297	(1,767)
		307	(1,735)
Net Remeasurement Gains (Losses)	21,000	31,119	122,598
Increase (Decrease) in Net Financial Assets	10,807	112,555	216,324
Net Financial Assets Beginning of Year		765,493	549,169
Net Financial Assets End of Year	\$	\$ 878,048	\$ 765,493

(The accompanying Notes form an integral part of the Financial Statements)

UNIVERSITY OF MANITOBA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022
(in thousands of dollars)

	2022	2021
Operating Activities:		
Net Excess of Revenue Over Expenses Before Interest	\$ 103,949	\$ 120,717
Interest Received	9,094	11,273
Interest Paid	(14,943)	(15,466)
Annual Surplus	98,100	116,524
Amortization of Tangible Capital Assets	49,091	48,073
Loss (Gain) on Disposal of Tangible Capital Assets	(155)	(71)
	147,036	164,526
Net Change in Non-Cash Operating Balances:		
Accounts Receivable	(5,607)	(19,495)
Inventories	476	714
Accounts Payable	11,245	(9,325)
Employee Future Benefits	(5,222)	(3,879)
Deferred Revenue	39,739	25,518
Derivatives	(1,482)	(1,521)
Gain on Debt	(799)	(224)
Loss on Loan Receivable Allowance	799	224
Prepaid Expenses	297	(1,767)
<i>Net Cash Generated through Operating Activities</i>	186,482	154,771
Investing Activities:		
Decrease (Increase) in Investment in Government Business Enterprise	799	1,106
Decrease (Increase) in Portfolio Investments	(178,929)	(48,223)
<i>Net Cash Generated through (used in) Investing Activities</i>	(178,130)	(47,117)
Capital Activities:		
Purchase of Tangible Capital Assets	(66,172)	(69,885)
Proceeds on Sale of Tangible Capital Assets	265	820
<i>Net Cash Used in Capital Activities</i>	(65,907)	(69,065)
Financing Activities:		
Proceeds from Debt	7,710	
Principal Repayment on Debt	(12,335)	(11,889)
<i>Net Cash Generated through (used in) Financing Activities</i>	(4,625)	(11,889)
Net Increase (Decrease) in Cash and Cash Equivalents	(62,180)	26,700
<i>Cash and Cash Equivalents Beginning of Year</i>	223,527	196,827
Cash and Cash Equivalents End of Year	\$ 161,347	\$ 223,527

(The accompanying Notes form an integral part of the Financial Statements)

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (in thousands of dollars)

1. AUTHORITY AND PURPOSE

The University of Manitoba was established in 1877. It is governed by a Board of Governors acting under the authority of *The University of Manitoba Act*, R.S.M. 1987, c. U60. The University of Manitoba is a registered charity and is exempt from income taxes under Section 149 of *The Income Tax Act*.

2. SIGNIFICANT ACCOUNTING POLICIES

A. GENERAL AND USE OF ACCOUNTING ESTIMATES

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards.

Accounting estimates are included in the financial statements to approximate the effect of past revenue or expense transactions or events, or to approximate the present status of an asset or liability. Examples include loan allowances, accruals for salaries and benefits, the estimated useful life of an asset and certain actuarial assumptions used in determining employee future benefits. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements and actual results could differ from these estimates.

Government business enterprises, owned or controlled by the University but not dependent on the University for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the University. Thus, the University's investment in these entities is recorded at acquisition cost and is increased by the proportionate share of post-acquisition earnings and decreased by post-acquisition losses and distributions received. UM Properties Limited Partnership is controlled by the University and is accounted for by the modified equity method.

The University previously prepared consolidated financial statements which included the accounts of Partners for Health and Development in Africa (PHDA), formerly a subsidiary of the University, and the proportionate consolidation of TRIUMF, a joint venture. The University no longer controls PHDA and the net assets of TRIUMF were transferred to TRIUMF Inc., which is not a government partnership. As a result, the financial statements of the University are no longer consolidated.

B. REVENUE RECOGNITION

All revenue is reported using the accrual basis of accounting.

i. Government Grants

For the purposes of these financial statements, government transfers are referred to as government grants. Government grants without stipulations are recognized as revenue when the transfer is authorized and the University is eligible to receive the funds. Government grants with stipulations are recognized as revenue when the transfer is authorized and the University is eligible to receive the funds, except when the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recognized as revenue when the liability is settled.

ii. Non-Government Grants and Non-Endowed Donations

Non-government grants and non-endowed donations without terms for use are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Non-government grants and non-endowed donations with external restrictions are deferred and recognized as revenue when the restrictions imposed by the contributors on the use of the funding are satisfied.

iii. Endowed Donations

Endowed donations are recognized in the year in which they are received. Endowed donations are required by donors to be maintained in perpetuity.

iv. Investment Income

Investment income, including dividends, interest income and realized gains or losses on the sale of unrestricted portfolio investments, is recognized as revenue when received or receivable.

Investment income earned on externally restricted investments is deferred and recognized when the related expenditure is made, or stipulations are met.

The change in fair value (unrealized gains or losses) of portfolio investments is recorded in the Statement of Remeasurement Gains and Losses until the investments are sold.

v. Pledges, Gifts-In-Kind and Contributed Services

The University does not record pledges receivable in its financial statements.

Gifts-in-kind are recorded in the financial statements to the extent that they are eligible for an official donation receipt. Contributed services are not recorded in the financial statements.

vi. Tuition and Other Revenue

Tuition, sales of goods and services and other revenue is recognized in the period in which the goods are provided, or services substantially rendered, and collection is reasonably assured.

C. FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses in the Statement of Operations have been classified based upon functional lines of service provided by the University. An outline of services provided by each function is as follows:

Instruction: All activities associated with direct educational delivery and academic functions within the University. Costs associated with this function include those incurred by faculties, excluding research.

Sponsored Research: All activities funded by grants and contracts from external organizations, as well as internal funding, and undertaken within the University to produce specific research outcomes. Costs associated with this function are directly related to research activities.

Facilities: All activities associated with the ongoing operation and maintenance of the grounds, buildings, and facilities of the University. Costs associated with this function include building, equipment, and infrastructure maintenance; utilities; facilities administration; campus planning; custodial services; landscaping and grounds keeping; powerhouse maintenance; repairs and renovations; security services; administration of infrastructure development; amortization expense; and debt servicing costs related to the entire University.

Special Purpose and Trust: All activities related to externally restricted funding not intended for research activities. Costs associated with this function relate to activities such as externally assigned mandates; the administration of employee staff benefit plans; and the administration of trust and endowment funding.

Academic and Research Support: All activities that directly support the academic and research functions of the University. Costs associated with this function relate to activities that directly or indirectly support innovative learning, programming, teaching, and research, and include research administration; animal care; ethics board activities; international services; indigenous achievement; and the advancement of teaching and learning.

Libraries: All library, archival and special collection services provided to students and faculty across the University.

Student Services: Activities that directly support students. Costs associated with this function are for student service administration; counseling and chaplaincy; career services; recreation services; financial aid administration; enrolment services; and student health care services.

FINANCIAL STATEMENTS

Administration: Activities that support the University as a whole. Costs associated with this function relate to the Board of Governors and Senate; financial, purchasing, and internal audit services; human resources; institutional analysis; legal and regulatory obligations; and other centralized institution-wide general administrative activities.

Information Technology: Activities associated with central computing, networking, communications, and other information technology functions that support the University as a whole.

Ancillary Services: Secondary services and products available to the University community and to external individuals and organizations. Costs associated with this function are related to the University's bookstores, dining services, student residences, parking, and conference services.

External Relations: Activities that support the relationship between the University and the community. Costs associated with this function relate to advancement and development; alumni relations; marketing and communications; and public and government relations.

D. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and investments that are used to meet short-term operating needs. Investments are readily convertible to cash and mature within three months from acquisition. Any cash or other investments maturing within three months that are held by portfolio managers are classified as portfolio investments and are recorded at fair value or designated to fair value. Portfolio managers maintain a cash balance within investment portfolios as part of their overall long-term mandate, as well as to facilitate trades and the rebalancing of assets.

E. INVENTORIES HELD FOR SALE

Inventories held for sale, including books, merchandise and food are recorded at the lower of cost or net realizable value. Cost includes the original purchase cost, plus shipping and applicable duties. Net realizable value is the estimated selling price less any costs to sell.

F. NON-FINANCIAL ASSETS

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

i. Tangible Capital Assets

Purchased capital assets are recorded at cost. Capital assets which are constructed by the University are recorded as Construction in Progress until the capital asset is put into use. The University does not capitalize interest. Contributed capital assets are recorded at market value at the date of contribution.

Amortization is calculated on a straight-line basis over the assets' estimated useful life as follows:

Buildings and Major Renovations	15-50 years
Computer Hardware	5-10 years
Furniture and Equipment	10 years
Parking Lots	20 years
Vehicles	5 years

Intangible assets, works of art, rare books and manuscripts, museum specimens and other archival material, and items inherited by right of the Crown, such as mineral resources, are expensed when acquired and not recognized in the University's Statement of Financial Position as assets.

ii. Leased Tangible Capital Assets

Leases which transfer substantially all of the benefits and risks of ownership acquired under a capital lease are amortized over the useful life of the asset.

iii. Inventories Held for Use

Inventories held for use are recorded at cost. Cost includes the original purchase cost, plus shipping and applicable duties.

G. EMPLOYEE FUTURE BENEFITS

i. Pensions

The University sponsors two pension plans for its employees and retirees: The University of Manitoba Pension Plan (1993 Plan) and The University of Manitoba GFT Pension Plan (1986 Plan). The 1986 Plan is a defined contribution plan and as a result the pension costs are based on contributions required by the plan.

The pension costs for the 1993 Plan are determined actuarially using the projected unit credit actuarial cost method, pro-rated on service and management's estimates of the discount rate for liabilities, the expected return on assets, salary escalation, retirement ages of employees and member mortality. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the active employees, commencing in the year following the year the respective actuarial gains or losses arise.

ii. Non-Pension Benefit Plans

The University accrues its obligations for other employee future benefit plans relating to health, dental, sick leave, long-term disability, and group life insurance. The cost of the long-term disability plan for employees and the cost of non-pension and post-retirement benefits for retired employees are actuarially determined using the projected benefit method pro-rated on service, management's estimates for the discount rate for liabilities, retirement ages and expected future cost trends. For current active employees, the cost of other employee future benefit plans relating to health, dental, and group life insurance is the premiums charged under the plans to the University.

Actuarial gains and losses of non-pension benefit plans are amortized on a straight-line basis over the expected average remaining service life of the active employees, commencing in the year following the year the respective actuarial gains or losses arise.

iii. Post-Retirement Adjustments

The University accrues its obligations relating to post-retirement adjustments to pensions for specifically entitled employees who retired prior to 1993. The cost of such post-retirement pension adjustments is actuarially determined using the accrued benefit method and management's estimate for the discount rate for liabilities and the expected rate of return on assets. Any increase in such adjustments is recognized in the year that it occurs.

Actuarial gains and losses on post-retirement adjustments are amortized on a straight-line basis over the life expectancy of the group, commencing in the year following the year the respective actuarial gains or losses arise.

iv. University of Manitoba Faculty Association Retirement Allowance

The University provides a retirement allowance to eligible University of Manitoba Faculty Association (UMFA) members in exchange for their voluntary and irrevocable agreement to retire. The allowance is dependent upon the UMFA member's age and the number of advance years of notice given to the University prior to retirement. To be eligible, the member must be at least fifty-five years of age and have at least fifteen years of service at the University on a date they have chosen as their retirement date. UMFA members must retire within three years of their enrolment. The University's policy is to record the estimated liability once members enroll. The cost of such allowance has been determined using management's best estimates.

v. Vacation and Sick Leave

The University accrues a liability for vacation pay and accumulating, non-vesting sick leave benefits. The cost of non-vesting sick leave has been determined using management's best estimates.

FINANCIAL STATEMENTS

H. FINANCIAL INSTRUMENTS

The financial instruments of the University consist of cash and cash equivalents, accounts receivable, portfolio investments, accounts payable, and debt. All financial instruments are recognized at cost or amortized cost, or fair value.

Cash and cash equivalents are recognized at cost. Accounts receivable, inventories held for sale, accounts payable and debt (excluding derivative financial instruments) are recognized at amortized cost.

Loans receivable are recorded at amortized cost net of impairment allowances. Subsequent amounts received against loans that have been allowed for are recorded as revenue in the year received. Interest is accrued on loans receivable to the extent it is deemed collectable.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured at cost or amortized cost.

Financial instruments recognized at fair value include Canadian, U.S. and international equities and derivatives. Bonds and other fixed income securities and pooled funds have been designated to fair value, other than corporate bonds and preferred shares which are recognized at cost. The values of private investments, comprised of infrastructure assets, are determined based on the latest valuations provided by the external investment managers of the fund (typically December 31), adjusted for subsequent cash receipts and distributions from the fund, and cash disbursements to the fund through March 31. Pooled funds are valued by the fund managers.

Unrealized gains and losses from the change in fair value of these financial instruments are reflected in the Statement of Remeasurement Gains and Losses until disposition.

Transaction costs are expensed for financial instruments measured at fair value.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations. Future recoveries of impaired assets are recorded in the Statement of Operations when received. Interest is not recorded on financial assets that are deemed to be impaired. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

From time to time, the University uses derivative financial instruments, including interest rate swap agreements, in its management of exposures to fluctuations in interest rates. An interest rate swap is a derivative financial contract between two parties who agree to exchange fixed rate interest payments for floating rate payments on a predetermined notional amount and term. Derivatives are recorded at fair value and in determining the fair value, the credit risk of both counterparties is considered.

Financial instruments are classified using a fair value hierarchy that reflects the significance of inputs to valuation techniques used to measure fair value. The fair value hierarchy used has the following levels:

Level 1 – Inputs that reflect unadjusted publicly quoted prices in active markets for identical assets or liabilities that the University has the ability to access at the measurement date.

Level 2 – Inputs other than publicly quoted prices that are either directly or indirectly observable for the asset or liability.

Level 3 – Inputs for the asset or liability that are not based on observable market data. Assumptions used to value these financial instruments are based on the best internal and external information available, and most suitable and appropriate based on the type of financial instrument being valued.

I. FOREIGN CURRENCY TRANSLATION

Monetary assets, liabilities and investments at fair value, denominated in foreign currencies, are translated at the year-end exchange rate. The unrealized foreign currency translation gains or losses of these financial instruments are reflected in the Statement of Remeasurement Gains and Losses. Revenues and expenses are translated at exchange rates on the transaction dates. Realized gains or losses arising from these translations are included in the Statement of Operations.

J. ENDOWMENTS

Endowments consist of:

- Externally restricted donations received by the University and internal allocations, the principal of which is required to be maintained in perpetuity.
- Investment income earned by the endowments in excess of the amount required for spending allocation, reinvested to maintain and grow the real value of the endowments. The University sets an annual spending allocation, currently at 4.5% of the average market value over a rolling four-year period. This spending amount is set to help ensure that the economic value of the endowments are protected by limiting the amount of income that may be expended and by reinvesting unexpended income. In any year, if the investment income earned on endowments is insufficient to fund the spending allocation, the spending allocation is funded from the accumulated investment income.

K. FUTURE ACCOUNTING CHANGES

In August 2018, the Public Sector Accounting Board issued PS 3280 *Asset Retirement Obligations*. This accounting standard is effective for fiscal years starting on or after April 1, 2022. *Asset Retirement Obligations* provides guidance on how to account for and report a liability for the retirement of a tangible capital asset.

In November 2018, the Public Sector Accounting Board issued PS 3400 *Revenue*. This accounting standard is effective for fiscal years starting on or after April 1, 2023. *Revenue* provides guidance on how to account for and report on revenue, specifically addressing revenue arising from exchange transactions and unilateral transactions.

Management is currently assessing the impact of these new standards on the financial statements.

L. BUDGETS AND FIGURES

The 2021-22 budget was approved by the Board of Governors on March 23, 2021.

3. CASH AND CASH EQUIVALENTS

	2022	2021
Cash	\$ 161,347	\$ 170,883
Guaranteed Investment Certificates		52,644
	\$ 161,347	\$ 223,527

4. ACCOUNTS RECEIVABLE

	2022	2021
Business, Industry and Foundations	\$ 29,227	\$ 30,749
Provincial Government	24,202	15,173
External Sales and Cost Recoveries	13,339	12,716
Federal Government	12,090	17,908
Students	7,869	6,144
Investment Income	3,539	3,289
Government Business Enterprise	2,673	1,354
Advances	2,094	1,502
Other	15	606
	\$ 95,048	\$ 89,441

FINANCIAL STATEMENTS

5. LOAN RECEIVABLE

The University has a loan agreement with Triple B Stadium Inc. (Triple B) related to the construction of IG Field at the Fort Garry campus. The loan agreement is divided into a first phase and a second phase for a combined amount not to exceed \$160 million. The first phase is not to exceed \$75 million and the second phase is not to exceed \$85 million. The interest rate on the first phase of the loan is 4.65%, and the first phase of the loan receivable is due and payable in full on June 1, 2038. The interest rate on the second phase is 4.65% until June 1, 2053 and is due and payable in full on November 24, 2058.

Any amounts received by Triple B in the form of insurance proceeds entitled to be retained by Triple B by reason of the destruction of all or part of the stadium, where such insurance proceeds are not being applied to restore, reconstruct, and repair the stadium in accordance with the ground lease, shall be paid to the University and be applied to the repayment of the loan, firstly to the accrued interest and secondly to principal outstanding, for both phases of the loan, on a pro-rata basis.

IG FIELD LOAN:

	2022	2021
First Phase	\$ 118,682	\$ 118,682
Second Phase	79,784	79,784
	198,466	198,466
Allowance	(198,466)	(198,466)
	\$	\$

The First and Second Phase loans have an equal long-term debt loan payable to the Province of Manitoba (Note 11).

The University has concluded there will be insufficient amounts available to repay the First and Second Phase loan receivable, including accrued interest. As a result, the University has established an allowance.

Since the long-term debt can only be repaid when the University receives these payments from Triple B, the University has established an allowance for the loan payable in an equal amount (Note 11).

These allowances have been recorded in the Statement of Operations as both revenue and expense.

Effective October 21, 2021, the loans are in abeyance and no further payments are required except for any in respect of *The Community Revitalization Tax Increment Financing Act* as required under the First Phase Loan.

6. PORTFOLIO INVESTMENTS

Portfolio investments include both non-endowed and endowed investments. Non-endowed investments consist of funds received in advance for future expenditures as well as investments held for the University's Long Term Disability Plan. Endowed investments consist of donations held in perpetuity.

	2022	2021
Portfolio Investments – Non-Endowed	\$ 903,149	\$ 742,469
Portfolio Investments – Endowed	600,213	550,845
	\$ 1,503,362	\$ 1,293,314

FINANCIAL STATEMENTS

The composition of portfolio investments measured at fair value is as follows:

	2022				2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investments Held at Fair Value:								
Cash and Money Market Funds	\$ 300,257	\$	\$	\$ 300,257	\$ 255,745	\$	\$	\$ 255,745
Canadian Equities	2,619			2,619	2,752			2,752
U.S. Equities	220,051			220,051	214,844			214,844
International Equities	2,046			2,046	2,539			2,539
	524,973			524,973	475,880			475,880
Investments Designated to Fair Value:								
Cash and Money Market Funds		3,336		3,336		2,900		2,900
Bonds and Other Fixed								
Income Securities		73,755		73,755		78,127		78,127
Pooled Bond Fund		32,675		32,675		22,320		22,320
Pooled Canadian Equities		267,977		267,977		223,577		223,577
Pooled U.S. Equities		6,985		6,985		6,943		6,943
Pooled International Equities		122,199		122,199		128,561		128,561
Pooled Real Estate Fund		140,789		140,789		141,733		141,733
Pooled Mortgage Fund		8,237		8,237		11,287		11,287
Infrastructure Private Fund			84,701	84,701			79,794	79,794
		655,953	84,701	740,654		615,448	79,794	695,242
Investments Held at Amortized Cost:								
Corporate Bonds				191,800				76,257
Preferred Shares				45,935				45,935
				237,735				122,192
	\$ 524,973	\$ 655,953	\$ 84,701	\$1,503,362	\$ 475,880	\$ 615,448	\$ 79,794	\$1,293,314

The fair value of investments held at amortized cost is \$226,566 (2021, \$119,624).

During the years ended March 31, 2022 and March 31, 2021, there were no transfers of investments between levels 1, 2 or 3.

The changes in fair value of level 3 investments designated to fair value are as follows:

	2022	2021
Balance Beginning of Year	\$ 79,794	\$ 82,737
Distributions Reinvested	8,185	3,670
Fees	(1,086)	(784)
Unrealized Gains (Losses)	(2,192)	(5,829)
Balance End of Year	\$ 84,701	\$ 79,794

7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE

In 2008, the University purchased approximately 120 acres of land from the Southwood Golf and Country Club (Southwood lands). The University is pursuing the development of the Southwood lands through UM Properties Limited Partnership (the Partnership) which was created in 2016-17.

FINANCIAL STATEMENTS

The Partnership is responsible for the planning and development of the infrastructure and roadways of the Southwood lands and will negotiate with builders/developers for the construction of residential and commercial buildings. It is the intent of the University to transfer an interest in the lands to the Partnership by entering into a long-term lease.

The Partnership has a sole general partner and a sole limited partner. UM Properties GP Inc. is the general partner and a wholly owned subsidiary of the University. UM Properties Trust (the Trust) is a legal trust and is the limited partner.

UM Properties Holdings Inc. (the Corporate Trustee) is a wholly owned subsidiary of the University, and is the sole trustee of the Trust. Income will flow from the Partnership to the Trust. The Corporate Trustee is responsible to allocate the taxable income of the Trust in any given year. The University and the J.W. Dafoe Foundation are the beneficiaries of the Trust.

The Trust is taxable on any taxable income that is not allocated to the beneficiaries.

The Partnership is classified as a government business enterprise and accounted for by the modified equity basis utilizing the annual audited financial statements of the Partnership prepared as at December 31.

The continuity of the University's investment is as follows:

	2022	2021
Investment Beginning of the Year	\$ (1,106)	\$
Investment Loss on Government Business Enterprise	(799)	(1,106)
Investment End of Year	\$ (1,905)	\$ (1,106)

Condensed financial information of the Partnership is as follows:

	December 31, 2021	December 31, 2020
Statement of Financial Position:		
Assets	\$ 711	\$ 137
Liabilities	2,616	1,243
Net Assets (Liabilities)	\$ (1,905)	\$ (1,106)
Statement of Operations:		
Revenue	\$ 1	\$ 1
Expenses	800	781
Annual Surplus (Deficit)	\$ (799)	\$ (780)

8. ACCOUNTS PAYABLE

	2022	2021
Trade Accounts Payable	\$ 36,990	\$ 33,375
Salaries and Benefits	28,889	14,770
Accrued Vacation and Sick Leave	19,283	19,419
Grants Payable	14,921	18,425
Retirement Allowance	5,468	8,495
Other	1,533	1,355
	\$ 107,084	\$ 95,839

9. EMPLOYEE FUTURE BENEFITS

	2022	2021
Non-Pension Benefit Plans	\$ 85,208	\$ 83,522
1993 Pension Plan Liability (Asset)	(4,424)	2,296
Post-Retirement Adjustments	1,128	1,316
	\$ 81,912	\$ 87,134

	2022			2021		
Accrued Benefit Obligations	1993 Plan	Non-Pension Benefit Plan	Post-Retirement Adjustments	1993 Plan	Non-Pension Benefit Plan	Post-Retirement Adjustments
Actuarial Accrued Benefits						
Beginning of Year	\$ 1,363,044	\$ 74,930	\$ 1,211	\$ 1,302,804	\$ 75,288	\$ 1,409
Interest Costs	115,059	3,719	55	73,156	3,727	64
Benefits Accrued	62,966	8,284		60,638	7,469	
Benefits Paid	(103,263)	(9,363)	(225)	(103,864)	(8,973)	(249)
Actuarial Gains (Losses)	(18,527)	1,719	(1)	2,530	(2,581)	(13)
Change In Actuarial Assumptions	(14,170)	(2,141)	(13)	27,780		
Actuarial Accrued Benefits						
End of Year	\$ 1,405,109	\$ 77,148	\$ 1,027	\$ 1,363,044	\$ 74,930	\$ 1,211

	2022	2021
Plan Assets	1993 Plan	1993 Plan
Fair Value Beginning of Year	\$ 1,341,721	\$ 1,304,375
Actual Return on Plan Assets	152,312	80,845
Employer Contributions	32,459	32,549
Employee Contributions	27,713	27,749
Transfers From (to) Other Plans	749	67
Benefits Paid	(103,263)	(103,864)
Fair Value End of Year	\$ 1,451,691	\$ 1,341,721

Plan Assets Measured at Fair Value Consisted of:	2022	2021
Foreign Equities	\$ 565,398	\$ 538,787
Bonds and Debentures	292,342	241,215
Canadian Equities	265,038	245,081
Real Estate	149,027	132,971
Mortgages	145,256	146,022
Cash and Other	34,630	37,645
	\$ 1,451,691	\$ 1,341,721

FINANCIAL STATEMENTS

	2022			2021		
		Non-Pension Benefit Plan	Post- Retirement Adjustments		Non-Pension Benefit Plan	Post- Retirement Adjustments
Accrued Benefit Liability (Asset)	1993 Plan			1993 Plan		
Plan Surplus (Deficit)	\$ (46,582)	\$ 77,148	\$ 1,027	\$ 21,323	\$ 74,930	\$ 1,211
Contributed During Fiscal Year						
in Excess of Calendar Year	(8,121)			(6,731)		
Unamortized Actuarial						
Gains (Losses)	50,279	8,060	101	(12,296)	8,592	105
Accrued Benefit Liability (Asset)	\$ (4,424)	\$ 85,208	\$ 1,128	\$ 2,296	\$ 83,522	\$ 1,316
Net Benefit Expenses						
Current Service Cost	\$ 34,504	\$ 4,545	\$	\$ 32,822	\$ 3,881	\$
Interest Costs	63,890	3,719	55	66,538	3,727	64
Expected Return on Plan Assets	(72,631)			(70,544)		
Amortization of Actuarial						
(Gains) Losses	1,366	(954)	(18)	(1,791)	(752)	(19)
Plan Expenses						
Net Benefit Expenses	\$ 27,129	\$ 7,310	\$ 37	\$ 27,025	\$ 6,856	\$ 45
Reconciliation of Unamortized Gains (Losses)						
Net Unamortized Gains (Losses)						
Beginning of Year	\$ (12,296)	\$ 8,592	\$ 105	\$ 16,122	\$ 6,763	\$ 111
Net Gain (Loss) Current Year	61,209	422	14	(26,627)	2,581	13
Amortization of Actuarial						
(Gains) Losses	1,366	(954)	(18)	(1,791)	(752)	(19)
Net Unamortized Gains (Losses) End of Year	\$ 50,279	\$ 8,060	\$ 101	\$ (12,296)	\$ 8,592	\$ 105
Significant Actuarial Assumptions						
Discount rate	5.5%	5.3%	5.3%	5.5%	5.0%	5.0%
Expected rate of return on assets	5.5%	n/a	n/a	5.5%	n/a	n/a
Actual return on assets	11.6%	n/a	n/a	6.4%	n/a	n/a
Rate of general salary increase:						
2020	1.0%-2.5%	n/a	n/a	1.0%-2.5%	n/a	n/a
2021	2.5%	n/a	n/a	2.5%	n/a	n/a
Thereafter	2.5%	n/a	n/a	2.5%	n/a	n/a
Health Care Cost Trend Rates:						
Initial Rate	n/a	6.0%	n/a	n/a	7.1%	n/a
Ultimate Rate	n/a	4.0%	n/a	n/a	4.5%	n/a
Year Ultimate Rate Reached	n/a	2040	n/a	n/a	2033	n/a
Dental Care Trend Rates						
Initial Rate		6.0%			4.5%	
Ultimate Rate		4.0%			4.5%	
Year Ultimate Rate Reached		2026			n/a	
Estimated Average Remaining Service Life (years)	9.00	9.00	6.00	9.00	9.00	6.00

PENSION PLANS

The University is the sponsor of two pension plans, The University of Manitoba GFT Pension Plan (1986 Plan) and The University of Manitoba Pension Plan (1993 Plan). The University has separate Pension Committees to act as Plan Administrator for each of the 1986 and 1993 Plans. Both Pension Plans issue their own financial statements, neither of which forms part of the University's financial statements.

1986 PLAN

The 1986 Plan is a defined contribution plan; thus, the University has no pension liability as pension obligation equals plan assets. It is a money purchase plan for active members, the University recorded contributions of \$2,511 (2021, \$2,413) and this is included in the Statement of Operations as an expense.

1993 PLAN

The University of Manitoba Pension Plan (1993 Plan) is a money purchase plan with a defined benefit minimum. The following is a summary of the Plan.

Staff members of the University, other than those eligible for membership in the University of Manitoba GFT Pension Plan (1986 Plan), are eligible for membership in the University of Manitoba Pension Plan (1993 Plan). The 1993 Plan members contributed at the rate of 9.0% of salary less an adjustment for the Canada Pension Plan during the year. The University matches these contributions. If an actuarial valuation reveals a deficiency in the fund, *The Pension Benefits Act* of the Province of Manitoba requires that the University make additional contributions to fund the deficiency.

The Plan provides for full and immediate vesting on termination of employment, subject to the provisions of *The Pension Benefits Act* of the Province of Manitoba.

At retirement, the 1993 Plan provides that the Member's Contribution Account and University Contribution Account are applied to establish retirement income known as a plan annuity. This annuity is determined using a pension factor established by the actuary and is paid from the 1993 Plan. The 1993 Plan provides that if the defined benefit pension based on a formula involving the member's years of service and highest average earnings exceeds the plan annuity, the difference (known as a supplementary pension) is paid from the 1993 Plan.

The Plan provides for retirement benefits paid from the 1993 Plan to be increased using an excess interest approach, provided such increase can be afforded by the 1993 Plan as confirmed by the actuary.

At the December 31, 2019 valuation of the 1993 Plan, there were 4,801 active member accounts with an average salary weighted age of 52.0 for academic staff and 46.8 for support staff, and 1,931 annuitants and other recipients.

The actuarial method used to value the liabilities is the projected unit credit method, prorated on services. An actuarial valuation for accounting purposes was prepared by a firm of consulting actuaries as at December 31, 2020 and extrapolated to December 31, 2021.

The University uses a December 31 measurement date for reporting plan assets and obligations.

The contribution made by employees for fiscal 2021-22 was \$27,713 (2021, \$27,749). The employer contribution made by the University for fiscal 2021-22 was \$32,459 (2021, \$32,549). It included \$4,746 (2021, \$5,018) in additional contributions as advised by the Manitoba Pension Commission with respect to current service costs in excess of matching contribution of active members and the University.

NON-PENSION BENEFITS

The University provides health, dental and group life benefits to employees who retired prior to July 1, 2004 on a non-contributory basis. The group life benefits are indexed post-retirement. For eligible employees retiring on or after July 1, 2004, no group life benefit is available, and retired employees share in the cost of the health and dental benefits. The long-term disability income benefit is provided on a contributory basis. An actuarial valuation of these benefits was prepared March 31, 2022. The internally designated plan assets are included in the total Portfolio Investments (Note 6) and reflected contributions made by employees and the University which had been designated for non-pension benefits.

FINANCIAL STATEMENTS

POST-RETIREMENT ADJUSTMENTS

The University provides post-retirement pension benefits to specifically entitled employees who retired prior to 1993. The adjustments for a year are determined as the lesser of the amounts that can be provided by a weighted average percentage salary increase at the University, or the excess interest approach provided under the 1993 Plan. One hundred percent of the adjustments are paid by the University. An actuarial valuation of this benefit was prepared for March 31, 2022.

10. DEFERRED REVENUE

Unearned revenue represents various types of operating revenue, including future session tuition fees, for which goods have not yet been provided or service has not yet been substantially rendered. Deferred revenue represents unspent externally restricted grants, non-endowed donations, and investment income.

	2022	2021
Unearned Revenue	\$ 25,634	\$ 23,330
Deferred Revenue	346,837	309,402
	\$ 372,471	\$ 332,732

	2022	2021
Non-Government Grants	\$ 54,767	\$ 45,857
Non-Endowed Donations	117,218	111,940
Investment Income	174,852	151,605
	\$ 346,837	\$ 309,402

	2022			
	Research	Capital	Special Purpose & Trust	Total
Deferred Revenue Beginning of Year	\$ 46,567	\$ 22,497	\$ 240,338	\$ 309,402
Grants, Non-Endowed Donations, and Investment Income	64,650	6,788	70,893	142,331
Recognized as Revenue	(56,550)	(10,345)	(38,001)	(104,896)
Deferred Revenue End of Year	\$ 54,667	\$ 18,940	\$ 273,230	\$ 346,837

	2021			
	Research	Capital	Special Purpose & Trust	Total
Deferred Revenue Beginning of Year	\$ 37,741	\$ 22,539	\$ 228,627	\$ 288,907
Grants, Non-Endowed Donations, and Investment Income	66,949	4,649	47,735	119,333
Recognized as Revenue	(58,123)	(4,691)	(36,024)	(98,838)
Deferred Revenue End of Year	\$ 46,567	\$ 22,497	\$ 240,338	\$ 309,402

11. DEBT

	2022	2021
Province of Manitoba:		
Promissory Note, 5.23% due March 1, 2035	\$ 46,703	\$ 49,149
Promissory Note, 5.55% due April 1, 2036	50,135	52,422
Promissory Note, 3.75% due September 30, 2039	19,770	20,555
Promissory Note, 5.35% due February 1, 2040	23,908	24,683
Province of Manitoba¹:		
Promissory Note, 2.50%, due March 31, 2032	3,510	
Promissory Note, 5.70% due February 1, 2049	4,522	4,690
Promissory Note, 5.45% due December 1, 2049	5,641	5,726
Promissory Note, 4.10% due July 30, 2050	22,222	23,006
Promissory Note, 4.10% due July 30, 2050	3,518	3,642
Promissory Note, 4.10% due July 30, 2050	9,336	9,665
Promissory Note, 4.85% due November 30, 2050	5,601	5,796
Promissory Note, 4.90% due December 31, 2050	1,818	1,882
Promissory Note, 3.85% due February 29, 2052	3,675	3,797
Promissory Note, 3.85% due February 29, 2052	2,769	2,861
Promissory Note, 4.65% due September 30, 2052	19,080	19,358
Promissory Note, 3.85% due January 31, 2053	8,948	9,238
Promissory Note, 4.00% due March 31, 2053	2,713	2,800
Promissory Note, 4.625% due December 31, 2053	2,568	2,649
Promissory Note, 4.375% due March 31, 2054	4,897	5,050
Promissory Note, 4.375% due March 31, 2054	5,212	5,375
Promissory Note, 4.125% due August 31, 2054	1,358	1,400
Promissory Note, 3.75% due December 31, 2054	5,649	5,822
Promissory Note, 4.00% due November 30, 2055	1,770	1,823
Promissory Note, 3.875% due February 29, 2056	7,207	7,420
Promissory Note, 3.90% due March 31, 2056	4,941	5,087
Promissory Note, 4.00% due April 30, 2056	17,042	17,542
Promissory Note, 4.00% due October 31, 2056	1,157	1,190
Promissory Note, 3.50% due March 31, 2059	8,325	8,550
Promissory Note, 3.25% due July 31, 2059	3,733	3,833
Promissory Note, 3.25% due November 30, 2061	4,165	
Term Loans (with floating interest rates based on Bankers' Acceptance rates plus stamping fees):		
Royal Bank of Canada, due November 30, 2022	4,217	4,555
Royal Bank of Canada, due February 28, 2023	6,057	6,363
Royal Bank of Canada, due October 1, 2023	7,067	7,930
	\$ 319,234	\$ 323,859

The effective interest rate on each of the term loans is the fixed interest rate based on an interest rate swap agreement plus a stamping fee (Note 12).

Interest expense on debt was \$14,943 (2021, \$15,466), included in the Statement of Operations under Facilities.

¹ The University receives funding from the Province of Manitoba for the construction or acquisition of tangible capital assets which is included in Debt. The monthly interest and principal repayments are to be funded by future grants provided by the Province of Manitoba.

FINANCIAL STATEMENTS

Principal repayments, made monthly, on debt payable over the next five years are as follows:

	Province of Manitoba	Province of Manitoba ¹	Term Loans	Total
2023	\$ 6,627	\$ 4,974	\$ 1,592	\$ 13,193
2024	6,979	4,993	1,679	13,651
2025	7,349	5,012	1,773	14,134
2026	7,739	5,033	1,871	14,643
2027	8,151	5,055	1,975	15,181
Thereafter	103,671	136,310	8,451	248,432
	\$ 140,516	\$ 161,377	\$ 17,341	\$ 319,234

IG FIELD

The University entered into a loan agreement with the Province of Manitoba related to the construction of IG Field. Any amounts received by the University in the form of insurance proceeds received and entitled to be retained by the University by reason of the destruction of all or part of the stadium, where such insurance proceeds are not being applied to restore, reconstruct and repair the stadium in accordance with the ground lease are also to be applied to the repayment of the loan, firstly to the accrued interest and secondly to the principal outstanding, for both phases of the loan, on a pro-rata basis.

Additional terms of repayment of the loan are as follows:

LOAN, FIRST PHASE:

The amount of the annual payment of principal and interest on the loan is equivalent to the aggregate of:

- Any amounts paid by Triple B Stadium Inc. (Triple B) to the University in respect of the Triple B loan receivable;
- Any amounts received by the University in respect of the stadium development from The City of Winnipeg pursuant to *The Community Revitalization Tax Increment Financing Act (TIF)*; and
- Any amounts received by the University from any party which were designated by the party for application to the loan.

Payments are applied firstly to accrued interest and secondly to the principal outstanding. Unpaid interest is added to the principal of the First Phase of the loan and compounded annually. Any accrued interest and principal outstanding on the First Phase of the loan as at June 1, 2038 is due and payable in full, subject to receipt of the accrued interest and principal outstanding from Triple B, unless the parties agree otherwise in writing.

LOAN, SECOND PHASE:

Annual payments of principal and interest over the remainder of the Second Phase loan term are to be paid on or before December 31 of each calendar year. Payments are applied firstly to accrued interest after December 31, 2017 and secondly to principal outstanding.

Any accrued interest and principal outstanding on the Second Phase of the loan as at November 24, 2058 is due and payable in full, subject to receipt of accrued interest and principal outstanding from Triple B, unless the parties agree otherwise in writing.

¹ The University receives funding from the Province of Manitoba for the construction or acquisition of tangible capital assets which is included in Debt. The monthly interest and principal repayments are to be funded by future grants provided by the Province of Manitoba.

Principal and interest outstanding at March 31 were:

	2022	2021
Loan, First Phase	\$ 75,000	\$ 75,000
Loan, First Phase Accrued Interest	21,104	21,104
Loan, Second Phase Accrued Interest	22,578	22,578
	118,682	118,682
Loan, Second Phase	78,853	78,853
Loan, Second Phase Accrued Interest	931	931
	198,466	198,466
Allowance	(198,466)	(198,466)
	\$	\$

Effective October 21, 2021, the loans were in abeyance and no further payments are required except for any TIF payments as required under the First Phase Loan.

12. DERIVATIVES

	2022	2021
Fair Value of Financial Derivatives Beginning of Year	\$ 3,098	\$ 4,619
Unrealized (Gain) Loss	(1,482)	(1,521)
Fair Value of Financial Derivatives End of Year	\$ 1,616	\$ 3,098

Financial Derivatives are classified as Level 3.

DERIVATIVE FINANCIAL LIABILITIES

The University has entered into separate interest rate swap agreements for three term loans. Each loan has a stamping fee and a floating interest rate based on Bankers' Acceptance rates. The floating interest rate has been swapped to a fixed rate as follows:

- The interest rate swap agreement for the \$7,067 (2021, \$7,930) loan has a fixed interest rate of 5.62% that is committed until September 1, 2028.
- The interest rate swap agreement for the \$4,217 (2021, \$4,555) loan has a fixed interest rate of 4.07% that is committed until February 13, 2032.
- The interest rate swap agreement for the \$6,057 (2021, \$6,363) loan has a fixed interest rate of 4.40% that is committed until August 5, 2035.

Under the terms of the agreements, the respective monthly interest and principal repayments are required similar to a conventional amortizing loan over a 25 year period.

FINANCIAL STATEMENTS

13. TANGIBLE CAPITAL ASSETS

Cost	Balance at March 31, 2021	Additions	Disposals	Balance at March 31, 2022
Assets Under Capital Lease	\$ 2,477	\$	\$ (11)	\$ 2,466
Buildings and Major Renovations	1,426,644	76,941		1,503,585
Computer Hardware	108,406	2,155	(3,005)	107,556
Construction in Progress	68,974	(35,714)		33,260
Furniture and Equipment	324,657	12,105	(3,780)	332,982
Land	30,595	13	(80)	30,528
Parking Lots and Roads	10,906	10,133		21,039
Vehicles	10,320	539	(265)	10,594
	\$ 1,982,979	\$ 66,172	\$ (7,141)	\$ 2,042,010

Accumulated Amortization	Balance at March 31, 2021	Additions	Disposals	Balance at March 31, 2022
Assets Under Capital Lease	\$ 2,477	\$	\$ (11)	\$ 2,466
Buildings and Major Renovations	419,420	30,055		449,475
Computer Hardware	98,808	3,841	(3,005)	99,644
Furniture and Equipment	257,843	13,867	(3,750)	267,960
Parking Lots and Roads	6,997	753		7,750
Vehicles	8,989	575	(265)	9,299
	\$ 794,534	\$ 49,091	\$ (7,031)	\$ 836,594

Net Book Value	2022	2021
Buildings and Major Renovations	\$ 1,054,110	\$ 1,007,224
Computer Hardware	7,912	9,598
Construction in Progress	33,260	68,974
Furniture and Equipment	65,022	66,814
Land	30,528	30,595
Parking Lots and Roads	13,289	3,909
Vehicles	1,295	1,331
	\$ 1,205,416	\$ 1,188,445

14. RISK EXPOSURE AND MANAGEMENT

The University uses a disciplined, fundamental approach in its investment selection and management, which consists of an intensive and ongoing research process of investment opportunities across a broad range of investment vehicles of various types of issuers (government, corporate or financial). As a result, the University is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The University, through the work of its investment committees and Treasury Office, has an investment policy statement in place governing asset mix, permitted investments, diversification, and minimum credit quality. The most important risks relate to market risk, other price risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. These risks and the related risk management practices employed by the University are detailed below.

OTHER PRICE RISK

Other price risk represents the potential loss that can be caused by a change in the fair value of a financial instrument. The University's investments are subject to normal market fluctuations and the risks inherent in investment in the capital markets. Investments held to meet short term obligations focus on credit quality and liquidity to minimize the effect of other price risk on fair value. The majority of investments which are held for the long term within endowment are equities, bonds, infrastructure, segregated funds and pooled funds, and are subject to other price risk given their nature and the long-term holding periods. Other price risk is managed through diversification provided by endowment asset allocation strategy, which emphasizes the importance of managing other price risk by maintaining appropriate levels of risk required to achieve consistent long term returns that meet the investment objectives of the endowment.

INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The University is subjected to this risk when it invests in interest-bearing financial instruments, or when it borrows funds using derivative financial instruments. Both investments and financial derivatives are exposed to the risk that their fair value will fluctuate due to changes in the prevailing levels of market interest rates.

The tables below summarize the University's exposure to interest rate risk related to financial instruments categorized by maturity dates.

INTEREST RATE EXPOSURE AS AT MARCH 31, 2022

	Less than 90 days	90 days to 1 year	1 year to 5 years	5 years to 10 years	Greater than 10 years	Total
Cash Equivalents and Investments	18.3%	31.3%	36.9%	11.0%	2.5%	100.0%
Financial Derivatives		57.2%	42.8%			100.0%

INTEREST RATE EXPOSURE AS AT MARCH 31, 2021

	Less than 90 days	90 days to 1 year	1 year to 5 years	5 years to 10 years	Greater than 10 years	Total
Cash Equivalents and Investments	17.6%	40.9%	25.3%	12.6%	3.6%	100.0%
Financial Derivatives			100.0%			100.0%

	2022		2021	
	Interest Bearing Instruments	Non-interest Bearing Instruments	Interest Bearing Instruments	Non-interest Bearing Instruments
Cash Equivalents and Investments	\$ 602,569	\$ 900,793	\$ 437,605	\$ 855,709
Financial Derivatives	\$ 1,616	\$	\$ 3,098	\$

As at March 31, 2022, a 0.5% fluctuation in interest rates, with all other variables held constant, would have an estimated impact as follows:

	2022	2021
Fair Value of Fixed Income Instruments	\$ 6,036	\$ 4,432
Interest Rate Swaps	\$ 443	\$ 561
Net Investment Income	\$ 3,293	\$ 3,180

FOREIGN CURRENCY RISK

The University has cash and cash equivalents, receivables and payables denominated in foreign currencies and holds investments in foreign currency infrastructure and equity markets. The income from these investments is used to meet financial liabilities denominated in Canadian dollars. The University does not actively manage foreign exchange risk.

FINANCIAL STATEMENTS

The University's exposure in cash and investments to foreign currencies is shown below:

	2022		2021	
Canadian Dollar	\$ 1,205,769	72.4%	\$ 1,077,359	71.0%
U.S. Dollar	337,694	20.3%	310,922	20.5%
Euro	29,748	1.8%	37,078	2.4%
Japanese Yen	28,599	1.7%	32,739	2.2%
Swiss Franc	26,576	1.6%	24,295	1.6%
British Pound Sterling	20,674	1.3%	25,461	1.7%
Other	15,649	0.9%	8,987	0.6%
	\$ 1,664,709	100.0%	\$ 1,516,841	100.0%

As at March 31, 2022, an appreciation of 10% in the Canadian dollar versus foreign currencies exchange rates would decrease investments and net remeasurement gains by approximately \$45,894 (2021, \$43,948), while a depreciation of 10% would increase investments and net remeasurement gains by approximately \$45,894 (2021, \$43,948).

CREDIT RISK

Credit risk represents the potential loss that the University would incur if its counterparties failed to perform in accordance with the terms of their obligations. The University invests in financial assets that have an investment grade as rated primarily by DBRS. Should DBRS not rate an issuer, the University may use Standard & Poor's, followed by the Moody's equivalent.

Ratings for securities which subject the University to credit risk are noted below:

	2022		2021	
R-1High	\$ 236,656	39.3%	\$ 189,490	43.3%
R-1Mid			125	
AAA	66,567	11.0%	60,400	13.8%
AA	217,626	36.1%	105,324	24.1%
A	8,897	1.5%	9,421	2.2%
BBB	10,928	1.8%	10,487	2.4%
BB			80	
C	202			
Not Rated	61,693	10.3%	62,278	14.2%
	\$ 602,569	100.0%	\$ 437,605	100.0%

The University manages credit risk related to fixed income investments by focusing on high credit quality. Cash and cash equivalents are held in Canadian Chartered banks and Manitoba credit unions.

The University also has credit risk related to accounts receivable and loan receivable. A significant portion of the University's accounts receivable is from the federal and provincial governments, not-for-profit organizations, corporations, the U.S. government, and other universities. The University also has accounts receivable from students and staff. The University manages these accounts proactively and has leverage to stop further enrolment until payment is made. The remaining accounts receivable are due from a diverse group of customers and are subject to normal credit risks. The credit risk related to the loan receivable is offset by a loan payable to the Province of Manitoba with matching terms of repayment.

LIQUIDITY RISK

The University aims to retain sufficient cash and cash equivalents to maintain liquidity and meet short term obligations. Most of the University's investments are considered readily realizable and liquid, thus liquidity risk is considered minimal. Investments that are not as liquid, such as the investment in the pooled real estate fund and infrastructure, are considered to be held for long term periods in conjunction with the investment objectives and risk tolerance.

15. RELATED PARTY TRANSACTIONS

THE UNIVERSITY OF MANITOBA FOUNDATION U.S.A. INC.

The University of Manitoba Foundation U.S.A. Inc. (the Foundation) is an Illinois not-for-profit corporation incorporated in December 1989. The Foundation's purpose is exclusively charitable, literary, scientific and educational and its activities include the promotion, encouragement, aid and advancement of higher education, research and training in the Province of Manitoba, in Canada and elsewhere. The Foundation is exempt from U.S.A. Federal Income Tax under Subsection 501(c)(3) of the Internal Revenue Code.

The Board of Directors of the Foundation is an independent board whose members direct and guide the Foundation's actions. Members of the Board include, among others, certain senior staff of the University. The University of Manitoba, however, is one of many entities eligible to receive aid from the Foundation. The University must make an application to the Foundation's Board of Directors to request funds, which may or may not be granted. The gifts received in fiscal 2021 were \$261 (2021, \$1,536).

PROVINCE OF MANITOBA

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

TRIPLE B STADIUM INC.

Triple B Stadium Inc. (Triple B) is a not-for-profit corporation established to develop, own and operate a stadium as a venue for professional and university football and community athletics. The Winnipeg Football Club is the sole member. Activities of Triple B are managed by the directors comprised of the Province of Manitoba and the Winnipeg Football Club. Triple B is not a related party however the University has use of the stadium for university football games and events at nil charge and Triple B leases land from the University for one dollar per year.

16. EXPENSE BY OBJECT

	2022	2021
Salaries and Benefits	\$ 511,774	\$ 493,962
Materials, Supplies and Services	129,644	122,011
Student Assistance	80,725	74,948
Professional and Other Services	54,024	54,097
Amortization	49,091	48,073
Utilities, Municipal Taxes and Insurance	23,869	20,852
Interest	14,943	15,466
Travel and Conferences	12,707	9,489
Maintenance and Repairs	11,844	14,989
Other	3,638	
Net Loss on Loan Receivable Allowance	799	224
	\$ 893,058	\$ 854,111

FINANCIAL STATEMENTS

17. GOVERNMENT GRANTS

2022					
	Operating Activities	Research Activities	Capital Activities	Special Purpose & Trust Activities	Total
Provincial Grants:					
Advanced Education, Skills and Immigration	\$ 340,183	\$	\$ 7,120	\$ 4,921	\$ 352,224
Other	24,799	7,937	16,424	21,916	71,076
	\$ 364,982	\$ 7,937	\$ 23,544	\$ 26,837	\$ 423,300
Federal and Other Government Grants:					
Government of Canada	\$ 12,565	\$ 82,191	\$ 8,281	\$ 9,269	\$ 112,306
Other Government					
Provincial Government Business Enterprises		1,594			1,594
Foreign		(46)		1,952	1,906
United States		118			118
Other Provinces	144	1,337		3,524	5,005
Municipal	46	68			114
	\$ 12,755	\$ 85,262	\$ 8,281	\$ 14,745	\$ 121,043
2021					
	Operating Activities	Research Activities	Capital Activities	Special Purpose & Trust Activities	Total
Provincial Grants:					
Advanced Education, Skills and Immigration	\$ 346,188	\$	\$ 7,120	\$ 6,225	\$ 359,533
Other	24,305	10,336	13,955	21,707	70,303
	\$ 370,493	\$ 10,336	\$ 21,075	\$ 27,932	\$ 429,836
Federal and Other Government Grants:					
Government of Canada	\$ 10,962	\$ 98,957	\$ 3,669	\$ 15,682	\$ 129,270
Other Government					
Provincial Government Business Enterprises		1,090			1,090
Foreign		2,769		2,164	4,933
United States		351			351
Other Provinces	(64)	1,691		4,968	6,595
Municipal	46	287			333
	\$ 10,944	\$ 105,145	\$ 3,669	\$ 22,814	\$ 142,572

18. INVESTMENT INCOME

	2022	2021
Non-Portfolio Interest Income	\$ 3,989	\$ 5,281
Portfolio Investments:		
Net Gains (Losses) on Sale of Investments	34,455	8,615
Dividends	13,101	14,025
Distributions – Infrastructure	9,236	3,599
Interest	5,106	5,992
Net Change in Deferred Investment Income	(23,246)	3,292
	38,652	35,523
	\$ 42,641	\$ 40,804

19. CONTRACTUAL RIGHTS

As part of its operations, the University enters into agreements with varying expiry dates for which it is entitled to receive revenues in the form of rental agreements. Total amounts outstanding from these agreements are as follows:

2023	\$ 4,169
2024	3,656
2025	3,103
2026	2,673
2027	2,610
Thereafter	11,823
	\$ 28,034

20. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The University is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE). CURIE pools the property damage and public liability insurance risks of its members. All members pay annual deposit premiums, which are actuarially determined and are subject to further assessment in the event members' premiums and reserves are insufficient to cover losses and expenses. No additional assessment was necessary for the current year.

Contractual obligations relating to Construction in Progress amounted to \$38,711 (2021, \$19,192). The contractual obligations relating to service contracts was \$32,397 (2021, \$33,098).

The University has a 7.14% (2021, 7.14%) interest in TRIUMF Inc. which operates a national laboratory for particle and nuclear physics. The facility is funded by the Federal Government, and the University makes no direct financial contributions.

The members of TRIUMF Inc. and the Canadian Nuclear Safety Commission (CNSC) approved a decommissioning plan which requires all members to be severally responsible for their share of the decommissioning costs, which were estimated at \$60,700 as of March 31, 2022, as well as provide financial covenants to the CNSC for the amount of these costs. While there are no current intentions to decommission the facilities, and the facilities are estimated to have an indefinite useful life, the University's share of the unfunded decommissioning costs, as at March 31, 2022 is estimated at \$3,457 (2021, \$3,462). TRIUMF Inc. has put in place a plan for funding the cost of decommissioning which does not require any payments from the joint venture partners. The member universities have indemnified the University of British Columbia (UBC) against any liabilities incurred by TRIUMF Inc., under the terms of the lease between TRIUMF Inc. and UBC.

FINANCIAL STATEMENTS

The University is a defendant in a number of legal proceedings arising in the normal course of business. While the ultimate outcome and liability of these proceedings cannot be reasonably estimated at this time, the University believes that any settlement will not have a material adverse effect on the financial position or the results of operations of the University. Liabilities are recognized when the outcome becomes reasonably determinable.

21. ECONOMIC DEPENDENCE

The University received \$352,223, 36.34% (2021 \$353,308, 36.91%) of its total revenues from the Province of Manitoba's Department of Advanced Education, Skills, and Immigration.

22. COVID-19 PANDEMIC

On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. At that time, the University implemented remote learning for students with a small number of courses offered in person. University revenues from ancillary operations and other areas that were required to close as a result of public health orders experienced significant declines.

The pandemic continues to have an effect on cash flows and the valuation of assets and liabilities. The increased volatility observed in the financial markets, due in part to the COVID-19 pandemic, has resulted in additional measurement uncertainty for the fair value estimate of the University's portfolio investments (Note 6) and related investments held to fund the Employee Future Benefits liability (Note 9).

23. PRIOR YEAR RESTATEMENT

During the year, it was determined that assets being held to fund the long term disability plan were being treated as plan assets when determining the employee future benefits liability. This was corrected during the year and required retroactive restatement of the 2021 comparative figures. The result on the previously reported 2021 figures were as follows:

Expenses	Decrease of \$8,790
Employee Future Benefits Liability	Decrease of \$7,010
Accumulated Surplus, Beginning of Year	Decrease of \$1,780
Accumulated Surplus, End of Year	Increase of \$7,010

24. COMPARATIVE FIGURES

Comparative figures for the year ended March 31, 2021 have been reclassified, where appropriate, to conform with the presentation adopted for the year ended March 31, 2022.

