



UNIVERSITY  
OF MANITOBA

# ANNUAL FINANCIAL REPORT 2014

THE UNIVERSITY OF MANITOBA

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(Additional information is available at [www.umanitoba.ca/admin/financial\\_services/](http://www.umanitoba.ca/admin/financial_services/))

## MISSION:

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

## VISION:

Our students, staff and alumni will have an association with the University of Manitoba that is transformative and their discoveries will be of the greatest possible benefit to their own lives, and to the lives of others.

## VALUES:

Excellence, Equity and Diversity, Accountability, Innovation, Integrity, Humanity, Responsibility to Society, Environmental Sustainability, Selectivity, Academic Freedom.

# REPORT OF THE BOARD OF GOVERNORS

## To the Minister of Education and Advanced Learning, Manitoba

In Compliance with Section 22(1) of The University of Manitoba Act, the Annual Report on the financial affairs of the University for the year ended March 31, 2014 is herewith submitted to the Minister of Education and Advanced Learning. In this report, we set forth in detail –

- (a) the receipts and expenditures for the next preceding fiscal year,
- (b) the investments as they stood at the end of the year, and
- (c) other particulars which may be of interest to the Minister of Education and Advanced Learning.

Included with this Report are the Report of the Vice-President (Administration), the Statement of Management Responsibility for Financial Reporting and the Report of the Auditor General of the Province of Manitoba on the audit of the accounts of the University.

## RECEIPTS AND EXPENDITURES: SUMMARY OF GENERAL OPERATING FUND RESULTS (in thousands of dollars)

	Year Ended March 31	
	2014	2013
Revenues and Other Additions	\$ 590,828	\$ 559,414
Expenditures and Other Deductions	547,528	502,913
Net Revenues	43,300	56,501
Net Appropriated To Specific Provisions	(8,913)	(5,722)
Inter-Fund Transfers	(34,380)	(50,816)
Remeasurement Gains (Losses)	(5)	39
<b>Net Increase To Fund Balances</b>	<b>\$ 2</b>	<b>\$ 2</b>

Additions exceeded deductions by \$43,300,000 for the current fiscal year. Net appropriations of \$8,913,000 were made to specific provisions and an amount of \$34,380,000 was transferred to other funds. The resulting net surplus of \$2,000 has been added to the general operating balance in the General Operating Fund, increasing it to a balance of \$2,306,000 as at March 31, 2014.

## INVESTMENTS: INVESTMENT HOLDINGS AT MARCH 31, 2014 WERE AS FOLLOWS (AT FAIR VALUE): (in thousands of dollars)

Canadian Bonds and Other Fixed Income	\$ 195,294
Canadian Equities	159,495
U.S. Equities	124,245
International Equities	82,473
Pooled Real Estate	66,690
Bankers Acceptances, Guaranteed	
Investment Certificates and Cash	107,075
Other	1,709
	<b>\$ 736,981</b>

# REPORT OF THE BOARD OF GOVERNORS

## MEMBERS OF THE BOARD OF GOVERNORS:

At March 31, 2014 the members of the Board of Governors were as follows:

### **Chair**

Patricia Bovey, B.A., FRSA

### **Vice-Chair**

Michael Robertson, B.A., M.A., MAA, MRAIC

### **Chancellor**

Harvey Secter, B.Comm, LL.B., LL.M., LL.D.

### **President and Vice-Chancellor**

David T. Barnard, B.Sc., M.Sc., Ph.D (Toronto),  
Dip.C.S. (UBC)

### **Appointed by the Lieutenant-Governor-in-Council:**

Aaron Berg, B.A. (Hons.), LL.B.

Ted Bock, B.A., LL.B.

Patricia Bovey, B.A., FRSA

Alexandra Dansen

Meaghan Labine, B.Sc., M.Sc., Ph.D. candidate

Janice Lederman, B.A., LL.B.

Bev Passey, FCGA

Michael Robertson, B.A., M.A., MAA, MRAIC

David Sauer, B.A.

Shelley Jesseau

Stacy Senkbeil

### **Elected by Senate**

Joanne Embree, M.D., FRCPC

Norman Halden, B.Sc. (Hons.), Ph.D.

Mark Whitmore, B.Sc. (Hons.), M.Sc., Ph.D

### **Elected by Graduates**

Romel Dhalla, B.A., B.Comm. (Hons.)

Rennie Zegalski, B.Comm. (Hons.)

### **Appointed by the University of Manitoba Students Union**

Al Turnbull

Susie Ally

Monika Wetzel

### **University Secretary**

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

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

Original signed by  
Patricia Bovey, Chair.

# REPORT OF THE VICE–PRESIDENT (ADMINISTRATION)

*Building on a tradition of excellence, innovation and global influence.*

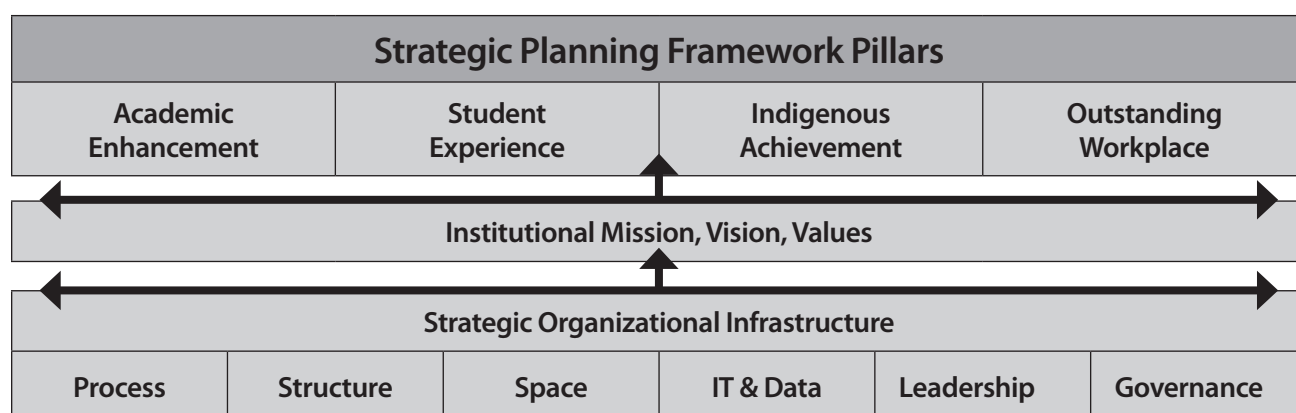
*Forging a vision of discovery and growth.*

*Achieving greatness.*

Our planning decisions are guided by the Strategic Planning Framework that was approved and implemented in 2009. To ensure our university continues to build on its tradition of excellence, innovation and global influence, development of an updated plan for this framework has recently been launched which includes a comprehensive consultation process throughout our broad university community.

The university continues to undergo a transformation of its organizational infrastructure – a necessary step to broadly support learning, discovery and engagement. This transformation process is focusing on six major areas of organizational infrastructure: process, structure, space, IT and data, leadership and governance.

The university's approach, since the approval of the Strategic Planning Framework, has been to allocate a small portion through the budget process to areas which, if enhanced, will lead to institutional benefits such as increased enrolment, reputational improvements and connections to Manitoba priorities.



The 2013-14 provincial budget provided for an operating grant increase of two and one half per cent. Tuition increases were limited to 1.6%, the rate of inflation.

The 2013-14 general operating budget approved by the Board of Governors allowed us to invest in the transformation of organizational infrastructure and the four strategic planning framework pillars as follows:

## Academic Enhancement

- Support for collaborative cluster initiatives
  - Centre for Human Rights Research
  - Truth and Reconciliation National Research Centre
  - Health Sciences research enhancement (clinical trials compliance officer, grant facilitator)
- Research support
  - Enhanced bridge funding
  - Post-doctoral fellow support
  - Plant Genomics contingency fund
- Support for teaching and learning
  - Teaching and Learning Fund
  - Teaching Life Publication
  - Enhance teaching and learning support (UTS)
- Faculty specific support
  - Asper School of Business – Academic Salary Support, Asper Executive Education marketing development
  - Pharmacy (PharmD program development)



# REPORT OF THE VICE–PRESIDENT (ADMINISTRATION)

## Indigenous Achievement

- Action Plan support
- Aboriginal student advisor (Student Services)
- Community Indigenous support (Kinesiology and Recreation Management)
- Indigenous student recruitment officer (Enrolment Services)
- Indigenous student advisor (Arts)

## Student Experience

- Enhanced graduate student support
- Support for the identification of bona fide academic program requirements
- STATIS case management
- Undergraduate student scholarships

**Outstanding Workplace:** While funding for this initiative was not identified in the 2013-14 allocations, prior year investments have supported the “It’s Up to Us” Employee Experience Survey undertaken in 2011, as well as an action plan that establishes an implementation timetable. Future investments necessary to support the commitments identified in the Outstanding Workplace Initiative will be prioritized as they arise.

## Transform Organizational Infrastructure

- Campus planning support
- Information Services and Technology – infrastructure support
- Reasonable Accommodations Fund (Human Resources)
- Enhanced data support for Deans and Directors (Office of Institutional Analysis)

In the last five successive budgets, \$30.4 million in ongoing funding has been allocated to framework priorities which represent approximately 5% of operating budget. One-time funding of \$14.4 million has also been earmarked to assist with the launching of new programs, enhance information technology and seed new initiatives.

## INVESTING IN MANITOBA'S FUTURE

In 2013-14 total university revenue in all Funds (unrestricted and restricted) was \$850.8 million, compared to \$795.7 million in 2012-13. The provincial government, through COPSE, Manitoba Health, Manitoba Student Aid, Manitoba Agriculture, Food & Rural Initiatives and various provincial councils and funds in support of teaching, innovation, capital and research is the largest single supporter of the university, representing 48% or \$407.2 million of total revenue, down from \$412.4 million last year. Support from COPSE increased \$9.5 million. Other revenues from the province included \$6.4 million for Project Domino, \$2.9 million for the Active Living Centre and \$9.4 million for deferred maintenance. Prior year revenues included a \$20.7 million flow through grant which was provided to BBB Stadium Inc. for the construction of Investors Group Field.

Students, through their tuition and related fees, provided the second largest source of the university’s revenue during the year. In 2013-14, \$142 million was assessed, up from \$133 million in the prior year. These fees represent 16.7% of total revenues. The tuition increases during the year are due mainly to increased enrolment of 1.6% (regular session and international student) and higher tuition fees.

Support from the Government of Canada increased 17% this year. Total revenues of \$88.1 million increased \$12.8 million. Federal support represents 10.4% of total revenues. Federal funding included \$5.6 million for the Active Living Centre, equipment grants for the Materials Characterization Lab (\$3.1 million) and the advanced satellite integration facility at Magellan Aerospace (2.4 million), and an increase in funding from CIHR including \$1.8 million for the Centre for Healthcare Innovation and \$1.4 million for the Institute for Musculoskeletal Health and Arthritis. Federal programs provide significant support to research, capital, and indirect costs of research at the university.

# REPORT OF THE VICE-PRESIDENT (ADMINISTRATION)

In 2012-13, the University adopted Public Sector Accounting Standards which has changed the method of recording revenues earned on investments. Income earned on dividends, interest, and realized gains and losses are still recorded as revenues in the Statement of Operations, however any income attributed to the change in fair value of investments (the unrealized gains and losses) is now recorded in the Statement of Remeasurement. In the current year, unrealized gains of \$55.2 million are recorded as an increase to the Statement of Remeasurement. The one-year return of the University Investment Trust (Endowment Fund) was 19.8%, 4.3% higher than last year. Investment Revenue received was \$50.2 million compared to \$25.5 million in 2012-13. A more detailed discussion of the Trust and Endowment Fund appears later in this report.

Total revenue included \$44.4 million in non-government grants and contracts, an increase of \$7.0 million from 2012-13. These grants are received from industry, foundations and associations in support of research, special projects, capital projects, and student support. The increase this year was due in large part to a research award from the Bill & Melinda Gates Foundation for \$6.2 million. This is the current year portion of a \$21 million USD award being used by the Centre for Global Public Health to improve reproductive, maternal, neonatal and child health in an area of northern India.

Ancillary Services are comprised of the Book Store, Residences, Parking, Pharmacy, and Smartpark. Revenue for the year remained stable at \$37.2 million or 4.4% of total revenue. Ancillary Services are completely self-sustaining and contribute to the university's operation by covering their share of overhead in addition to their direct costs, as well as the capital costs of refurbishing Ancillary facilities, acquiring equipment and constructing and upgrading parking lots. They also support non-revenue generating units such as Security Services.

The sale of various goods and services generated 4.1% of total revenues in 2013-14 or \$35.2 million, an increase from 2012-13 of \$1.5 million. This increase is attributable to a variety of activities including the English Language Programs and external steam sales. These revenue generating activities supplement the resources available to many faculties and schools for operating purposes while at the same time providing valuable linkages to the community.

Miscellaneous Revenue increased \$14.9 million this year to \$23.7 million due to significant insurance proceeds received for the Duff Roblin fire as well as equity pick up in the University's investment in TRIUMF and Staff Benefits experience gains on group insurance plans received this year.

The University received \$20.2 million or 2.4% of total revenue in donations in support of research, special projects and initiatives, scholarships and bursaries from our generous individual and corporate donors, and employees. This represents a decrease from the prior year due to a large one-time gift for Project Domino of \$10 million in 2012-13.

The City of Winnipeg generously contributed \$2.5 million during the year towards construction of the Active Living Centre.

Expenses in the General Funds increased from \$503 million in 2012-13 to \$548 million 2013-14 as explained in the following section. Expenses in the restricted funds of \$224 million in the current year were reduced from \$237 million in 2012-13 due largely to activity in the Research and Special Funds. The bulk of this variance relates to \$20.7 million received from the Province in 2012-13 and provided directly to BBB Stadium Inc. related to the construction of Investors Group Field.

## GENERAL OPERATING FUND

The results of the General Operating Fund for 2013-14, shown on a comparative basis with the prior year and the April 1, 2013 Board of Governors approved operating budget are summarized in **Table 1, General Operating Fund**. Operating revenues are shown by source, and expenses are shown by function and type to provide an overview of how the university utilizes the resources of the General Operating Fund. The university was successful again this year in achieving a balanced budget.

Although under budget pressure, there is a strong commitment to fiscal responsibility and financial stability on the part of the university's administration, faculties, schools, libraries, and support units. This is achieved in a decentralized system of budgetary control where academic and support units are allocated resources to meet the strategic priorities of the university. The operating units are provided with procedures to administer their budgets responsibly and to ensure there is accountability for the resources that are transferred to them.

The General Operating Fund ended the year with \$43.3 million of revenue in excess of expense. Part of this amount is due to the process of accounting for capital additions as assets in the Capital Fund even though they are funded by the operating



# REPORT OF THE VICE–PRESIDENT (ADMINISTRATION)

budgets of faculties and units. In addition, some current year revenues and expenses were favourable to budget. The net increase to the General Operating Fund of \$2,264 was generated after taking into account the following interfund activity:

- \$22.0 million was transferred out to Capital representing amounts faculties and units spent on capital assets and library acquisitions

**TABLE 1: GENERAL OPERATING FUND  
SUMMARY STATEMENT**  
(in thousands of dollars)

	April 1, 2013 Budget	%	March 31, 2014 Actual	%	March 31, 2013 Actual	%
<b>Revenue:</b>						
COPSE	\$ 329,289	57.4%	\$ 329,456	55.8%	\$ 319,955	57.2%
Tuition Fees	139,973	24.4%	141,999	24.0%	133,012	23.8%
Ancillary Services	37,393	6.5%	37,182	6.3%	37,189	6.6%
Sales of Goods & Services	30,330	5.3%	34,342	5.8%	32,822	5.9%
Other Province of Manitoba	18,835	3.3%	19,533	3.3%	17,546	3.1%
Government of Canada	8,278	1.4%	8,797	1.5%	10,563	1.9%
Net Investment Income	4,835	0.8%	4,429	0.7%	3,964	0.7%
Donations	983	0.2%	1,267	0.2%	1,340	0.2%
Non-Government Grants	1,031	0.2%	1,350	0.2%	1,162	0.2%
Miscellaneous	2,230	0.5%	12,473	2.2%	1,861	0.4%
	\$ 573,177	100.0%	\$ 590,828	100.0%	\$ 559,414	100.0%
<b>Expense by Function:</b>						
Instruction	\$ 291,483	54.2%	\$ 325,393	59.4%	\$ 307,404	61.1%
Administration	45,427	8.5%	46,019	8.4%	40,057	8.1%
Plant Maintenance	31,331	5.8%	40,463	7.4%	34,331	6.9%
General	29,547	5.5%	29,528	5.4%	25,538	5.2%
Other Academic Support	33,797	6.3%	29,101	5.3%	23,289	4.7%
Ancillary Services	29,333	5.5%	28,450	5.2%	29,035	5.9%
Student Affairs	18,018	3.4%	19,772	3.6%	18,782	3.8%
Libraries	15,534	2.9%	16,963	3.1%	16,984	3.5%
Student Awards	8,696	1.6%	12,266	2.2%	10,225	2.1%
Actuarially determined Employee Future Benefits		0.0%	6,930	1.3%	3,266	0.0%
Change in Pension Liability		0.0%	34	0.0%	416	0.0%
Staff Benefits Contra	(6,200)	(1.2%)	(7,542)	(1.4%)	(6,414)	(1.3%)
Central Reserves *	40,582	7.5%				
	\$ 537,548	100.0%	\$ 547,528	100.0%	\$ 502,913	100.0%
<i>Net Revenue</i>	35,629		43,300		56,501	
<i>Net Transfer to Other Funds</i>	(35,629)		(43,293)		(56,538)	
Remeasurement Gains and Losses			(5)		39	
Net Increase to Fund Balance	\$ -		\$ 2		\$ 2	

Continued on page 9...

# REPORT OF THE VICE-PRESIDENT (ADMINISTRATION)

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	April 1, 2013 Budget	%	March 31, 2014 Actual	%	March 31, 2013 Actual	%
<b>Expense by Type:</b>						
Salaries & Wages	\$ 310,430	57.7%	\$ 334,016	61.0%	\$ 316,079	62.9%
Supplies and Expenses	115,768	21.5%	82,276	15.0%	78,613	15.7%
Staff Benefits	63,555	11.8%	70,145	12.8%	57,419	11.4%
Utilities	15,482	2.9%	19,483	3.6%	14,499	2.9%
Ancillaries Cost of Goods Sold	15,625	2.9%	15,055	2.7%	15,588	3.3%
Student Awards	10,246	1.9%	12,417	2.3%	10,225	2.1%
Payroll Tax Levy	6,442	1.3%	7,172	1.3%	6,808	1.4%
Actuarially Determined Employee Future Benefits			6,930	1.3%	3,266	0.0%
Change in Pension Liability			34	0.0%	416	0.3%
	\$ 537,548	100.0%	\$ 547,528	100.0%	\$ 502,913	100.0%

\*Represents funds budgeted for distribution to unit budgets during the year for salary and contract increases and other centrally funded initiatives.

- \$9.0 million was transferred in from Trust to support students and unit budgets
- \$6.9 million was transferred out to Trust and Endowment representing funds received through tuition assessments or other revenue sources to be used in future years for scholarships
- \$5.6 million was transferred out for debt servicing
- \$3.6 million of overhead recoveries was transferred in from Research
- \$7.5 million was transferred to the Research Fund. These are funds allocated over numerous years for Research start-up activities. In 2013-14 it was determined these funds should be categorized as Research Funds in order to ensure the appropriate ethics and other controls applicable to these types of research funds were in place.
- \$12.9 million was transferred to the Capital Fund in support of Faculty and unit initiatives.

As detailed in Table 1, General Operating Fund expenses increased by \$44.6 million or 8.9% in 2013-14 over 2012-13. When compared by function:

- Instruction costs have increased by \$18.1 million due mainly to budgeted salary and benefit increases.
- Administration costs have increased by \$6 million due to a budgeted increase in salary and benefit costs, for example Advancement Services (\$1.3 million) and Marketing and Communications (\$1.9 million).
- Plant Maintenance is also up \$6 million which is due to increased utilities costs, primarily natural gas. Due to the very cold and extended winter, utility consumption was 10% higher than normal. More significantly, natural gas is purchased through Manitoba Hydro and is priced based on market rates. During our peak consumption period, market rates were extraordinarily high.
- General Expenses have increased \$4 million. This includes an increase in Pension payments of \$8 million offset by a decrease in spending for ROSE projects of \$4 million.
- Other Academic increased \$5.8 million due to a budgeted increase in spending in IST for various projects including the classroom technology upgrades, wireless expansion, technical infrastructure renewal, and enterprise application renewal.

## STUDENTS

Fall 2013 built upon last year's record-setting enrolment, surpassing it by an additional 2.0% to reach 29,759 students. Tuition revenue is driven by credit hours, which had an overall 1.6% increase for undergraduate and graduate students.

Enrolment increases were evident in many areas, including undergraduate, graduate, international, and Indigenous enrolment.

# REPORT OF THE VICE–PRESIDENT (ADMINISTRATION)

Undergraduate enrolment increased 1.5% to 25,363 students in Fall Term 2013. Graduate enrolment increased 4.7% to 3,748 students in Fall Term 2013.

International student enrolment increased 18.5% from Fall Term 2012. The international student population now comprises 13.0% of the total student population.

**TABLE 2: SELECTED STATISTICS**

	2013	2012	2011	2010	2009
<b>Fall Term Enrolment</b>					
Total Students <sup>1,2</sup>	29,759	29,181	28,430	27,751	27,476
Undergraduate students	25,363	24,996	24,347	23,929	23,654
% Annual Change	1.5	2.7	1.7	1.2	4.9
Full-Time	20,819	20,363	19,876	19,522	19,174
Part-Time	4,544	4,633	4,471	4,407	4,480
Distance Education <sup>2</sup>					
Graduate students	3,748	3,580	3,501	3,333	3,333
% Annual Change	4.7	2.3	5.0	0.0	3.4
Full-Time	3,042	2,843	2,720	2,560	2,550
Part-Time	706	737	781	773	783
Post-Graduate Medical Educ. Students	648	605	582	489	489
<b>Summer Enrolment</b>	11,070	10,469	10,157	10,121	9,637
% Annual Change	5.7	3.1	0.4	5.0	2.1
<b>Total Enrolment</b>	40,829	39,650	38,587	37,872	37,113
Full-Time Equivalent Students <sup>1,3</sup>	29,172	28,336	27,581	26,943	26,470
<b>International Students</b>	3,869	3,266	2,738	2,354	2,165
<b>Self Declared Aboriginal Students<sup>4,5</sup></b>	2,140	2,084	2,021	1,912	1,883
Undergraduate students	1,973	1,930	1,876	1,771	1,748
% Total undergraduate students	7.8	7.7	7.7	7.4	7.4
% Total University 1	9.6	9.1	8.4	8.4	8.3
Graduate	158	147	139	133	129
% of Total Graduate	4.2	4.1	4.0	4.0	3.9
Post-Graduate Medical Educ.	9	7	6	8	6
% of Total PGME	1.4	1.2	1.0	1.6	1.2
<b>Undergraduate Student Credit Hours<sup>6</sup></b>					
Fall and Winter	524,993	521,345	512,849	509,309	503,048
Summer	55,963	53,366	53,617	53,910	51,457
On-load <sup>7</sup>	6,625	6,074	6,156	6,084	6,928
<b>Degrees, Diplomas, Certificates Conferred</b>					
Undergraduate	4,309	4,045	4,139	4,120	4,095
Graduate	797	815	779	778	738

1. As at November 1st.

2. Includes B.Sc.(Dentistry), B.Sc.(Medicine) and Joint Master's Program students based on workload calculations.

3. Full-Time Equivalent Students = Full-time + (Part-time / 3.5). Includes all terms.

4. Aboriginal identity is a voluntary self-declaration made on the Admission form. Therefore, the numbers reported are less than the total population of Canadian Aboriginal students on campus.

5. The years 2012 and 2013 reflect Canadian Aboriginal students. Prior years may include non-Canadian Aboriginal students.

6. Credit hours for 2012 and 2013 exclude courses at or above the 6000 level. Prior years include 6000 level hours, so comparisons should be made with caution.

7. Courses taught during Summer term as part of Fall and Winter teaching load.

# REPORT OF THE VICE-PRESIDENT (ADMINISTRATION)

In Fall Term 2013, Indigenous students comprised 7.2% of the student population. The percentage of Indigenous students in the University 1 program has increased from 9.1% in Fall Term 2012 to 9.6% in Fall Term 2013.

**Table 2, Selected Statistics** provides information on undergraduate and graduate student enrolment, self-declared Aboriginal students, undergraduate student credit hours and degrees, diplomas and certificates conferred on our graduates.

## STAFF

The University of Manitoba continues to be an outstanding workplace – one that recognizes the significant contributions of its faculty and support staff and provides challenging and enjoyable opportunities for its staff members. A total of 4,909 full-time equivalent staff were employed during the year comprised of 2,317 faculty, 2,440 administrative staff and 152 staff in Ancillary Services.

People drive the success of the University of Manitoba – faculty and staff are committed to providing students with the exceptional education that they expect and deserve. The experience in the classroom and research laboratory is paramount to students' future success and contribution to society. Attracting and retaining the best faculty and staff requires that we compete globally by offering fair compensation packages, modern facilities in which to teach and perform research, and state-of-the-art equipment in classrooms and laboratories.

Faculty achievements throughout the university community this past year were many and varied and are too numerous to detail in this report. To name a few:

- Distinguished Professor Francis Plummer (medical microbiology), was awarded the 2013 Prix Galien Canada Research Award for his world-renowned research contribution to the diagnosis, prevention and treatment of sexually transmitted diseases. The Prix Galien is the most prestigious award in the field of Canadian pharmaceutical research and innovation. Referred to as the “Nobel Prize of pharmaceutical research”, it recognizes the efforts and achievements of pharmaceutical research and development;
- Dr. Estelle Simons (pediatrics and child health/Manitoba Institute of Child Health) was elected a fellow of the Canadian Academy of Health Sciences, one of the highest honours for individuals in the Canadian health sciences community. Simons is an internationally renowned expert on allergic diseases like asthma. Fellows are elected by their peers based on their demonstrated leadership, creativity, distinctive competencies and commitment to advancing academic health sciences;
- The Women's Executive Network named three U of M professors Canada's Most Powerful Women Top 100 for 2013: Dr. Samia Barakat (Medicine), Dr. Joan Durrant (Family Social Sciences), Dr. Joanne Keselman, Vice-President (Academic) and Provost. Durrant and Barakat won in the Glencore Trailblazers and Trendsetters category. Keselman won in the Public Sector Leaders category. These awards celebrate the professional achievements of strong female leaders across the country in the private, public and not-for-profit sectors;
- Dr. Cheryl Rockman-Greenberg, pediatrics and child health/Manitoba Institute of Child Health, was named the 2013 recipient of the Dr. John M. Bowman Memorial Winnipeg Rh Institute Foundation Award for outstanding research by senior university faculty;
- Two U of M professors were named to the Order of Canada in the summer of 2013: Dr. Patricia Martens (community health sciences/Manitoba Centre for Health Policy) and Distinguished Professor Emeritus Vaclav Smil (environment and geography). Martens was recognized for her work on population health with particular interests in the health status, inequities, healthcare use patterns of rural and northern residents, mental health, child health, breastfeeding issues, and the health of Aboriginal peoples. Smil was recognized for his contributions as an author, educator and lecturer on the impact of human energy use on the Earth's ecosystem; and,
- The Royal Society of Canada elected three esteemed professors as new Fellows: Dr. Patricia Martens (community health sciences/Manitoba Centre for Health Policy), Professor Emeritus Aftab Mufti (civil engineering/ISIS Canada Research Network) and Dr. Grant Pierce (physiology and executive director of research, St-Boniface Hospital Research).

# REPORT OF THE VICE–PRESIDENT (ADMINISTRATION)

## OUTSTANDING WORKPLACE INITIATIVE

The goal of the Outstanding Workplace strategic priority is to *be an employer of first choice, offering and expecting respect for all staff and faculty, providing opportunities for leadership, growth and development, and recognizing the contributions made at all levels of the organization.*

The six key commitments identified to help achieve this goal are:

- To increase connectedness as a community.
- To foster exemplary leadership and management practices.
- To enhance a respectful, equitable, and inclusive work environment.
- To enhance career and professional development supports.
- To increase organizational effectiveness by reducing red-tape and bureaucracy.
- To continue to identify, build on, and communicate our workplace strengths.

In 2012, an OWI Strategy and Plan were developed, called “It’s Up to Us”, which included specific goals and timelines for various initiatives under each of the six commitments. Work is progressing in all areas of OWI, and in this past year, the University was again named one of Manitoba’s Top 25 Employers. Other significant activities included:

- the launch of a pilot program in Leadership Development;
- the launch of a pilot program for more effective annual reviews and professional development of support staff; and
- the continued development of a campus Mental Health Strategy.

## CONTINUOUS IMPROVEMENT

In 2009 two programs, Resource Optimization and Service Enhancement (ROSE) and Optimizing Academic Resources (OARs) were initiated under the overall strategy of achieving resource optimization improvements within the institution. The projects emanating from these programs have benefited from the engagement of many staff members and have generated impact across the University.

The past year has seen the successful implementation and completion of projects that implemented a fully integrated eProcurement suite to provide greater purchasing functionality, enabled the strategic sourcing initiative and updated procurement policies and procedures; deployed an online student relationship management and admissions system for undergraduate students; standardized the processes for commissioning and decommissioning of personal computers in order to reduce support time and reduce the risk of data loss; restructured the Philanthropy unit in order to enhance the fundraising ability of the university; reorganized the Marketing and Communications Office to provide improved strategic marketing and communications direction and integrated services to the entire University; provided the University with improved ability to manage classes and events within a single system, save class and event scheduling time and effort, and better manage the use of teaching spaces and resources; for construction related projects installed more appropriate and cost effective solutions, developed more consistent methods for project coordination, reduced the design process on smaller project and improved overall communications; completed an online staff recruitment system, an employee self-service and manager’s information portal for viewing core benefit and personnel data; and completed the standardization of university staff onto a common email/calendaring system.

In January 2012, the President launched the Academic Structure Initiative to investigate and define opportunities to integrate the administration and operations of faculties and units. “It is now time to move forward with a plan to simplify and improve our university’s academic structure, so that we can more effectively achieve our strategic vision.” As a result, this initiative began to explore, simplify and improve the current academic structure with the specific goal to identify options for reducing the number of faculties and schools to a number closer to the national average of 13 by 2017. In August 2013, following a period of significant consultations and analysis that built on the initial cluster discussions, a formal proposal to incorporate the Faculties of Dentistry, Medicine, Nursing and Pharmacy, and the Schools of Dental Hygiene and Medical Rehabilitation into a



# REPORT OF THE VICE-PRESIDENT (ADMINISTRATION)

new Faculty of Health Sciences was submitted. At its October 2013 meeting, Senate approved, in principle, and recommended to the Board of Governors that it approve the establishment of a Faculty of Health Sciences. Also in October, the Board of Governors approved Senate's recommendation. In February, Dr. Brian Postl was appointed the first Dean. As well, the Faculty of Agricultural and Food Sciences and the Clayton H. Riddell Faculty of Environment, Earth, and Resources have continued discussions about a greater integration of activities while options for the future of the Faculty of Human Ecology are also under consideration.

The initiatives above only address the ROSE and OARS programs. Many other individual initiatives are underway within the university that are creating change outside of the ROSE and OARS governance mandates. The creation of a more holistic approach to instill and maintain a culture of continual change and build upon the change outcomes introduced with the ROSE and OARS programs is now underway. Strategies and approaches are being developed, and actions are underway that will build mature practices of process improvement, project/program delivery, and change support that can be used throughout the university.

The establishment of a distinct Office of Change Management to support organizational change within the university and to work in partnership with the Office of Continuous Improvement to continue to foster a culture of continual change across the university was a significant action taken over the past year.

## WORLD CLASS RESEARCH

The University of Manitoba currently holds 46 Canada Research Chairs and one Canada Excellence Research Chair, it is an active participant in nine of Canada's National Networks of Centres of Excellence and is leading the TREKK Knowledge Mobilization NCE. The university is also home to, or a partner in, 51 research centres, institutes and shared facilities that foster collaborative research and scholarship in a wide variety of fields.

In 2013-14, the Canada Research Chairs (CRC) program announced three new CRCs, one renewal and one advancement at the University of Manitoba, bringing our total to 46 CRCs. The new CRCs are: Dr. Annette Desmarais (sociology) chair in Human Rights, Social Justice and Food Sovereignty; Dr. Pourang Irani (computer science) chair in Ubiquitous Analytics; and Dr. Nicole Rosen (linguistics) chair in Language Interaction. The renewed chair is Dr. Samar Safi-Harb (physics and astronomy), chair in Supernova Remnants Astrophysics. Dr. Michael Freund (chemistry) chair in Conducting Polymers and Electronic Materials had his Tier 2 chair advanced to a Tier 1 chair. The new and renewed chairs funding combined for a total of \$7.6 million.

In 2013-14, research at the University of Manitoba continued its strength, with investment in a number of key areas. University researchers received \$114.3 million in sponsored or assisted research support through grants or contracts from the federal and provincial governments, various foundations, business and industry, and individuals. This funding is an increase of 11.3% compared to the amount received in 2012-13.

**Table 3, Research Expenses by Faculty or Support Unit**, illustrates the level of research investment, as measured by the level of spending, in faculties and schools 2013-14. Research investment was highest in the Faculty of Medicine, at a level of \$52.5 million in 2013-14. The second-highest was the Faculty of Agricultural and Food Sciences at \$13.9 million, followed by the Faculty of Science, the Faculty of Engineering and, the Clayton H. Riddell Faculty of Environment, Earth and Resources, at \$9.8, \$9.4, and \$8.4 million respectively. In 2013-14 a total of \$113.9 million was spent on sponsored or assisted research activities at the University of Manitoba.

On June 3, 2013 the Social Sciences and Humanities Research Council (SSHRC) announced \$2.7 million in funding for two partnership projects, one team led by Peter Kulchyski (Native studies \$2.5 million) and one team led by Karen Busby (law \$200,000). Kulchyski's project involves a 'grounds up' engagement, linking scholars, artists and human rights activists interested in questions of culture, human rights and politics through the lens of performance studies. Busby's team of researchers will look at "the right to clean water in First Nations: the most precious gift." Both projects involve numerous partners at other institutions and organizations locally and nationally. In addition to the two partnership projects, SSHRC also announced \$1,085,000 in project funding to 35 graduate students through CGS masters and doctoral scholarships.

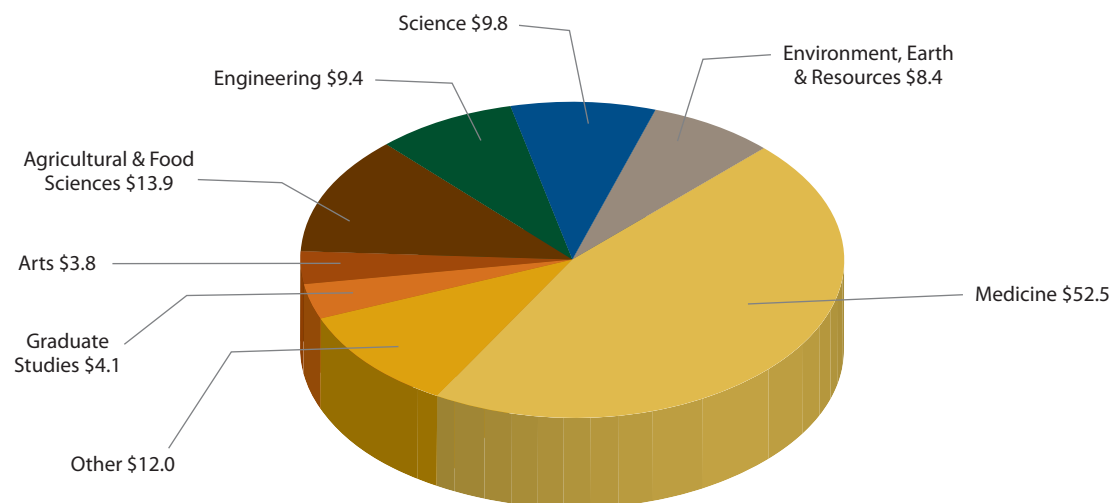
# REPORT OF THE VICE–PRESIDENT (ADMINISTRATION)

The Canadian Institutes of Health Research (CIHR) announced \$2.5 million in funding on June 26, 2013 to Alan Katz (community health sciences, family medicine, Manitoba Centre for Health Policy) through the Community-Based Health Care in Canada program. Katz’s project entitled “Innovation in Community Based Primary Healthcare Supporting Transformation in the Health of First Nations and Rural/Remote Manitoba Communities: iPHIT” will be done in partnership with the Assembly of Manitoba Chiefs. The study will use the existing community based methods of providing care, based on who funds the services, to determine which models work best.

On October 17, 2013 a team led by Dr. Robert Duncan (plant science) was awarded a total of \$3.885 million in funding to produce world-class hybrid herbicide-tolerant (HT) high erucic acid rapeseed (HEAR) cultivars. The funding was announced by the Natural Sciences and Engineering Research Council of Canada (NSERC). This Collaborative Research and Development grant of \$1.925 million with another \$1.96 million from Bunge Canada and DL Seeds is awarded over the next five years.

Funding from the CFI, MRIF, and matching contributions from industry, along with the corresponding expenditures, are reflected in the Capital Asset Fund. In 2013-14, total contributions from these sources were \$5.5 million. The new funding supports research in eight faculties, including projects such as: analytical ultracentrifuge – a powerful biomolecular research tool (Chemistry), live animal multi-photon imaging centre (Pharmacology), Canadian Content Hemispheric Institute digital video library (Native Studies), and caregiver research environment (CARE): a naturalistic setting for empathetic communication (Nursing). When combined with sponsored or assisted research funding of \$114.3 million, University of Manitoba researchers received \$119.8 million in funding in 2013-14.

**TABLE 3: RESEARCH EXPENSE BY FACULTY OR SUPPORT UNIT 2013-14**  
(Total \$113.9 Million)



## TRUST AND ENDOWMENT FUND

The University’s trust and endowment fund had a market value of \$511 million as at March 31, 2014, compared to \$424 million in 2013. The growth was primarily due to \$8.5 million in new donations, and an annual return of 19.8%. This annual return was very favorable, as the portfolio performed well compared to its peer group and compared to the policy benchmark return of 17.7%. Most of the relatively favorable performance was due to the Canadian and U.S. equity mandates. The Canadian equity portfolio earned a 1-year return of 23.1% versus the S&P/TSX Index return of 16.0%. In the U.S., equity markets had a remarkable year, with the S&P 500 Index earning 32.4% over the past year when converted to Canadian dollars, and the endowment’s U.S portfolio was above that benchmark with a return of 35.6%. The only mandate with low returns was the Canadian bond portfolio, which realized a 1-year return of 0.7%, which is typical of most bond portfolios that struggled to deliver returns in a low yield environment.

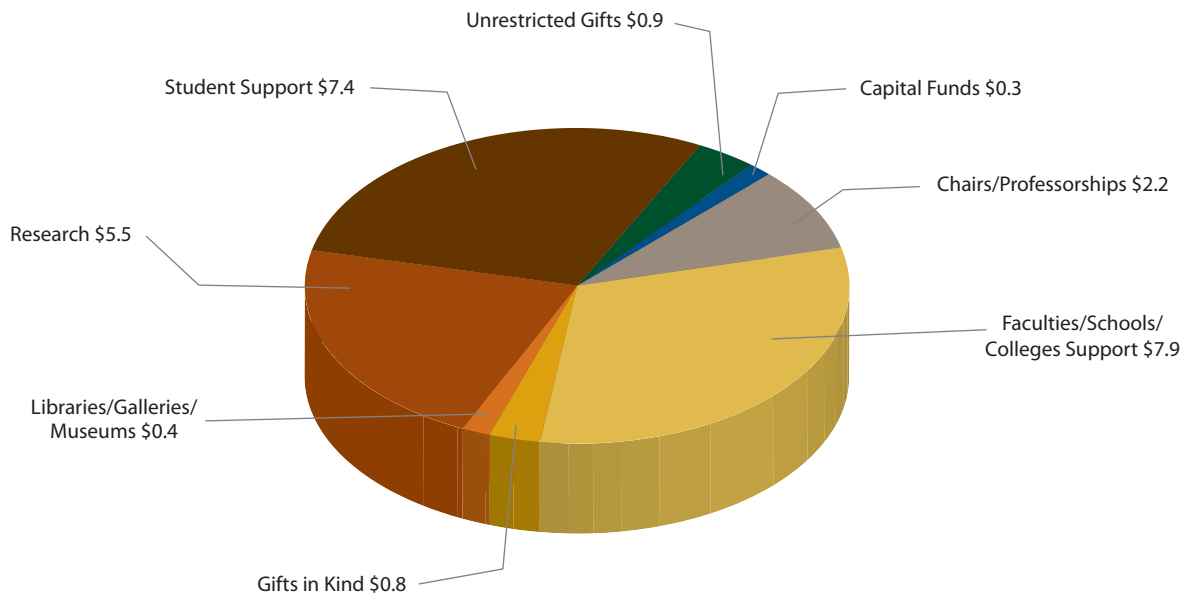
# REPORT OF THE VICE-PRESIDENT (ADMINISTRATION)

The endowment fund generated a spending allocation of \$17.0 million for the upcoming fiscal year, up from last year's distribution of \$16.2 million. This allocation provides funding for student support, faculty and researchers, various programs and initiatives, chairs and professorships, and additions to library resources. The continuing growth of both the endowment fund and the income it distributes is a testament to the generosity of the University's many donors, allowing the fund to help support current students as well as future generations of students.

**Tables 4.1 and 4.2 Donor Pledges** summarize pledges received by type of donor and the purpose for which the gift was pledged.

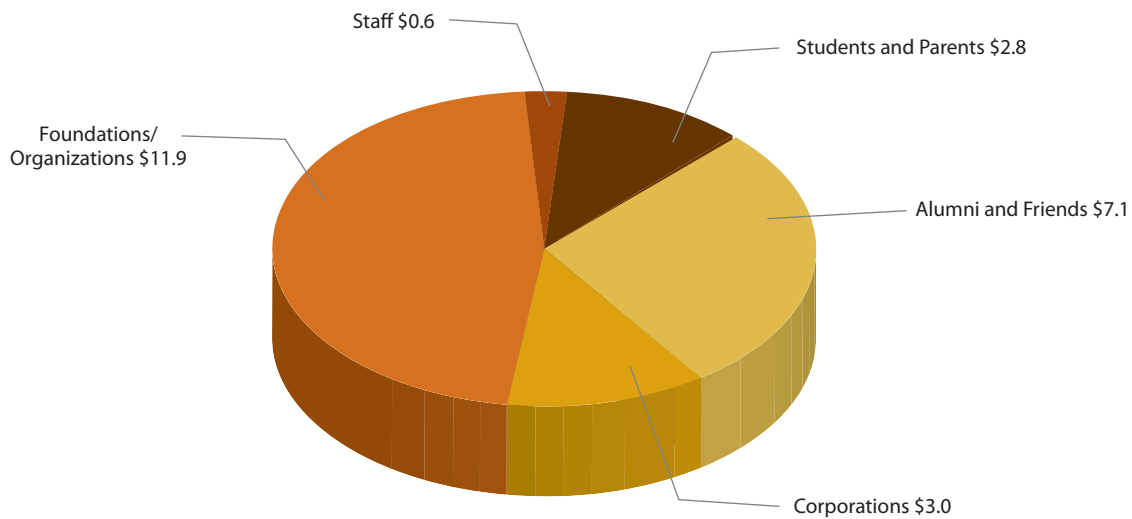
**TABLE 4.1: DONOR PLEDGES BY TYPE OF GIFT 2013-14**

(Total \$25.4 Million)



**TABLE 4.2: DONOR PLEDGES BY CONSTITUENCY 2013-14**

(Total \$25.4 Million)



# REPORT OF THE VICE–PRESIDENT (ADMINISTRATION)

## INVESTMENT IN CAPITAL, INFRASTRUCTURE, AND TECHNOLOGY

In 2013-14, the University of Manitoba invested \$98.3 million in capital assets as follows:

- \$65.0 million for the construction of buildings, infrastructure renewal and land improvements;
- \$17.6 million for the acquisition of equipment, vehicles, and furniture;
- \$5.1 million for computer equipment and technological improvements such as wireless expansion and upgrades; and
- \$10.6 million for library acquisitions and works of art.

In addition, debt servicing costs of \$24.2 million were incurred, primarily relating to the Provincial Debt, the Arthur V. Mauro Student Residence, Pembina Hall Student Residence and BBB Stadium interest. The BBB interest expense is completely offset by the BBB interest income.

Capital funding for the year includes internal sources plus \$7.3 million from COPSE, \$21.6 million from other Provincial departments, \$14.2 million from the Federal Government, \$2.5 million from the City of Winnipeg, \$5.6 million from private donors and \$11.8 million from other income.

A number of projects were completed during the fiscal year including the Frank Kennedy/Extended Education roof replacement (\$1.8 million), St. Paul's / Sinnott window replacement (\$1.6 million), Pathology Building ventilation upgrade (\$1.1 million), Faculty of Science Parker Lab 290 renovation (\$1.0 million) and the Faculty of Engineering Stanley Pauley Centre (\$0.9 million).

The conceptual design of the Manitoba Electron Microscopy Facility for Composite and Materials Characterization, which will house the Manitoba Institute for Materials, was completed in the year. The space to be renovated provides a centralized research facility to focus on composites and new materials. This will allow the University to advance Manitoba's role as a national leader in composites and aerospace research & development. The new facility will house approximately \$7 million of equipment. Three electron scanning microscopes were purchased in 2013-14 (\$3.5 million) with funding provided by Western Economic Diversification. Construction of this Facility will be completed in 2014-15.

The building at 137 Innovation Drive was purchased from Cangene Corporation under favourable terms during the year to accommodate External Relations' space requirements. SmartPark Development Corporation had constructed the building in 2003 as office space serving research and development before selling it to Cangene in 2010.

Construction continued on the Taché Hall Project Domino renovation (\$7.2 million) and the Active Living Centre (\$15.9 million) which is expected to open in January 2015.

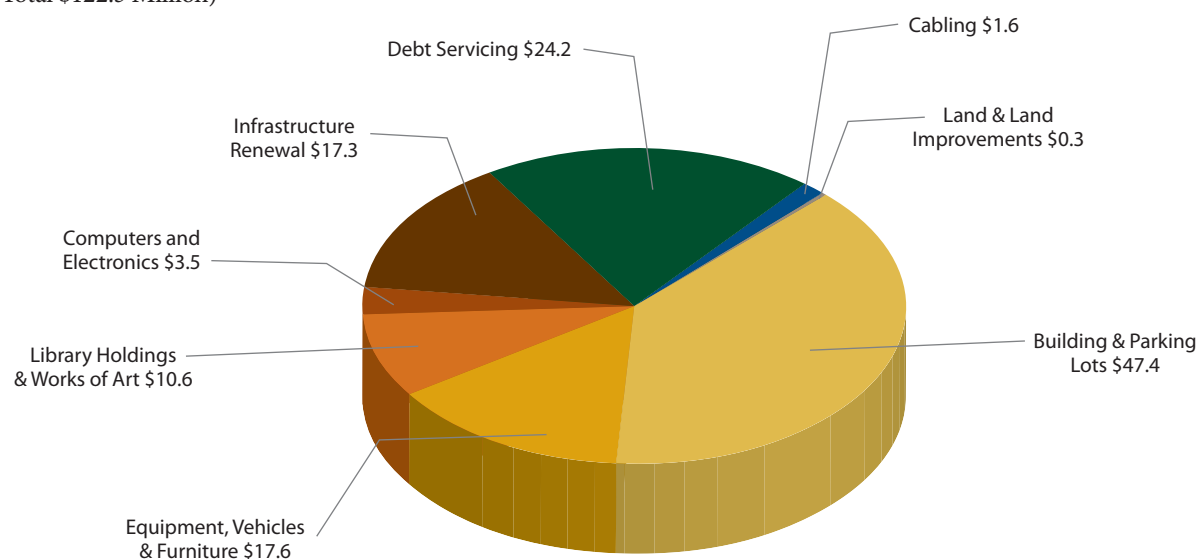
Infrastructure renewal projects undertaken in 2013-2014 included fire and safety (\$3.7 million), asbestos remediation (\$2.9 million), window replacements (\$2.9 million), roof replacements (\$2.4 million), building envelop restoration (\$1.2 million) and Bannatyne electrical reservicing (\$1.2 million). These projects were funded by COPSE capital grants, Deferred Maintenance funding from the Province, and the Provincial Debt.

**Table 5, Capital Fund Expenditures** provides a more detailed breakdown of the \$98.3 million in capital asset expenditures and debt servicing costs of \$24.2 million during 2013-14.

# REPORT OF THE VICE-PRESIDENT (ADMINISTRATION)

**TABLE 5: CAPTIAL FUND EXPENDITURES 2013-14**

(Total \$122.5 Million)



## SUSTAINABILITY

The University of Manitoba's mission reflects an abiding commitment to sustainability. It speaks to balance between social, cultural, and economic development (all of which is predicated on a sustainable natural environment – reflected in the University's values) and to balancing the local, regional and global perspectives. The very business of the University – creating, preserving and communicating knowledge for well-being – is integral to sustainable development. We build capacity so that students and their communities (and our larger community of Earth) can have big futures. Our work contributes to human development, and our values guide us to pursue this work in a way that manages the impacts we have on our planet.

In 2013-14 the University, led by the Office of Sustainability and with shared community commitment and involvement from students and staff, worked to enhance the culture of sustainability at the University of Manitoba through integrated planning, education and awareness initiatives and research into improved processes and programs.

The University actively researches, pilots and implements initiatives that improve social and environmental outcomes while also delivering financial benefits to the University:

- A major step in the University's stewardship efforts was the 1997 Energy Performance Contract which invested over \$12 million in utility saving initiatives and has yielded more than \$57 million in savings to date. Those original measures continue to generate savings which have been reinvested in additional energy saving measures. As a result, \$6.4 million in utility costs were avoided in 2013-14; representing an approximately 25% reduction in total annual utility expenditures.
- The university continues to strive for a 5% year-over-year utility savings. Since 1990 the University of Manitoba's Fort Garry campus has reduced its natural gas consumption by more than 39% per square foot and electricity consumption by more than 35% per square foot.
- Water consumption is 57% less compared to 1990 levels, generating estimated savings of \$1.94 million in annual water billing for the university in 2013-14. Water metering technologies have been implemented providing Physical Plant with the capacity to monitor actual campus water usage. This information results in an estimated savings of an additional \$500,000 per year.



# REPORT OF THE VICE–PRESIDENT (ADMINISTRATION)

- A variety of custodial system enhancements have been implemented recently that reduce the need for disposable cleaning supplies and for cleaning chemicals. These changes are associated with social, environmental and financial benefits and include:
  - Energy efficient and hygienic hand dryers in high use washrooms – run for just 12 seconds/use and reduce paper use
  - Mats that remove dirt and grit before it enters the building, thereby minimizing the use of unnecessary cleaning chemicals
  - Reusable microfibre cleaning cloths
  - Chemical-free floor cleaning machines that use up to 75% less water than traditional floor cleaning methods
  - Switching to EcoTraction grit for snow and ice control to reduce the amount of chemical treated sand/salt previously used.

## FORT GARRY CAMPUS PLAN

In November 2013 the winner of the ‘Visionary (re)Generation’ open international design competition was selected and announced. The winning team was composed of Janet Rosenberg & Studio (Toronto) and Cibinel Architects (Winnipeg) with Landmark Planning & Design Inc. (Winnipeg) and Arup Canada Inc. (Toronto). The scope of the work for the planning consulting contract has been finalized, and the composition of the consultant team has been confirmed:

- Janet Rosenberg & Studio (project lead – landscape & urban design)
- MMM Group (planning/approvals, transportation, civil/servicing, sustainability/energy)
- Arup (sustainability/energy)
- Applied Ecological Services (ecology/environmental)
- AMEC/Crosier Kilgour & Partners Ltd. (geotechnical/shoreline engineering)

The planning process is now underway, starting with a focus on transportation planning in consultation with the City of Winnipeg, to ensure alignment with the Southwest Rapid Transit Corridor Phase 2 through the Southwood Lands to the core campus. The five guiding principles established prior to the competition – Connected, Destination, Sustainable, Community, and Transformative – remain as the foundation of the planning process. In particular, the process will maintain an integrated view of social, environmental, and economic sustainability, emphasizing the campus as a ‘living lab’ for sustainable initiatives and community development. Economic viability and sustainability is being analyzed with the assistance of Urbanics Consultants Ltd., a company of urban land and development consultants with extensive experience assessing the economic viability of various land uses. Their work will help ensure that the University is able to meet the overarching goals and objectives of the Fort Garry campus planning process.

Community engagement is a crucial part of the overall planning process, and several Community Conversations have already been held with various student, staff, and faculty groups. Campus Planning and the Office of Sustainability hosted the first of three major public engagement events, a Community Engagement Fair in March. Approximately 200 people attended the event, which included numerous ways for participants to provide feedback and input. The feedback is being tabulated by the Campus Planning Office to integrate the information into the planning process.

## BANNATYNE CAMPUS PLAN

After a year-and-a-half-long planning process, which included a community engagement component involving over 800 people and more than 30 stakeholder groups, the Board of Governors approved, in principle, the Bannatyne Campus Master plan in March. Open houses presenting the final version of the plan took place in April at the Bannatyne campus and May at the Fort Garry campus.

# REPORT OF THE VICE–PRESIDENT (ADMINISTRATION)

The implementation phase of the plan is now underway, focusing on several key priorities identified in the plan. In particular the process includes preliminary planning for the relocation of the Faculty of Nursing, increased student life amenities and options, and ways to further facilitate inter-professional education.

## AN ASSET TO OUR COMMUNITY

In addition to success at providing a quality university education to our students and conducting world class research with global implications, the University of Manitoba reaches out to the community in many other ways, through continuing education, collaborative efforts with business and industry, and through the provision of specialized services not readily available locally.

More than \$1.8 billion in Province-wide economic activity is stimulated by the University of Manitoba, according to a study released in December 2009. The University of Manitoba Economic Impact Analysis, produced by PricewaterhouseCoopers and commissioned by the University of Manitoba, shows the university has a far-reaching effect upon all Manitobans. As illustrated above, the university does more than stimulate the economy in the short term: it is successful in the delivery of education, research, and community service which translates into major long term economic, social, and cultural benefits for the people of Manitoba.

## CONCLUSION

Increased investment in the university is the right choice for Manitoba and will not only result in sustaining the capacity of the university to support learning, innovation in research, and community service, but also ensure that Manitobans will prosper.

The university acknowledges with gratitude the continuing support of the Province and the Council on Post-Secondary Education as well as the support of our students, staff, alumni, and community stakeholders.

Respectfully submitted,

Original signed by  
Paul Kochan  
Vice-President (Administration)

# 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 the 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, 2014 and the results of its operations for the year ending March 31, 2014.

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, Audit Services, and the Auditor General.

The financial statements for the year ended March 31, 2014 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  
Paul Kochan  
Vice-President (Administration)

Winnipeg, Manitoba  
June 24, 2014

UNIVERSITY OF MANITOBA  
**FINANCIAL STATEMENTS**  
2014







## 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

We have audited the accompanying financial statements of the University of Manitoba, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and changes in fund balances, remeasurement gains and losses, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards 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.

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the University of Manitoba as at March 31, 2014, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

**Original document signed by:**  
**Norm Ricard**

June 24, 2014  
Winnipeg, Manitoba

Norm Ricard, CA  
Auditor General (acting)

# FINANCIAL STATEMENTS

**UNIVERSITY OF MANITOBA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2014**  
(in thousands of dollars)

	2014	2013
<b>Assets</b>		
<i>Current Assets</i>		
Cash and Cash Equivalents	\$ 111,763	\$ 117,603
Accounts Receivable (Note 3)	69,672	64,721
Inventories	3,452	3,421
Prepaid Expenses	1,103	1,329
	<b>185,990</b>	<b>187,074</b>
<i>Long Term Assets</i>		
Loan Receivable (Note 4)	178,447	170,538
Investments (Note 5)	736,981	636,874
Capital Assets, Net of Accumulated Amortization (Note 7)	1,006,522	960,754
	1,921,950	1,768,166
	<b>\$ 2,107,940</b>	<b>\$ 1,955,240</b>
<b>Liabilities</b>		
<i>Current Liabilities</i>		
Accounts Payable	\$ 57,823	\$ 56,581
Unearned Revenue	8,809	6,888
Vacation and Sick Leave Liability	13,766	13,356
Loan (Note 20)	11,000	5,000
Current Portion of Capital Lease Obligations (Note 8)	70	124
Current Portion of Long Term Debt (Note 9)	4,818	17,285
	<b>96,286</b>	<b>99,234</b>
<i>Long Term Liabilities</i>		
Other Long Term Liabilities (Note 10)	4,573	5,964
Capital Lease Obligations (Note 8)	6	76
Long Term Debt (Note 9)	358,583	342,775
Employee Future Benefits (Note 11)	70,002	63,072
Pension Liability (Note 15)	33,881	33,847
	<b>467,045</b>	<b>445,734</b>
<b>Fund Balances (Note 16)</b>		
Unrestricted	(75,930)	(75,421)
Restricted	363,462	334,958
Invested in Capital Assets	915,149	864,732
Endowed	341,928	286,003
	1,544,609	1,410,272
	<b>\$ 2,107,940</b>	<b>\$ 1,955,240</b>

Contractual Obligations and Contingencies (Note 20)

Originals signed by

\_\_\_\_\_  
Patricia Bovey – Chair

\_\_\_\_\_  
Michael Robertson – Vice-Chair

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

# FINANCIAL STATEMENTS

## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED MARCH 31, 2014

(in thousands of dollars)

	General Funds (Note 2D)	Restricted Funds (Note 2E)	Endowment Fund (Note 2F)	2014 Total Funds	2013 Total Funds
<b>Revenue:</b>					
Tuition and Related Fees	\$ 141,999	\$	\$	\$ 141,999	\$ 133,012
Donations	1,267	10,972	7,971	20,210	32,483
Non-Government Grants	1,350	43,095		44,445	37,403
Net Investment Income (Note 17)	4,429	45,769		50,198	25,468
Miscellaneous Income	12,473	11,251		23,724	8,816
Government Grants:					
Council on Post-Secondary Education	329,456	7,317		336,773	327,300
Other Province of Manitoba	19,533	50,867		70,400	85,058
Government of Canada	8,797	79,309		88,106	75,316
City of Winnipeg		2,500		2,500	
Sales of Goods and Services	34,342	898		35,240	33,664
Ancillary Services	37,182			37,182	37,189
	590,828	251,978	7,971	850,777	795,709
<b>Expense:</b>					
Academic	325,393	106,278		431,671	407,121
Libraries	16,963	6		16,969	16,999
Student Affairs	19,772			19,772	18,792
Administration	46,019	2,967		48,986	43,397
Plant Maintenance	40,463			40,463	34,331
Other Academic Support	29,101	44		29,145	23,483
General	29,528	7,183		36,711	51,740
Student Awards	12,417	36,961		49,378	48,593
Interest		18,120		18,120	17,572
Amortization of Capital Assets		52,546		52,546	51,619
Ancillary Services	28,450			28,450	29,035
Actuarially Determined Employee Future Benefits	6,930			6,930	3,266
Change in Pension Liability (Note 15)	34			34	416
Staff Benefits Contra	(7,542)			(7,542)	(6,414)
	547,528	224,105		771,633	739,950
<b>Net Revenue from Operating Activities</b>	43,300	27,873	7,971	79,144	55,759
Inter-Fund Transfers (Note 13)	(49,463)	45,714	3,749		
Net Increase (Decrease) to Fund Balances from Operating Activities	(6,163)	73,587	11,720	79,144	55,759
Fund Balances from Operating Activities Beginning of the Year	7,237	1,098,402	258,387	1,364,026	1,308,267
Fund Balances from Operating Activities End of the Year	1,074	1,171,989	270,107	1,443,170	1,364,026
Accumulated Remeasurement Gains End of Year	34	29,584	71,821	101,439	46,246
<b>Fund Balances End of Year (Note 16)</b>	<b>\$ 1,108</b>	<b>\$ 1,201,573</b>	<b>\$ 341,928</b>	<b>\$1,544,609</b>	<b>\$ 1,410,272</b>

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

# FINANCIAL STATEMENTS

## STATEMENT OF REMEASUREMENT GAINS AND LOSSES FOR THE YEAR ENDED MARCH 31, 2014

(in thousands of dollars)

	General Funds	Restricted Funds	Endowment Fund	2014 Total Funds	2013 Total Funds
<i>Accumulated remeasurement gains beginning of year</i>	\$ 39	\$ 18,591	\$ 27,616	\$ 46,246	\$
Unrealized gains (losses) attributed to:					
Derivatives		1,391		1,391	(108)
Foreign Exchange	(5)	516		511	39
Portfolio Investments		35,346	44,205	79,551	46,315
Realized gains reclassified to the Statement of Operations and Changes in Fund Balance					
Portfolio Investments		(26,260)		(26,260)	
Net remeasurement gains (losses) for the year	(5)	10,993	44,205	55,193	46,246
<b>Accumulated remeasurement gains end of year</b>	<b>\$ 34</b>	<b>\$ 29,584</b>	<b>\$ 71,821</b>	<b>\$ 101,439</b>	<b>\$ 46,246</b>

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

# FINANCIAL STATEMENTS

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2014 (in thousands of dollars)

	General Funds	Restricted Funds	Endowment Fund	2014 Total Funds	2013 Total Funds
<b>Operating Activities::</b>					
Net Revenue	\$ 43,300	\$ 27,873	\$ 7,971	\$ 79,144	\$ 55,759
Amortization of Capital Assets		52,546		52,546	51,619
	43,300	80,419	7,971	131,690	107,378
Net Change in Non-Cash Working Capital Items	2,055	2,762		4,817	22,045
Net Change in Other Long Term Liabilities		(1,391)		(1,391)	108
Net Change in Pension Obligation	34			34	416
Net Change in Employee Future Benefits	286	6,644		6,930	3,266
<i>Net Cash generated through Operating Activities</i>	45,675	88,434	7,971	142,080	133,213
<b>Investing Activities:</b>					
Increase in Loan Receivable		(7,909)		(7,909)	(39,660)
Net Remeasurement Gains (Losses)	(5)	10,993	44,205	55,193	46,246
Increase in Long Term Investments	(5,214)	(38,968)	(55,925)	(100,107)	(83,565)
<i>Net Cash generated through (used in) Investing Activities</i>	(5,219)	(35,884)	(11,720)	(52,823)	(76,979)
<b>Capital Activities:</b>					
Purchase of Capital Assets		(98,314)		(98,314)	(95,096)
<i>Net Cash (used in) Capital Activities</i>		(98,314)		(98,314)	(95,096)
<b>Financing Activities:</b>					
Proceeds from Long Term Debt					32,433
Contractual Interest Added to Loan Principal		7,909		7,909	7,227
Principal Repayment on Capital Lease Obligations		(124)		(124)	(234)
Principal Repayment on Long Term Debt		(4,568)		(4,568)	(4,329)
<i>Net Cash generated through Financing Activities</i>		3,217		3,217	35,097
<b>Net Increase (Decrease) in Cash</b>	40,456	(42,547)	(3,749)	(5,840)	(3,765)
<i>Inter-Fund Adjustments</i>	(49,463)	45,714	3,749		
<b>Cash Beginning of Year</b>	35,202	82,401		117,603	121,368
<b>Cash End of Year</b>	<b>\$ 26,195</b>	<b>\$ 85,568</b>		<b>\$ 111,763</b>	<b>\$ 117,603</b>
<i>Cash is defined as:</i>					
Cash and Cash Equivalents	\$ 26,195	\$ 85,568	\$	\$ 111,763	\$ 117,603
<b>Supplementary cash flow information:</b>					
Interest Received	\$ 4,429	\$ 11,500	\$	\$ 15,929	\$ 15,099
Interest Paid	\$	\$ 10,207	\$	\$ 10,207	\$ 10,345

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



# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(in thousands of dollars)

### I. 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.

The University of Manitoba, as the largest and most comprehensive institution of higher learning in Manitoba, plays a distinctive role within the Province. In addition to offering an undergraduate liberal education in arts, science and education, the University of Manitoba provides programs in a broad range of professional studies, applied sciences and the fine and performing arts and is responsible for the vast majority of graduate education and research in Manitoba. The University of Manitoba reaches out to a variety of constituencies in order to enhance the health, cultural, social and economic life of Manitobans and to provide lifelong learning opportunities for them. Through community service the University makes its expertise available to all Manitobans.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### A. GENERAL

These financial statements have been prepared 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 has adopted the restricted fund method of accounting for contributions.

#### B. FUND ACCOUNTING

The University classifies resources used for various purposes into separate Funds which correspond to its major activities and objectives. The Statement of Financial Position combines the assets and liabilities of all Funds.

The University maintains its Funds under three fund categories, General, Restricted and Endowment Funds. The General Funds include the Funds for General Operating, Specific Provisions and Expenses Funded from Future Revenues. The Restricted Funds include the Capital Asset, Research and Special, Staff Benefits and Trust Funds. The Endowment Fund includes endowed funds of the University.

#### C. ACCOUNTING ESTIMATES

Accounting estimates are included in 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 accruals for salaries and benefits, the estimated useful life of an asset and certain actuarial assumptions used in determining employee future benefits. It is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates.

#### D. GENERAL FUNDS

##### General Operating Fund:

The General Operating Fund includes the academic, administrative, operational and ancillary costs that are funded by tuition and related fees, government grants, investment income and miscellaneous income, sales of goods and services to external parties and ancillary income. As such, this Fund reports unrestricted resources and restricted resources earmarked for general operating purposes.

All funds received or accrued by the University for general operating purposes and for equipment and renovation expenses not meeting the University's capitalization criteria are included in the General Operating Fund. The net cost of operating units is determined by including internal cost allocations for certain centrally administered services such as the telephone system in the units' expenses and by deducting these expenses as internal cost recoveries from the total expenses incurred by the unit administering these services.

The University BookStore, Parking, Student Residences, Pharmacy/Post Office, and Smartpark are classified as Ancillary Services and are budgeted on a break even basis. Any surpluses or deficits are transferred to/from the Specific Provisions Fund. Overhead costs have been allocated to all ancillary operations. Amortization of ancillary capital assets and interest expense is recorded in the Capital Asset Fund.

## **Specific Provisions Fund:**

The Specific Provisions Fund records appropriations made from (to) the General Operating, Capital Asset and Research and Special Funds.

These appropriations are made to provide future funding for the replacement, improvement or emergency maintenance of capital assets, unit carryover, a fiscal stabilization provision to offset potential spending in excess of future budgets and other matters. Such appropriations are shown as inter-fund transfers on the Statement of Operations and Changes in Fund Balances.

## **Expenses Funded From Future Revenues:**

Expenses Funded from Future Revenues records the amount of non-vesting sick leave benefits and unpaid vacation pay for staff which will be funded from future revenues. It also records the actuarially determined expense for employee future benefits and change in pension liability.

## **E. RESTRICTED FUNDS**

### **Capital Asset Fund:**

The Capital Asset Fund consists of restricted contributions resulting from capital asset co-funding arrangements with external parties, contributed capital assets and government grants, restricted for the purpose of acquiring capital assets and retiring capital advances. Funding agreements, using promissory notes as a vehicle, entered into with the Provincial Government, for the construction or acquisition of capital assets, which will be repaid from future funding provided by the Provincial Government through the Council on Post-Secondary Education (COPSE) are recorded as capital grants. These capital grants, under the restricted fund method of accounting, are reflected as revenue in the Statement of Operations and Changes in Fund Balances. The interest expense and the related future funding from COPSE over the terms of the promissory notes, to offset the interest expense and principal payments, are both excluded from the Statement of Operations and Changes in Fund Balances. Expenses include interest on debt relating to the acquisition or construction of capital assets, amortization and gains or losses on disposal of capital assets, including write-downs resulting from obsolescence.

### **Research and Special Fund:**

The Research and Special Fund consists of contributions specifically restricted for research or other special activities. Contributions are provided from both federal and provincial granting agencies and other public and private sources. These funds are spent in accordance with the conditions stipulated in the governing contracts and agreements.

### **Staff Benefits Fund:**

The Staff Benefits Fund is divided into Fund Accounts for the Pension Reserve which is used for special payments towards the unfunded liability of the University of Manitoba Pension Plan (1993), and for the Self-Insured Plans, which are the Long Term Disability Income Plan and the Dental Plan, the revenues of which are restricted.

### **Trust Fund:**

The Trust Fund records gifts and bequests received which may be used in their entirety along with net investment income earned on these funds, according to donor restrictions. The majority of these funds are used for scholarships, bursaries, awards, loans, and other scholarly activities.

## **F. ENDOWMENT FUND**

The Endowment Fund records gifts and bequests received with the stipulation that these funds be invested in perpetuity and investment income earned be utilized for designated purposes. The Fund balance also reflects the change in fair value of Endowment Fund investments, which is recorded in the Statement of Remeasurement Gains and Losses.

# FINANCIAL STATEMENTS

## G. REVENUE RECOGNITION

Restricted contributions are recognized as revenue of the appropriate Fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions, including sales of goods and services and ancillary revenues, are recognized as revenue of the General Operating Fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment purposes are recognized as revenue in the Endowment Fund in the year received.

Investment income earned on endowments is recorded in the appropriate Trust Fund depending on the restrictions imposed by the original donor.

Investment income, including realized gains (losses), is recorded in the Statement of Operations and Changes in Fund Balances. Investment income earned on temporary surplus funds is recorded in the appropriate Fund depending on the restrictions imposed. Investment income on unrestricted surplus funds is recorded as unrestricted income in the General Operating Fund.

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

## H. CONTRIBUTED MATERIALS AND SERVICES

Gifts-in-kind are recorded in the financial statements to the extent that they are eligible for an official donation receipt, since this results in the capture of the information in the University's financial records.

Because of the difficulty involved in tracking and recording contributed services, the market value of these services is not recognized in the financial statements. Contributed services include activities such as membership on the University's Board of Governors and its various committees, lecturing services and volunteer services at fund raising or sporting events, all of which are performed by staff, students and the community at no charge to the University. These services, although not recognized in the financial statements, are critical to the successful functioning of the University.

## I. INVESTMENTS

The University invests in equity and fixed income financial instruments and a pooled real estate fund. Investments held in restricted funds are carried at fair value except for those held in research and special funds which are carried at modified equity. Fair value of investments is determined based on year end quoted market prices.

## J. PLEDGES RECEIVABLE

The University does not record pledges receivable in its financial statements. Revenue from gifts, bequests and donations is recognized on a cash basis because of the uncertainty surrounding collection and in some instances because of the difficulty in determining the valuation of pledges receivable. The University recognizes gifts and donations to be received through the University of Manitoba Foundation U.S.A. Inc. only when the Board of Directors of the Foundation have formalized the transfer with a resolution, collectability is reasonably assured and the valuation of these gifts and donations can be reasonably determined.

## K. INVENTORIES

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

## L. 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. Contributed capital assets are recorded at market value at the date of contribution. Intangibles such as patents and copyrights are recorded at a nominal amount of one dollar in the year the patent or copyright is obtained.

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

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

Equipment acquired under a capital lease is amortized over the useful life of the asset. Works of art, treasures, rare books and manuscripts are not amortized.

## M. COLLECTIONS

The University holds a number of collections which have been donated to its libraries, faculties and schools over the years. The library, faculty or school receiving the donation assumes responsibility for safeguarding and preserving the collection. The University seldom, if ever, disposes of its collections or of individual pieces in its collections. The University policy is to use proceeds generated from deaccessioned works of art to augment the University art collection.

The University's policy with regard to its collections is to fund maintenance expenses from the General Operating Fund, if monies are not available for such purposes in a Restricted Fund. The cost of maintenance is not tracked and is therefore not determinable.

## N. PENSION COSTS

The University sponsors three pension plans for its employees and retirees:

The University of Manitoba Pension Plan (1970), The University of Manitoba Pension Plan (1993) and The University of Manitoba GFT Pension Plan (1986). The 1970 Plan and 1986 Plan are defined contribution plans and as a result the pension costs are based on contributions required by those plans.

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 best estimate expectations 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 annual actuarial gains or losses arise.

The funded position of the 1993 plan is disclosed in Note 15.

## O. FINANCIAL INSTRUMENTS

The financial instruments of the University consist of cash and cash equivalents, accounts receivable, loan receivable, investments, accounts payable, vacation and sick leave liability, loans, other long term liabilities, and long term debt.

All financial instruments are recognized at: cost or amortized cost, or fair value. Financial instruments recognized at fair value include derivatives, portfolio investments in equity instruments that are quoted in an active market, and financial instruments designated to the fair value category.

Cash and cash equivalents are recognized at cost. Accounts receivable, loan receivable, fixed income investments held in the general funds, accounts payable, loans, vacation and sick leave liability, other long term liabilities (excluding derivative financial instruments), and long term debt are recognized at amortized cost.

The University's investments include portfolio investments in equity instruments that are quoted in an active market and are recognized at fair value. The University has designated all other investments except for those held in the general funds and research and special funds to the fair value category based on the evaluation and management of the portfolio. Derivative financial liabilities are also recognized at fair value. 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.

# FINANCIAL STATEMENTS

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations and Changes in Fund Balances. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

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

## P. OTHER EMPLOYEE FUTURE BENEFITS

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 non-vesting sick leave benefits has been determined using management's best estimates. 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 best estimates for the discount rate for liabilities, the expected rate of return on assets, 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.

The University also 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 best 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 annual actuarial gains or losses arise.

Actuarial gains and losses of other 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 annual actuarial gains or losses arise.

## Q. FOREIGN CURRENCY TRANSLATION

Monetary assets and 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 and Changes in Fund Balances.

## R. DERIVATIVE FINANCIAL INSTRUMENTS

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.

## 3. ACCOUNTS RECEIVABLE

	2014	2013
Business, Industry and Foundations	\$ 20,493	\$ 18,628
Federal Government	17,097	10,928
Other	10,346	7,337
Provincial Government	18,813	23,142
Students	2,923	4,686
	\$ 69,672	\$ 64,721

## 4. LOAN RECEIVABLE

The University has a loan agreement with BBB Stadium Inc. (BBB) related to the construction of a stadium 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 while 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 BBB in the form of insurance proceeds, entitled to be retained by BBB 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.

Payment terms of the first phase and second phase of the loan receivable are as follows:

### FIRST PHASE:

BBB is required to make payments to the University equivalent to the aggregate of:

- Any amounts received by BBB in respect of the stadium development from the City of Winnipeg pursuant to The Community Revitalization Tax Increment Financing Act.
- Any amounts received by BBB 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.

### SECOND PHASE:

Interest will be calculated annually and unpaid interest until July 15, 2017 shall be added to the first phase of the loan. Any unpaid interest after July 15, 2017 shall be added to the second phase of the loan and compounded annually. Payments in respect of principal shall be made in amounts determined by BBB, on or before each of:

- July 15, 2014;
- July 15, 2015;
- July 15, 2016; and
- July 15, 2017.

Annual payments of principal and interest over the remainder of the second phase loan term are to be paid on or before July 15 of each calendar year commencing on July 15, 2018 based on the amortization of the loan following the July 15, 2017 payment.

	2014	2013
First Phase interest and principal outstanding	\$ 93,447	\$ 85,538
Second Phase principal outstanding	85,000	85,000
	\$ 178,447	\$ 170,538

The University has an equal long term debt loan payable to the Province of Manitoba (Note 9).

# FINANCIAL STATEMENTS

## 5. INVESTMENTS

	2014	2013
<b>General Funds at Amortized Cost</b>		
Bonds and Other Fixed Income Securities:		
Corporate	\$ 133,505	\$ 130,000
<b>Trust &amp; Endowment at Fair Value</b>		
Bankers Acceptances, Guaranteed Investment Certificates and Cash	33,415	26,748
Bonds and Other Fixed Income Securities:		
Government of Canada	26,152	25,470
Province of Manitoba	3,804	3,214
Other Provincial	23,808	20,025
Corporate	1,668	896
Other	37	61
Municipal	6,320	4,771
	61,789	54,437
Equities:		
Canadian Equities	159,495	145,618
US Equities	124,245	81,596
International Equities	82,473	67,353
	366,213	294,567
Pooled Real Estate Fund	66,690	61,320
	528,107	437,072
<b>Capital at Fair Value</b>		
Bankers Acceptances, Guaranteed Investment Certificates and Cash	28,472	34,812
<b>Staff Benefits at Fair Value</b>		
Money Market Funds and Cash	45,188	695
Bonds		11,669
Equities:		
Canadian Equities		8,398
US Equities		5,345
International Equities		5,032
		18,775
Mortgage Fund at Fair Value		3,348
	45,188	34,487
<b>Research &amp; Special at Modified Equity</b>		
Other Investments	1,709	503
<b>Total Investments</b>	<b>\$ 736,981</b>	<b>\$ 636,874</b>

The University's investment in real estate consists of units of a pooled real estate investment in the Great West Life Assurance Company – Canadian Real Estate Investment Fund No. 1.

The fair value of investments held for General Funds is \$135,355 (2013, \$131,675).



## 6. 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 in 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 formal policies and procedures 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, and foreign currency risk as well as 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 the 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, however the majority of investments are held for the long term to support the endowment fund. These investments are primarily equities, bonds, 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 the endowment's asset allocation strategy, which emphasizes the importance of managing other price risk by maintaining appropriate levels of risk required to achieve consistent long term investment returns that meet the objectives of the endowment fund.

### 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 the financial instruments recorded at fair value, categorized by maturity dates.

#### INTEREST RATE EXPOSURE AS AT MARCH 31, 2014

	Less than 90 days	90 days to 1 year	1 year to 5 years	5 years to 10 years	Greater than 10 years	Total
Investments	42.5%	13.8%	30.0%	11.3%	2.4%	100.0%
Financial Derivatives			24.2%	75.8%		100.0%

#### INTEREST RATE EXPOSURE AS AT MARCH 31, 2013

	Less than 90 days	90 days to 1 year	1 year to 5 years	5 years to 10 years	Greater than 10 years	Total
Investments	7.1%	6.1%	67.9%	15.5%	3.4%	100%
Financial Derivatives		58.1%		41.9%		100%

	March 31, 2014		March 31, 2013	
	Interest bearing instruments	Non-interest bearing instruments	Interest bearing instruments	Non-interest bearing instruments
Investments	\$ 123,639	\$ 432,903	\$ 131,649	\$ 374,662
Financial Derivatives	\$ 4,227	\$	\$ 5,618	\$

# FINANCIAL STATEMENTS

As at March 31, 2014, a 0.50% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of fixed income instruments of \$4,750 (2013, \$3,875) and the interest rate swaps of \$1,234 (2013, \$1,434).

## FOREIGN CURRENCY RISK

The University has receivables and payables denominated in foreign currencies and holds investments in foreign currency equity markets in both the trust and endowment funds, and the staff benefits fund. The income from these investments is used to meet financial liabilities denominated in Canadian dollars. The University does not actively manage foreign exchange risk.

## 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 Standards & Poor's, followed by the Moody's equivalent. Ratings for securities which subject the University to credit risk are noted below:

Investment Rating	% of Total Interest Bearing Investments	
	March 31, 2014	March 31, 2013
R-1High	35.9%	6.9%
R-1Mid	0.8%	3.7%
R-1Low	0.3%	2.2%
AAA	9.8%	15.2%
AA	48.2%	63.6%
A	5.0%	7.6%
BBB		0.8%
Total	100.0%	100.0%

The University manages credit risk related to fixed income investments by focusing on high credit quality. General Fund investments are held by counterparties with a minimum rating of R-1High (cash equivalents) and AA (bonds). Cash is held in Canadian Chartered banks. Trust and Endowment and Capital Fund investments are held in diverse portfolios of investments with counterparties considered to be of high quality.

The University also has credit risk related to accounts receivable and loan receivable. A significant portion of the University's accounts receivable is related to Restricted Funds and is from the federal and provincial governments, not-for-profit organizations, corporations, the US government, and other universities. The University also has accounts receivable from students and staff. The credit risk on these receivables is minimal. 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 real estate pooled fund, are considered to be held for long term periods in conjunction with the investment objectives and time horizon of the endowment fund.

## 7. CAPITAL ASSETS, NET OF ACCUMULATED AMORTIZATION

	2014		2013	
	Accumulated Cost	Accumulated Amortization	Cost	Amortization
Assets Under Capital Lease	\$ 3,286	\$ 3,286	\$ 3,539	\$ 3,406
Buildings and Major Renovations	994,709	240,852	959,119	220,184
Computer Hardware and Electronics	101,155	88,924	99,348	85,631
Construction in Progress	62,569		33,241	
Furniture and Equipment	255,558	174,863	239,762	160,169
Land	30,496		30,213	
Library Books	192,896	142,437	184,346	134,558
Parking Lots	9,359	3,485	8,667	3,034
Rare Books and Manuscripts	6,280		5,859	
Vehicles	8,519	7,169	8,036	6,988
Works of Art	2,711		2,594	
	1,667,538	661,016	1,574,724	613,970
Less Accumulated Amortization	661,016		613,970	
Net Book Value	\$ 1,006,522		\$ 960,754	

## 8. CAPITAL LEASE OBLIGATIONS

Minimum lease payments which include principal and interest under the capital lease obligations are as follows:

2015	\$ 72
2016	6
Total Minimum Lease Payments	78
Less: Interest at 2.51%	(2)
	76
Less: Current Portion	(70)
	\$ 6

## 9. LONG TERM DEBT

	2014	2013
Province of Manitoba:		
Promissory Note, 5.23% due March 1, 2035	\$ 63,123	\$ 64,734
Promissory Note, 5.55% due April 1, 2036	65,326	66,795
Promissory Note, 5.35% due February 1, 2040	29,093	29,600
Loan, First Phase, 4.65% due June 1, 2038	93,447	85,538
Loan, Second Phase, 4.65% until June 1, 2053, due November 24, 2058	85,000	85,000
	335,989	331,667

# FINANCIAL STATEMENTS

Term loans (with floating interest rates based on Bankers' Acceptance rates plus stamping fees):

Multi Tenant Facility, due February 28, 2019	8,118	8,321
Multi Tenant Facility, due November 30, 2022	6,576	6,821
Arthur V. Mauro Student Residence, due October 1, 2023	12,718	13,251
	27,412	28,393
	363,401	360,060
Total Stadium Long Term debt	178,447	170,538
Total Other Long Term debt	184,954	189,522
	363,401	360,060
Less Current Portion:		
Province of Manitoba	(3,783)	(3,586)
Term Loans	(1,035)	(13,699)
	(4,818)	(17,285)
	\$ 358,583	\$ 342,775

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 10).

Interest expense on long term debt was \$17,944 (2013, \$17,505).

The University has entered into a loan agreement with the Province of Manitoba related to the construction of a new stadium 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 while 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 is due and payable in full on June 1, 2038. The second phase of the loan bears interest at 4.65% until June 1, 2053 and is due and payable in full on November 24, 2058.

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 BBB Stadium Inc. (BBB) to the University in respect of the BBB 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; 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 BBB, unless the parties agree otherwise in writing.

## LOAN, SECOND PHASE:

Interest will be calculated annually and unpaid interest until July 31, 2017 shall be added to the first phase of the loan. Any unpaid interest after July 31, 2017 shall be added to the second phase of the loan and compounded annually. Payments in respect of principal shall be made in amounts as received from BBB, on or before each of:

- i) July 31, 2014;
- ii) July 31, 2015;
- iii) July 31, 2016; and
- iv) July 31, 2017.

Annual payments of principal and interest over the remainder of the second phase loan term are to be paid on or before July 31 of each calendar year commencing on July 31, 2018 based on the amortization of the loan following the July 31, 2017 payment. Payments are applied firstly to accrued interest after July 31, 2017 and secondly to principal outstanding.

Any accrued interest and principal outstanding on the second phase of the loan as at November 24, 2015 is due and payable in full, subject to receipt of accrued interest and principal outstanding from BBB, unless the parties agree otherwise in writing.

Principal and interest outstanding at March 31 are:

	2014	2013
Loan, First Phase	\$ 75,000	\$ 75,000
Loan, First Phase Accrued Interest	10,467	6,500
Loan, Second Phase Accrued Interest	7,980	4,038
	93,447	85,538
Loan, Second Phase	85,000	85,000
	\$ 178,447	\$ 170,538

Principal repayments on long term debt payable over the next five years are as follows:

	Province of Manitoba	Term Loans	Total
2015	\$ 3,783	\$ 1,035	\$ 4,818
2016	3,992	1,094	5,086
2017	4,212	1,152	5,364
2018	4,444	1,217	5,661
2019	4,689	1,282	5,971
Thereafter	314,869	21,632	336,501
	\$ 335,989	\$ 27,412	\$ 363,401

## 10. OTHER LONG TERM LIABILITIES

Amounts included in other long term liabilities are as follows:

	2014	2013
Refundable Deposit	\$ 346	\$ 346
Fair Value of Financial Derivatives	4,227	5,618
	\$ 4,573	\$ 5,964

# FINANCIAL STATEMENTS

## 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 loan for the Arthur V. Mauro Student Residence has a fixed interest rate of 5.62% that is committed until September 1, 2028. The notional principal underlying this swap agreement was \$12,718 as at March 31, 2014 (2013, \$13,251).

The interest rate swap agreement for the loan for the development of the multi-tenant facility at 150 Innovation Drive has a fixed interest rate of 4.07% that is committed until February 13, 2032. The notional principal underlying this swap agreement as at March 31, 2014 was \$6,576 (2013, \$6,821).

The interest rate swap agreement for the loan for the addition to the multi-tenant facility at 900 – One Research Road has a fixed interest rate of 4.4%, that is committed until August 5, 2035. The notional principal underlying this swap agreement was \$8,118 as at March 31, 2014 (2013, \$8,321).

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.

## II. EMPLOYEE FUTURE BENEFITS

The University of Manitoba provides certain health, dental and group life benefits for its retired employees who have met the eligibility criteria and long term disability benefits for current employees. Post retirement pension benefits are also provided for specifically entitled retirees.

Health, dental and group life benefits are provided 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.

Post retirement pension benefits are provided 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 University of Manitoba Pension Plan (1993). One hundred percent of the adjustments are paid by the University.

The University measures the fair value of assets and the accrued benefit obligations for the non-pension and post retirement pension adjustments as of March 31. A firm of consulting actuaries prepared an actuarial valuation for the post-retirement adjustments plan as at March 31, 2014. They also prepared extrapolations to March 31, 2014 of the 2013 actuarial valuations for the non-pension benefit plans. The actuarial gains and losses are amortized over nine years commencing in the year following the year the respective annual actuarial gains or losses arise.

The Accrued Benefit Obligations for the non-pension benefit plans and the post retirement adjustments are reported in the University's statement of financial position under long term liabilities.

# FINANCIAL STATEMENTS

Information about the University's non-pension benefit plans and post-retirement adjustments as at March 31 is as follows:

	Non-Pension Benefit Plans		Post-Retirement Adjustments		Total	Total
	2014	2013	2014	2013	2014	2013
Accrued Benefit Obligations	\$ 64,573	\$ 62,226	\$ 2,927	\$ 3,223	\$ 67,500	\$ 65,449
Unamortized Actuarial (Losses) Gains	2,396	(2,397)	106	20	2,502	(2,377)
Employee Future Benefits Liability	\$ 66,969	\$ 59,829	\$ 3,033	\$ 3,243	\$ 70,002	\$ 63,072
Benefit Cost	\$ 5,458	\$ 5,419	\$ 105	\$ 117	\$ 5,563	\$ 5,536
Plan Assets	39,022	31,120	1,186	1,248	40,208	32,368
Employer Contribution	6,220	5,574			6,220	5,574
Employees' Contributions	4,107	3,458			4,107	3,458
Benefits Paid	7,539	7,536	506	548	8,045	8,084

Plan assets consist of:

	Non-Pension Benefit Plans		Post-Retirement Adjustments	
	2014	2013	2014	2013
Money Market Funds and Cash	100%		100%	
Equities		54%		56%
Fixed Income		34%		34%
Other		12%		10%
Total	100%	100%	100%	100%

	Non-Pension Benefit Plans		Post-Retirement Adjustments	
	2014	2013	2014	2013
Accrued benefit obligation at March 31:				
Discount rate	6.00%	5.75%	6.00%	5.75%
Benefit Cost for year ended March 31:				
Discount rate	5.75%	6.00%	5.75%	6.00%
Expected rate of return on assets	5.75%	6.00%	5.75%	6.00%
Health Care Cost Trend Rates at March 31:				
Initial rate	8.00%	8.00%		
Ultimate rate	6.00%	6.00%		
Year ultimate rate reached	2024	2020		
Dental Care Cost Trend Rates at March 31:	4.00%	4.00%		

## 12. INTER-FUND ADVANCES AND LOANS

As at March 31 the General Funds owed the Restricted Funds \$64,338 (2013, \$67,271).



# FINANCIAL STATEMENTS

## 13. INTER-FUND TRANSFERS

Inter-Fund transfers for the years ended March 31 are as follows:

	General Funds	Restricted Funds	Endowment Fund
Employee Future Benefits	\$ 8,196	\$ (8,196)	\$
Benefit Premiums Net of Employer Contributions for Staff Benefits	(4,107)	4,107	
Funding of Capital Asset Additions	(41,978)	41,978	
Long Term Debt Repayments	(5,577)	5,577	
Student Contributions to University Development Funds	(940)	185	755
Student Contributions for Technology	(3,976)	3,976	
Scholarships, Bursaries & Prizes	(5,828)	5,751	77
Other Net Transfers	(362)	(2,555)	2,917
Overhead Recoveries	3,636	(3,636)	
Funding of General Operating Expenses	13,917	(13,917)	
Unit Capital Development Assessment	(4,988)	4,988	
Funding of Research Projects	(7,456)	7,456	
March 31, 2014	\$ (49,463)	\$ 45,714	\$ 3,749
March 31, 2013	\$ (57,752)	\$ 54,227	\$ 3,525

## 14. CONTRIBUTED CAPITAL ASSETS

Contributions recognized in the Capital Asset Fund include contributed building, capital equipment, library books and artwork of \$1,089 (2013, \$389).

## 15. PENSION PLANS

The University is the sponsor of three pension plans, The University of Manitoba Pension Plan (1970), The University of Manitoba GFT Pension Plan (1986), and The University of Manitoba Pension Plan (1993).

The University has separate Pension Committees to act as Plan Administrator for each of the 1993 and 1986 Plans. The University is the Plan Administrator for the 1970 Plan.

Each of the 1993 Pension Committee and 1986 Pension Committee has the following responsibilities for their respective plans:

- monitor the operation of the plan;
- take responsibility for the plan's administration;
- ensure that the plan is in compliance with all applicable legislation; and
- act in an advisory capacity to the University Board of Governors, making recommendations as required.

All three pension plans issue their own financial statements, none of which form part of the University's financial statements. The University's pension liability for the 1993 Plan is the net of pension obligations less plan assets and adjusted for any unamortized actuarial gains or losses. For the 1986 Plan, the University has no pension liability as pension obligations equal plan assets. The University has no pension liability for the 1970 Plan.

## 1993 PLAN

The University of Manitoba Pension Plan (1993) is a money purchase plan with a defined benefit minimum. In years prior to calendar 2010, the surplus from the Plan was adequate to fund any amounts required in excess of matching contributions of active members and the University.

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, 2012 and extrapolated to December 31, 2013.

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

<b>Accrued Benefit Obligations</b>	<b>2013</b>	<b>2012</b>
Actuarial present value of accrued pension benefits, at the beginning of year	\$ 1,045,489	\$ 966,917
Interest accrued on defined benefits	24,896	24,022
Interest accrued on member accounts	80,971	40,942
Benefits accrued	54,461	44,106
Benefits paid	(87,645)	(73,963)
Actuarial gains	(16,284)	(6,746)
Change in actuarial assumptions	(24,588)	50,211
Actuarial present value of accrued pension benefits, at end of year	\$ 1,077,300	\$ 1,045,489
<b>Plan Assets</b>		
Fair value, at beginning of year	\$ 922,963	\$ 884,419
Actual return on plan assets	128,835	65,149
Employer contributions calendar year	42,890	27,281
Employee contributions	23,731	19,875
Transfer from other plans	470	202
Benefits paid	(87,645)	(73,963)
Fair value, at end of year	\$ 1,031,244	\$ 922,963
<b>Reconciliation of Pension Liability</b>		
Accrued benefit obligation	\$ 1,077,300	\$ 1,045,489
Plan assets	(1,031,244)	(922,963)
Plan deficit	46,056	122,526
Contributions during fiscal year in excess of calendar year	(10,848)	(10,494)
Adjusted plan deficit	35,208	112,032
Unamortized net actuarial losses	(1,327)	(78,185)
Pension liability	\$ 33,881	\$ 33,847
<b>Net Benefit Plan Expense</b>		
Current service cost, net of employee contributions	\$ 30,260	\$ 24,029
Interest costs at discount rate	59,092	56,950
Expected return on plan assets	(54,761)	(52,267)
Amortization of net actuarial losses	8,687	4,948
Net benefit plan expense	\$ 43,278	\$ 33,660

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# FINANCIAL STATEMENTS

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## Significant Long-term Actuarial Assumptions

Discount rate	6.00%	5.75%
Expected rate of return on assets	6.5%	6.0%
Rate of general salary increase	3.5%	3.5%
Interest assumption for converting member accumulations to annuities	4.5%	3.5%
Mortality	Uninsured Pensioner 1994, projected to 2015 with Improvement Scale AA adjusted for plan experience.	Uninsured Pensioner 1994, adjusted for plan experience.
Mortality improvements	Projected generationally from 2003 using CPM Improvement Scale B.	Projected generationally from 1994 with Improvement Scale AA.

In 2009, the Manitoba Pension Commission advised that the University was required to begin to make additional payments with respect to current service costs in excess of matching contributions of active members and the University. The additional annual current service cost payments required are based on a percentage (changes annually) of employee contributions. This total payment for fiscal 2014 was \$6.8 million (2013, \$4.2 million).

The unamortized net actuarial losses shown above, which were determined on the basis of the 2012 actuarial valuation and the 2013 extrapolation for accounting purposes, are being amortized over a period of nine years (expected average remaining service life) starting in the year following the year the respective annual actuarial gains or losses arise. However, cash funding for the pension plan is based on the going-concern funding valuation as described below.

The going concern deficit that results from these and other sources of loss, as they apply to the valuation for funding purposes filed with the pension regulators, is being funded under the Pension Benefits Act over the maximum of 15 years. The payments are \$12.4 million annually until the going concern deficit is eliminated based on the December 2012 funding valuation. This total payment for fiscal 2014 was \$12.4 million (2013, \$6.1 million).

In 2009, as permitted under the University Pension Plans Exemption Regulation, the University filed an election for an exemption to the solvency deficiency funding requirements under the Pension Benefits Act for the 1993 Plan. However, the Plan will continue to be subject to the going-concern funding provisions of the Act and the funding deficit payments are being paid by the University over the maximum of 15 years as indicated above.

## 1986 PLAN

For the 1986 Plans, which is a money purchase plan for active members, the University recorded contributions of \$1,938 (2013, \$1,828) and this is included in the Statement of Operations and Changes in Fund Balances as an expense.

## 1970 PLAN

There were no university employees earning pension entitlements in 2013 in the 1970 Plan. As a result, the University made no contributions to the Plan during the year.

## 16. FUND BALANCE

	Restricted		Total	Endowed	Invested in Capital Assets	Unrestricted	2014 Total
	Internally	Externally	Restricted				
General Funds							
General Operating	\$	\$	\$	\$	\$	\$ 2,306	\$ 2,306
Specific Provisions	77,038		77,038				77,038
Expenses funded from Future Revenues						(78,236)	(78,236)
	77,038		77,038			(75,930)	1,108
Restricted Funds							
Capital Asset					915,149		915,149
Research and Special	9,103	89,122	98,225				98,225
Staff Benefits	3,596	1,252	4,848				4,848
Trust	48,150	135,201	183,351				183,351
	60,849	225,575	286,424		915,149		1,201,573
Endowment Fund				341,928			341,928
Total 2014	\$ 137,887	\$ 225,575	\$ 363,462	\$ 341,928	\$ 915,149	\$ (75,930)	\$1,544,609
Total 2013	\$ 125,389	\$ 209,569	\$ 334,958	\$ 286,003	\$ 864,732	\$ (75,421)	\$1,410,272

## 17. NET INVESTMENT INCOME

	General Funds	Restricted Funds	Total 2014	Total 2013
Net Investment Income:				
Interest	\$ 4,429	\$ 11,500	\$ 15,929	\$ 15,099
Dividends		8,009	8,009	7,468
Gains on sale of investments		26,260	26,260	2,901
Total	\$ 4,429	\$ 45,769	\$ 50,198	\$ 25,468

## 18. INTEREST IN RELATED ENTITIES

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

The University has an economic interest in the University of Manitoba Foundation U.S.A. Inc. ("the Foundation") which 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 Section 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 of Manitoba. The University of Manitoba, however, is one of many entities eligible to receive aid from the Foundation. The University must make application to the Foundation's Board of Directors to request funds, which may or may not be granted. The University's economic interest therefore is beneficial, as gifts and donations which are solicited by the Foundation may be transferred to the University of Manitoba from time to time.

# FINANCIAL STATEMENTS

## TRIUMF

The University has a 9.09% interest in TRIUMF, a joint venture which operates a national laboratory for particle and nuclear physics. The University uses the modified equity method of accounting to record its interest in TRIUMF.

TRIUMF's financial statements have been prepared in accordance with section 11B of the TRIUMF joint venture agreement. TRIUMF has adopted Canadian Public Sector Accounting Standards (PSAS), including accounting standards that apply to government not-for-profit organizations, except that all property, plant and equipment purchased or constructed for use at TRIUMF and related decommissioning costs (if any) are expensed in the period in which the costs are incurred. The financial statements for the year ended March 31, 2014 are not available.

TRIUMF follows the restricted fund method of accounting for contributions.

## 19. OTHER RELATED PARTY TRANSACTIONS

The University has significant influence in BBB Stadium Inc. (BBB). BBB 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 sole members of BBB are the City of Winnipeg, the University of Manitoba and the Winnipeg Football Club. Activities of BBB are managed by the directors comprised of the University, City of Winnipeg, Province of Manitoba and the Winnipeg Football Club. The University has an economic interest in BBB related to the use of the stadium for university football games and events at nil charge.

The Province of Manitoba has loaned \$160 million to the University (Note 9), and the University has loaned an equal amount to BBB (Note 4). As at March 31, 2014 and for year then ended the related party transactions with BBB and the corresponding transactions with the Province of Manitoba are as follows:

Amounts borrowed from the Province of Manitoba and advanced to BBB under the loan agreements

	2014	2013
Loan Receivable, including accrued interest	\$ 178,447	\$ 170,538
Interest Income on loan	\$ 7,909	\$ 7,227
Loan Payable, including accrued interest	\$ 178,447	\$ 170,538
Interest Expense on loan	\$ 7,909	\$ 7,227

The Province of Manitoba also provided \$20.7 million to the University in fiscal 2013 to provide capital funding to BBB. These amounts have been included in Research and Special Fund revenue and expenses.

All transactions with BBB and the Province of Manitoba are recorded at exchange amounts.

## 20. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The University of Manitoba 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 amount to \$51,176 (2013, \$49,591). The contractual obligations relating to service contracts is \$10,000.

The University has entered into a \$25,000 loan agreement with the Province of Manitoba related to the construction of the new Active Living Centre. The University has forward fixed the loan, with principal and interest repayments commencing September 30, 2014. The term of the loan is 25 years with a fixed rate of 3.75% for the full 25 year amortization period.

A \$25,000 interim loan facility at a floating interest rate, has been made available from the Province in order to finance construction costs. This interim loan facility will become due September 30, 2014, and will be reclassified to long term when the forward fix loan commences. The University has drawn \$11,000 as at March 31, 2014 (2013, \$5,000).

The University of Manitoba is named as a defendant in litigations where action has commenced or is anticipated. While the ultimate outcome of these proceedings cannot be predicted at this time, management and its legal counsel are of the opinion that the outcome will not have a material effect on the financial position of the University. No provision has been made in the financial statements in respect of these claims as of March 31, 2014.

The members of the TRIUMF joint venture 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 \$44.2 million as of November 2011, 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, 2013, is estimated at \$3.1 million. The March 31, 2014 figures are not available. TRIUMF has put in place a plan for funding the cost of decommissioning which does not require any payments from the joint venture partners.

## 21. FAIR VALUE DISCLOSURES

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, dealing at arm's length and motivated by normal business considerations. 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 that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.

The following fair value hierarchy table presents information about the University's financial instruments measured at fair value at March 31:

Financial Assets at fair value as at March 31, 2014

	Level 1	Level 2	Level 3	Total
Investments 2014	\$ 328,928	\$ 272,802	\$	\$ 601,730
Investments 2013	\$ 227,909	\$ 278,402	\$	\$ 506,311

Financial Liabilities at fair value as at March 31, 2014

	Level 1	Level 2	Level 3	Total
Financial Derivatives 2014	\$	\$	\$ 4,227	\$ 4,227
Financial Derivatives 2013	\$	\$	\$ 5,618	\$ 5,618

As of March 31, 2014 and March 31, 2013 there were no transfers of investments between levels 1, 2 or 3.

## 22. COMPARATIVE FIGURES

Comparative figures for the year ended March 31, 2013 have been reclassified, where appropriate, to conform with the presentation adopted for the year ended March 31, 2014.







UNIVERSITY  
OF MANITOBA