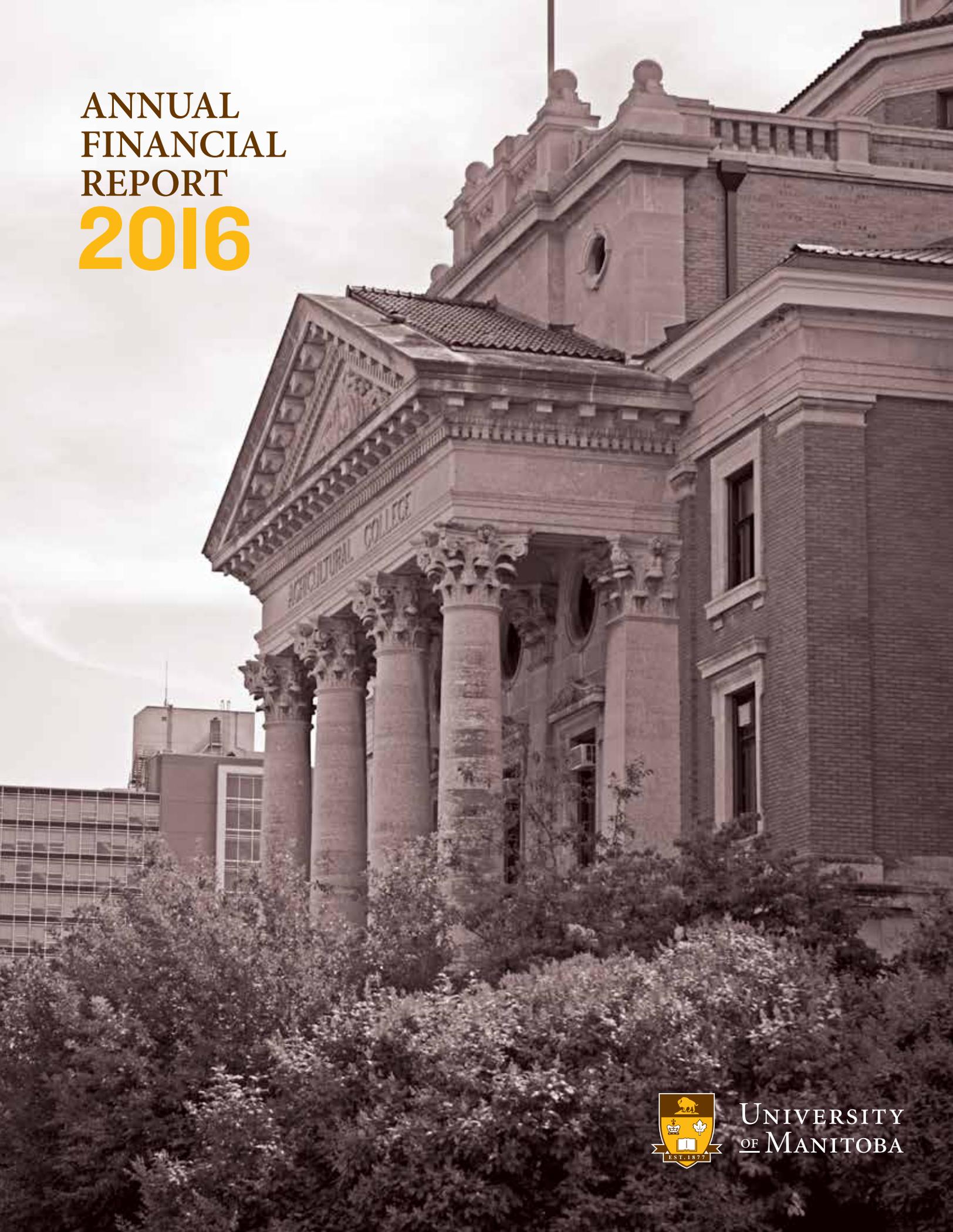


ANNUAL
FINANCIAL
REPORT
2016



UNIVERSITY
OF MANITOBA

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(Additional information is available at www.umanitoba.ca/admin/financial_services/)

MISSION VISION VALUES

MISSION:

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

VISION:

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

VALUES:

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

REPORT OF THE BOARD OF GOVERNORS

To the Minister of Education and Training, 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, 2016 is herewith submitted to the Minister of Education and Training. 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 Training.

The following are included with this Report: Management Discussion and Analysis, Statement of Management Responsibility for Financial Reporting, and Independent Auditor's Report.

RECEIPTS AND EXPENDITURES: SUMMARY OF GENERAL OPERATING FUND RESULTS

(in thousands of dollars)

	Year Ended March 31	
	2016	2015
Revenues and Other Additions	\$ 629,538	\$ 602,326
Expenditures and Other Deductions	533,920	533,968
Net Revenues	95,618	68,358
Net Appropriated To Specific Provisions	(8,483)	(20,346)
Inter-Fund Transfers	(87,051)	(48,003)
Net Increase to Fund Balance from Operating Activities	84	9
Remeasurement Gains(Losses)	(1,096)	923
Net Increase (Decrease) to Fund Balances	\$ (1,012)	\$ 932

Additions exceeded deductions by \$95,618,000 for the current fiscal year. Net appropriations of \$8,483,000 were made to specific provisions and an amount of \$87,051,000 was transferred to other funds. The resulting net deficit of \$1,012,000 has been added to the general operating balance in the General Operating Fund, decreasing it to a balance of \$2,227,000 as at March 31, 2016.

INVESTMENTS: INVESTMENT HOLDINGS AT MARCH 31, 2016 WERE AS FOLLOWS (AT FAIR VALUE):

(in thousands of dollars)

Canadian Bonds and Other Fixed Income	\$ 93,779
Canadian Equities	202,372
U.S. Equities	166,178
International Equities	92,590
Preferred Shares	35,936
Pooled Real Estate	92,562
Bankers Acceptances, Guaranteed	
Investment Certificates and Cash	12,162
Other	1,675
	\$ 697,254

REPORT OF THE BOARD OF GOVERNORS

MEMBERS OF THE BOARD OF GOVERNORS:

At March 31, 2016 the members of the Board of Governors were as follows:

Chair

Patricia Bovey, B.A., FRSA, FCMA

Vice-Chair

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

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), LL.M. (York)

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, FCMA

Mona Forsen, B.Comm, M.B.A.

Ritika Khatkar, B.Sc.

Tom Millington, B.A., B.Comm.

Bev Passey, FCGA

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

Terry Sargeant, B.A., LL.B., LL.D.

Ryan Sherbo

Richard Vamos B.Eng.(Man.)

Anastasia Sych-Yereniuk, B.A., B.Ed., M.Ed.

Elected by Senate

John Anderson, Ph.D.

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

Jeffery Taylor, Ph.D.

Elected by Graduates

Shona Connelly, B.A., M.A.

Heather Reichert, B.Comm. (Hons.), FCPA, FCA

Rennie Zegalski, B.Comm. (Hons.)

Appointed by the University of Manitoba Students Union

Jeremiah Kopp

Rebecca Kunzman

Kristjan Mann, B.A, B.A. (Adv.)

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Our strategic approach to investment decisions is guided by *Taking Our Place: The University of Manitoba Strategic Plan 2015-2020*. Approved by Senate in November 2014, *Taking Our Place* was developed on the strength of extensive consultation across a wide spectrum of the University of Manitoba community, reflecting the planning priorities shared among faculty, staff, students and alumni.

Taking Our Place does not represent a significant departure from the University's previous five year plan, the *2009 Strategic Planning Framework*, which guided decision-making for the period 2009-2014. Over the life of the Framework, \$32.6 million in ongoing funding and \$25 million in one-time funding was invested in organizational infrastructure and the four planning priorities: enhancing academic offerings, delivering an exceptional student experience, advancing Indigenous achievement and prevailing as an outstanding workplace.

The 2015-16 provincial budget provided the University of Manitoba with an operating grant increase of 2.46%. Tuition fees were permitted to increase by the inflationary rate of 1.9%. Course-related fees were permitted to increase by 1.9% unless permission was granted by the Advanced Learning Division of Manitoba Department of Education and Advanced Learning to exceed this amount.

The 2015-16 operating budget approved by the Board of Governors allowed the University to invest \$1.2 million in ongoing funding and \$22.2 million in one-time funding in the *Taking Our Place* priorities as follows:

- **Inspiring Minds through innovation and quality teaching:**
 - Enhanced graduate and international student financial support
 - Service teaching support
 - Classroom renewal
- **Driving Discovery and Insight through excellence in research, scholarly work and other creative activities:**
 - Research initiatives support
 - Undergraduate research awards
- **Creating Pathways to Indigenous achievement:**
 - Indigenous Scholars
 - Indigenous community-based research
- **Building Community that creates an outstanding learning and working environment:**
 - Information Services Technology support
 - Teaching laboratory renewal fund
 - Space planning renovation and relocation projects
 - Preventive maintenance
 - Functional Programming assessments
 - Security enhancements
 - Visionary re(Generation) support

Taking our Place reflects what was learned over the previous five years and updates the University's mission, vision and values accordingly. This new plan allows the University to sharpen its focus on teaching and research and more deliberately articulate the University's future role in the broader community. In acknowledgement of the need for this commitment to be felt within all of the University's programs and services, planning and resource allocation decisions will continue to be guided by the priorities outlined in the new strategic plan while building upon accomplishments to establish a path forward for the University today and in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HEALTH

A university is a dynamic and complex institution that undertakes a wide variety of activities in the endeavour to achieve its mission and strategic objectives. In the attempt to fulfill its mission, vision and values, the University of Manitoba teaches students, conducts research, constructs and maintains facilities, fundraises through donor campaigns, undertakes programs and initiatives, offers student aid, and provides services to its students, staff and the general public through its bookstore, residences and other ancillary services. Because of the broad scope of the undertakings of the University, measuring and explaining financial health can be challenging.

So how do you track financial performance and the financial health of a university as a whole when each individual facet of its services has its own unique characteristics and key indicators of whether it is meeting its financial or operational objectives? As a start, the University of Manitoba follows the restricted fund method of accounting in order to segregate its resources and record the inflows and outflows associated with each of its activities separately. This enhances accountability surrounding the sources and use of our resources, and promotes financial transparency to our stakeholders and supporters.

The Operating Fund accounts for the primary function of teaching, as well as all related costs including plant maintenance and utilities, libraries, student services and other support services. Revenue in the Operating Fund includes tuition fees and the operating grant we receive from the Province each year, which is intended to be spent within the fiscal year on the primary mission of educating students. Financially speaking, we operate with the crucial objective of breaking even in our Operating Fund each year. This requires financial prudence and careful monitoring and management of our finances to ensure that deficits are not incurred.

The Restricted Funds house resources that can only be used for a specific purpose. The University uses these funds to record its research-related revenue and expenses, the University's capital assets and capital-related debt, support for its employee benefit plans, and gifts or bequests that can be used by the University in their entirety but according to donor restrictions. Because of the nature of the activities housed within these funds, such as research projects that span more than a fiscal year, breaking even in these funds each year is not a key measure. One objective of the University is to ensure that these resources are used for their intended purposes, and in accordance with externally-imposed restrictions.

The Endowment Fund accounts for resources that are gifted or bequeathed to the University under the condition that they be held in perpetuity. These donations are recorded as revenue in the Endowment Fund, and the fund incurs no expenses as only the income earned from investing these gifts can be used for specific purposes such as supporting our students, faculties and schools, professorships, chairs, research, libraries and athletics.

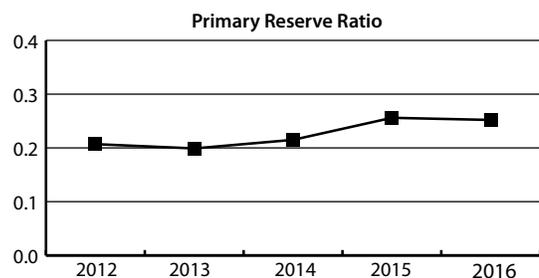
Due to the myriad of activities a university undertakes, the multiple funding sources, the restrictions placed on some of that funding and the complex accounting standards that must be followed, the financial statements can be difficult to interpret and there is no single measure of financial performance or financial condition. To help stakeholders and supporters better understand the financial health of a university, some universities have started considering other measures. In 2014-15, the University of Manitoba became a first amongst its Canadian peers to choose to present a number of university-specific financial ratios as different measures of financial performance. The ratios provide insight into the University's ability to, among other things, maintain financial flexibility, settle its debt, and generate a positive cash flow. The ratios are presented again this year and are to be considered in conjunction with the other data presented in this Annual Financial Report.

Primary Reserve Ratio

Does the University have sufficient financial flexibility?

The Primary Reserve Ratio measures whether a university has sufficient resources that are flexible enough to support a university's mission, and if it has the ability to continue operations in the event of a financial downturn or crisis.

The University relies heavily on provincial operating grants (55.1% of 2016 Operating Fund revenues) and tuition (25.4% of 2016 Operating Fund revenues) to fund its operating activities. Further, the majority of the University's expenses are salaries and benefits



(78% of Operating Fund expenses). Because of its reliance on certain funding sources and its obligations to its employees, monitoring the University's ability to manage a financial crisis is an important aspect of sound financial stewardship.

A target score of 0.4 is considered to be indicative of sufficient financial flexibility as it allows a university to continue its operations for 40% of the year or approximately 4-5 months. The University's score for fiscal 2015-16 is 0.26, which is unchanged from the score in fiscal 2014-15.

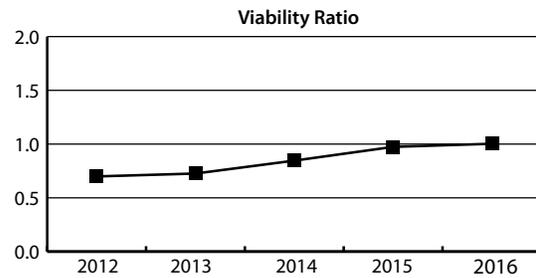
Viability Ratio

Can the University settle its debt?

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

The University has significant amounts of debt related to the construction of Investors Group Field. However, this debt is completely offset by a Loan Receivable from Triple B Stadium Inc. The requirement to repay the debt is limited to the amounts received from Triple B against the loan receivable. This ratio, and the interest burden ratio below, have been calculated excluding the impact of this debt.

A target score of 1.0 or better is considered to be indicative that a university has sufficient available resources to pay off all of its outstanding debt should it be required to do so. The University's score has trended upward, and for fiscal 2015-16 is slightly above 1.0.



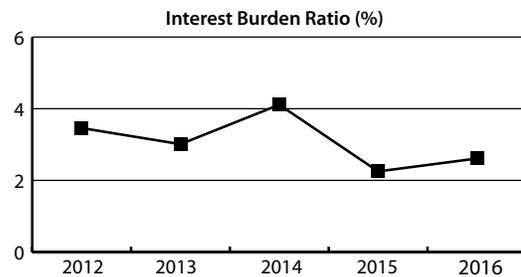
Interest Burden Ratio

Is the University spending too much on interest and additional mandatory pension contributions?

The Interest Burden Ratio measures how much of a university's resources are being spent on interest and special pension payments.

Universities have taken on considerable debt in the past number of years to address demands for more student residences and to support aging infrastructure. It is important to ensure that a university does not spend too much of its operating budget to pay interest on that debt. Further, this ratio takes into consideration special pension payments that universities are required to make to fund pension deficits. For this ratio, pension deficits are treated the same as external debt. As noted above, this ratio excludes interest on the debt related to the construction of Investors Group Field as this debt is completely offset by a Loan Receivable from Triple B Stadium Inc.

An ideal score for the Interest Burden Ratio is that no more than 7% of a university's resources should be spent on interest. The University's score is well below the 7% threshold at 2.6%.

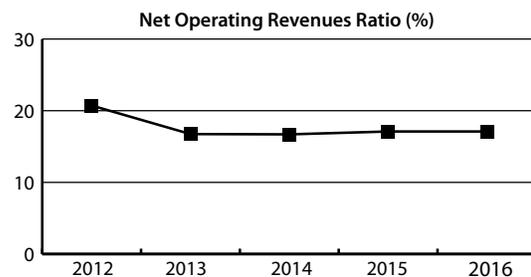


Net Operating Revenue Ratio

Did the University generate a positive or negative cash flow?

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

A positive score indicates that a university has generated a surplus, and a negative score indicates that a university has generated a deficit. An ideal score for this ratio is 4.0%, which is considered to be indicative of a sound ability to generate a positive cash flow from a university's total activities.



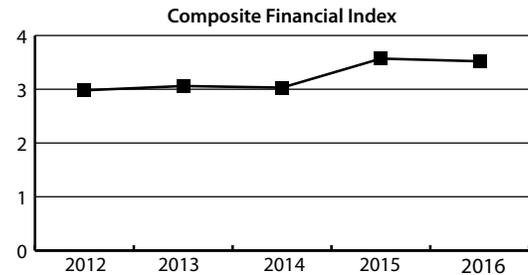
MANAGEMENT DISCUSSION AND ANALYSIS

The University's score for fiscal 2015-16 was 17.1%. This ratio is impacted by the Endowment Fund which has revenue but no expense, and the Capital Fund which may record large revenues in one year to be offset over a longer period by the amortization of capital assets.

Composite Financial Index

How is the University's financial health?

In Canada, some universities are taking the above four scores, applying weighting factors and combining them into a single ratio called the Composite Financial Index or CFI. The CFI is intended to be a single measure of a university's financial health at a single point in time. CFI is more broadly used in the United States but the components used in the ratio vary. Because American universities have funding models that are quite different from Canadian universities, Canadian universities use a modified version of the CFI ratio formula. This modification ensures that the ratio produces a meaningful result in consideration of Canadian university funding models, and that the ratios are calculated consistently by Canadian universities to produce comparable results.



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

In fiscal 2015-16, the University has a CFI score of 3.5. However, the score is skewed by the favourable positive cash flow from operating activities. It is also important to note that this is the score for 2016 and is not necessarily indicative of the financial health of the University in the future.

The University's net available assets can only sustain operations for a 2-3 month period, which is below the standard of almost 5 months. The Viability Ratio or ability to repay all of the debt is below the standard of 1.0, although the Interest Burden Ratio is well below the standard of 5-7%.

The University will continue to strategically improve its resources and apply sound financial stewardship as it continues to respond to its economic challenges.

FINANCIAL VARIANCE ANALYSIS – STATEMENT OF FINANCIAL POSITION

In an environment of constrained resources, the University must closely monitor its financial condition and performance. The section above presented details of some summary-level indicators of the University's financial health. The following sections describe in more detail the resources of the University at the end of the 2015-16 fiscal year, highlighting areas of note and larger financial variances.

Assets

Cash balances at the end of the year were higher than the previous year. Cash is comprised of \$48.7 million of cash in bank and additional cash equivalents or short-term investments of \$224.9 million. Any increase or decrease to cash and cash equivalents is a result of timing differences between when revenues are received and expenses are incurred. This is particularly true of research and capital projects where often revenue is received in one year and the research projects continue over multiple years. Short term investments consist of Guaranteed Investment Certificates, all equal to or less than 1 year maturities. Maturity dates are staggered to ensure the university meets its cash flow requirements throughout the year. The average yield on these investments is 1.6%.

Accounts Receivable increased \$16.5 million to \$76.4 million as at March 31, 2016. This increase is attributed to several factors, which include that the University received higher than anticipated non-government research grant funding in fiscal 2015-16. As a result, Accounts Receivable includes \$14.1 million more in grants receivable than it did in the prior year, which includes \$9.6 million of funding from the Bill and Melinda Gates Foundation and \$2 million from the Centers for Disease Control and

MANAGEMENT DISCUSSION AND ANALYSIS

Prevention. Further, there was a delay in the receipt of Provincial funding from Manitoba Health (\$4.2 million), and Education and Advanced Learning for deferred maintenance projects including asbestos remediation, electrical projects, roof repair and fire and safety upgrades (\$0.9 million). Increases in accounts receivable were offset by a decrease in amounts owing from students of \$1.8 million and the Federal government (\$0.9 million) as compared to fiscal 2014-15.

The Loan Receivable represents amounts due from Triple B Stadium Inc. All of this receivable is offset by Long Term Debt due to the Province. The increase represents accrued interest.

A decrease in investments from \$742.3 million to \$697.3 million is due primarily to a decrease in the long term operating investment. Long-term operating investments fell from \$109.4 million in 2015 to \$54.4 million in 2016 as more cash was moved to cash and cash equivalents. The majority of long-term investments (\$35.9 million) are 5-year preferred shares spread among four of the large Canadian chartered banks: CIBC, TD Bank, Royal Bank and Bank of Montreal. The average yield of these investments is 3.66%, and all of the preferred shares mature by 2020.

Liabilities

Accounts Payable decreased by \$1.7 million to \$60.7 million as at March 31, 2016. A decline in Accounts Payable of \$4.6 million relating to capital holdbacks owing on construction projects was offset by an increase in the payroll accrual of \$2.7 million, as the accrual included two more days for employees paid on a biweekly and hourly basis than in 2015.

Long Term Debt decreased as the University made normal debt repayments during the year, including a \$4 million payment on Triple B debt. This principal-only payment was fully offset by an equal amount received and applied against the Loan Receivable as explained above. The balance also includes accrued interest on Triple B debt, which is also fully offset by an equal amount included in Loan Receivable.

Fund Balances

Fund Balances represent the accumulated balance in each fund at the end of the year. Notably, the unrestricted fund balance of \$(63.1) million is a negative balance due to the Expenses Funded by Future Revenues Fund which 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 expenses for employee future benefits and change in pension liability.

FINANCIAL VARIANCE ANALYSIS – STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Below is a summary of the revenues received, expenses incurred and inter-fund transfers made by the University during fiscal 2015-16. In the 2015-16 financial statements, Notes 21 and 22 were added in order to provide additional detail on the revenues and expenses of each individual Fund. The following describes some of the significant changes in revenues and expenses of the University as a whole.

Revenues

Total University revenue for fiscal year 2015-16 was \$925 million, an increase of \$60 million over fiscal year 2014-15. Details of the more significant year-over-year variances are outlined below.

The University experienced a significant increase in Tuition and Related Fees of \$11.2 million in 2015-16 due to various factors. In September 2015, the tuition fee rate increased by 1.9% as allowed by the Province. International differential rate increases during the year ranged from 10 to 18%. Also contributing to the increase in Tuition Fees in 2015-16 was a higher than anticipated increase in student enrolment, with 29,929 students enrolling in Fall Term 2015 as compared to 29,657 in Fall 2014. Starting in February 2015, Active Living Centre student fees were included as a part of Tuition and Related Fees. As such, Tuition and Related Fees in 2015-16 reflects a full year of Active Living Centre fees, as compared to the inclusion of only two months of these fees in 2014-15.

In fall 2015, the University launched the Front and Centre campaign which aims to fundraise \$500 million to support the University's strategic priorities in teaching and learning, discovery and community engagement. As a result of the campaign, the University experienced an increase of \$4.3 million in donations received as compared to 2014-15. Large donations received during the year included \$2 million for classroom and lab refurbishment, \$2 million from the Murphy Foundation

MANAGEMENT DISCUSSION AND ANALYSIS

Incorporated to support the Faculty of Agricultural and Food Sciences, \$1.5 million for a PET MRI imaging system, \$0.8 million from Research Manitoba to support Internal Medicine, and \$0.6 million to support the Israels Professorship in Hematology.

Non-Government Grants increased from \$59.3 million last year to \$83.7 million in 2015-16, primarily due to additional funding received by the Rady Faculty of Health Sciences. While the \$24.4 million increase is attributed to various factors including the receipt of several new grants and contracts, of particular significance is:

- \$14.4 million in additional funding from the Bill and Melinda Gates Foundation in support of the Centre for Global Public Health and their efforts to address reproductive, maternal, neonatal and child health outcomes in India and Kenya. Support increased from \$18.7 million in the prior year to \$33.1 million in 2015-16;
- \$5.7 million in additional funding from the Centers for Disease Control and Prevention for HIV care and prevention efforts in Kenya by the Max Rady College of Medicine; and
- \$0.8 million in additional funding from the Western Grains Research Foundation for numerous new studies on grain being conducted by the Faculty of Agricultural and Food Sciences.

Net Investment Income increased from \$56 million last year to \$58 million this year. The increase in investment income was largely due to the University's investment managers selling certain securities and realizing gains created by an increase in stock valuation. In the Trust and Endowment Funds, equities were sold during the year resulting in total gains of \$29.8 million, compared to \$27.9 million last year. Unrealized remeasurement gains and losses are detailed further in this section. Please refer to the Trust and Endowment section later in this report for a more detailed discussion of investment returns.

Miscellaneous Income decreased by \$1.2 million as compared to last year, primarily due to the completion of the Duff Roblin fire insurance claim.

Grants received from Education and Advanced Learning (EAL) increased by \$9.7 million as a result of increases in the Provincial operating grant of \$8 million and \$0.2 million for infrastructure improvements, and the receipt of \$1.5 million in support of Faculty of Engineering and Faculty of Social Work programs.

Other Province of Manitoba revenues increased by \$5.2 million over last year. Of particular significance was the receipt of an additional \$3.5 million from Manitoba Hydro primarily in support of the Centre for Earth Observation Sciences, and an additional \$1.6 million from the Manitoba Research Innovation Fund.

Government of Canada revenues increased \$2.6 million over the prior year and included a significant increase in funding for the National Centre for Truth and Reconciliation.

Expenses

Expenses incurred by the University are categorized by type in the Statement of Changes in Operations and Fund Balances. In order to provide additional transparency, Note 20 categorizes the University's expenses by function.

Total expenses for fiscal year 2015-16 were \$792 million, an increase of 1.6% over expenses in fiscal year 2014-15. Details of the more significant year-over-year variances are outlined below.

Salaries experienced a budgeted increase of 4% from the prior year. Included in Salaries in 2015-16 is \$9.8 million in payments to staff retiring under the Voluntary Early Retirement Program.

Staff Benefits and Pay Levy decreased \$9.7 million compared to the prior year. While benefit and pension payments increased in correlation with the increase in Salaries, and despite experiencing an increase in Special Pension Payments of \$2.8 million, these increases were offset by positive changes in the actuarial valuation of the Pension Liability of \$7.7 million and Employee Future Benefits of \$6.5 million.

Expenses incurred for Materials, Supplies and Services were relatively consistent with the prior year.

Student Assistance increased 8.3% from \$51.3 million last year to \$55.6 million in 2015-16. The University provided an additional \$4.3 million in scholarships and bursaries to students, which includes a \$1.0 million increase in support of graduate students through the Graduate Enhancement of Tri-Council Stipends (GETS) program.

MANAGEMENT DISCUSSION AND ANALYSIS

Professional Consulting and Externally Contracted Services increased \$4 million or 10.5% over 2014-15. The additional spending occurred across various units, including the National Centre for Truth and Reconciliation (\$1 million), Northern Medical Unit (\$0.7 million) for physicians participating in the Northern Remote Residency Program, and IST projects (\$1 million).

Utilities, Municipal Taxes and Insurance decreased by \$0.8 million or 4% from 2014-15. In fiscal 2014-15, the University changed fuel classes from Interruptible to High Volume Firm in order to stabilize our gas prices for the winter and future years. Fiscal 2015-16 was the first full year under the new fuel class. The change in fuel classes combined with lower consumption of heating gas due to the mild winter in 2015-16 resulted in a cost savings.

Maintenance and Repairs decreased 5.4% as compared to the prior year. In September 2015, heavy rains resulted in the flooding of the lower level of the Active Living Centre and subsequent cost of \$0.2 million in flood damage repairs. This unanticipated cost was offset by reduced costs associated with the demolition of the Agriculture Canada Buildings. As the majority of the costs associated with the demolition were incurred in 2014-15, the costs incurred in 2015-16 were approximately \$1 million less than in 2014-15. The costs of the demolition were fully funded by revenues from the Federal government.

Expenses by Function

As indicated above, Note 20 categorizes the University's expenses by function to better inform readers about where expenses were incurred during the year. Some of the more significant changes from the prior year not explained above are highlighted below.

Academic expenses increased by \$19.5 million or 4.4% in 2015-16, reflecting payments associated with the Voluntary Early Retirement Program and an increase in spending on research projects in the Faculty of Agricultural and Food Sciences and the Max Rady College of Medicine. The increase in spending on research projects correlates with the increase in research-related revenue received by the University this year.

The University is honored to host the National Centre for Truth and Reconciliation. Although it officially opened in November 2015, costs associated with it were incurred in both the current and prior year. The increase in Libraries expenses is due to this new centre, payments made under the Voluntary Early Retirement Plan, and licensing fees associated with a new electronic resource software system.

The changes in Actuarially Determined Employee Future Benefits and Change in Pension Liability expense categories reflect the current actuarial valuation which resulted in a reduction in Employee Future Benefits and Pension Liability respectively.

Inter-fund Transfers

The University uses the restricted fund method of accounting and classifies resources received and used into separate funds, which correspond to our major activities and objectives. A large example of inter-fund transfers is the transfer of resources from the Operating and Research Funds to the Capital Fund for the purpose of purchasing equipment, furniture and library books. Other examples will include transfers of funds from the Operating Fund to the Trust Fund to be used for scholarships and bursaries, and transfers back and forth between the Operating Fund and the Provisions Fund for carryover set aside at the end of the year and moved back into the Operating Fund at the start of the next year.

Inter-fund transfers are detailed in Note 23. The more significant transfers to and from the Operating Fund are described below.

- \$64.6 million was transferred from the Operating Fund to the Capital Fund. This included:
 - \$20.7 million of capitalized library acquisitions and equipment and furnishings purchased by the Faculties and Units.
 - \$34 million for strategic priorities. Funding of strategic priorities is comprised of \$8.8 million for classroom and teaching lab renewal; \$3.4 million for space renovation; \$3 million for deferred maintenance; \$1.8 million for Chown Building renovations; \$1 million for a Bannatyne Campus functional programming assessment; \$0.6 million for CCTV renewal; and \$0.5 million for the demolition of T-Building at the Bannatyne Campus. The University also transferred \$14.9 million of funding into the Capital Fund to match anticipated future funding from the Government of Canada Social Infrastructure Investments should our proposals be approved.

MANAGEMENT DISCUSSION AND ANALYSIS

- \$9.9 million of transfers initiated by the Faculties and Units for various current capital projects. Some examples of these projects are \$1.3 million from the College of Nursing for simulation labs in the Helen Glass Building; \$0.95 million from the Max Rady College of Medicine and Nursing for the Gross Anatomy Lab; \$0.7 million from Ancillary Services for residence renovations and food services upgrades; \$0.4 million from the School of Art for Tache port holes and Art Lab renovations; \$0.3 million from the Faculty of Education for a learning commons and to support science lab renovations; and \$0.2 million from the Faculty of Kinesiology and Recreation Management for replacement of the track floor in the Max Bell Centre.
- \$16.3 million was transferred from the Operating Fund to the Capital Fund for debt repayment. This included \$6.5 million in unit-funded transfers for Ancillary Services and Active Living Centre debt, and \$5.1 million for debt repayment under an arrangement structured to allow for debt servicing on long-term Provincial debt. An additional \$3.3 million was collected from students and transferred to the Capital Fund to service debt related to technology improvements. The remaining \$1.3 million represents the transfer of facility rental income that is being designated for debt retirement.
- \$9.8 million was transferred from the Operating Fund to the Trust Fund and the Endowment Fund for the payment of scholarships, bursaries and prizes. Faculties and units funded student awards totaling \$2.2 million were transferred to the Research and Special Fund and Trust Fund for disbursement. The majority of student awards are generated by the Trust and Endowment Funds, and our practice is to disburse all awards from these funds for operational efficiency. In addition, \$7.6 million was transferred from the Operating Fund to the Trust and Endowment Funds for student awards as planned in the opening budget, including \$2.6 million for undergraduate scholarships; \$2.5 million for international graduate student support; \$1.3 million of international undergraduate student scholarships and bursaries; \$0.3 million for needs-based bursaries; \$0.2 million for emergency student aid; and \$0.2 million for graduate studies travel awards.
- Transfers from the Operating Fund to the Specific Provisions Fund for special projects totaled \$17.9 million. Faculties and Units transferred \$10.9 million, which includes \$5.7 million for deferred IST-related projects; transfers from Ancillary Services of \$3.3 million for residence renovations, dining facilities upgrades, parking lot improvements, and equipment replacement; and \$0.8 million from the Faculty of Kinesiology and Recreation Management for Active Living Centre equipment replacement and the Athletic Therapy Skills Lab. Centrally-funded transfers to the Specific Provisions Fund of \$6.9 million include \$3.1 million for pension plan funding and \$1.8 million for systems renewal projects.
- \$2 million was transferred from the Operating Fund to the Staff Benefits Fund, representing University support for staff benefit premiums.
- Students, as part of their tuition fees, provide amounts that support improvements to the University and contribute to the Trust Fund. During the year, \$1.1 million was transferred to the Trust and Endowment Funds as instructed by students through various referenda.
- Overhead of \$6 million earned by research projects were transferred from the Research and Special Fund to the Operating Fund to contribute to the costs associated with the administration and support of research.
- \$31.2 million was transferred to the Operating Fund from all other funds in support of operating expenses. Faculties and units initiated transfers of \$11.8 million into the Operating Fund from certain Restricted Funds, which includes \$8.6 million from the Trust Fund for operating expenses as supported by the terms and conditions of the various trust funds. The remaining \$3.2 million was transferred into the Operating Fund from the Capital Fund and the Research and Special Fund. Typically, these amounts would be related to unused funds no longer needed and being returned to the source (i.e. the Operating Fund), but in fiscal 2015-16 some longstanding funds were reviewed and determined not to be research funds so were transferred into the Operating Fund. Further, \$19.4 million was transferred to the Operating Fund from the Specific Provisions Fund for various operating projects and equipment purchases. The most significant transfers from the Specific Provisions Fund were \$9.8 million to support payments made under the Voluntary Early Retirement Program, and \$9 million to fund IST projects.
- The net carryover transfer of \$10.1 million from the Operating Fund to the Specific Provisions Fund increased the carryover provision to \$50.1 million. These amounts are in support of one-time expenses or planned expenditures for which the funds were allocated but not expended in 2015-16.

MANAGEMENT DISCUSSION AND ANALYSIS

- \$4.3 million was transferred from the Operating Fund to the Research and Special Fund in support of research start-up funds for new faculty members, deans and department heads.
- Transfers between the Operating Fund, the Restricted Funds and the Expenses Funded from Future Revenues Fund of \$0.2 million and \$10.5 million represent funding for the net change in the employee future benefits liability and pension liability respectively.

Remeasurement Gains and Losses

During the year, the University recorded \$46.8 million in remeasurement losses. Of the \$46.8 million, \$43.8 million in remeasurement losses were incurred in the Trust Fund and the Endowment Fund. These unrealized losses were due to lower security valuations in most of the asset portfolios of the University Investment Trust. The overall return of the University Investment Trust was -0.1% for the year, which is comprised of dividend, interest and realized investment income of \$44 million, offset by \$43.8 million in unrealized losses as well as investment management expenses of \$3.3 million. The other Restricted Funds incurred a remeasurement loss on investments of \$0.7 million.

It was a challenging year in many of the world's investment marketplaces, with Canada experiencing significant difficulties in both domestic bond and stock markets. The University Investment Trust's portfolio has realized very strong returns over the past seven year period, so it is robust and can weather the effects of a downward-trending cycle. The spending allocation was increased this past year, and the purchasing power of the fund remains ahead of annual expenses adjusted for inflation.

Other remeasurement losses recorded in fiscal 2015-16 are \$2.5 million of foreign exchange losses, which resulted from the translation of foreign currency into Canadian dollars for financial statement purposes.

STUDENTS

Overall enrolment in Fall Term 2015 was 29,929 students, including 25,460 undergraduate students and 3,800 graduate students. Increases were evident in International and Indigenous student enrolment.

International enrolment was 4,854 students, representing an increase 8.7% from Fall Term 2014. The international student population now comprises 16.2% of the total student population.

Indigenous enrolment was 2,180 students. Indigenous students comprise 7.8% of undergraduate students, 4.8% of graduate students, and 7.3% of the total student population.

Table 1, Selected Statistics, provides information on undergraduate and graduate student enrolment, self-declared Indigenous 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 4,761 full-time equivalent staff were employed during the year comprised of 2,223 faculty, 2,367 administrative staff and 171 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 Frank Plummer (Medical Microbiology and Public Health Agency of Canada) was awarded the 2016 Canada Gairdner Wightman Award. Plummer is credited with decades of work in the field of infectious diseases, specifically HIV/AIDS. His efforts have saved countless lives. This award is given to a Canadian who has demonstrated outstanding leadership in medicine and medical science consistent with the purpose of the Gairdner Foundation;
- The Canadian Academy of Health Sciences inducted University of Manitoba professor Dr. James Davie as a Fellow in 2015. Davie is a Professor in the Departments of Biochemistry and Medical Genetics, and Cell Biology, Max Rady College of Medicine, Rady Faculty of Health Sciences. He is also a scientist at the Children's Hospital Research Institute of Manitoba (CHRIM) and Research Institute of Oncology and Hematology (RIOH), a joint institute of the U of M and CancerCare Manitoba. Fellows are chosen by their peers based on their demonstrated leadership, creativity, distinctive competencies and commitment to advancing academic health sciences;
- Three esteemed engineering faculty members of the University of Manitoba were elected new Fellows of the Canadian Academy of Engineering (CAE) in 2015: Zahra Moussavi (Biomedical Engineering), Nariman Sepehri (Mechanical Engineering) and Abraham (Quan) Wang (Mechanical Engineering). Fellows are nominated and elected by their peers for their distinguished achievements and career-long service to the engineering profession;
- The Women's Executive Network named Dr. Sabine Mai among Canada's Most Powerful Women Top 100 for 2015. Mai is a Professor in the Departments of Physiology, Biochemistry and Medical Genetics, Human Anatomy and Cell Science at the Max Rady College of Medicine, Rady Faculty of Health Sciences and a scientist with RIOH. These awards celebrate the professional achievements of strong female leaders across the country in the private, public and not-for-profit sectors. Mai was recognized in the SunLife Financial Trailblazers and Trendsetters category;
- Distinguished Professor and Canada Research Chair in Arctic System Science, Dr. David Barber, Environment and Geography, Centre for Earth Observation Science, Clayton H. Riddell Faculty of Environment, Earth, and Resources, was named the 2015 recipient of the Dr. John M. Bowman Memorial Winnipeg Rh Institute Foundation Award for outstanding research by established University faculty; and,
- The Royal Society of Canada (RSC), the country's most esteemed association of scholars, artists and scientists elected three professors as Fellows of the RSC: Drs. Fikret Berkes (Natural Resources Institute, Clayton H. Riddell Faculty of Environment, Earth, and Resources), James Davie (Biochemistry and Medical Genetics, Cell Biology, CHRIM, RIOH), and Estelle Simons (Pediatrics and Child Health, CHRIM). Election to the RSC is considered the highest honour an academic can achieve in the arts, humanities and sciences.

TABLE 1: SELECTED STATISTICS

	2015	2014	2013	2012	2011
Fall Term Enrolment					
Total Students ^{1,2}	29,929	29,657	29,759	29,181	28,430
Undergraduate students	25,460	25,298	25,363	24,996	24,347
% Annual Change	0.6	-0.3	1.5	2.7	1.7
Full-Time	21,007	20,889	20,819	20,363	19,876
Part-Time	4,453	4,409	4,544	4,633	4,471
Graduate students	3,800	3,719	3,748	3,580	3,501
% Annual Change	2.2	-0.8	4.7	2.3	5.0
Full-Time	3,109	3,057	3,042	2,843	2,720
Part-Time	691	662	706	737	781
Post-Graduate Medical Educ. Students	669	640	648	605	582

Continued on page 15...

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...Continued from page 16

Summer Enrolment	11,711	11,267	11,070	10,469	10,157
% Annual Change	3.9%	1.8%	5.7%	3.1%	0.4
Total Enrolment	41,640	40,924	40,829	39,650	38,587
Full-Time Equivalent Students^{1,3}	29,601	29,254	29,172	28,336	27,581
International Students	4,854	4,464	3,869	3,266	2,738
Self-Declared Indigenous Students^{4,5}	2,180	2,168	2,140	2,084	2,021
Undergraduate students	1,974	1,997	1,973	1,930	1,876
% Total undergraduate students	7.8	7.9	7.8	7.7	7.7
% Total University ¹	8.6	9.3	9.6	9.1	8.4
Graduate	183	158	158	147	139
% of Total Graduate	4.8	4.2	4.2	4.1	4.0
Post-Graduate Medical Educ.	23	13	9	7	6
% of Total PGME	3.4	2.0	1.4	1.2	1.0
Undergraduate Student Credit Hours⁶					
Fall and Winter	521,098	520,258	524,993	521,345	512,849
Summer	58,438	55,091	55,963	53,366	53,617
On-load ⁷	8,809	7,666	6,625	6,074	6,156
Degrees, Diplomas, Certificates Conferred					
Undergraduate	4,237	4,148	4,309	4,045	4,139
Graduate	930	940	797	815	779

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

5. Self-declared Indigenous Student figures for 2012 and onward reflect Canadian students only. Comparisons with previous years should be made with caution.

6. Credit hours for 2012 and onward exclude courses at or above the 6000 level, as these are associated with graduate programs. Comparisons with previous years should be made with caution.

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

ACHIEVEMENTS IN HUMAN RESOURCES

Partnerships and teamwork between units across the university have led to an outstanding community, and we are pleased to retain the University of Manitoba's status as one of Manitoba's Top 25 Employers for 2015. A second honour was awarded by the Canadian Institute of Management, the Martin J. Lyons Best Business Professional Recognition for Innovation & Management Excellence (P.R.I.M.E.).

Other significant activities included:

- Increased engagement with the internal and external community, including the creation of a university-wide HR Administrator Group, publication of articles and interviews in UM Today: Human Resources Network and use of social media such as Twitter and LinkedIn.
- Increased number of graduates in the UM Leaders Learning Program; 26 staff from 13 units.
- Launched the Voluntary Early Retirement Program, attracting a total of 95 faculty and staff.
- Successfully implemented the Voluntary Days Off Program, allowing 274 faculty and staff to supplement vacation by taking up to 10 additional days off. Annual cost-savings was \$182,045.
- Introduced Staff Mental Health Week with over 30 events at both campuses, including a wellness fair with external stakeholders.
- Recognized employees through the Anniversary Awards and Awards of Excellence.

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- Implemented interest-based bargaining with Association of Employees Supporting Education Services (AESES) to negotiate its collective agreement, resulting in a 91% member approval rate. CUPE TAs and CUPE Sessionals agreements were also successfully concluded.
- Increased the annual allocation for individuals' Healthcare Spending Account by 21%; from \$600 to \$725 for full-time staff and \$420 to \$510 for part-time staff.
- Completed a review of the asset mix for our pension plans, resulting in a new mix and several new managers.
- Launched Outstanding Workplace Stories, an interactive discussion among faculty and staff.
- Published *Moving Child Care Forward at the University of Manitoba: Background, Analysis and Recommendations*, as part of the U of M Childcare Initiative.
- Participated in the provincial Take our Kids to Work Day initiative at both campuses, showcasing the university's diverse professions to over 100 grade nine students.

In 2015, Human Resources strategically focused its efforts on projects that aim to improve programs and services for faculty and staff, which included:

- Evaluations of jobs, their classification and pay scale, have been dramatically improved and now have a turnaround time of two to three weeks. Greater transparency and individual discussions with clients about the job evaluation process have reduced appeals to a handful per year.
- Organizational structure reviews with large units such as Information Systems and Technology, Faculties of Law and Social Work have resulted in improved processes, work alignment, identification of training and development and project plans.
- Project and change management services, training sessions on process mapping, and lunch and learns have enhanced units' understanding of project design, development and implementation. University supports helped streamline the university's budget process, email accounts, student forms for Indigenous self-declaration and practicums for the College of Dentistry, to name a few.
- Strategic planning sessions have assisted nine University units develop strategic goals, objectives, action plans and timelines for implementation.
- University reestablished regular labour management meetings with bargaining units to strengthen communications and approaches to problem-solving.

WORLD CLASS RESEARCH

In 2015-16, research at the University of Manitoba continued its strength, with investment in a number of key areas. University researchers received \$158.6 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 21.9% compared to the amount received in 2014-15.

Table 2, Research Expenses by Faculty or Support Unit, illustrates the level of research investment, as measured by the level of spending, in faculties and schools 2015-16. Research investment was highest in the Rady Faculty of Health Sciences, at a level of \$71.0 million in 2015-16. The second-highest was the Faculty of Agricultural and Food Sciences at \$16.6 million, followed by the Faculty of Science, the Faculty of Engineering and, the Clayton H. Riddell Faculty of Environment, Earth and Resources, at \$11.8, \$9.0, and \$8.5 million respectively. In 2015-16, a total of \$136.6 million was spent on sponsored or assisted research activities at the University of Manitoba.

The University of Manitoba currently holds 36 Canada Research Chairs and one Canada Excellence Research Chair, is an active participant in ten of Canada's National Networks of Centres of Excellence (NCE) and is leading the TREKK Knowledge Mobilization NCE. The University is also home to, or a partner in, 54 research centres, institutes and shared facilities that foster collaborative research and scholarship in a wide variety of fields.

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In 2015-16, the Canada Research Chairs (CRC) program announced one new CRC and two renewals at the University of Manitoba, bringing our total to 36 CRCs. The new Tier 1 CRC is Dr. James Blanchard (Community Health Sciences, Centre for Global Public Health) chair in Epidemiology and Global Public Health. The renewed chairs are Dr. David Barber (Environment and Geography) chair in Arctic-System Science and Dr. Debbie Kelly (Psychology) chair in Comparative Cognition. The new and renewed chairs funding combined for a total of \$3.3 million.

On July 30, 2015 three University of Manitoba researchers received \$3.7 million from the newly awarded health research Foundation Grants from the Canadian Institutes of Health Research (CIHR). Another 13 received \$5.7 million in funding from the Open Operating Grants competition. The projects cover the spectrum of research impacting our health: from post-traumatic stress disorders to childhood maltreatment to aging. Fifteen of the 16 researchers are professors in the Rady Faculty of Health Sciences.

Dr. B. Mario Pinto, President of the Natural Sciences and Engineering Research Council of Canada (NSERC) was in Winnipeg on May 7, 2015 to announce more than \$13 million direct and in-kind funding jointly with Manitoba Hydro to three University of Manitoba and Manitoba Hydro collaborative research teams. The research projects funded will seek answers to: the impacts of climate change and hydro-electric activities in the Hudson Bay system; the complex processes affecting river ice formation on the Lower Nelson, Red and Assiniboine Rivers; and better ways to protect and sustain the endangered Lake Sturgeon. Distinguished Professor David Barber (Environment & Geography), Canada Research Chair in Arctic System Science, received \$9.14 million over four years for the Collaborative Research and Development project entitled “BaySys – Contributions of climate change and hydro-electric regulation to the variability and change of freshwater-marine coupling in the Hudson Bay system,” with Manitoba Hydro, Hydro-Québec, and Ouranos Consortium. Dr. Gary Anderson (Biological Sciences) received \$2.15 million over five years for the NSERC/Manitoba Hydro Industrial Research Chair in Conservation Aquaculture of Lake Sturgeon (*Acipenser Fulvescens*). Dr. Shawn Clark (Civil Engineering) received \$2.15 million over five years for the NSERC/Manitoba Hydro Industrial Research Chair in River Ice Engineering, with Manitoba Hydro and Clarkson University.

On July 6, 2015, Shelly Glover, Minister of Canadian Heritage and Official Languages, on behalf of the Canada Foundation for Innovation, and Manitoba Premier Greg Selinger, visited Churchill to announce an investment of \$22.1 million to build the Churchill Marine Observatory (CMO), a multi-disciplinary research facility where researchers will study the impact of oil spills in sea ice as well as investigate issues facing arctic marine transportation. The project leader is Distinguished Professor David Barber, Associate Dean (Research) in the Clayton H. Riddell Faculty of Environment, Earth, and Resources and Canada Research Chair in Arctic-System Science. The Churchill Marine Observatory will be a unique, highly innovative research facility located in Churchill, Canada’s only Arctic deep-water port. The observatory will position Canada as a global leader of research into the detection, impact and mitigation of oil spills in sea ice. The research will help address technological, scientific and economic issues pertaining to Arctic marine transportation, oil and gas exploration, and development throughout the Arctic.

On May 12, 2015 the University of Manitoba and CancerCare Manitoba (CCMB) announced a joint institute to expand the scope of cancer research in Manitoba: the Research Institute of Oncology and Hematology (RIOH), which will be located at the CancerCare Manitoba Research Centre. The joint institute will bring together all pillars of cancer and blood disorder research, to foster innovation, collaboration and translation of leading edge research into meaningful improvements in cancer care for Manitobans. RIOH builds upon the success of CCMB and the U of M’s original cancer research institute, the Manitoba Institute of Cell Biology, which has focused on molecular biology research since 1969. The RIOH expansion will create an umbrella organization to include all cancer research in the Province of Manitoba. The expanded cancer research platform at RIOH will include the entire spectrum of cancer research: discovery research, prevention, clinical innovation/health services, and patient experience.

Funding from the CFI, Research Manitoba/MRIF, and matching contributions from industry, along with the corresponding expenditures are reflected in the Capital Fund. In 2015-16, total contributions from these sources were \$6.1 million. The new funding supports research projects in three faculties related to:

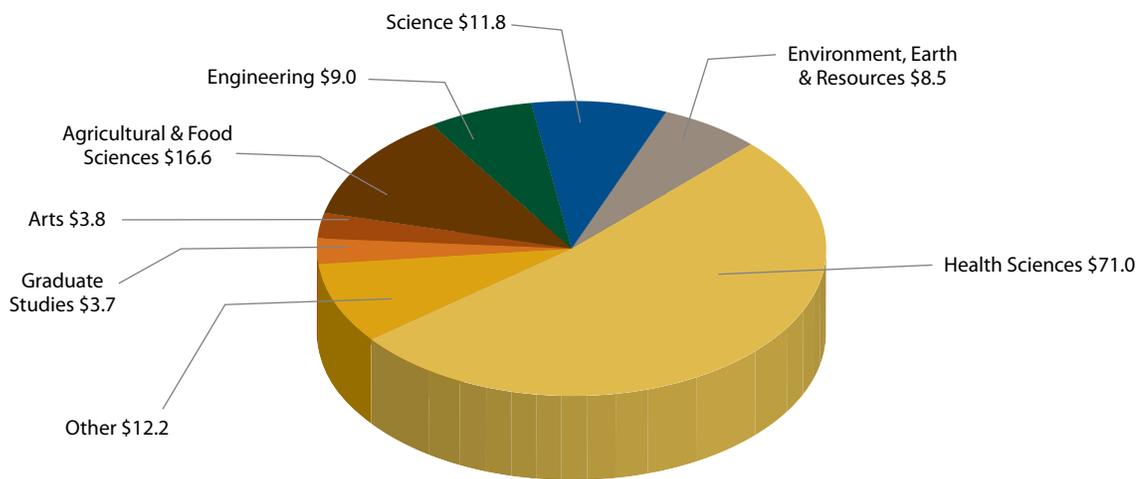
- Next generation proteomics in human biology and medicine (Medicine – Immunology);
- Post-harvest grain handling for a safe and sustainable food supply (Agriculture – Food Science);

MANAGEMENT DISCUSSION AND ANALYSIS

- An imaging and analysis platform to study brain injury and neurodegeneration (Medicine – Pharmacology and Therapeutics);
- Time-resolved tomographic particle image velocimetry and water tunnel for turbulence and ice engineering research (Engineering – Civil Engineering); and
- Sustainable food production in northern communities (Agriculture – Agricultural Engineering).

When combined with sponsored or assisted research funding of \$158.6 million, University of Manitoba researchers received \$164.7 million in funding in 2015-16.

TABLE 2: RESEARCH EXPENSE BY FACULTY OR SUPPORT UNIT 2015-16
(Total \$136.6 Million)



TRUST AND ENDOWMENT FUND

The University Investment Trust (UIT) had a market value of \$583.7 million as at March 31, 2016, compared to \$575.1 million in 2015. The small increase in the UIT was primarily due to \$14.3 million in new gifts to the fund. The UIT had basically a flat investment return for the year, losing -0.1% versus the policy benchmark return of 0.2%.

Canadian equities struggled for much of the past year, as the energy sector has had a significant drag on performance. The one year return of the UIT's Canadian equity portfolio was -8.7%, versus the benchmark index S&P/TSX return of -6.6%. The underperformance was due to an overweight in the UIT investment manager's energy sector.

Three of the other four mandates also performed under their respective benchmarks, with only the International equity portfolio outperforming its benchmark index (MSCI EAFE) by a wide margin of 8.9% versus -5.9% for the year.

Although the overall return is disappointing on an absolute basis, the flat return for the 12-months ending March 31, 2016 will be very typical of endowment funds and pension funds in Canada. Returns on bonds remain very low, and the returns of the world's stock markets remain challenged by slower growth in China, depressed energy prices, and currency adjustments as the Canadian dollar rallied in the first quarter of 2016.

The 5-year return of the UIT, at 10.5%, is still well above the spending and investment expense ratios of the UIT, so the fund still meets its investment objectives over the recent market cycle despite the setback of the past year.

A new spending policy was approved in 2015/2016, allocating income based on a spending rate of 4.25% over a rolling 4-year period. This new policy increased spending from \$18.4 million last year to \$20.7 million this year. This increase is also due to the \$14.3 million in UIT gifts received this year on top of the \$12.3 million received last year, all part of the University's Front and Centre campaign. This money will help support the five priorities of the campaign: indigenous achievement; graduate student support; research excellence; outstanding student experience; and teaching and learning spaces and places.

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At the end of the year, the Specific Trust and Endowment funds were worth \$45.0 million, down from last year's total of \$55.1 million. The decrease is due to funding of capital projects such as Tache Hall and the Active Living Centre, and transfers for servicing the debt on capital projects.

Tables 3.1 and 3.2 Donor Pledges summarize pledges received by type of donor and the purpose for which the gift was pledged.

TABLE 3.1: DONOR PLEDGES BY TYPE OF GIFT 2015-16

(Total \$107.0 Million)

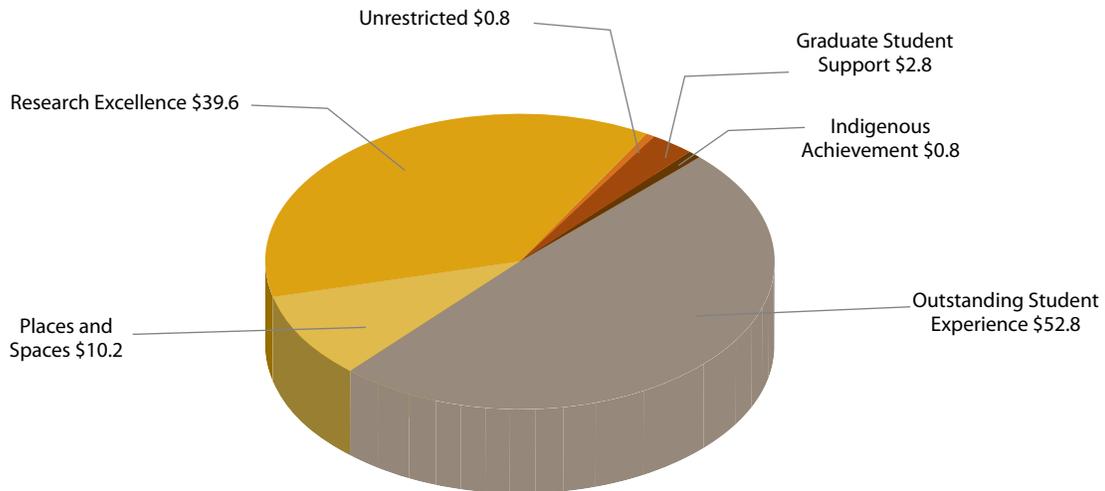
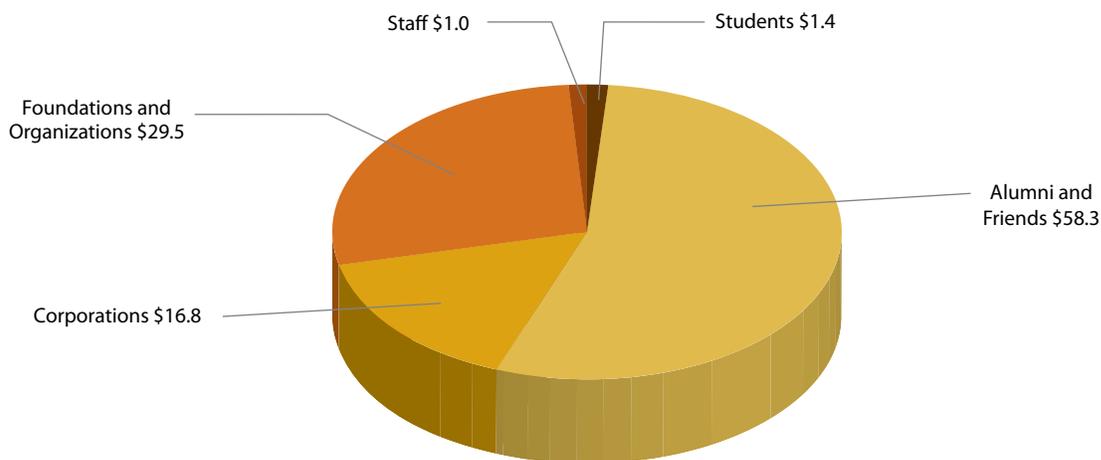


TABLE 3.2: DONOR PLEDGES BY CONSTITUENCY 2015-16

(Total \$107.0 Million)



INVESTMENT IN CAPITAL, INFRASTRUCTURE, AND TECHNOLOGY

In 2015-2016, the University invested \$76.8 million in capital assets as follows:

- \$50.1 million for the construction of buildings, infrastructure renewal and land improvements;
- \$13.0 million for library acquisitions and works of art;
- \$10.8 million for the acquisition of furniture, equipment and vehicles; and
- \$2.9 million for computer equipment and technological improvements such as audio visual equipment and networking hardware.

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Also, debt servicing costs of \$28.8 million were incurred, primarily relating to the Provincial Debt, the Arthur V. Mauro Student Residence, Pembina Hall Student Residence, Active Living Centre and Triple B Stadium interest. The Triple B interest expense of \$8.6 million is offset by Triple B interest income.

Capital funding for the year included internal sources, as well as \$7.0 million from EAL, \$11.7 million from other Provincial departments, \$5.3 million from private donors, \$4.6 million from the Federal Government, and \$12.2 million from other sources.

The redevelopment of Tache Hall was completed this year, turning it into a state-of-the-art facility that is now the new home of the Desautels Faculty of Music. The next phase of the project began in 2015-16, which will see an addition to Tache Hall built to house custom-designed spaces for rehearsal studios, an ensemble room, a jazz studio, a combined choral/opera rehearsal room with risers, and other small rehearsal studios.

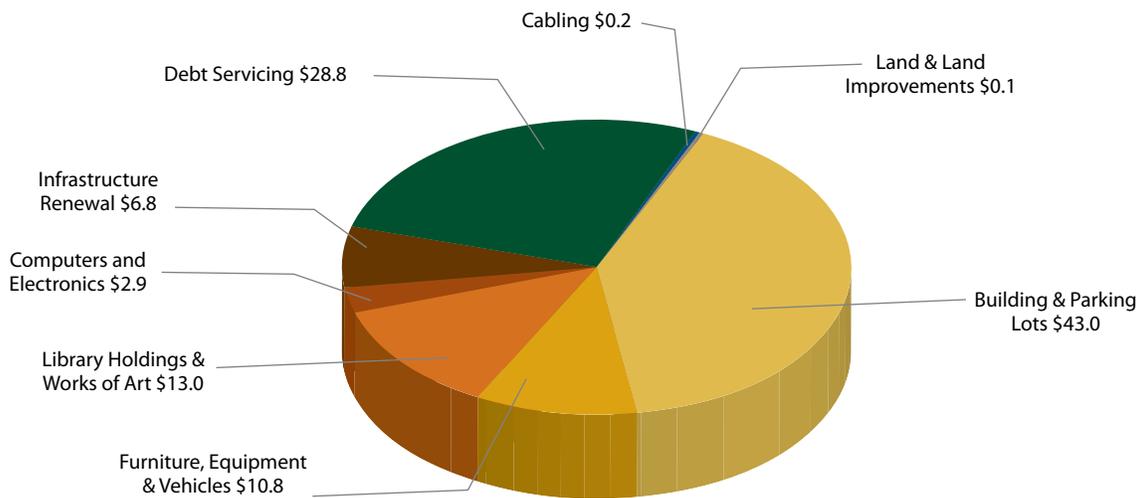
Other projects completed this year included the Manitoba Electron Microscopy Facility for Composite and Materials Characterization and Fort Garry Campus Waterline Upgrade Phase II.

A project to build the Churchill Marine Observatory (CMO) commenced this year, and 2015-16 saw the completion of the conceptual design of the project. The CMO will be a globally unique, highly innovative, multi-disciplinary research facility located in the Canadian Arctic on the shores of Hudson Bay. The CMO will directly address technological, scientific, and economic issues about Arctic Marine transportation, oil and gas exploration and development throughout the Arctic. This unique facility will bring together researchers from the Universities of Manitoba, Calgary, Victoria, Laval, Dalhousie and Washington, and from Federal government departments. The research infrastructure funding is provided through the Canada Foundation for Innovation and contributions from eligible partners.

Infrastructure renewal projects undertaken in 2015-2016 included fire and safety upgrades (\$2.4 million), sewer and waterline upgrades (\$2.3 million), Bannatyne electrical re-servicing (\$1.5 million), asbestos remediation (\$1.7 million) and roof replacement (\$0.5 million). These projects were funded by capital grants from EAL, deferred maintenance funding from the Province, and internal sources.

Table 4, Capital Fund Expenditures provides a more detailed breakdown of the \$105.6 million in capital asset expenditures and debt servicing costs of \$28.8 million during 2015-16.

TABLE 4: CAPITAL FUND EXPENDITURES 2015-16
(Total \$105.6 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 2015-16 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. A new Sustainability Strategy was endorsed by the Board of Governors in March 2016. The new strategy builds on past successes and will guide the management of the University's environmental footprint, support reduction of waste and promote sustainable social, environmental and financial development.

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 \$65 million in savings to date. Those original measures continue to generate savings which have been reinvested in additional energy saving measures. As a result, approximately \$5.0 million in utility costs were avoided in fiscal year 2015-16; representing an approximately 25% reduction in total annual utility expenditures.
- The University continues to strive for a 5% year-over-year utility savings. Since 1990-91, 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 ft.
- Water consumption is more than 50% less compared to 1990 levels, generating estimated savings of almost \$2 million in annual water billing for the University in 2015/16.
- A comprehensive waste prevention program that includes a Re-Shop that supports reuse of office equipment and furniture and a Really, Really Free Market that reduces waste-to-landfill (and costs) associated with residence move out. A redesign of the recycling system on campus in fall 2015 has significantly reduced waste to landfill and improved user experience of the University's waste system.
- Continued support for active transportation which is space efficient, promotes wellness and has been shown to reduce time lost to illness: installation of self-serve bike repair stations at Bannatyne and Fort Garry Campuses and introduction of a shower-only gym membership for active commuters. A campus-wide survey of transportation behaviors and needs was completed in January 2016, with results to be used to guide efficient transportation system development.
- A Green Office Program was developed in 2015 that supports individual-level reductions in energy use and consumables.
- A Sustainability Research in Action program was developed in 2015 that engages students in finding solutions to campus sustainability challenges. This approach has positive social, financial and environmental outcomes for the University.
- Supporting participation and creating buy-in for programs and services by integrating sustainability into student orientation, new staff orientation and outreach materials.

MANAGEMENT DISCUSSION AND ANALYSIS

CAMPUS PLAN

Visionary (re)Generation

The 'Visionary (re)Generation' planning process reached a major milestone in April 2016, when the University's Senate and Board of Governors approved in principal the Visionary (re)Generation Master Plan for the Fort Garry campus. This new campus plan will guide design and development at the campus over the next 30 years, subject to periodic review and amendment, and is based on a collaborative and extensive engagement process that has included over 1,000 people and more than 60 different meetings and events. The plan is a flexible decision-making framework that supports the evolution of the campus into a vibrant, walkable, accessible, and connected campus community.

Work continues on developing the planning document for the Southwood Lands. While the Visionary (re)Generation Master Plan provides a general vision for Southwood, the City of Winnipeg requires that a separate Local Area Plan be undertaken prior to development of these lands. The drafting of this document will be based on the work and engagement already undertaken, and will include further opportunities for community consultation. This plan will require City approval, and development of the Southwood Lands will be undertaken by an arm's-length entity.

Bannatyne Campus Master Plan

Now in effect for nearly two years, the Bannatyne Campus Master Plan continues to provide the overall framework for development and design decisions on the campus. In particular, preliminary planning and programming work continues for the first major project under the new plan – a new Academic Building containing the College of Nursing and several other functions. Other projects guided by the plan include the future demolition of the Old Basic Science Building (T-Building) and the development of a new central campus green space in its place.

Indigenous Design and Planning Principles

A crucial outcome of the Visionary (re)Generation process has been the establishment of five Indigenous Design and Planning Principles, which will act as a guide for planning and design generally on all University lands and campuses. The principles are:

- Commit to Relationships and Listening
- Demonstrate Culturally Relevant Design
- Respect Mother Earth
- Foster a Sense of Belonging and Community
- Embrace a 'Seven Generations' View

The principles were drafted collaboratively under the guidance of an Indigenous Advisory Committee and Subcommittee, and supported by the University's Indigenous Advisory Circle. The development of such principles is relatively unique among Canadian universities, and reflects the University of Manitoba's commitment to reconciliation and Indigenous achievement.

SPACE PLANNING

Based on information generated during the Space Master Planning process, the University is optimizing space on campus by:

- Decommissioning aging, energy intensive buildings that have surpassed their functional lifespan
- Improving adjacency and work flow between collaborating units
- Modifying space allocation to fit the functional needs of programs and occupants
- Improving classroom utilization to maximize current resources

MANAGEMENT DISCUSSION AND ANALYSIS

Building on recommendations put forward in the Space Master Plans, the Campus Planning Office in collaboration with partnering units are updating the University space management policy and space management procedures. In addition to policy development, the Campus Planning Office continues to update the space inventory database and develop space standards.

All space planning recommendations are coordinated with academic planning priorities, and developed in consultation with stakeholders. Careful attention is taken to ensure space allocations meet the technical requirements of a unit while supporting broader University priorities.

AN ASSET TO OUR COMMUNITY

The University has enormous capacity to build new connections within our communities. Recognizing that a university is a community of colleagues, a neighbour, a partner and a leader, our members work to make important contributions that have real world impact. In addition to providing a quality university education to our students and conducting world class research with global implications, faculty, staff and students reach out to the community in many other ways. Continuing education, collaborative efforts with business and industry, and the provision of specialized services not readily available are just some of the ways the University provides meaningful contributions to sustain and promote the needs of our communities both close to home and around the world.

CONCLUSION

Continued investment in the University will result in increased capacity to support the cultural, social and economic well-being of all Manitobans. Through continued commitment to excellence in teaching, research, scholarly work and other creative activities, the University promotes a sustainability community that will benefit all members today and in years to come.

The University acknowledges with gratitude the continuing support of the Province of Manitoba as well as the support of our students, staff, alumni, and community stakeholders.

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The University is responsible for the preparation of the financial statements and has prepared them in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Chartered Professional Accountants Canada, including the standards for government not for profit organizations. The University believes the financial statements present fairly the University's financial position as at March 31, 2016 and the results of its operations for the years ending March 31, 2016.

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

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

The financial statements for the year ended March 31, 2016 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
David T. Barnard, Ph.D.
President and Vice-Chancellor

Winnipeg, Manitoba
June 22, 2016



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, 2016, 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, 2016, 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 22, 2016
Winnipeg, Manitoba

Norm Ricard, CPA, CA
Auditor General

FINANCIAL STATEMENTS

UNIVERSITY OF MANITOBA
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016
(in thousands of dollars)

	2016	2015
Assets		
<i>Current Assets</i>		
Cash and Cash Equivalents	\$ 273,624	\$ 197,401
Accounts Receivable (Note 3)	76,379	59,919
Inventories	3,706	3,447
Prepaid Expenses	796	940
Current Portion Loan Receivable (Note 4)		1,436
	354,505	263,143
<i>Long Term Assets</i>		
Loan Receivable (Note 4)	191,364	186,722
Investments (Note 5)	697,254	742,315
Capital Assets, Net of Accumulated Amortization (Note 7)	1,084,705	1,062,857
	1,973,323	1,991,894
	\$ 2,327,828	\$ 2,255,037
Liabilities		
<i>Current Liabilities</i>		
Accounts Payable	\$ 60,711	\$ 62,442
Unearned Revenue	11,259	11,088
Vacation and Sick Leave Liability	14,638	14,134
Current Portion of Capital Lease Obligations (Note 8)		6
Current Portion of Long Term Debt (Note 9)	6,015	5,713
	92,623	93,383
<i>Long Term Liabilities</i>		
Other Long Term Liabilities (Note 10)	6,179	6,633
Long Term Debt (Note 9)	384,467	385,840
Employee Future Benefits (Note 11)	76,526	76,519
Pension Liability (Note 14)	20,572	31,087
	487,744	500,079
Fund Balances		
Unrestricted (Note 21)	(63,118)	(72,445)
Internally Restricted (Note 24)	166,572	164,370
Externally Restricted (Note 25)	246,696	234,013
Invested in Capital Assets (Note 25)	998,579	939,971
Endowed (Note 25)	398,732	395,666
	1,747,461	1,661,575
	\$ 2,327,828	\$ 2,255,037

Contractual Obligations and Contingencies (Note 18)

Original signed by _____

Patricia Bovey – Chair

Ted Bock – Vice-Chair

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

FINANCIAL STATEMENTS

UNIVERSITY OF MANITOBA
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2016
(in thousands of dollars)

	General Funds (Note 2D)	Restricted Funds (Note 2E)	Endowment Fund (Note 2F)	2016 Total Funds	2015 Total Funds
Revenue					
Tuition and Related Fees	\$ 159,987	\$	\$	\$ 159,987	\$ 148,768
Donations	1,734	11,625	14,007	27,366	23,069
Non-Government Grants	5,344	78,313		83,657	59,310
Net Investment Income (Note 15)	4,348	53,689		58,037	56,151
Miscellaneous Income	7,147	7,042		14,189	15,398
Government Grants:					
Education and Advanced Learning	347,105	7,015		354,120	344,412
Other Province of Manitoba	22,493	51,295		73,788	68,555
Government of Canada	10,850	70,971		81,821	79,262
City of Winnipeg	51			51	51
Sales of Goods and Services	32,233	1,011		33,244	33,033
Ancillary Services	38,246			38,246	36,985
	629,538	280,961	14,007	924,506	864,994
Expense					
Salaries	356,627	40,471		397,098	381,905
Staff Benefits and Pay Levy	59,766	7,088		66,854	76,519
Materials, Supplies and Services	49,109	56,781		105,890	105,860
Amortization of Capital Assets		54,931		54,931	54,075
Student Assistance	14,000	41,619		55,619	51,346
Professional Consulting and Externally Contracted Services	16,010	26,315		42,325	38,315
Travel and Conferences	11,314	11,135		22,449	24,033
Utilities, Municipal Taxes, and Insurance	19,442	24		19,466	20,289
Interest		19,062		19,062	18,682
Maintenance and Repairs	7,652	443		8,095	8,557
	533,920	257,869		791,789	779,581
Net Revenue from Operating Activities	95,618	23,092	14,007	132,717	85,413
Inter-Fund Transfers (Note 23)	(86,501)	84,197	2,304		
Net Increase to Fund Balances from Operating Activities	9,117	107,289	16,311	132,717	85,413
Fund Balances from Operating Activities Beginning of the Year	25,572	1,221,311	281,700	1,528,583	1,443,170
Fund Balances from Operating Activities End of the Year	34,689	1,328,600	298,011	1,661,300	1,528,583
Accumulated Remeasurement Gains End of Year	(139)	(14,421)	100,721	86,161	132,992
Fund Balances End of Year	\$ 34,550	\$ 1,314,179	\$ 398,732	\$ 1,747,461	\$1,661,575

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

FINANCIAL STATEMENTS

UNIVERSITY OF MANITOBA
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
FOR THE YEAR ENDED MARCH 31, 2016
(in thousands of dollars)

	General Funds	Restricted Funds	Endowment Fund	2016 Total Funds	2015 Total Funds
Accumulated Remeasurement Gains					
Beginning of Year	\$ 957	\$ 18,069	\$ 113,966	\$ 132,992	\$ 101,439
Unrealized Gains (Losses) Attributed to:					
Derivatives		108		108	(2,060)
Foreign Exchange	(139)	(202)		(341)	2,128
Portfolio Investments		(1,444)	(13,245)	(14,689)	60,396
Amounts Reclassified to the Statement of Operations and Changes in Fund Balances:					
Foreign Exchange	(957)	(1,171)		(2,128)	(550)
Portfolio Investments		(29,781)		(29,781)	(28,361)
Net Remeasurement Gains (Losses) for the Year	(1,096)	(32,490)	(13,245)	(46,831)	31,553
Accumulated Remeasurement Gains (Losses)					
End of Year	\$ (139)	\$ (14,421)	\$ 100,721	\$ 86,161	\$ 132,992

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

FINANCIAL STATEMENTS

UNIVERSITY OF MANITOBA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016
(in thousands of dollars)

	General Funds	Restricted Funds	Endowment Fund	2016 Total Funds	2015 Total Funds
Operating Activities					
Net Revenue from Operating Activities	\$ 95,618	\$ 23,092	\$ 14,007	\$ 132,717	\$ 85,413
Amortization of Capital Assets		54,931		54,931	54,075
	95,618	78,023	14,007	187,648	139,488
Net Change in Non-Cash Working Capital Items	18,425	(34,620)		(16,195)	4,751
Net Change in Other Long Term Liabilities	(346)	(108)		(454)	2,060
Net Change in Pension Obligation	(10,515)			(10,515)	(2,794)
Net Change in Employee Future Benefits	(233)	240		7	6,517
<i>Net Cash generated through Operating Activities</i>	102,949	43,535	14,007	160,491	150,022
Investing Activities					
Contractual Interest Added to Loan Receivable		(8,619)		(8,619)	(8,275)
Principal Repayment on Loan Receivable		3,977		3,977	
Increase in Accumulated Remeasurement Gains and (Losses)	(1,096)	(32,490)	(13,245)	(46,831)	31,553
Decrease (Increase) in Long Term Investments	55,000	(6,873)	(3,066)	45,061	(46,016)
<i>Net Cash generated through (used in) Investing Activities</i>	53,904	(44,005)	(16,311)	(6,412)	(22,738)
Capital Activities					
Purchase of Capital Assets		(76,779)		(76,779)	(110,410)
<i>Net Cash used in Capital Activities</i>		(76,779)		(76,779)	(110,410)
Financing Activities					
Proceeds from Long Term Debt					25,000
Contractual Interest Added to Loan Principal		8,619		8,619	8,275
Principal Repayment on Capital Lease Obligations		(6)		(6)	(70)
Principal Repayment on Long Term Debt		(9,690)		(9,690)	(5,123)
<i>Net Cash generated through Financing Activities</i>		(1,077)		(1,077)	28,082
Net Increase (Decrease) in Cash	156,853	(78,326)	(2,304)	76,223	44,956
Inter-Fund Transfers	(86,501)	84,197	2,304		
<i>Cash and Cash Equivalents Beginning of Year</i>	10,709	186,692		197,401	152,445
<i>Cash and Cash Equivalents End of Year</i>	\$ 81,061	\$ 192,563	\$	\$ 273,624	\$ 197,401
Supplementary cash flow information:					
Interest Received	\$ 4,348	\$ 3,364	\$	\$ 7,712	\$ 7,542
Interest Paid	\$	\$ 10,443	\$	\$ 10,443	\$ 10,405

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(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.

The University controls Partners for Health and Development in Africa (PHDA) (Note 17), but does not consolidate the accounts for the purposes of these financial statements.

The University has an 8.33% (2015, 9.09%) interest in TRIUMF (Note 16), 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.

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.

FINANCIAL STATEMENTS

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, 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 and in Note 23.

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 Education and Advancement Learning (EAL), 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 EAL 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 related governing contracts and agreements.

Staff Benefits Fund:

The Staff Benefits Fund is divided into Fund Accounts for the Pension Reserve, and for each of the Self-Insured Plans, which are the Long Term Disability Income Plan and the Dental Plan.

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.

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 or losses, is recorded in the Statement of Operations and Changes in Fund Balances in the appropriate Fund depending on the restrictions imposed. Unrestricted investment income 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 fundraising 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. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of highly liquid investments that are used to meet short term operating needs. They are readily convertible to cash and mature within one year from acquisition. Any cash or other investments maturing within one year that are held by portfolio managers are classified as long term investments. Portfolio managers maintain a cash balance within investment portfolios as part of their overall long term mandate, as well as to facilitate trades and the rebalancing of funds.

FINANCIAL STATEMENTS

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. 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 the Research and Special Fund, which are carried at modified equity. Fair value of investments is determined based on year end quoted market prices.

M. 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 calculated on a straight-line basis over an assets' estimated useful life 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.

N. 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.

O. 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 14.

P. 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. Pooled funds are valued by the fund managers. The University has designated all other investments except for those held in the General Funds and Research and Special Fund 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.

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.

Q. 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.

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R. FOREIGN CURRENCY TRANSLATION

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

S. 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

	2016	2015
Business, Industry and Foundations	\$ 30,739	\$ 19,267
Provincial Government	25,315	14,294
Federal Government	9,539	10,414
Investment Income and Interest	4,541	5,695
Students	3,211	4,963
Advances	1,997	1,508
External Sales and Cost Recoveries	983	3,715
Miscellaneous	54	63
	\$ 76,379	\$ 59,919

4. LOAN RECEIVABLE

The University has a loan agreement with Triple B Stadium Inc. (Triple B) related to the construction of Investors Group Field at the Fort Garry campus. The loan agreement is divided into a first phase and a second phase for a combined amount not to exceed \$160 million. The first phase is not to exceed \$75 million 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 Triple B in the form of insurance proceeds entitled to be retained by Triple B by reason of the destruction of all or part of the stadium, where such insurance proceeds are not being applied to restore, reconstruct and repair the stadium in accordance with the ground lease, shall be paid to the University and be applied to the repayment of the loan, firstly to the accrued interest and secondly to principal outstanding, for both phases of the loan, on a pro-rata basis.

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

FIRST PHASE:

Triple B is required to make payments to the University equivalent to the aggregate of:

- Any amounts received by Triple B in respect of the stadium development from the City of Winnipeg pursuant to *The Community Revitalization Tax Increment Financing Act*.
- Any amounts received by Triple B from any party which were designated by the party for application to the loan.

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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 December 15, 2017 shall be added to the first phase of the loan. Any unpaid interest after December 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 Triple B, on or before each of:

- i) December 15, 2016; and
- ii) December 15, 2017

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

INVESTORS GROUP FIELD LOAN:

	2016	2015
First Phase interest and principal outstanding	\$ 108,364	\$ 101,722
Second Phase principal outstanding	83,000	85,000
Loan Receivable		1,436
	191,364	188,158
Less Current Portion		(1,436)
	\$ 191,364	\$ 186,722

The First and Second Phase loans have an equal long term debt loan payable to the Province of Manitoba (Note 9).

5. INVESTMENTS

	2016	2015
General Funds at Amortized Cost		
Corporate Bonds and Other Fixed Income Securities	\$ 18,505	\$ 93,505
Preferred Shares	35,936	15,936
	54,441	109,441
Trust and Endowment Funds at Fair Value		
Bankers Acceptances, Guaranteed Investment Certificates and Cash	8,566	8,151
Bonds and Other Fixed Income Securities:		
Government of Canada	22,034	22,610
Province of Manitoba	2,546	2,599
Other Provincial	24,064	29,025
Corporate	721	659
Other	21	28
Municipal	7,660	8,893
	57,046	63,814
Equities:		
Canadian Equities	186,564	171,315
US Equities	160,494	159,902
Pooled International Equities	86,907	94,844
	433,965	426,061
Pooled Real Estate Fund	87,376	80,686
	586,953	578,712

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Staff Benefits Fund at Fair Value

Money Market Funds and Cash	3,596	3,150
Pooled Bonds	11,464	10,094
Equities:		
Pooled Canadian Equities	15,808	15,161
Pooled US Equities	5,684	6,515
Pooled International Equities	5,683	6,018
	27,175	27,694
Pooled Real Estate Fund	5,186	5,059
Pooled Mortgage Fund	6,764	6,562
	54,185	52,559
Research and Special Fund at Modified Equity		
Other Investments	1,675	1,603
Total Investments	\$ 697,254	\$ 742,315

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 \$47,731 (2015, \$110,946).

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, foreign currency risk, credit risk and liquidity risk. These risks and the related risk management practices employed by the University are detailed below.

OTHER PRICE RISK

Other price risk represents the potential loss that can be caused by a change in the fair value of a financial instrument. The University's investments are subject to normal market fluctuations and the risks inherent in investment in the capital markets. Investments held to meet short term obligations focus on credit quality and liquidity to minimize the effect of other price risk on fair value, 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.

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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, 2016

	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	4.4%	1.0%	34.6%	52%	8%	100%
Financial Derivatives			30.4%	69.6%		100%

INTEREST RATE EXPOSURE AS AT MARCH 31, 2015

	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	3.3%	9.1%	60.6%	20.7%	6.3%	100%
Financial Derivatives			29.1%	70.9%		100%

	March 31, 2016		March 31, 2015	
	Interest bearing instruments	Non-interest bearing instruments	Interest bearing instruments	Non-interest bearing instruments
Investments	\$ 87,415	\$ 553,702	\$ 91,743	\$ 539,500
Financial Derivatives	\$ 6,179	\$	\$ 6,287	\$

As at March 31, 2016, a 0.5% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of fixed income instruments of \$2,736 (2015, \$3,076) and the interest rate swaps of \$1,175 (2015, \$1,258).

FOREIGN CURRENCY RISK

The University has cash and cash equivalents, 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.

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

	2016		2015	
	\$	%	\$	%
Canadian	\$ 710,933	73.23	\$ 668,410	71.13
US Dollar	171,799	17.70	171,138	18.21
Euro	28,075	2.89	33,165	3.53
Japanese Yen	21,106	2.17	27,246	2.90
British Pound Sterling	18,190	1.87	15,600	1.66
Swiss Franc	9,990	1.03	11,569	1.23
Other	10,785	1.11	12,588	1.34
Total	\$ 970,878	100.00	\$ 939,716	100.00

As at March 31, 2016, a 10% appreciation in the Canadian dollar versus foreign currencies exchange rates would increase investments and net remeasurement gains by approximately \$25,230 (2015, \$26,502), while a depreciation of 10% would decrease investments and net remeasurement gains by approximately \$25,230, (2015, \$26,502).

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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:

% of Total Interest Bearing Investments

Investment Rating	March 31, 2016	March 31, 2015
R-1High	48.7%	16.4%
R-1Mid	9.2%	0.7%
R-1Low	0.5%	7.9%
AAA	8.4%	12.0%
AA	12.8%	46.4%
A	6.8%	15.1%
BBB	1.0%	1.4%
BB		0.1%
Not Rated	12.6%	
Total	100.0%	100.0%

The University manages credit risk related to fixed income investments by focusing on high credit quality. Cash and cash equivalents are held in Canadian Chartered banks and Manitoba credit unions. 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, risk tolerance and time horizon of the Endowment Fund.

7. CAPITAL ASSETS, NET OF ACCUMULATED AMORTIZATION

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Assets Under Capital Lease	\$ 2,855	\$ 2,855	\$ 3,060	\$ 3,060
Buildings and Major Renovations	1,137,691	285,825	1,061,996	262,607
Computer Hardware, Software and Electronics	101,100	92,689	102,828	92,059
Construction in Progress	50,585		76,593	
Furniture and Equipment	273,397	201,465	265,111	188,035
Land	30,705		30,593	
Library Books	211,932	157,951	201,434	149,985

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Parking Lots	9,935	4,451	9,666	3,960
Rare Books and Manuscripts	6,677		6,434	
Vehicles	8,617	7,420	8,606	7,308
Works of Art	3,867		3,550	
	1,837,361	752,656	1,769,871	707,014
Less Accumulated Amortization	752,656		707,014	
Net Book Value	\$ 1,084,705		\$ 1,062,857	

8. CAPITAL LEASE OBLIGATIONS

	2016	2015
Minimum lease payments including principal and interest:	\$	\$ 6
Less: Current Portion		(6)
	\$	\$

9. LONG TERM DEBT

	2016	2015
Province of Manitoba:		
Promissory Note, 5.23% blended monthly payments \$413 due March 1, 2035	\$ 59,636	\$ 61,425
Promissory Note, 5.55% blended monthly payments \$428 due April 1, 2036	62,134	63,774
Promissory Note, 3.75% blended monthly payments \$129 due September 30, 2039	24,068	24,695
Promissory Note, 5.35% blended monthly payments \$173 due February 1, 2040	27,997	28,560
Loan, First Phase, 4.65% due June 1, 2038	108,364	101,722
Loan, Second Phase, 4.65% until June 1, 2053, due November 24, 2058	83,000	85,000
	365,199	365,176
Term loans (with floating interest rates based on Bankers' Acceptance rates plus stamping fees):		
Multi Tenant Facility, due February 28, 2019	7,679	7,904
Multi Tenant Facility, due November 30, 2022	6,056	6,322
Arthur V. Mauro Student Residence, due October 1, 2023	11,548	12,151
	25,283	26,377
	390,482	391,553
Total Stadium Long Term Debt	191,364	186,722
Total Other Long Term Debt	199,118	204,831
	390,482	391,553
Less Current Portion:		
Province of Manitoba	(4,863)	(4,619)
Term Loans	(1,152)	(1,094)
	(6,015)	(5,713)
	\$ 384,467	\$ 385,840

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 \$19,062 (2015, \$18,523).

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

Additional terms of repayment of the loan are as follows:

LOAN, FIRST PHASE:

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

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

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

LOAN, SECOND PHASE:

Interest will be calculated annually and unpaid interest until December 31, 2017 shall be added to the first phase of the loan. Any unpaid interest after December 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 Triple B, on or before each of:

- i) December 31, 2016; and
- ii) December 31, 2017.

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

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

Principal and interest outstanding at March 31 are:

	2016	2015
Loan, First Phase	\$ 75,000	\$ 75,000
Loan, First Phase Accrued Interest	17,516	14,801
Loan, Second Phase Accrued Interest	15,848	11,921
	108,364	101,722
Loan, Second Phase	83,000	85,000
	\$ 191,364	\$ 186,722

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

	Province of Manitoba	Term Loans	Total
2017	\$ 4,863	\$ 1,152	\$ 6,015
2018	5,120	1,217	6,337
2019	5,391	1,282	6,673
2020	5,676	1,355	7,031
2021	5,976	1,429	7,405
Thereafter	338,173	18,848	357,021
	\$ 365,199	\$ 25,283	\$ 390,482

10. OTHER LONG TERM LIABILITIES

Amounts included in other long term liabilities are as follows:

	2016	2015
Refundable Deposit	\$	\$ 346
Fair Value of Financial Derivatives	6,179	6,287
	\$ 6,179	\$ 6,633

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 construction of 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 \$11,548 as at March 31, 2016 (2015, \$12,151).

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, 2016 was \$6,056 (2015, \$6,322).

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 \$7,679 as at March 31, 2016 (2015, \$7,904).

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.

11. 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.

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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, 2016. They also prepared extrapolations to March 31, 2016 of the 2015 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.

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
	2016	2015	2016	2015	2016	2015
Accrued Benefit Obligations	\$ 68,975	\$ 67,962	\$ 2,325	\$ 2,615	\$ 71,300	\$ 70,577
Unamortized Actuarial Gains	5,130	5,770	96	172	5,226	5,942
Employee Future Benefits Liability	\$ 74,105	\$ 73,732	\$ 2,421	\$ 2,787	\$ 76,526	\$ 76,519
Benefit Cost	\$ 4,662	\$ 4,866	\$ 65	\$ 86	\$ 4,727	\$ 4,952
Plan Assets	48,739	47,405	863	1,084	49,602	48,489
Employer Contribution	5,623	6,486			5,623	6,486
Employees' Contributions	3,616	4,425			3,616	4,425
Benefits Paid	7,549	7,077	420	460	7,969	7,537
Plan assets consist of:						
	Non-Pension Benefit Plans		Post-Retirement Adjustments			
	2016	2015	2016	2015		
Money Market Funds and Cash	7%	6%	7%	6%		
Equities	50%	53%	50%	53%		
Fixed Income	21%	19%	21%	19%		
Pooled Real Estate	10%	10%	10%	10%		
Mortgage Fund	12%	12%	12%	12%		
Total	100%	100%	100%	100%		
	Non-Pension Benefit Plans		Post-Retirement Adjustments			
	2016	2015	2016	2015		
Accrued benefit obligation at March 31:						
Discount rate	5.6%	6.0%	5.6%	6.0%		
Benefit Cost for year ended March 31:						
Discount rate	6.0%	6.0%	6.0%	6.0%		
Expected rate of return on assets	6.0%	6.0%	6.0%	6.0%		
Health Care Cost Trend Rates at March 31:						
Initial rate	7.5%	8.0%				
Ultimate rate	5.0%	6.0%				
Year ultimate rate reached	2027	2024				
Dental Care Cost Trend Rates at March 31:	5.0% to	4.0%				
	2018, 4.5% thereafter					

12. INTER-FUND ADVANCES AND LOANS

As at March 31, 2016, the General Funds owed the Restricted Funds \$18,887 (2015, \$2,611).

13. CONTRIBUTED CAPITAL ASSETS

Contributions recognized in the Capital Asset Fund include contributed building, capital equipment, library books and artwork of \$925 (2015, \$2,170).

14. 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. The following is a summary of the Plan:

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

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

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

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

At the December 31, 2015 valuation of the Plan, there were 5,192 active member accounts with an average salary weighted age of 51.8 for academic staff and 47 for support staff, and 1,241 annuitants and other recipients.

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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, 2013 and extrapolated to December 31, 2015.

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

	2015	2014
Accrued Benefit Obligations		
Actuarial present value of accrued pension benefits, at the beginning of year	\$ 1,110,225	\$ 1,077,300
Interest accrued on defined benefits	23,006	23,827
Interest accrued on member accounts	28,988	56,227
Benefits accrued	54,393	53,212
Benefits paid	(99,343)	(89,337)
Plan amendment		1,521
Actuarial gains	3,650	(1,404)
Change in actuarial assumptions	52,749	(11,121)
Actuarial present value of accrued pension benefits, at end of year	\$ 1,173,668	\$ 1,110,225
Plan Assets		
Fair value, at beginning of year	\$ 1,091,432	\$ 1,031,244
Actual return on plan assets	47,200	91,154
Employer contributions calendar year	34,280	33,303
Employee contributions	25,595	24,747
Transfer from other plans	284	321
Benefits paid	(99,343)	(89,337)
Fair value, at end of year	\$ 1,099,448	\$ 1,091,432
Reconciliation of Pension Liability		
Accrued benefit obligation	\$ 1,173,668	\$ 1,110,225
Plan assets	(1,099,448)	(1,091,432)
Plan deficit	74,220	18,793
Contributions during fiscal year in excess of calendar year	(8,380)	(7,327)
Adjusted plan deficit	65,840	11,466
Unamortized net actuarial gains (losses)	(45,268)	19,621
Pension liability	\$ 20,572	\$ 31,087
Net Benefit Plan Expense		
Current service cost, net of employee contributions	\$ 28,514	\$ 28,144
Interest costs at discount rate	62,794	64,722
Expected return on plan assets	(64,310)	(66,025)
Amortization of net actuarial losses	(2,180)	(1,374)
Prior period cost		1,521
Net benefit plan expense	\$ 24,818	\$ 26,988
Reconciliation of Unamortized Gains/(Losses)		
Expected average remaining service life	9.00	9.00
Net unamortized gain (loss), beginning of year	\$ 19,621	\$ (1,327)
New net gain (loss) for current year	(62,709)	22,322
Amortization for current year	(2,180)	147
Immediate recognition to offset prior period cost		(1,521)
Net unamortized gain (loss), end of year	\$ (45,268)	\$ 19,621

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Plan Assets measured at fair value consist of:

Cash and Other	\$ 29,262	\$ 27,272
Bonds and debentures	248,350	352,563
Canadian equities	300,379	398,837
Mortgages	134,234	61,758
Real estate	68,205	
Foreign equities	319,018	251,002
	\$ 1,099,448	\$ 1,091,432

Significant Long-term Actuarial Assumptions

Discount rate	5.60%	6.00%
Expected rate of return on assets	5.60%	6.50%
Rate of general salary increase	2.0% to 2018, 3% thereafter	2.0% to 2018, 3% thereafter
Interest assumption for converting member accumulations to annuities	3.75%	4.25%
Mortality	Canadian Pensioners' Mortality 2014 Public Sector Table, adjusted for plan experience.	Canadian Pensioners' Mortality 2014 Public Sector Table, adjusted for plan experience.
Mortality improvements	Projected generationally from 2014 with CPM Improvement Scale B.	Projected generationally from 2014 with CPM Improvement Scale B.

Pension Fund Assets are valued at market values. The expected rate of return on plan assets net of expenses is 5.6% (2014, 6.5%). The actual return on pension fund assets was 4.4% (2014, 8.97%).

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 2016 was \$3.6 million (2015, \$2.6 million).

The unamortized net actuarial gains/(losses) shown above, which were determined on the basis of the 2013 actuarial valuation and the 2015 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 \$5.1 million annually until the going concern deficit is eliminated, based on the December 2013 funding valuation. This total payment for fiscal 2016 was \$5.1 million (2015, \$3.3 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 Pension Benefits 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 Plan, which is a money purchase plan for active members, the University recorded contributions of \$2,114 (2015, \$2,018) and this is included in the Statement of Operations and Changes in Fund Balances as an expense.

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1970 PLAN

There were no university employees earning pension entitlements in 2016 in the 1970 Plan. As a result, the University made no contributions to the Plan during the year.

15. NET INVESTMENT INCOME

	General Funds	Restricted Funds	Total 2016	Total 2015
Non Portfolio Interest Income	\$ 2,144	\$ 10,096	\$ 12,240	\$ 10,457
Portfolio Investments:				
Interest	2,204	1,887	4,091	5,360
Dividends		11,925	11,925	11,973
Net gains on sale of investments		29,781	29,781	28,361
	2,204	43,593	45,797	45,694
Total	\$ 4,348	\$ 53,689	\$ 58,037	\$ 56,151

16. 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 Subsection 501(c)(3) of the Internal Revenue Code.

The Board of Directors of the Foundation is an independent board whose members direct and guide the Foundation's actions. Members of the Board include, among others, certain senior staff of the University 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.

TRIUMF

The University has an 8.33% (2015, 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.

Available financial information in respect of TRIUMF is disclosed below:

	March 31, 2015	U of M's Proportionate Share	March 31, 2014	U of M's Proportionate Share
Statement of Financial Position:				
Assets	\$ 26,369	\$ 2,197	\$ 25,501	\$ 2,318
Liabilities	6,257	522	7,868	715
Net Assets	\$ 20,112	\$ 1,675	\$ 17,633	\$ 1,603

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Statement of Operations:

Revenue	\$ 69,133	\$ 5,758	\$ 81,032	\$ 7,366
Expenses	66,654	5,552	82,195	7,472
Surplus (deficit) for the year	\$ 2,479	\$ 206	\$ (1,163)	\$ (106)

Statement Cash Flows:

Cash Provided by (used in):

Operating Activities	\$ 3,780	\$ 315	\$ (2,988)	\$ (272)
Investing Activities	2,783	232	(132)	(12)
Decrease in Cash	\$ 6,563	\$ 547	\$ (3,120)	\$ (284)

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, 2016 are not available.

TRIUMF follows the restricted fund method of accounting for contributions.

17. OTHER RELATED PARTY TRANSACTIONS

The University has significant influence in Triple B Stadium Inc. (Triple B). Triple B is a not-for-profit corporation established to develop, own and operate a stadium as a venue for professional and university football and community athletics. The members of Triple B are the City of Winnipeg, the University of Manitoba and the Winnipeg Football Club. Activities of Triple B 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 Triple B related to the use of the stadium for university football games and events at nil charge.

As at March 31, 2016 and for year then ended, the related party transactions pertaining to Investors Group Field, with Triple B and the Province of Manitoba are as follows:

	2016	2015
Current Loan Receivable	\$	\$ 1,436
Loans Receivable, including accrued interest	\$ 191,364	\$ 186,722
Loan Payable, including accrued interest	\$ 191,364	\$ 186,722
Loan Guarantee from the Province of Manitoba	\$	\$ 1,436
Revenue and Expenses:		
Investment Income	\$ 8,661	\$ 8,286
Interest Expense	\$ 8,619	\$ 8,275

The investment income from Triple B and related interest expense of \$8,619 (2015 – \$8,275) has been included in the statement of operations however these amounts have not been included in statement of cash flow supplementary information as the interest was neither received nor paid during the year. Any related payments received for the loan receivable and payments made on the related debt were applied against the outstanding principal.

The University controls Partners for Health and Development in Africa (PHDA), a non-profit, non-governmental organization registered in Kenya. PHDA has a March 31 year end. Its main purpose is to promote health and economic development in Kenya and Africa, including promotion of health and economic services in HIV/AIDS and population and reproductive health. PHDA uses a modified cash basis of accounting.

The University funds the operations of PHDA by the transfer of research grants. PHDA is not permitted under local government restrictions to transfer any assets back to the University. Available financial information in respect of PHDA is disclosed below. The financial statements for the year ended March 31, 2016 are not available. PHDA operates in Kenyan Schillings and the amounts below have been converted to Canadian dollars.

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March 31, 2015

Statement of Financial Position:

Assets	\$	756
Liabilities		583
Net Assets	\$	173

Statement of Operations:

Revenue	\$	4,475
Expenses		4,301
Surplus (deficit) for the year	\$	174

Statement Cash Flows:

Cash Provided by (used in):		
Operating Activities	\$	251
Investing Activities		(67)
Decrease in Cash	\$	184

Total Transfers to PHDA were \$5,795 (2015, \$1,370).

18. 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 \$30,197 (2015, \$23,094). The contractual obligations relating to service contracts is \$24,899 (2015, \$16,383).

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, 2016.

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, 2015 is estimated at \$2.8 million (2014, \$3.1 million). The March 31, 2016 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.

19. 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.

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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, 2016

	Level 1	Level 2	Level 3	Total
Investments 2016				
Bankers Acceptances, Guaranteed				
Investment Certificates and Cash	\$	\$ 12,162	\$	\$ 12,162
Canadian Equities	186,564			186,564
US Equities	160,494			160,494
Pooled Bond Fund		11,464		11,464
Pooled Canadian Equities Fund		15,808		15,808
Pooled US Equities Fund		5,684		5,684
Pooled International Equities Fund		92,590		92,590
Pooled Real Estate Fund		92,562		92,562
Pooled Mortgage Fund		6,764		6,764
Bonds and Other Fixed Income Securities		57,025		57,025
Total	\$ 347,058	\$ 294,059		\$ 641,117
Investments 2015				
Bankers Acceptances, Guaranteed				
Investment Certificates and Cash	\$	\$ 11,301	\$	\$ 11,301
Canadian Equities	171,315			171,315
US Equities	159,902			159,902
Pooled Bond Fund		10,094		10,094
Pooled Canadian Equities Fund		15,161		15,161
Pooled US Equities Fund		6,515		6,515
Pooled International Equities Fund		100,862		100,862
Pooled Real Estate Fund		85,745		85,745
Pooled Mortgage Fund		6,562		6,562
Bonds and Other Fixed Income Securities		63,786		63,786
Total	\$ 331,217	\$ 300,026		\$ 631,243

Financial Liabilities at fair value as at March 31, 2016

	Level 1	Level 2	Level 3	Total
Financial Derivatives 2016	\$	\$	\$ 6,179	\$ 6,179
Financial Derivatives 2015	\$	\$	\$ 6,287	\$ 6,287
			2016	2015
Fair value of Financial Derivatives Beginning of Year			\$ 6,287	\$ 4,227
Unrealized (gain) loss reported in the Statement of Remeasurement Gains and Losses			(108)	2,060
Fair Value of Financial Derivatives End of Year			\$ 6,179	\$ 6,287

As of March 31, 2016 and March 31, 2015 there were no transfers of investments between levels 1, 2 or 3.

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20. EXPENSE BY FUNCTION

	General Funds	Restricted Funds	2016 Total Funds	2015 Total Funds
Expense				
Academic	\$ 342,990	\$ 124,558	\$ 467,548	\$ 448,041
Amortization		54,931	54,931	54,075
Student Assistance	14,000	41,619	55,619	51,346
Plant Maintenance	46,027	12	46,039	47,418
Administration and General	27,882	10,505	38,387	41,776
Ancillary Services	27,725		27,725	28,007
Computing and Communications	26,803		26,803	25,609
Other Academic and Research Support	15,413	4,251	19,664	20,366
Student Services	20,328	1	20,329	19,818
Interest		19,062	19,062	18,682
Libraries	18,272	2,930	21,202	17,167
External Relations	12,170		12,170	11,607
Actuarially Determined Employee Future Benefits	7		7	6,517
Change in Pension Liability	(10,515)		(10,515)	(2,794)
Staff Benefits Contra	(7,182)		(7,182)	(8,054)
Total	\$ 533,920	\$ 257,869	\$ 791,789	\$ 779,581

21. STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES – GENERAL FUNDS

	General Operating Fund	Specific Provisions Fund	Expenses Funded From Future Revenues	2016 Total General Funds	2015 Total General Funds
Revenue					
Tuition and Related Fees	\$ 159,987	\$	\$	\$ 159,987	\$ 148,768
Donations	1,734			1,734	1,728
Non-Government Grants	5,344			5,344	3,212
Net Investment Income (Note 15)	4,348			4,348	4,400
Miscellaneous Income	7,147			7,147	6,618
Government Grants:					
Education and Advanced Learning	347,105			347,105	337,276
Other Province of Manitoba	22,493			22,493	20,512
Government of Canada	10,850			10,850	10,745
City of Winnipeg	51			51	51
Sales of Goods and Services	32,233			32,233	32,031
Ancillary Services	38,246			38,246	36,985
	629,538			629,538	602,326
Expenses					
Salaries	356,627			356,627	342,967
Staff Benefits and Pay Levy	59,766			59,766	68,961
Materials, Supplies and Services	49,109			49,109	53,585
Student Assistance	14,000			14,000	12,954
Professional Consulting and Externally					
Contracted Services	16,010			16,010	15,009
Travel and Conferences	11,314			11,314	12,261
Utilities, Municipal Taxes and Insurance	19,442			19,442	20,253
Maintenance and Repairs	7,652			7,652	7,978
	533,920			533,920	533,968
Net Increase (Decrease) from					
Operating Activities	95,618			95,618	68,358
Inter-Fund Transfers (Note 23)	(95,534)	(1,306)	10,339	(86,501)	(43,860)
Net Increase (Decrease) to Fund					
Balances from Operating Activities	84	(1,306)	10,339	9,117	24,498
Fund Balances from Operating Activities					
Beginning of the Year	2,282	98,974	(75,684)	25,572	1,074
Fund Balances from Operating Activities					
End of the Year	2,366	97,668	(65,345)	34,689	25,572
Accumulated Remeasurements Gains					
(Losses) End of Year	(139)			(139)	957
Fund Balances End of the Year	\$ 2,227	\$ 97,668	\$ (65,345)	\$ 34,550	\$ 26,529
Unrestricted Funds	\$ 2,227	\$	\$ (65,345)	\$ (63,118)	\$ (72,445)
Internally Restricted Funds (Note 24)		97,668		97,668	98,974
	\$ 2,227	\$ 97,668	\$ (65,345)	\$ 34,550	\$ 26,529

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22. STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES – RESTRICTED FUNDS

	Capital Asset Fund	Research and Special Fund	Staff Benefits Fund	Trust Fund	2016 Total Restricted Funds	2015 Total Restricted Funds
Revenue						
Donations	\$ 5,256	\$ 1,630	\$	\$ 4,739	\$ 11,625	\$ 11,556
Non-Government Grants	12	78,301			78,313	56,098
Net Investment Income (Note 15)	9,100	222	405	43,962	53,689	51,751
Miscellaneous Income	3,066	74	3,902		7,042	8,780
Government Grants:						
Education and Advanced Learning	7,015				7,015	7,136
Other Province of Manitoba	11,681	39,614			51,295	48,043
Government of Canada	4,592	66,379			70,971	68,517
Sales of Goods and Services		1,011			1,011	1,002
	40,722	187,231	4,307	48,701	280,961	252,883
Expenses						
Salaries		40,471			40,471	38,938
Staff Benefits and Pay Levy		7,088			7,088	7,558
Materials, Supplies and Services		52,448	3,913	420	56,781	52,275
Amortization of Capital Assets	54,931				54,931	54,075
Student Assistance		23,084		18,535	41,619	38,392
Professional Consulting and Externally						
Contracted Services		22,948	103	3,264	26,315	23,306
Travel and Conferences		11,135			11,135	11,772
Utilities, Municipal Taxes and Insurance		24			24	36
Interest	19,062				19,062	18,682
Maintenance and Repairs		443			443	579
	73,993	157,641	4,016	22,219	257,869	245,613
Net Increase (Decrease) from						
Operating Activities	(33,271)	29,590	291	26,482	23,092	7,270
Inter-Fund Transfers (Note 23)	91,771	(7,101)	1,807	(2,280)	84,197	42,052
Net Increase (Decrease) to Fund						
Balances from Operating Activities	58,500	22,489	2,098	24,202	107,289	49,322
Fund Balances from Operating Activities						
Beginning of the Year	940,748	100,897	1,113	178,553	1,221,311	1,171,989
Fund Balances from Operating Activities						
End of the Year	999,248	123,386	3,211	202,755	1,328,600	1,221,311
Accumulated Remeasurements Gains						
(Losses) End of Year	(669)	(202)	3,928	(17,478)	(14,421)	18,069
Fund Balances End of the Year	\$998,579	\$123,184	\$ 7,139	\$ 185,277	\$1,314,179	\$1,239,380
Internally Restricted Funds (Note 24)	\$	\$ 7,832	\$ 2,569	\$ 58,503	\$ 68,904	\$ 65,396
Externally Restricted Funds (Note 25)		115,352	4,570	126,774	246,696	234,013
Invested in Capital Assets (Note 25)	998,579				998,579	939,971
	\$998,579	\$123,184	\$ 7,139	\$ 185,277	\$1,314,179	\$1,239,380

23. INTER-FUND TRANSFERS

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

	General Operating	Specific Provisions	Expenses Funded From Future Revenues	Total General Funds	Total Restricted Funds	Endowment Fund
Funding of Capital Asset Additions:						
Current Year Acquisitions	\$ (20,686)	\$	\$	\$ (20,686)	\$ 20,686	\$
Other Funded Projects	(33,955)			(33,955)	33,955	
Faculty and Unit Funded Projects	(9,955)	(7,657)		(17,612)	17,612	
Total Funding of Capital Asset Additions	(64,596)	(7,657)		(72,253)	72,253	
Debt Funding:						
Ancillary Services	(4,965)			(4,965)	4,965	
Faculties	(1,542)			(1,542)	1,542	
Unit Capital Development Assessment	(5,134)			(5,134)	5,134	
Student Contributions for Technology	(3,346)			(3,346)	3,346	
Other	(1,300)			(1,300)	1,300	
Total Debt Funding	(16,287)			(16,287)	16,287	
Scholarships, Bursaries & Prizes:						
Faculty and Unit Funded	(2,193)			(2,193)	2,193	
Centrally Funded	(7,565)			(7,565)	7,554	11
Total Scholarships, Bursaries & Prizes	(9,758)			(9,758)	9,747	11
Transfers to Provisions for Specific Projects:						
Faculty and Unit Funded	(7,187)	8,384		1,197	(1,197)	
Centrally Funded	(7,338)	7,338				
Total Transfers to Provisions for Specific Projects	(14,525)	15,722		1,197	(1,197)	
Benefit Premiums Net of Employer						
Contributions for Staff Benefits	(2,048)			(2,048)	2,048	
Student Contribution to University						
Development Fund	(1,066)			(1,066)	198	868
Overhead Recoveries	6,010			6,010	(6,010)	
Funding of General Operating Expenses	31,215	(19,439)		11,776	(11,776)	
Net Change in Unit Carryover	(10,068)	10,068				
Funding of Research Projects	(4,315)			(4,315)	4,315	
Employee Future Benefits	7		234	241	(241)	
Pension Liability	(10,515)		10,515			
Vacation and Sick Leave Liability	410		(410)			
Other Net Transfers	2			2	(1,427)	1,425
March 31, 2016	\$ (95,534)	\$ (1,306)	\$ 10,339	\$ (86,501)	\$ 84,197	\$ 2,304
March 31, 2015	\$ (68,349)	\$ 21,937	\$ 2,552	\$ (43,860)	\$ 42,052	\$ 1,808

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24. INTERNALLY RESTRICTED FUND BALANCES

Internally restricted fund balances represent amounts set aside by the University for specific purposes. Within the Specific Provision Fund is \$65.5M (2015, \$63.7M) that is set aside at the request of faculties and units while \$32.2M (2015, \$35.3M) has been set aside at the discretion of senior administration. Included in the \$65.5M is faculty and unit carryover of \$50.1M (2015, \$40M). Although the entire provision balance of \$97.7M is deemed internally restricted, senior administration is not able to repurpose the \$65.5M as it is bound by certain restrictions including collective agreements.

	2016	2015
General Funds		
Specific Provisions	\$ 97,668	\$ 98,974
Restricted Funds		
Research and Special	7,832	8,438
Staff Benefits	2,569	2,284
Trust	58,503	54,674
	68,904	65,396
Total Internally Restricted Fund Balances	\$ 166,572	\$ 164,370

25. EXTERNALLY RESTRICTED FUND BALANCES

Externally restricted fund balances represent unexpended fund balances to be used in future years. External parties have imposed specific restrictions on how the funds can be used and the terms cannot be altered without explicit permission from these funders. Endowed fund balances represent donations received that must be held in perpetuity. The endowed contributions generate an investment return which is made available for spending in the Trust Fund. Invested in capital assets represents capital assets and the net assets held for capital purchases or debt repayment.

	2016	2015
Endowed	\$ 398,732	\$ 395,666
Invested in Capital Assets	998,579	939,971
Restricted Funds		
Research and Special	115,352	93,630
Staff Benefits	4,570	3,469
Trust	126,774	136,914
	246,696	234,013
Total Externally Restricted Fund Balances	\$ 1,644,007	\$ 1,569,650

26. COMPARATIVE FIGURES

Comparative figures for the year ended March 31, 2015 have been reclassified, where appropriate, to conform with the presentation adopted for the year ended March 31, 2016.



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Additional information is available at www.umanitoba.ca/admin/financial_services/