



UNIVERSITY  
OF MANITOBA

ANNUAL  
FINANCIAL  
REPORT

2019



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

# MISSION VISION VALUES

## MISSION:

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

## VISION:

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

## VALUES:

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

# REPORT OF THE BOARD OF GOVERNORS

## To the Minister of 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, 2019 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	
	2019	2018
Revenues and Other Additions	\$ 681,317	\$ 658,982
Expenditures and Other Deductions	570,455	554,440
Net Revenues	110,862	104,542
Net Appropriated to Specific Provisions	(25,968)	(30,589)
Inter-Fund Transfers	(84,885)	(73,951)
Net Increase to Fund Balance from Operating Activities	9	2
Remeasurement Gains	873	84
<b>Net Increase to Fund Balances</b>	<b>\$ 882</b>	<b>\$ 86</b>

Additions exceeded deductions by \$110.9 million for the current fiscal year. Net appropriations of \$26.0 million were made to specific provisions and an amount of \$84.9 million was transferred to other funds. The resulting net surplus and remeasurement gains have been added to the general operating balance in the General Operating Fund, increasing it to a balance of \$3.4 million as at March 31, 2019.

### INVESTMENTS: INVESTMENT HOLDINGS AT MARCH 31, 2019 WERE AS FOLLOWS (AT FAIR VALUE):

(in thousands of dollars)

Canadian Bonds and Other Fixed Income	\$ 202,533
Canadian Equities	230,947
U.S. Equities	229,159
International Equities	115,695
Preferred Shares	51,211
Pooled Real Estate	127,956
Private Infrastructure Fund	21,330
Bankers Acceptances, Guaranteed	
Investment Certificates and Cash	9,849
Other	3,264
	<b>\$ 991,944</b>

# REPORT OF THE BOARD OF GOVERNORS

## MEMBERS OF THE BOARD OF GOVERNORS:

At March 31, 2019 the members of the Board of Governors were as follows:

### Chair

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

### Vice-Chair

Rafi Mohammed, B.R.S.

### Chancellor

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

### President and Vice-Chancellor

David T. Barnard, OM, Ph.D., FRSC

### Appointed by the Lieutenant Governor in Council:

Steve Demmings, M.C.P.

Laurel Hyde, B.S.A.

Kasia Kieloch

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

Judi Linden, B.N.

Jane MacKenzie, Cert. Ed., M.Ed., B.A.

Rafi Mohammed, B.R.S.

Marc Mollot, B.Sc., D.M.D.

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

Madhur Sharma

Michael Silicz, B.A. (Hons.), M.A.,  
LL.B., M.P. Admin.

Taleah Taves

### Elected by Senate

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

Jonathan Beddoes, Ph.D., P. Eng.

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

### Elected by Graduates

Carla Loewen, B.Ed., B.A., M.Ed.

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

Jerome Knysh, B.Sc. (I.E.), M.B.A.

### Appointed by the University of Manitoba Students Union

Sarah Bonner-Proulx

Jakob Sanderson

Carl Neumann, B.A., B.Ed.

### University Secretary

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

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

Original signed by

Jeff Lieberman, Chair.

## THE UNIVERSITY OF MANITOBA: A COMMITMENT TO EXCELLENCE

The University of Manitoba is taking its place among leading Canadian universities through a commitment to transformative research and scholarship, and to innovative teaching and learning – uniquely strengthened by Indigenous knowledge and perspectives. In 2018-19, the University celebrated its 142nd year as the largest and only research-intensive post-secondary educational institution in Manitoba. Established in 1877 and recognized as the oldest university in western Canada, the University continued its long history of inspiring and engaging our students, our community, and our country.

The fall term saw the enrolment of 29,620 students who represented over 100 countries. International student enrolment increased as a proportion of the total student population, with this component now representing 18.9% of all students enrolled. The 2018-19 academic year saw the highest enrolment of Indigenous<sup>1</sup> students in our history, who now represent 8.5% of the total student population.

The University is pleased to have retained its status as one of Manitoba's Top 25 Employers for 2019. The University employs 4,951 full-time equivalent staff comprised of 2,353 faculty, 2,442 administrative staff and 156 staff in Ancillary Services. People drive the success of the University of Manitoba, as faculty and staff are dedicated to providing students with the exceptional education that they expect and deserve.

Thanks to our generous benefactors, the University's Endowment Fund is now one of the largest Canadian university endowments. In 2018-19, the University Investment Trust grew to a market value of \$762.2 million – its largest value to date.

In 2018-19, the University's Net Revenue from Operating Activities was \$127.0 million, which reflected contributions by our benefactors to our Endowment Fund, funding earmarked for future capital projects and research endeavors, and funding that has been set aside to support our ongoing operations and future initiatives. In response to uncertainty surrounding our future financial support, the University continued to take measures to control its costs and conserve resources in order to support future operations, initiatives and infrastructure. The following table summarizes the operating results of the University for the year ended March 31, 2019.

### SUMMARY OF OPERATING RESULTS

(in thousands)

	General Funds	Restricted Funds	Endowment Fund	2019 Total Funds	2018 Total Funds
Revenue	\$ 681,317	\$ 337,714	\$ 17,534	\$ 1,036,565	\$ 1,088,444
Expenses	570,455	339,107		909,562	933,474
Net Revenue from Operating Activities	110,862	(1,393)	17,534	127,003	154,970
Inter-Fund Transfers	(83,194)	81,541	1,653		
Net Increase to Fund Balance from					
Operating Activities	27,668	80,148	19,187	127,003	154,970
Net Remeasurement Gains (Losses) for the Year	873	5,520	14,411	20,804	(10,923)
<b>Net Increase to Fund Balance</b>	<b>\$ 28,541</b>	<b>\$ 85,668</b>	<b>\$ 33,598</b>	<b>\$ 147,807</b>	<b>\$ 144,047</b>

The University continues to strive toward achieving its mission and strategic priorities, engage its community in its decisions regarding resource allocation, and work towards enhancing financial transparency as a means to enhance financial stewardship and prepare for future uncertainties.

<sup>1</sup> Indigenous identity is a voluntary self-declaration made on admission forms.

# MANAGEMENT DISCUSSION AND ANALYSIS

## TAKING OUR PLACE

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

Consistent with past practice since the approval of *Taking Our Place*, the University's 2018-19 operating budget included the allocation of funding to support and advance strategic goals. For 2018-19, these strategic allocations also responded to external factors impeding the financial condition of the University and contributed to achieving a balanced operating budget. The Province of Manitoba, through its 2018-19 Provincial Budget and other means, reduced provincial operating grant funding to the University by \$3.6 million, reduced funding to Research Manitoba by a total of \$5.0 million over two years, and eliminated provincial health insurance coverage for international students. In response to these pressures, the 2018-19 operating budget included allocations of funding to ensure that faculties and units were supported in advancing the University's mission of learning, discovery and engagement, and further supported limited specific allocations crossing the various pillars of the strategic plan.

Under the University's budget model, the University Fund becomes a source of available funds for reallocation. The majority of the University Fund, \$85.2 million, was returned to faculties in the form of subvention, serving the strategic goal of maintaining and sufficiently supporting an appropriate range of liberal arts, science and professional programs for Manitoba's research university as part of the *Inspiring Minds through innovative and quality teaching* priority.

Strategic allocations in 2018-19 provided over \$5.1 million to support the *Driving Discovery and Insight through excellence in research, scholarly work and other creative activities* priority, including continuation of a number of multi-year commitments. This included support for research initiatives, the National Centre for Truth and Reconciliation, a Canada 150 Research Chair, bridge funding to researchers, as well as funding for other research-related endeavors to address the impact of provincial funding reductions to Research Manitoba.

In addition to the above support for the National Centre for Truth and Reconciliation, \$0.5 million was allocated for Indigenous initiatives as part of the *Creating Pathways to Indigenous achievement* priority.

The budget included continued investment of \$1.0 million in network switch replacement as part of a multi-year commitment that supports the goal to provide information technology systems that support the needs of students, staff and faculty within the *Building Community that creates an outstanding working environment* priority. Also supporting this priority was an allocation of \$2.1 million to support international students in the transition from provincial health insurance.

*Taking Our Place* allows the University to sharpen its focus on teaching and research and more deliberately articulate the University's future role in the broader community. *Taking Our Place* continues to drive the University's approach to strategic resource management, reflects our commitment to support our talented faculty, staff and students, and promotes engagement within the communities we serve. The University is committed to working within this context, to invest available funds in a strategic manner, and manage toward a sustainable future.

## FINANCIAL OVERVIEW

A university is a complex organization that undertakes several activities. These activities include teaching, research, community service and ancillaries such as student residences, parking services and bookstore operations. In addition, a university must maintain its own infrastructure including buildings, computer systems, research equipment, library offerings, office furnishings, roadways, and parking lots.

Because of the diverse nature of activities and the restrictions imposed by funders, the University segregates its revenue and expenses into separate categories, otherwise known as Funds. The University uses three categories of Funds to account for its financial resources: the General Funds, the Restricted Funds and the Endowment Fund.

**General Funds** consist of the:

## **General Operating Fund**

The General Operating Fund accounts for revenues received for operating purposes that support the University's academic, administrative and operational costs. Revenue recognized in this Fund includes tuition, the operating grant from the Province of Manitoba, and revenue from ancillary services (e.g. student residences, parking services and bookstore operations). Expenses paid from this Fund are those that are required to keep the University in operation. The University's largest expenses are paid from the General Operating Fund, and include the salaries and benefits of faculty and staff, materials and supplies, utilities, plant maintenance, libraries, student services and other support services.

## **Specific Provisions Fund**

The Specific Provisions Fund consists of resources that have been set aside by the University for specific purposes. The largest single element of this Fund is carryover, which is the accumulated amount of any excess operating funding that is left over at the end of a fiscal year, and is used to fund operations in the next fiscal year. Other funding set aside in the Specific Provisions Fund has been earmarked for specific initiatives, graduate scholarships, equipment replacement and for fiscal stabilization.

## **Expenses Funded from Future Revenues Fund**

The Expenses Funded from Future Revenues Fund always has a negative fund balance. Under accounting standards, the University is required to record certain liabilities such as future vacation pay and sick leave benefits. The employer costs or payments in any given year are recorded as an expense of the General Operating Fund, however any change in the long term liability is recorded against the Expenses Funded from Future Revenues Fund to guard against fluctuations within the General Operating Fund.

**Restricted Funds** consist of the:

## **Research and Special Fund**

The Research and Special Fund is used to account for the University's revenue and expenses related to research and other special activities. Revenue recognized in this Fund must be used in accordance with contracts and agreements between the University and its external sponsors of research and other special activities, and cannot be used to support general operations.

## **Capital Asset Fund**

The Capital Asset Fund houses the University's capital assets and capital-related debt. Capital assets include land, buildings, equipment and library books that have been acquired or donated with the expectation that they will be used for a number of years to help deliver the University's mandate. The Capital Asset Fund also consists of funding that can only be used to purchase or build capital assets, support future costs of capital upgrades or replacement, and to repay debt that was used to buy or build capital assets. Because of this, the only expenses typically recognized in the Capital Asset Fund are amortization of capital assets and interest paid on debt.

## **Staff Benefits Fund**

The Staff Benefits Fund houses funding to support the benefit plans of the University's employees, and can only be used for that purpose. It consists of employee contributions to the Long Term Disability Plan, and the University's contributions to the Long Term Disability Plan and the other benefit plans offered by the University. Funding is set aside in this Fund as the University is obligated to fund these benefit plans for its employees.

## **Trust Fund**

The Trust Fund accounts for funding that has been gifted or bequeathed to the University and can be used in its entirety, according to donor restrictions. Resources within the Trust Fund and any income earned from those resources can be used to support faculties and schools, students, professorships, chairs, research, libraries and athletic programs, to name a few.

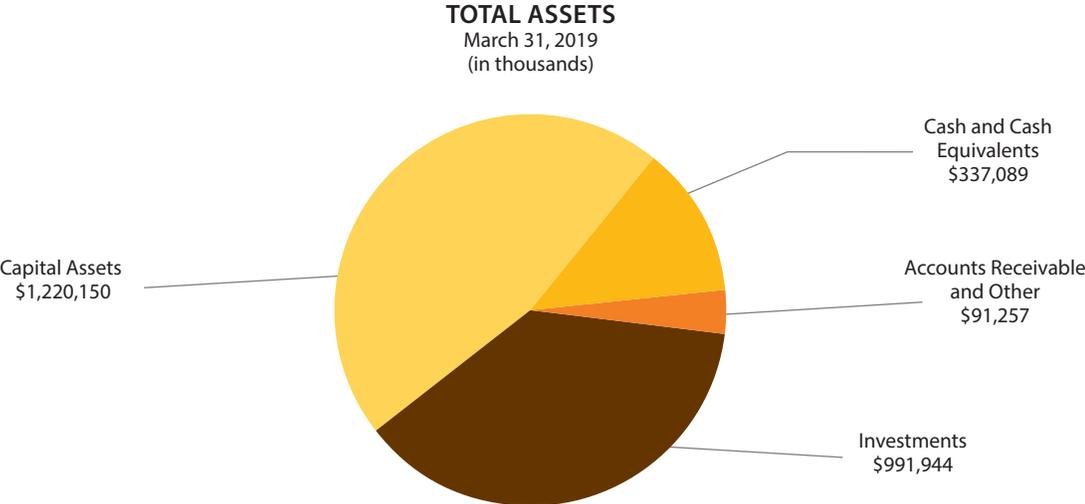
# MANAGEMENT DISCUSSION AND ANALYSIS

The **Endowment Fund** houses resources that have been gifted or bequeathed to the University under the condition that they be held in perpetuity to support the future of the University. These donations are recorded as revenue in the Endowment Fund. However, the income earned from investing these gifts is accounted for in the Trust Fund so it can be used for specific purposes as outlined previously.

## Assets and Liabilities

### Assets

The University's total assets at March 31, 2019 were \$2.6 billion. Capital assets and investments held in the Trust and Endowment Funds accounted for \$2.2 billion or 83.8% of total assets. Details of the University's assets at March 31, 2019 are depicted below.



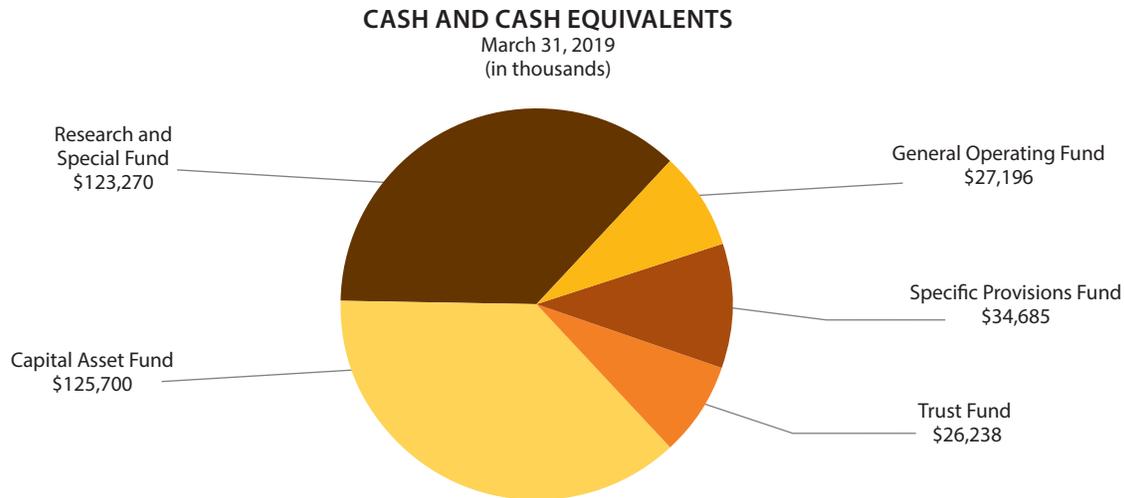
Capital assets and investments are discussed later in this report, and are further detailed in Notes 9 and 7 respectively.

Cash and Cash Equivalents held by the University at any time is a result of timing differences between when revenue is received and expenditures are incurred. This is particularly true of research and capital projects, where often revenue is received in one year and the research or capital projects continue over multiple fiscal years. As the University constantly has multiple initiatives underway, it must manage its working capital appropriately to ensure that resources are available when they are needed. To enhance operational efficiency and reduce costs, cash is managed on a pooled basis, and depending on cash flow requirements may at times be invested into cash equivalents, or short-term investments, in order to earn interest income.

At March 31, 2019, the University had a Cash and Cash Equivalents balance of \$337.1 million, comprised of \$103.5 million of cash in bank and cash equivalents of \$233.6 million. Cash Equivalents consisted of Guaranteed Investment Certificates (GICs), all with staggered maturities of one year or less.

# MANAGEMENT DISCUSSION AND ANALYSIS

Cash and Cash Equivalents within each of the Funds is illustrated below.



The majority of Cash and Cash Equivalents are held in the Capital Asset Fund and the Research and Special Fund. Within the Capital Asset Fund are resources that have been earmarked by donors, funders, faculties, units and central administration for major capital projects and equipment purchases. Funding is often set aside over multiple years in anticipation of future capital projects, or received at project onset then spent over the life of a project which may span multiple fiscal years. At March 31, 2019, the Capital Asset Fund had a Cash and Cash Equivalents balance of \$125.7 million. This included, among other funding, \$33.6 million set aside for provincial debt repayment; \$20.8 million from Ancillary Services intended for the construction of a new residence on the Fort Garry campus; \$20.5 million of funding from donors and other sources for the construction of a concert hall; \$15.1 million from the federal government and other sources for the construction of the Churchill Marine Observatory; \$14.1 million for critical infrastructure renewal and deferred maintenance; \$12.0 million of funding from donors and other sources for classroom and learning space renewal; and a \$1.0 million donation to enhance dental clinic training spaces. Details on the University's capital projects are found later in this report.

The Research and Special Fund's Cash and Cash Equivalents balance at March 31, 2019 represented funding received from the University's external sponsors of research. These resources were provided to the University specifically to conduct research, and any Cash and Cash Equivalents balance remaining at the end of a fiscal year represents the portion of this funding that has not yet been spent. Often funding received is for research projects that span multiple fiscal years, resulting in a Cash and Cash Equivalents balance at March 31 each year. Details on research-related revenues and expenses are found later in this report.

The balance of the Specific Provisions Fund, which represents funding set aside to support operations and initiatives in future years, was maintained in both Cash and Cash Equivalents and Long Term Investments. Maintaining a balance of Cash and Cash Equivalents in this Fund ensures that the faculties and units have ready access to the resources they need to fund their operations and initiatives within the next fiscal year. The Cash and Cash Equivalents balance is replenished as required by the proceeds of long term investments realized as they mature. The Specific Provisions Fund is discussed later in this report.

The Cash and Cash Equivalents balance held in the General Operating Fund represented working capital needed to meet the University's short-term obligations and to fund day-to-day operations.

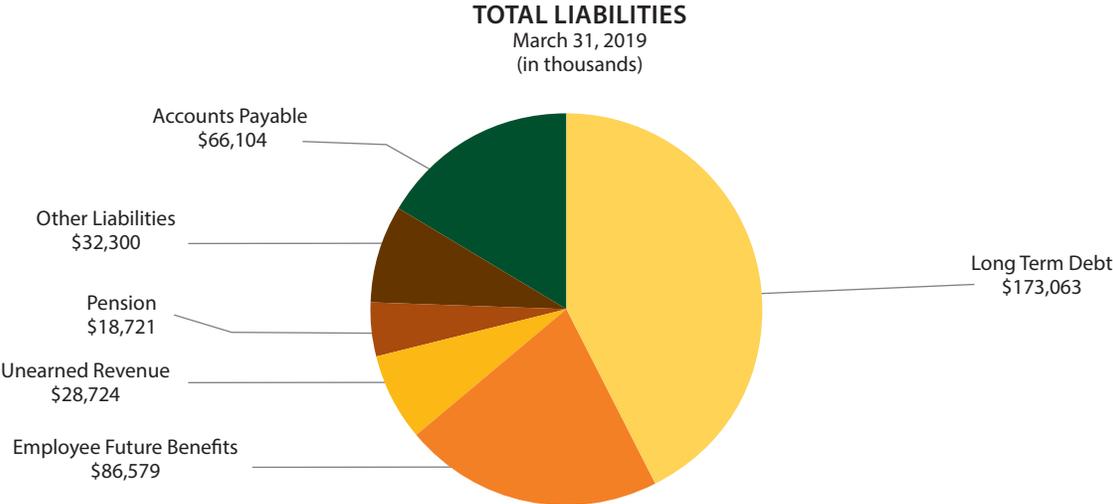
The Trust Fund's Cash and Cash Equivalents balance of \$26.2 million represented donations held as cash (\$6.2 million) and cash equivalents (\$20.0 million) in the Specific Trusts.

At March 31, 2019, the Staff Benefits Fund and the Endowment Fund had no Cash and Cash Equivalents balance as the resources held in these Funds were fully invested. Due to its nature, the Expenses Funded from Future Revenues Fund also had no Cash and Cash Equivalents balance.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Liabilities

The University’s total liabilities at March 31, 2019 were \$405.5 million. Details of the University’s liabilities at March 31, 2019 are depicted below.



Long Term Debt includes loans made to the University for such initiatives as the construction of student residences and other buildings.

In prior years the University’s Long Term Debt included a loan payable to the Province of Manitoba, which was offset by a Loan Receivable from Triple B Stadium Inc. (Triple B), for the construction of Investors Group Field (Note 6). The loan was structured to flow through the University of Manitoba in two phases. The loan agreement stipulated that Phase One of the loan was to be repaid using the provincial and municipal taxes collected on the former stadium site, and Phase Two of the loan was to be repaid by Triple B from funds it received from the Winnipeg Football Club. In 2017-18, the University deemed it necessary to record an allowance on the Phase One loan payable (\$118.7 million) as the taxes being generated from the former stadium site were falling short of initial cash flow projections needed to repay the Phase One loan. A corresponding allowance in an equal amount on the loan receivable from Triple B was also recorded. In 2018-19, for similar reasons, the University deemed it further necessary to record an allowance on the Phase Two loan payable (\$79.8 million) and corresponding loan receivable. Both transactions resulted in no impact to net revenue. As the University acts as a flow-through between the Province and Triple B, establishing these allowances reflects the fact that the arrangement posed no financial risk to the University.

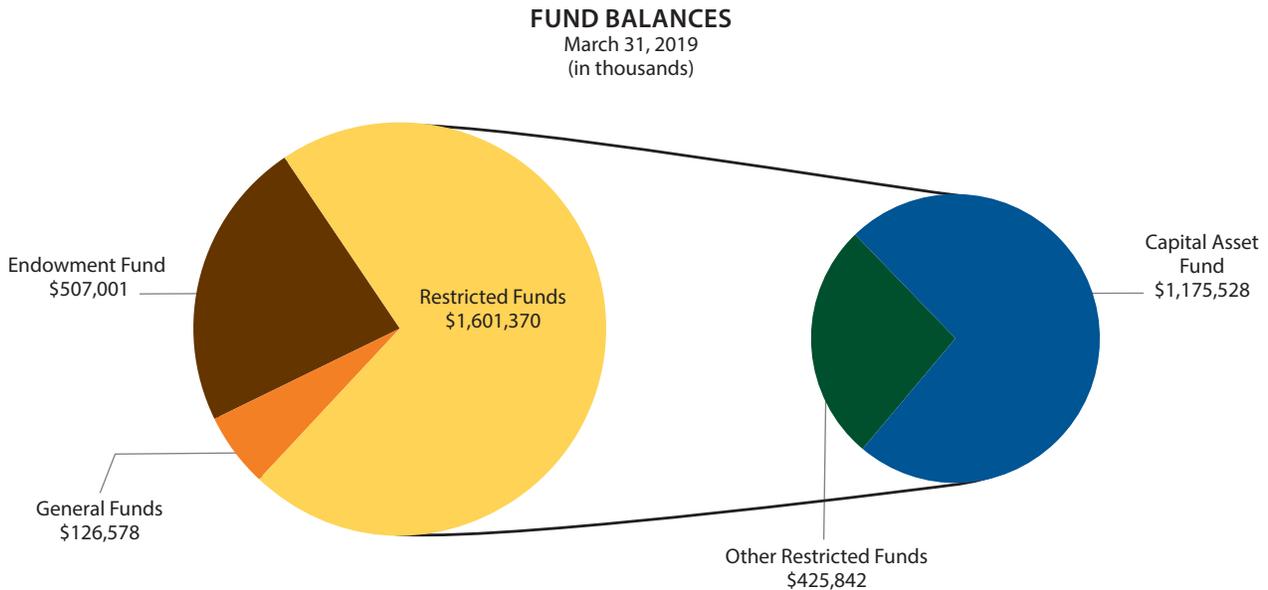
Further details on the University’s liabilities at March 31, 2019 are found in Notes 10, 11, 12, 13 and 16.

## Fund Balances

Fund balance is simply defined as total assets less total liabilities. It does not necessarily represent expendable resources as a large part of the balance is comprised of buildings and equipment that cannot be readily converted to cash.

At March 31, 2019, the University of Manitoba had a fund balance of \$2.2 billion across all funds. This was an increase of \$147.8 million from the previous year. The following diagram illustrates the distribution of the fund balance across the three categories of Funds – General Funds, Restricted Funds, and the Endowment Fund.

# MANAGEMENT DISCUSSION AND ANALYSIS



At March 31, 2019, the General Funds fund balance of \$126.6 million was comprised of a balance of \$3.4 million in the General Operating Fund and \$188.9 million in the Specific Provisions Fund, offset by a negative fund balance in the Expenses Funded from Future Revenues Fund of \$65.7 million. As a not-for-profit organization, the University's General Operating Fund is monitored and controlled to prevent overspending. Any remaining balances are set aside in either the Specific Provisions Fund or the Capital Asset Fund to support future operations, initiatives and projects. The Expenses Funded from Future Revenues Fund is always in a negative balance, as it only includes expenses that the University may be obligated to pay in the future.

At March 31, 2019, the University's Restricted Funds balance totaled \$1.6 billion, of which \$1.2 billion had been invested in capital assets or earmarked for major capital projects, and the balance attributed to the Trust Fund (\$259.1 million), the Research and Special Fund (\$154.0 million), and the Staff Benefits Fund (\$12.8 million). This funding was either provided to the University for a specific purpose, or was set aside in order to meet certain legal and contractual obligations. It included restricted donations held in the Trust Fund, funding held in the Research and Special Fund that must be used to conduct research, and contributions made to fund employee benefit plans. Because of these factors, this fund balance cannot be used to support general operations.

The Endowment Fund accounted for \$507.0 million of the University's overall fund balance at March 31, 2019. As the resources in this Fund consist of donations that have been directed by benefactors to be held in perpetuity for the benefit of future generations, this fund balance also cannot be used to support general operations.

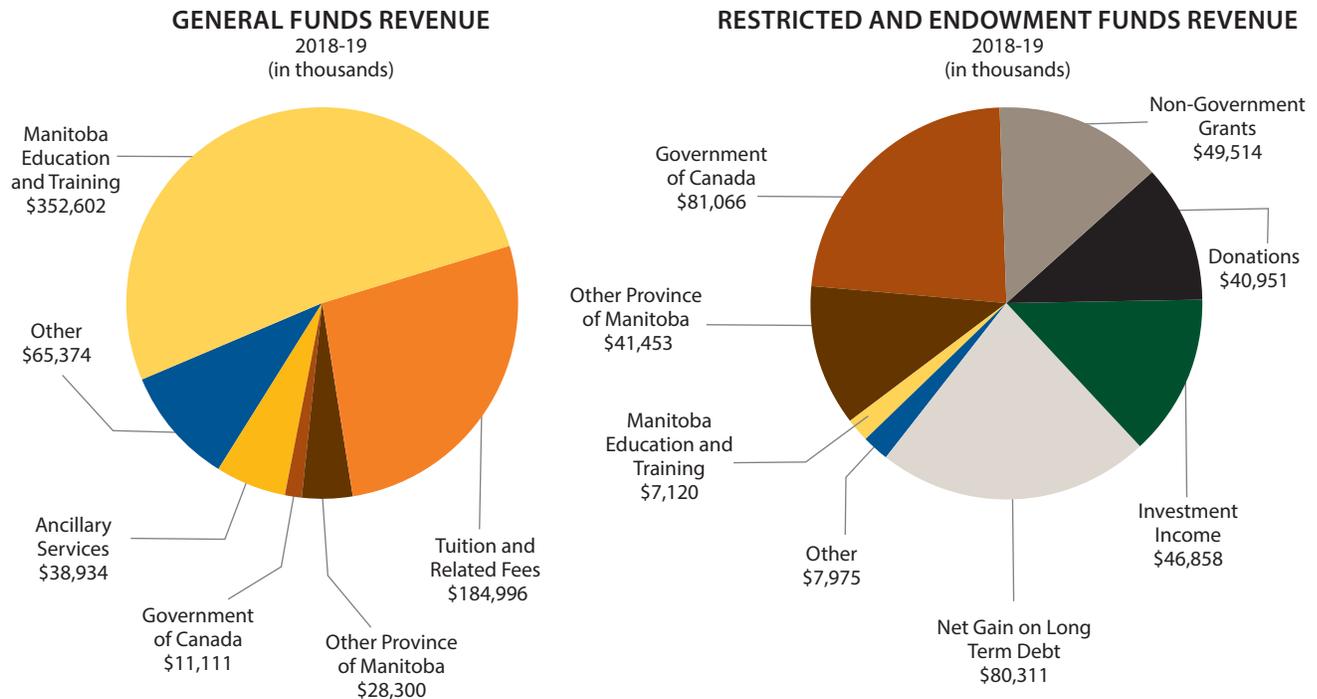
Further to the classification of the University's fund balances into the General, Restricted, and Endowment Fund categories for accounting purposes, fund balances are also categorized as unrestricted, internally restricted and externally restricted. Details on this are found in Notes 24 and 25.

## Revenue

The University of Manitoba earns revenue from a variety of sources. Revenue earned in the General Funds is the University's operating revenue, which is used to keep the University in operation. Revenue earned in the Restricted Funds can only be used for specific purposes, such as to conduct research, to build or purchase capital assets, or to support student scholarships and awards. Donations are the only revenue recorded in the Endowment Fund.

# MANAGEMENT DISCUSSION AND ANALYSIS

In 2018-19, the University recorded \$1.0 billion of total revenue across all Funds, which was a decrease of \$51.9 million from the previous year. Total revenues received in 2018-19 were recorded in each Fund as follows:



Details on the categorization of revenue in each of the individual Funds are found in Notes 21 and 22.

The University's most significant funder is the Province of Manitoba. In 2018-19, revenues from provincial departments and agencies totaled \$429.5 million or 41.4% of total revenues. Province of Manitoba revenue increased by \$2.5 million from the prior year due primarily to the receipt of funding in support of the construction of the Churchill Marine Observatory (\$9.0 million) and the Stanley Pauley Engineering Innovation Centre (\$4.0 million), and support for the capital costs associated with the Doctor of Pharmacy program (\$0.4 million), which were offset by a reduction in funding in support of research projects and initiatives (\$5.0 million), a reduction in the University's operating grant from Manitoba Education and Training (\$3.6 million), and a reduction in matching support for the purchase of research capital equipment (\$2.6 million).

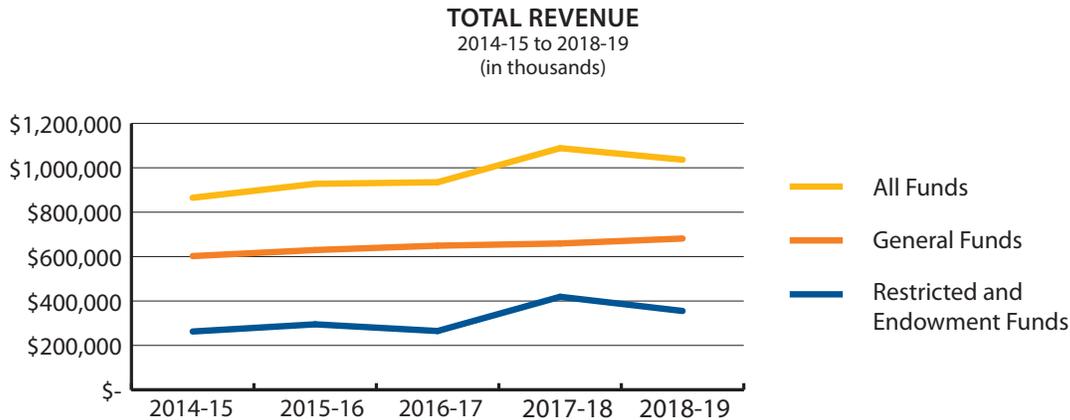
The University's second largest source of income is Tuition and Related Fees, which in 2018-19 totaled \$185.0 million and was 17.8% of the University's total revenue. This was an increase of \$14.9 million from the prior year. The increase in Tuition and Related Fee revenue was attributed to a tuition and course-related fee increase of 6.6% as allowed by the Province of Manitoba, and to incremental international differential fees associated with a 6.1% increase in the enrolment of international students over the prior year fall term.

In 2018-19, support from the Government of Canada resulted in the University receiving \$92.2 million in federal funding, which was 8.9% of the University's total revenue. This was a decrease of \$15.9 million from the prior year, which was primarily attributed to receiving less for the construction of the Stanley Pauley Engineering Innovation Centre and SmartPark Innovation Hub buildings as construction neared completion (down by \$3.8 million), receiving less for the construction of the Churchill Marine Observatory than in the prior year (down by \$1.3 million), and due to receiving support for the undertakings of the National Centre for Truth and Reconciliation in the prior year which was not repeated in 2018-19 (\$10.9 million).

As previously described, the University recognized a Gain on Long Term Debt of \$79.8 million, equal to the Phase Two loan payable to the Province of Manitoba, related to the construction of the Investors Group Field (Note 6). An equal and offsetting allowance on the corresponding loan receivable from Triple B was recognized as an expense during the year, resulting in no impact to net revenue.

# MANAGEMENT DISCUSSION AND ANALYSIS

The following graph shows revenue growth over the last five years. Restricted and Endowment Funds revenue was significantly higher in 2017-18 and 2018-19 than in prior years due to the recognition of a Gain on Long Term Debt of \$118.7 million and \$78.9 million respectively.



The drivers of General Funds revenue differ from those of the University's Restricted and Endowment Funds revenue. For instance, as the University experiences increases in student enrolment and increases to tuition fee rates as permitted by the Province of Manitoba, an increase in Tuition and Related Fees revenue will result. The combination of these two drivers has had the most significant influence on the growth of General Operating Fund revenue over the past five years, and more significantly in 2018-19 due primarily to the 6.6% increase in tuition fee rates and increase in international student enrolment.

Until 2016-17, increases to the University's operating grant from the Province of Manitoba had also contributed to revenue growth in the General Funds. However, a funding freeze in 2017-18 and a \$3.6 million reduction in the University's operating grant from Manitoba Education and Training in 2018-19 negatively impacted the growth of revenue in the General Funds. Because the University relies so heavily on the operating grant from Manitoba Education and Training, any change in the operating grant significantly affects the University's ability to fund operations and support its strategic plan.

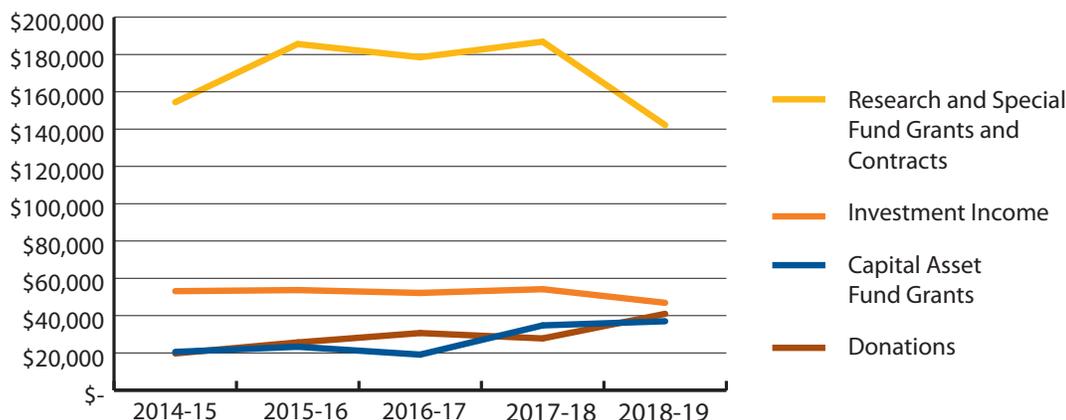
In the Restricted and Endowment Funds, the focus shifts to the University's researchers and benefactors as the drivers of revenue. The dedication of the University's researchers to expanding the University's world-class research programs and commitment to innovation have resulted in increased research-related grants and contracts being the most identifiable source of revenue growth. Research-related grants and contracts come from various sources, which are discussed in detail later in this report.

Further contributing to revenue growth in the Restricted and Endowment Funds is the continued generosity of the University's benefactors. Donation revenue received by the University enables increased financial assistance to students; enhances the support of staff and operations; helps to improve campus facilities for students, faculty and staff; and provides increased financial security to the University's future generations of students.

The differing dynamics of select revenue types in the Restricted and Endowment Funds are illustrated in the following graph.

# MANAGEMENT DISCUSSION AND ANALYSIS

**RESTRICTED AND ENDOWMENT FUNDS  
SELECT REVENUES**  
2014-15 to 2018-19  
(in thousands)



Most notable in the above graph are the significant changes in research-related funding from grants and contracts that have occurred since fiscal 2014-15. As the University strives to achieve its strategic priority of *Driving Discovery and Insight*, its researchers have expanded the University’s global reach and attracted international attention from agencies dedicated to quality research and innovation. For instance, over the past five years the Bill and Melinda Gates Foundation has contributed \$136.2 million to the University’s research projects and public health programs in India, Kenya and elsewhere. While the University continued to receive funding from the Bill and Melinda Gates Foundation in 2018-19, it was not at the same level that had been received in past years as the University continued to spend funding received in prior years at project onset. Research-related revenues are discussed in further detail later in this report.

Variations in Investment Income can be muted due to the accounting standard requiring separate measurement of unrealized gains and losses on investments, as explained later in this report. Despite this, the University Investment Trust has continued to provide consistent returns over the long term to support both current and future beneficiaries.

Capital-related grants received by the University can vary from one year to the next. Although the University is provided with an annual grant from the Province of Manitoba in support of deferred maintenance, the major capital projects undertaken are driven by the approval of requests made to both the provincial and federal governments for capital-related funding. Depending on the number of capital projects supported by the provincial and federal governments, if any, and the size of these projects, there can be a significant year-over-year variance in Restricted and Endowment Funds revenue, as well as to cash balances.

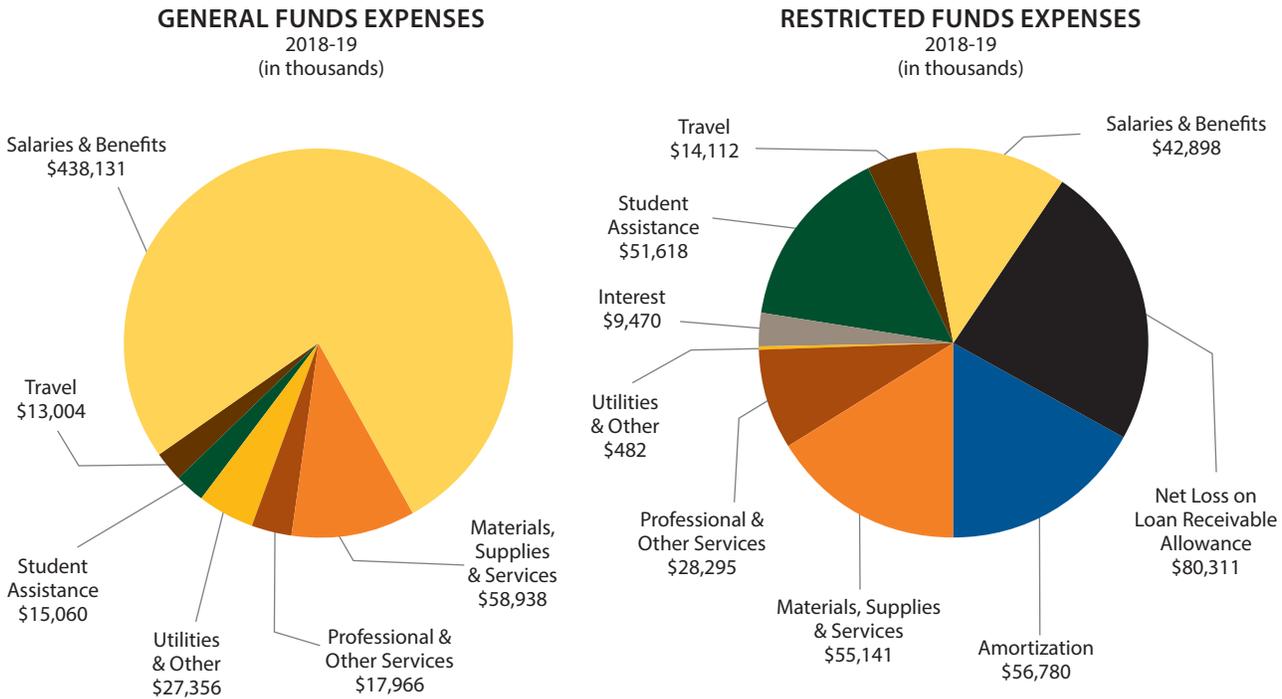
Since the launch of the Front and Centre fundraising campaign – which has the goal of seeing the University receive the largest philanthropic investment in the history of Manitoba – a number of transformative gifts from generous benefactors have driven an increase in donation revenue. These gifts have been in support of Indigenous achievement, infrastructure and space regeneration, the University’s students, and academic and research endeavors.

## Expenses

Like revenue, expenses are recorded in the various Fund categories according to their purpose. Expenses incurred to keep the University in operation are recorded in the General Funds, and expenses incurred to, for example, conduct research, manage investments in the Trust and Endowment Funds, and to service debt, are recorded in the Restricted Funds. The Endowment Fund does not incur any expenses.

In 2018-19, the University recorded \$909.6 million of expenses across all Funds. This was a decrease of \$23.9 million from the previous year. The General Funds incurred expenses of \$570.5 million, and the Restricted Funds incurred expenses of \$339.1 million. The types of expenses incurred in each Fund in 2018-19 are illustrated below.

# MANAGEMENT DISCUSSION AND ANALYSIS



Details on the categorization of expenses in each of the individual Funds are found in Notes 21 and 22.

## Compensation

By far, the University's most significant expense is faculty and staff compensation. In 2018-19, the University incurred Salaries and Benefits of \$481.0 million, which was 52.9% of total expenses. The University's compensation-related expenses are largely governed by collective bargaining agreements that can be subject to provincial government mandates. In 2018-19, the University experienced an increase in Salaries expense of \$11.1 million that was offset by a decrease in Staff Benefits and Pay Levy expense of \$2.4 million. The decrease in Staff Benefits expense was attributed to a net change in actuarially determined pension and employee benefit valuations.

## Other Expenses

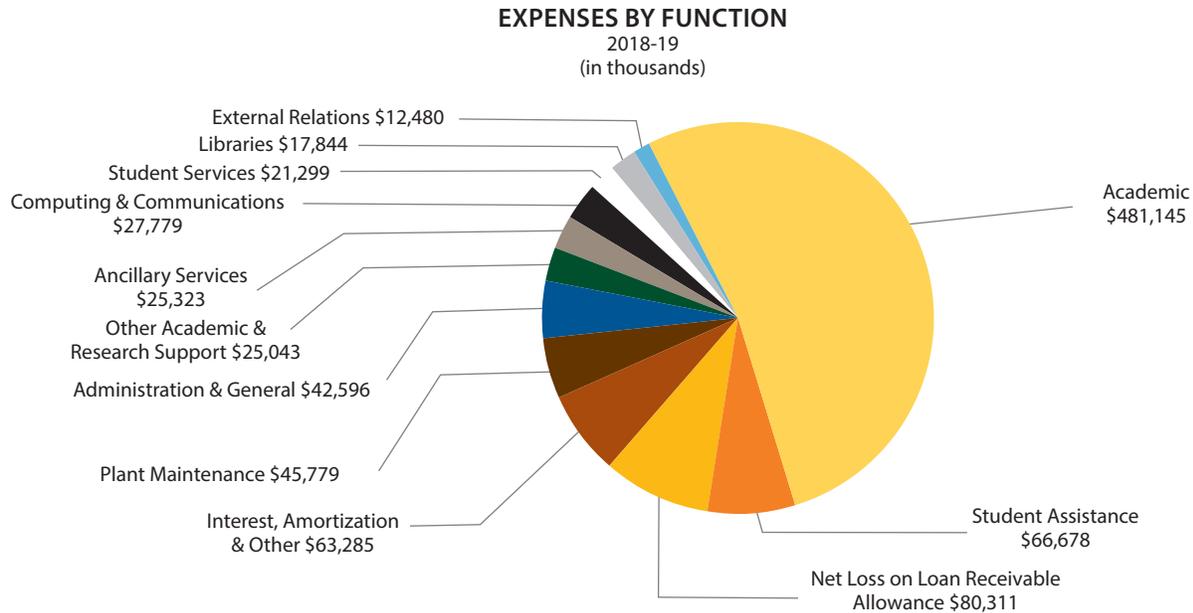
Other significant expenses incurred in 2018-19 included Materials, Supplies and Services expenses of \$114.1 million, which represented 12.5% of total expenses. These expenses included the materials and supplies needed, for example, to deliver education programs, conduct experiments and testing in labs for research and teaching purposes, and to stock the bookstores. In 2018-19, Materials, Supplies and Services expense increased by \$2.7 million from the prior year. Primarily contributing to this increase were increased payments to health research collaborators (\$2.5 million).

The University incurred a Loss on Loan Receivable Allowance of \$79.8 million (Note 6) as previously described, which represented 8.8% of total expenses. An equal and offsetting gain on the corresponding loan payable to the Province was recognized as revenue during the year, resulting in no impact to net revenue.

Student Assistance is also a major expenditure of the University, and is primarily incurred in the Restricted Funds. As investment income is earned from the assets in the Trust and Endowment Funds, some of it is redistributed to students in the form of scholarships, prizes and bursaries in accordance with donor requests. The funding of Student Assistance is also derived from research-related revenue, as students participating in research projects are often eligible to receive financial assistance as part of their learning experience. Further, a significant portion of Tuition and Related Fees revenue is redistributed back to students as financial assistance. In 2018-19, the University provided \$66.7 million of Student Assistance, which represented 7.3% of total expenses.

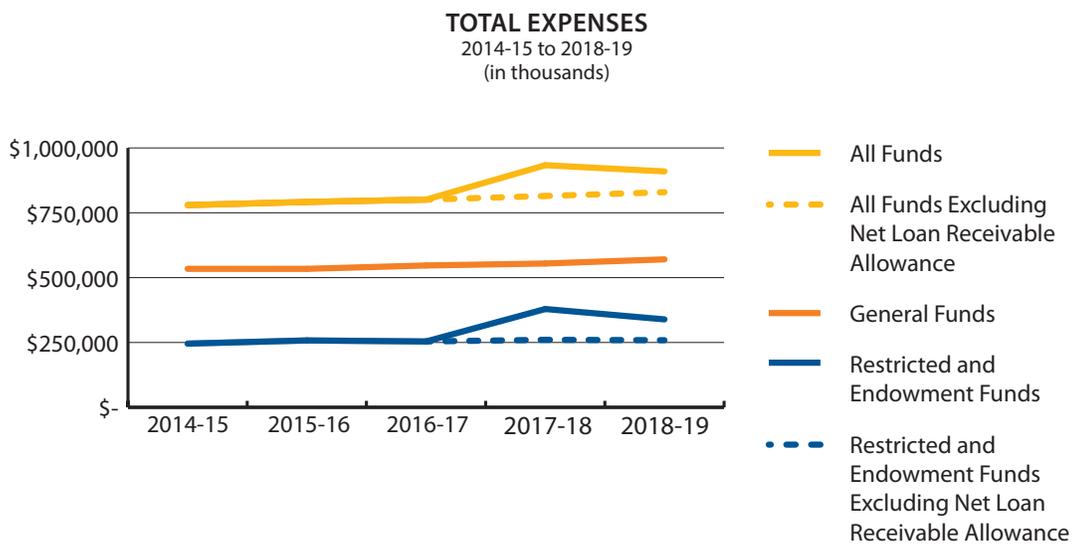
# MANAGEMENT DISCUSSION AND ANALYSIS

The following depicts where the University spent its funding in 2018-19. Further details on expenses by function can be found in Note 20.



Similar to compensation-related expenses, the majority of expenses incurred by the University are to directly carry out its primary mission of teaching students and conducting research. Excluding the Loss on Loan Receivable Allowance incurred in 2018-19 (\$79.8 million), which is offset by an equal amount of revenue, all other expenditures incurred are in support of these functions.

The following illustration shows the variation of the University's total expenses incurred across the major Fund categories over the last five years. Excluding the Net Loss on Loan Receivable Allowance recognized in 2018-19 (\$80.3 million) and in 2017-18 (\$118.7 million), expenses have remained relatively consistent from year to year.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Inter-fund Transfers

Inter-fund transfers are transfers of resources from one Fund to another. They are made when resources held in one Fund are used to pay for activities that are required to be recorded in another Fund for accounting purposes. Inter-fund transfers are made for expenditures that have already occurred, as well as for expenditures planned to be made in the future.

In 2018-19, a net \$110.9 million of inter-fund transfers were made from the General Operating Fund. The following table is a summary of the net inter-fund transfers made between the University's Funds during 2018-19.

### 2018-19 INTER-FUND TRANSFERS

(in thousands)

Purpose	General Operating Fund	Specific Provisions Fund	Future Revenues Fund	Capital Asset Fund	Research and Special Fund	Staff Benefits Fund	Trust Fund	Endowment Fund
Capital Asset Funding	\$ (63,822)	\$ 126	\$	\$ 69,378	\$ (4,570)	\$	\$ (1,112)	\$
Carryover and Other								
Specific Provisions	(32,184)	33,684		(1,500)				
Debt Repayment	(16,640)			16,640				
Student Support	(9,921)				(103)		9,476	548
Funding of Research Projects	(9,517)				11,367		(1,850)	
Pension Liability	(1,706)		1,706					
Other Net Transfers	2,899	(63)	(403)	(82)	(5,664)	1,460	748	1,105
Support of Operating Expenses	20,038	(7,391)		(574)	(1,765)		(10,308)	
<b>Net Transfers</b>	<b>\$(110,853)</b>	<b>\$ 26,356</b>	<b>\$ 1,303</b>	<b>\$ 83,862</b>	<b>\$ (735)</b>	<b>\$ 1,460</b>	<b>\$ (3,046)</b>	<b>\$ 1,653</b>

The more significant transfers to and from the General Operating Fund included:

- The transfer of carryover of \$87.4 million from the Specific Provisions Fund to the General Operating Fund at the beginning of the fiscal year, and the transfer of carryover of \$93.4 million from the General Operating Fund to the Specific Provisions Fund at the end of the fiscal year;
- Transfers of \$63.8 million from the General Operating Fund to the Capital Asset Fund were comprised of:
  - \$22.5 million for the purchase of capital assets including equipment, furnishings and library acquisitions;
  - \$23.1 million for strategic priorities, which included \$12.1 million in support of future capital projects; \$10.0 million for critical infrastructure renewal such as asbestos remediation, sewer and water upgrades, building envelope repairs, and fire and safety upgrades; and \$1.0 million in support of Canada 150 Research Chair infrastructure;
  - \$18.2 million for capital projects initiated by the faculties and units, which included, but was not exclusive to: \$5.6 million from Ancillary Services for new residence construction; \$3.3 million from the I.H. Asper School of Business for space redevelopment, classroom and lab upgrades, and washroom renovations; \$2.5 million from the Rady Faculty of Health Sciences for a daycare at the Bannatyne campus; \$2.5 million from the Rady Faculty of Health Sciences for equipment and various classroom, lab, student lounge, and clinic upgrades and renovations; \$1.3 million from the Faculty of Science for planetarium and classroom renovations; and \$0.7 million from the Faculty of Kinesiology and Recreation Management for Investors Group Athletic Centre bleacher and scoreboard replacement, and other renovation projects;
- Transfers of \$27.7 million from the General Operating Fund to the Specific Provisions Fund were comprised of:
  - \$16.4 million from central sources, which included support for 2019-20 strategic priorities (\$6.9 million), funding from the International College of Manitoba to support future learning initiatives (\$2.5 million), funding for website redevelopment (\$1.9 million), funding of ongoing IST-related projects (\$1.6 million), funding for future payments to be made under the Retirement Allowance Program for UMFA members (\$0.8 million) (Note 12), funding for future payments to be made in support of international student health care insurance (\$0.7 million); and

# MANAGEMENT DISCUSSION AND ANALYSIS

- \$11.3 million from the faculties and units for initiatives such as IST-related projects (\$4.7 million), funding for future graduate student awards (\$3.1 million), funding in support of Gallery One One One future operations and the Master of Fine Art program (\$1.5 million), and funding for the replacement of the University’s cashiers system (\$0.5 million);
- Transfers of \$16.6 million from the General Operating Fund to the Capital Asset Fund for the repayment of debt, which consisted primarily of \$6.1 million for Ancillary Services and Active Living Centre debt, and \$9.9 million for the repayment of provincial debt;
- Transfers of \$9.9 million from the General Operating Fund to the Trust Fund for the payment of scholarships and bursaries to students; and
- Transfers of \$20.0 million to the General Operating Fund from all other Funds by the faculties and units in support of operating expenses, which included \$7.4 million from the Specific Provisions Fund for various initiatives and \$10.3 million from the Trust Fund for operating expenses as supported by the terms and conditions of the various trust funds.

Inter-fund transfers are detailed further in Note 23.

## Specific Provisions

During 2018-19, net inter-fund transfers of \$26.4 million were made to the Specific Provisions Fund, bringing the balance of the Specific Provisions Fund to \$188.9 million at March 31, 2019 as depicted below.

SPECIFIC PROVISIONS FUND		
(in thousands)		
	March 31, 2019	March 31, 2018
Carryover	\$ 93,402	\$ 87,448
Special Projects – Centrally Funded	43,695	31,258
Special Projects – Faculty or Unit Funded	30,112	22,953
Pension	12,998	12,998
Other	8,730	7,925
<b>Fund Balance</b>	<b>\$ 188,937</b>	<b>\$ 162,582</b>

Carryover increased by \$6.0 million from the prior year as faculties and units continued to limit their spending and allocate resources to future projects and initiatives in order to ensure fiscal stability in future years.

Funding for centrally-funded special projects was comprised of resources set aside for 2019-20 strategic allocations, systems and website renewal, IST-related projects, future payments under the Retirement Allowance Program (Note 12), support for international student health insurance, and various other University-wide initiatives.

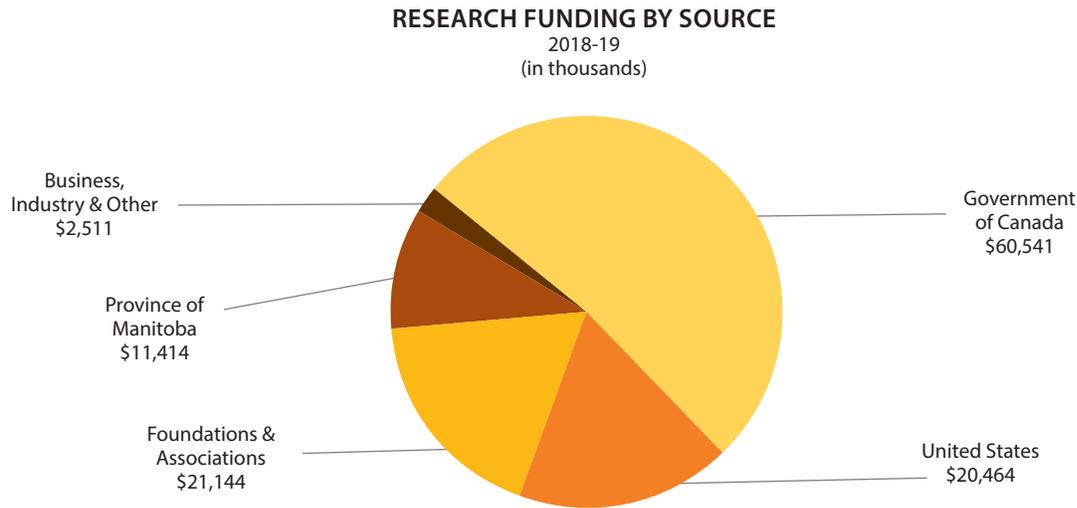
## Remeasurement Gains and Losses

Remeasurement gains and losses primarily represented unrealized gains and losses on the investments held in the University Investment Trust, which is part of the Trust and Endowment Funds. During the year, the University recorded \$20.8 million in net remeasurement gains, comprised primarily of net unrealized gains experienced as security valuations increased in most of the portfolios in the University Investment Trust (\$17.9 million) and the Staff Benefits Fund (\$2.6 million).

## RESEARCH

In 2018-19, research at the University of Manitoba continued its strength, with investment in a number of key areas. The University received \$116.1 million in sponsored or assisted research support, which was \$43.6 million lower than what was received in the previous year due to various reasons as detailed below.

Funding of the University’s research activities comes from a variety of sources. The following diagram illustrates the sources of the research-related funding received during 2018-19.



The University's largest funder of research was the Government of Canada, which in 2018-19 provided 52.2% of research-related revenue through the issuance of grants and contracts. The majority of these grants and contracts were provided by the Tri-Agency, which is comprised of the Natural Sciences and Engineering Research Council of Canada (\$20.7 million), the Canadian Institutes of Health Research (\$20.6 million), and the Social Sciences and Humanities Research Council of Canada (\$6.4 million). Other funding was received from a variety of other federal government departments. Funding from the federal government decreased \$10.6 million or 14.9% from the previous year, primarily due to the receipt of a one-time contribution of \$10.0 million for the undertakings of the National Centre for Truth and Reconciliation in the prior fiscal year.

The second largest source of research-related funding in 2018-19 was foundations and associations, which from 150 individual entities the University received a total of \$21.1 million or 18.2% of its research-related revenue. This group of research sponsors have been the University's most consistent source of research-related financial support for the past four years. The most notable contributions were from The Children's Hospital Foundation of Manitoba (\$1.9 million), MITACS (\$1.9 million), the Western Grains Research Foundation (\$1.7 million), and the Manitoba Pulse and Soybean Growers (\$1.0 million).

The University also received a significant portion of its funding for research from sources in the United States, which provided \$20.5 million or 17.6% of research-related revenues in 2018-19. The largest funder of research from the United States is the Bill and Melinda Gates Foundation, which provided \$15.2 million of funding in 2018-19. These funds were directed to the University's Centre for Global Public Health for ongoing projects primarily related to reproductive, maternal, neonatal and child health in India, Kenya and elsewhere. Funding received in 2018-19 decreased \$15.5 million from the prior year, as the funding for some of these projects was provided at project onset and was intended to support the projects through the 2017-18 and 2018-19 fiscal years.

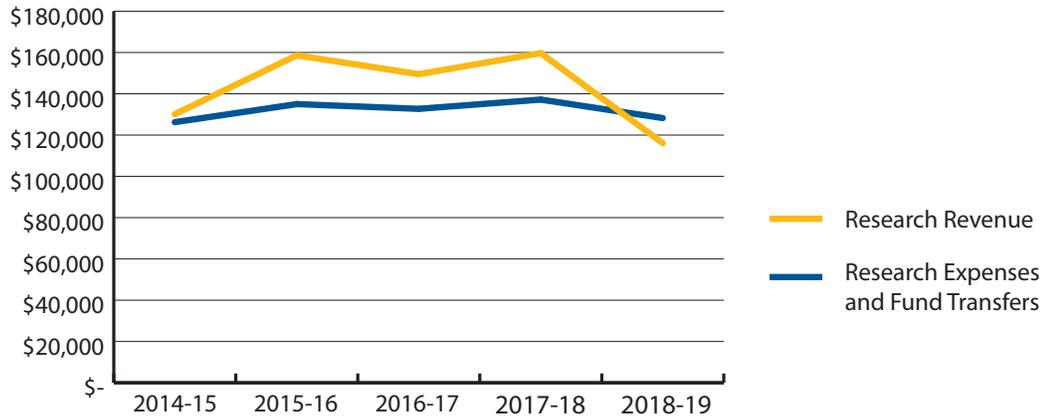
The Province of Manitoba provided the University with \$11.4 million in funding in 2018-19 or 9.8% of its research-related revenues. This amount decreased \$4.4 million or 27.6% from the previous year. This decrease was driven primarily by a reduction in funding from Research Manitoba (\$3.6 million), and in particular the elimination of their Health Research Initiative (\$1.0 million).

In addition to the external funding received for research, the University has also transferred \$9.2 million from the General Operating Fund and \$1.8 million from the Trust Fund to the Research Fund in order to support the establishment of research programs and to supplement ongoing research.

In 2018-19, research-related expenses were \$130.3 million, which was a decrease of \$5.1 million from the prior year. The following diagram illustrates the correlation between research revenue and research expenses over the past five years.

# MANAGEMENT DISCUSSION AND ANALYSIS

**RESEARCH REVENUE, EXPENSES AND FUND TRANSFERS**  
2014-15 to 2018-19  
(in thousands)



At times, research revenue is received at the commencement of a research project and may not all be spent during a particular fiscal year, as research projects often span multiple fiscal years. This often results in a differential between research revenues and research expenses, which can vary from year to year.

Expenses incurred to conduct research included but were not exclusive to: direct compensation costs; materials including lab equipment and supplies, and those required for animal care; travel to conferences specialized in the various fields of study; and for professional consulting fees. In 2018-19 research funding also provided \$23.1 million in support of students who participated in University research activities, which amounted to 34.6% of all assistance provided to students by the University in 2018-19. This support enabled students to work with experienced researchers while they continued their studies and developed their own research activities. The Research Fund provided the University with \$3.9 million in indirect cost funding which was used to support research and defray some of the indirect costs associated with research activities. The Research Fund also provided \$4.5 million in funding for the acquisition or construction of capital assets, which included \$3.9 million for scientific and research equipment.

Research investment was highest in the Rady Faculty of Health Sciences, amounting to \$63.1 million in 2018-19. It was followed by the Faculty of Agricultural and Food Sciences (\$14.2 million), the Faculty of Science (\$10.6 million), the Clayton H. Riddell Faculty of Environment, Earth and Resources (\$9.7 million), and the Faculty of Engineering (\$8.2 million). In 2018-19, these five faculties accounted for 91.1% of the University's investment in research.

Further details on research-related revenues and expenses are presented in Note 22.

## CAPITAL

The University carefully plans its capital activities, and identifies and prioritizes deferred maintenance, infrastructure renewal requirements and major capital projects. The University's Visionary (re)Generation master plan will guide the design and development of the University of Manitoba campuses over the next 30 years, and it is a resource for the entire campus community.

### *Investment in Capital, Infrastructure and Technology*

During 2018-19, the University invested \$131.8 million in capital assets, an increase of \$41.0 million from the previous year. This included \$101.1 million for the construction of buildings, infrastructure renewal, parking lot upgrades and land improvements; \$13.1 million for the acquisition of furniture, equipment and vehicles; \$12.9 million for library acquisitions and works of art; and \$4.7 million for computer equipment and other technological improvements.

In 2018-19, the University continued the construction of the Stanley Pauley Engineering Innovation Centre and the SmartPark Innovation Hub, which are supported by the Government of Canada's Post-Secondary Institutions Strategic Investment Fund, the Province of Manitoba and generous donors. The Stanley Pauley Engineering Innovation Centre

# MANAGEMENT DISCUSSION AND ANALYSIS

will serve all the departments and programs of the Faculty of Engineering by providing additional training, research, and prototyping facilities. The SmartPark Innovation Hub will act as an information exchange center to support commercialization and facilitate university-industry research collaboration and innovation. The costs incurred in 2018-19 for these projects totaled \$48.6 million.

The project to build the Churchill Marine Observatory (CMO) commenced in fiscal 2015-16, and the University has incurred costs of \$18.8 million to date with the completion of the conceptual design of the facility, purchase of construction materials, ongoing construction of Phase I, and purchase of specialized equipment. The CMO will be a globally unique, highly innovative, multi-disciplinary research facility located in the Canadian Arctic on the shores of Hudson Bay. This unique facility will bring together researchers from the Universities of Manitoba, Calgary, Victoria, Laval, Dalhousie and Washington, and from Government of Canada departments. The project is primarily funded by the Canada Foundation for Innovation and the Provinces of Manitoba and Alberta. Because of the challenges associated with building such a facility in a remote location, the project has experienced significant delays in its progress. In 2017-18, flood-damaged rail lines to Churchill prevented the University from transporting construction materials and equipment to the site. During the summer of 2018, the University secured Sealift services to deliver foundation materials to the site, which enabled construction to recommence in August 2018. Subsequently, with the repair of the rail lines to Churchill in fall 2018, the transportation of construction materials and equipment resumed via rail lines in early 2019. It is anticipated that Phase I, which entails the construction of the main building and partial installation of in-ground infrastructure, will be completed in December 2019.

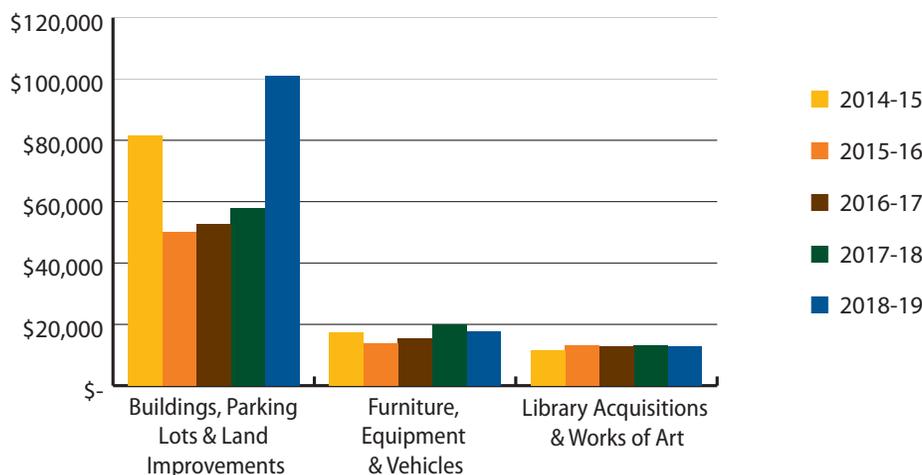
Over the last six years, the University has allocated \$25.2 million toward renewing its classrooms and labs. Upgrades are ongoing, and in 2018-19 \$9.4 million was spent on these projects. Allocations made by the University in prior years to fund learning space renewal, along with generous donations made by the Richardson Foundation, will continue to support these projects over the coming years.

In 2018-19, the University completed the expansion and upgrade of the dairy facilities at its Glenlea Research Station, at a total project cost of \$4.0 million. This project included the expansion of the University's scientific research capacity and brought the dairy research facility up to industry standards through the repurposing of a swine barn, installation of a new automated milking system, free stall housing, and updated feeding systems. Funding for this project was received from the Government of Canada and the Province of Manitoba, who partnered to contribute \$1.4 million, and from the Dairy Farmers of Manitoba who contributed \$1.5 million towards the project.

The University invested \$12.0 million in infrastructure renewal projects in 2018-19. Investments in infrastructure included fire and safety upgrades (\$3.5 million), sewer and water line upgrades (\$1.5 million), road and sidewalk repair (\$1.4 million), roof repairs (\$1.3 million), building envelope repairs (\$1.2 million), and various other infrastructure renewal projects (\$3.1 million). Infrastructure renewal projects were funded by the Province of Manitoba and other sources.

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

**INVESTMENT IN CAPITAL ASSETS**  
2014-15 to 2018-19  
(in thousands)



# MANAGEMENT DISCUSSION AND ANALYSIS

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

## TRUST AND ENDOWMENT FUNDS

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

Because of the continued generosity of donors, in 2018-19 the Trust and Endowment Funds received a combined \$30.7 million in new gifts, which was \$10.0 million more than what was received in 2017-18.

### *University Investment Trust*

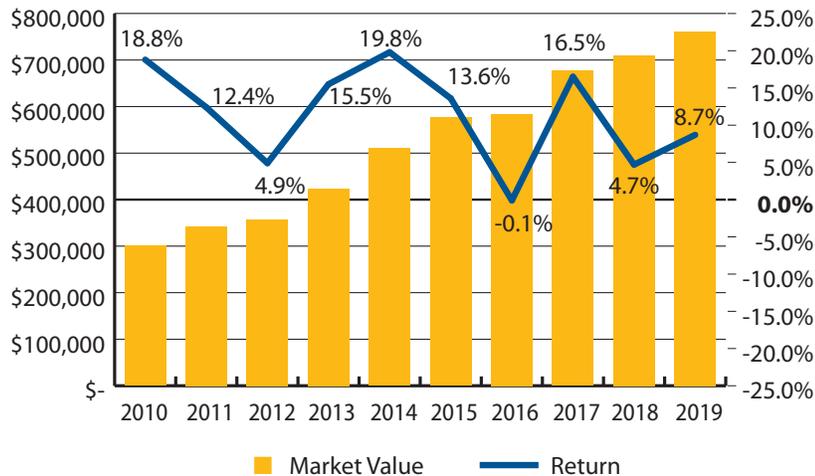
Although accounting standards require that the Trust Fund and the Endowment Fund be recorded separately, the resources in these Funds are combined and invested together. All of the Endowment Fund and most of the Trust Fund are together known as the University Investment Trust (UIT).

The UIT ended fiscal year 2018-19 with a market value of \$762.2 million. This record level was reached due to a combination of donations and a one-year investment return of 8.7%. The return was a combination of interest, dividends, capital gains on the sale of investments and distributions, in addition to the appreciation in value of the portfolio due to changes in the market price of investments held. Equities in Canada and the U.S. continued to lead the way in portfolio performance, with annual returns of 9.8% and 13.1% respectively. The investment income of the UIT was \$43.7 million and the remeasurement gains related to the UIT were \$17.9 million. The return of 8.7% exceeded the UIT's benchmark one-year return of 8.6%, adding 0.1% of relative value. On a historical basis, which conforms to the UIT's long-term outlook, the five-year return of the UIT was 8.5% and the 10-year return was 11.3%, both exceeding inter-generational investment objectives.

In 2018-19, the asset mix of the UIT investment portfolio was 71.6% equities, 15.9% real estate, 9.8% government bonds, and 2.7% in infrastructure. The UIT added infrastructure as a new asset class in 2018-19, investing in the Brookfield Super-Core Infrastructure Partners Private Fund. This investment is through a limited partnership, and the University's share of the partnership at March 31, 2019 was valued at \$21.3 million. This investment added further diversification to the overall UIT portfolio, and a steady income stream from the investment will provide support for future beneficiaries of the UIT. The University's anticipated total investment in the fund is targeted to be 10.0% of the overall assets of the UIT, which will be achieved over the next two years as the fund identifies suitable investment opportunities.

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

**MARKET VALUE AND ANNUAL RETURN OF UIT**  
2009-10 to 2018-19  
(in thousands)



The Trust Investment Committee, responsible for providing governance and oversight of the UIT, reviews the asset mix of the UIT on a regular basis to evaluate how the UIT will perform over full market cycles, and to assess the likelihood of the UIT meeting its primary objective of achieving a real return that supports the spending payout to beneficiaries. The UIT’s spending policy is currently based on a 4.25% payout of the average market value of the UIT over a rolling 48-month period. This distribution rate balances the needs of current beneficiaries with those of future beneficiaries by ensuring the purchasing power of the UIT remains intact for future generations while providing for today’s students. In order to achieve this, the UIT’s long-term returns have to exceed the spending payout, the investment management fees of the UIT, and the rate of inflation. In 2018-19, the UIT generated enough investment income to support an allocation of \$28.0 million to students, faculty, research and other important activities, and over the past five years, the spending payout to beneficiaries totaled \$116.4 million.

## CONCLUSION

The University of Manitoba is a highly complex, decentralized organization with wide-ranging activities at multiple locations. We are proud of the many ways in which faculties, administrative units and our stakeholders partner together and engage with the broader community to advance our collective priorities. Without the engagement of our students, faculty, staff, benefactors and funders, we would not have achieved the success we have today at influencing our community and beyond. Despite a reduction in our operating grant and other provincial funding, and uncertainty surrounding our future financial support, we will continue to seek investment in the University to increase our capacity to inspire and support the cultural, social and economic well-being of Manitoba, Canada and, indeed, our world. Through continued commitment to excellence in teaching, research, scholarly work and other innovative activities, the University promotes a sustainable community that will be of benefit for years to come.

# 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, 2019 and the results of its operations for the year ending March 31, 2019.

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, 2019 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 25, 2019



**Auditor General**  
MANITOBA

## INDEPENDENT AUDITOR'S REPORT

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

### *Opinion*

We have audited the financial statements of the University of Manitoba (the University), which comprise the statement of financial position as at March 31, 2019, and the statements of operations and changes in fund balances, remeasurement gains and losses and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2019, and its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

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

### *Other Information*

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

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

# INDEPENDENT AUDITOR'S REPORT

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

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

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

## *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.

# INDEPENDENT AUDITOR'S REPORT

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

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

**Original document signed by  
Norm Ricard**

Winnipeg, Manitoba  
June 25, 2019

Norm Ricard, CPA, CA  
Auditor General

# FINANCIAL STATEMENTS

**UNIVERSITY OF MANITOBA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2019**  
(in thousands of dollars)

	2019	2018
<b>Assets</b>		
<i>Current Assets</i>		
Cash and Cash Equivalents (Note 4)	\$ 337,089	\$ 330,370
Accounts Receivable (Note 5)	82,772	86,354
Inventories	3,612	3,336
Prepaid Expenses	4,873	2,638
Current Portion of Loan Receivable (Note 6)		3,244
	<b>428,346</b>	<b>425,942</b>
<i>Long Term Assets</i>		
Loan Receivable (Note 6)		78,730
Investments (Note 7)	991,944	929,251
Capital Assets, Net of Accumulated Amortization (Note 9)	1,220,150	1,145,096
	<b>2,212,094</b>	<b>2,153,077</b>
	<b>\$ 2,640,440</b>	<b>\$ 2,579,019</b>
<b>Liabilities</b>		
<i>Current Liabilities</i>		
Accounts Payable	\$ 66,104	\$ 70,494
Unearned Revenue (Note 10)	28,724	24,520
Vacation and Sick Leave Liability	16,589	16,323
Current Portion of Long Term Debt (Note 11)	7,031	9,917
	<b>118,448</b>	<b>121,254</b>
<i>Long Term Liabilities</i>		
Long Term Debt (Note 11)	173,063	258,824
Other Long Term Liabilities (Note 12)	8,680	7,380
Employee Future Benefits (Note 13)	86,579	83,992
Pension Liability (Note 16)	18,721	20,427
	<b>287,043</b>	<b>370,623</b>
<b>Fund Balances</b>		
Unrestricted (Note 21)	(62,359)	(64,544)
Internally Restricted (Note 24)	278,714	242,096
Externally Restricted (Note 25)	371,829	361,519
Invested in Capital Assets (Note 25)	1,141,950	1,076,789
Externally Restricted Endowed (Note 25)	504,815	471,282
	<b>2,234,949</b>	<b>2,087,142</b>
	<b>\$ 2,640,440</b>	<b>\$ 2,579,019</b>

Contractual Obligations and Contingencies (Note 27)

Original signed by

Jeff Lieberman – Chair

Original signed by

Rafi Mohammed – 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, 2019

(in thousands of dollars)

	General Funds (Note 2D)	Restricted Funds (Note 2E)	Endowment Fund (Note 2F)	2019 Total Funds	2018 Total Funds
<b>Revenue</b>					
Tuition and Related Fees	\$ 184,996	\$	\$	\$ 184,996	\$ 170,139
Donations	2,315	23,417	17,534	43,266	30,442
Non-Government Grants	8,056	49,514		57,570	84,265
Net Investment Income (Note 17)	9,601	46,858		56,459	61,223
Miscellaneous Income	9,543	7,643		17,186	14,853
Government Grants:					
Manitoba Education and Training	352,602	7,120		359,722	363,523
Other Province of Manitoba	28,300	41,453		69,753	63,447
Government of Canada	11,111	81,066		92,177	108,121
City of Winnipeg	58			58	181
Sales of Goods and Services	35,801	332		36,133	35,152
Ancillary Services	38,934			38,934	38,416
Net Gain on Long Term Debt (Note 11)		80,311		80,311	118,682
	<b>681,317</b>	<b>337,714</b>	<b>17,534</b>	<b>1,036,565</b>	<b>1,088,444</b>
<b>Expense</b>					
Salaries	373,212	36,416		409,628	398,571
Staff Benefits and Pay Levy	64,919	6,482		71,401	73,800
Materials, Supplies and Services	58,938	55,141		114,079	111,347
Amortization of Capital Assets		56,780		56,780	55,595
Student Assistance	15,060	51,618		66,678	60,806
Professional and Other Services	17,966	28,295		46,261	46,562
Travel and Conferences	13,004	14,112		27,116	25,242
Utilities, Municipal Taxes and Insurance	20,402	89		20,491	19,814
Interest		9,470		9,470	13,611
Maintenance and Repairs	6,954	393		7,347	9,444
Net Loss on Loan Receivable Allowance (Note 6)		80,311		80,311	118,682
	<b>570,455</b>	<b>339,107</b>		<b>909,562</b>	<b>933,474</b>
Net Revenue from Operating Activities	110,862	(1,393)	17,534	127,003	154,970
Inter-Fund Transfers (Note 23)	(83,194)	81,541	1,653		
Net Increase to Fund Balances from Operating Activities	27,668	80,148	19,187	127,003	154,970
Fund Balances from Operating Activities Beginning of Year	97,950	1,516,604	335,787	1,950,341	1,795,371
Fund Balances from Operating Activities End of Year	125,618	1,596,752	354,974	2,077,344	1,950,341
Accumulated Remeasurement Gains End of Year	960	4,618	152,027	157,605	136,801
<b>Fund Balances End of Year</b>	<b>\$ 126,578</b>	<b>\$ 1,601,370</b>	<b>\$ 507,001</b>	<b>\$ 2,234,949</b>	<b>\$ 2,087,142</b>

(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, 2019**  
(in thousands of dollars)

	General Funds	Restricted Funds	Endowment Fund	2019 Total Funds	2018 Total Funds
<b>Accumulated Remeasurement Gains (Losses)</b>					
<b>Beginning of Year</b>	\$ 87	\$ (902)	\$ 137,616	\$ 136,801	\$ 147,724
Unrealized Gains (Losses) Attributed to:					
Derivatives		(267)		(267)	1,441
Foreign Exchange	(87)	(1,709)		(1,796)	(2,987)
Portfolio Investments		6,440	5,370	11,810	8,714
Designated Fair Value Investments		28,623	9,041	37,664	13,892
Amounts Reclassified to the Statement of Operations and Changes in Fund Balances:					
Foreign Exchange	960	1,461		2,421	3,695
Portfolio Investments		(27,575)		(27,575)	(26,921)
Designated Fair Value Investments		(1,453)		(1,453)	(8,757)
<b>Net Remeasurement Gains (Losses)</b>					
for the Year	873	5,520	14,411	20,804	(10,923)
<b>Accumulated Remeasurement Gains</b>					
<b>End of Year</b>	\$ 960	\$ 4,618	\$ 152,027	\$ 157,605	\$ 136,801

*(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, 2019**  
(in thousands of dollars)

	General Funds	Restricted Funds	Endowment Fund	2019 Total Funds	2018 Total Funds
<b>Operating Activities</b>					
Net Revenue from Operating Activities	\$ 110,862	\$ (1,393)	\$ 17,534	\$ 127,003	\$ 154,970
Amortization of Capital Assets		56,780		56,780	55,595
	110,862	55,387	17,534	183,783	210,565
Net Change in Non-Cash Working Capital Items	(11,391)	12,542		1,151	5,115
Net Change in Other Long Term Liabilities	1,033	267		1,300	(1,551)
Net Change in Pension Obligation	(1,706)			(1,706)	(3,916)
Net Change in Employee Future Benefits	201	2,386		2,587	2,939
Gain on Long Term Debt		(79,784)		(79,784)	(118,682)
Loss on Loan Receivable Allowance		79,784		79,784	118,682
<i>Net Cash generated through Operating Activities</i>	98,999	70,582	17,534	187,115	213,152
<b>Investing Activities</b>					
Principal Repayment on Loan Receivable		2,190		2,190	2,118
Net Decrease (Increase) in Long Term Investments	(4,127)	(18,575)	(19,187)	(41,889)	(105,263)
<i>Net Cash generated through (used in) Investing Activities</i>	(4,127)	(16,385)	(19,187)	(39,699)	(103,145)
<b>Capital Activities</b>					
Purchase of Capital Assets		(131,834)		(131,834)	(90,761)
<i>Net Cash used in Capital Activities</i>		(131,834)		(131,834)	(90,761)
<b>Financing Activities</b>					
Principal Repayment on Long Term Debt		(8,863)		(8,863)	(8,455)
<i>Net Cash generated through (used in) Financing Activities</i>		(8,863)		(8,863)	(8,455)
<b>Net Increase (Decrease) in Cash</b>	94,872	(86,500)	(1,653)	6,719	10,791
Inter-Fund Transfers	(83,194)	81,541	1,653		
<i>Cash and Cash Equivalents Beginning of Year</i>	50,204	280,166		330,370	319,579
<b>Cash and Cash Equivalents End of Year</b>	<b>\$ 61,882</b>	<b>\$ 275,207</b>	<b>\$</b>	<b>\$ 337,089</b>	<b>\$ 330,370</b>
Supplementary cash flow information:					
Interest Received (Note 17)	\$ 8,817	\$ 4,301	\$	\$ 13,118	\$ 9,917
Interest Paid (Note 19)	\$	\$ 9,470	\$	\$ 9,470	\$ 9,807

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

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(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 UM Properties GP Inc. (Note 18), UM Properties Holding Inc. (Note 18) and Partners for Health and Development in Africa (PHDA) (Note 19), but does not consolidate the accounts for the purposes of these financial statements.

Government business enterprises, owned or controlled by the University but not dependent on the University for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that business entity accounting principles are not adjusted to conform to those of the University. Thus, the University's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post-acquisition earnings and decreased by post-acquisition losses and distributions received to the extent the investment does not decline below one dollar. Subsequent earnings are recorded only when any accumulated losses have been recovered. UM Properties Limited Partnership (Note 18) is controlled by the University and is accounted for by the modified equity method.

The University has a 7.14% (2018, 7.69%) interest in TRIUMF (Note 18), 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 Funds. 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 loan allowances, accruals for salaries and benefits, the estimated useful life of an asset and certain actuarial assumptions used in determining employee future benefits. It is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates.

## D. GENERAL FUNDS

### General Operating Fund:

The General Operating Fund includes the academic, administrative, operational and ancillary costs that are funded by tuition and related fees, government grants, investment income, 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, 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 Fund:

The Expenses Funded from Future Revenues Fund 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 Manitoba Education and Training (MET), 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 MET 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, which includes write-downs resulting from obsolescence.

# FINANCIAL STATEMENTS

## **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 and 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 and are recorded at fair value or designated

to fair value. Portfolio managers maintain a cash balance within investment portfolios as part of their overall long term mandate, as well as to facilitate trades and the rebalancing of funds.

## J. PLEDGES RECEIVABLE

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

## K. INVENTORIES

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

## L. CAPITAL ASSETS

Purchased capital assets are recorded at cost. Capital assets which are constructed by the University are recorded as Construction in Progress until the capital asset is put into use. Contributed capital assets are recorded at market value at the date of contribution. Intangibles such as patents and copyrights are recorded at a nominal amount of one dollar in the year the patent or copyright is obtained.

Amortization is calculated on a straight-line basis over the 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.

## M. COLLECTIONS

The University holds a number of collections which include works of art, rare books and manuscripts, museum specimens and other archival material. The associated library, faculty or school 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 initially record them at fair value and to fund maintenance expenses from the General Operating Fund. The cost of maintenance is not tracked and is therefore not determinable.

## N. PENSION COSTS

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

The Pension Costs for the 1993 Plan are determined actuarially using the projected unit credit actuarial cost method, prorated 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 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 16.

# FINANCIAL STATEMENTS

## O. FINANCIAL INSTRUMENTS

The financial instruments of the University consist of cash and cash equivalents, accounts receivable, loan receivable, investments, accounts payable, vacation and sick leave liability, loans, other long term liabilities, and long term debt. All financial instruments are recognized at cost or amortized cost, or fair value.

Cash and cash equivalents are recognized at cost. Accounts receivable, loan receivable, fixed income investments and preferred shares 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.

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

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

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

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

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

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

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

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

**Level 3** – Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.

## P. OTHER EMPLOYEE FUTURE BENEFITS

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

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

# FINANCIAL STATEMENTS

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

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

## Q. FOREIGN CURRENCY TRANSLATION

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

## R. DERIVATIVE FINANCIAL INSTRUMENTS

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

## 3. CHANGES IN ACCOUNTING POLICY

Effective April 1, 2018 the University adopted Restructuring Transactions (PS 3430). There was no impact to the University's financial statements.

## 4. CASH AND CASH EQUIVALENTS

	2019	2018
Cash	\$ 103,527	\$ 47,882
Guaranteed Investment Certificates	233,562	282,488
	<b>\$ 337,089</b>	<b>\$ 330,370</b>

## 5. ACCOUNTS RECEIVABLE

	2019	2018
Business, Industry and Foundations	\$ 32,778	\$ 43,175
Federal Government	17,182	8,224
Provincial Government	12,376	14,549
Investment Income and Interest	7,606	7,765
External Sales and Cost Recoveries	7,065	3,892
Students	3,612	2,958
Advances	2,064	5,744
Miscellaneous	89	47
	<b>\$ 82,772</b>	<b>\$ 86,354</b>

# FINANCIAL STATEMENTS

## 6. 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 and the second phase is not to exceed \$85 million. The interest rate on the first phase of the loan is 4.65%, and the first phase of the loan receivable is due and payable in full on June 1, 2038. The interest rate on the second phase is 4.65% until June 1, 2053, and is due and payable in full on November 24, 2058.

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

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*; and
- Any amounts received by Triple B from any party which were designated by the party for application to the loan.

Payments are applied firstly to accrued interest and secondly to the principal outstanding. Unpaid interest is added to the principal of the first phase of the loan and compounded annually.

### SECOND PHASE:

Interest will be calculated annually, and unpaid interest until 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 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.

### INVESTORS GROUP FIELD LOAN:

	2019	2018
First Phase interest and principal outstanding	\$ 118,682	\$ 118,682
Second Phase principal outstanding	79,784	81,974
	198,466	200,656
Allowance	(198,466)	(118,682)
		81,974
Less Current Portion		(3,244)
	<b>\$</b>	<b>\$ 78,730</b>

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

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

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

# FINANCIAL STATEMENTS

These allowances, net of recoveries, have been recorded in the Statement of Operations and Changes in Fund Balances as both revenue and expense.

## 7. INVESTMENTS

	2019				2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Investments Held at Fair Value:</b>								
Cash and Money Market Funds	\$ 6,253	\$	\$	\$ 6,253	\$ 10,301	\$	\$	\$ 10,301
Canadian Equities	210,810			210,810	192,110			192,110
US Equities	221,739			221,739	218,922			218,922
	438,802			438,802	421,333			421,333
<b>Investments Designated to Fair Value:</b>								
Cash and Money Market Funds		3,596		3,596		2,921		2,921
Bonds and Other Fixed								
Income Securities		73,968		73,968		69,792		69,792
Pooled Bond Fund		16,117		16,117		13,984		13,984
Pooled Canadian Equities		20,137		20,137		18,842		18,842
Pooled US Equities		7,420		7,420		6,675		6,675
Pooled International Equities		115,695		115,695		115,956		115,956
Pooled Real Estate Fund		127,956		127,956		119,940		119,940
Pooled Mortgage Fund		9,406		9,406		8,267		8,267
Private Infrastructure Fund			21,330	21,330				
		374,295	21,330	395,625		356,377		356,377
<b>Investments Held at Amortized Cost:</b>								
Corporate Bonds				103,042				103,042
Preferred Shares				51,211				46,211
				154,253				149,253
<b>Investments Held at Modified Equity:</b>								
TRIUMF				3,264				2,288
	<b>\$438,802</b>	<b>\$374,295</b>	<b>\$ 21,330</b>	<b>\$991,944</b>	<b>\$ 421,333</b>	<b>\$356,377</b>	<b>\$</b>	<b>\$929,251</b>

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

The fair value of investments held at amortized cost is \$147,688 (2018, \$146,469). As at March 31, 2019 and March 31, 2018 there were no transfers of investments between Levels 1, 2 or 3.

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

	2019
Balance, Beginning of Year	\$
Purchases	21,002
Distributions Reinvested	207
Unrealized Gains	121
<b>Balance, End of Year</b>	<b>\$ 21,330</b>

# FINANCIAL STATEMENTS

## 8. RISK EXPOSURE AND MANAGEMENT

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

### OTHER PRICE RISK

Other price risk represents the potential loss that can be caused by a change in the fair value of a financial instrument. The University's investments are subject to normal market fluctuations and the risks inherent in investment in the capital markets. Investments held to meet short term obligations focus on credit quality and liquidity to minimize the effect of other price risk on fair value. The majority of investments which are held for the long term to support the Endowment Fund are equities, bonds, segregated funds and pooled funds, and are subject to other price risk given their nature and the long term holding periods. Other price risk is managed through diversification provided by the Endowment Fund'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 returns that meet the investment objectives of the Endowment Fund.

### INTEREST RATE RISK

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

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

#### INTEREST RATE EXPOSURE AS AT MARCH 31, 2019

	Less than 90 days	90 days to 1 year	1 year to 5 years	5 years to 10 years	Greater than 10 years	Total
Cash Equivalents and Investments	26.9%	26.7%	17.4%	26.7%	2.3%	100.0%
Financial Derivatives			100.0%			100.0%

#### INTEREST RATE EXPOSURE AS AT MARCH 31, 2018

	Less than 90 days	90 days to 1 year	1 year to 5 years	5 years to 10 years	Greater than 10 years	Total
Cash Equivalents and Investments	37.2%	22.7%	7.7%	31.0%	1.4%	100.0%
Financial Derivatives		32.5%	17.1%	50.4%		100.0%

	March 31, 2019		March 31, 2018	
	Interest bearing instruments	Non-interest bearing instruments	Interest bearing instruments	Non-interest bearing instruments
Cash Equivalents and Investments	\$ 437,825	\$ 787,681	\$ 480,795	\$ 730,944
Financial Derivatives	\$ 3,767	\$	\$ 3,500	\$

# FINANCIAL STATEMENTS

As at March 31, 2019, a 0.5% fluctuation in interest rates, with all other variables held constant, would have an estimated impact as follows:

	2019		2018	
Fair Value of Fixed Income Instruments	\$	4,748	\$	5,018
Interest Rate Swaps	\$	762	\$	775
Net Investment Income	\$	2,718	\$	2,579

## 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 is shown below:

	2019		2018	
	\$	%	\$	%
Canadian Dollar	\$ 934,579	70.3%	\$ 893,008	70.9%
U.S. Dollar	282,499	21.3%	255,363	20.3%
Euro	32,389	2.4%	34,546	2.7%
Japanese Yen	29,159	2.2%	28,698	2.3%
Swiss Franc	19,537	1.5%	14,077	1.1%
British Pound Sterling	16,460	1.2%	18,901	1.5%
Other	14,410	1.1%	15,028	1.2%
	<b>\$ 1,329,033</b>	<b>100.0%</b>	<b>\$ 1,259,621</b>	<b>100.0%</b>

As at March 31, 2019, an appreciation of 10% in the Canadian dollar versus foreign currencies exchange rates would decrease investments and net remeasurement gains by approximately \$39,445 (2018, \$36,661), while a depreciation of 10% would increase investments and net remeasurement gains by approximately \$39,445 (2018, \$36,661).

## CREDIT RISK

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

	2019		2018	
	\$	%	\$	%
R-1High	\$ 148,310	33.9%	\$ 197,604	41.1%
R-1Mid	26,982	6.2%	28,112	5.8%
AAA	49,980	11.4%	37,425	7.8%
AA	122,739	28.0%	123,042	25.6%
A	22,782	5.2%	28,712	6.0%
BBB	6,810	1.6%	5,702	1.2%
CC	146		146	
Not Rated	60,076	13.7%	60,052	12.5%
	<b>\$ 437,825</b>	<b>100.0%</b>	<b>\$ 480,795</b>	<b>100.0%</b>

# FINANCIAL STATEMENTS

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, Endowment and Capital Asset 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 U.S. 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 pooled real estate 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.

## 9. CAPITAL ASSETS, NET OF ACCUMULATED AMORTIZATION

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Assets Under Capital Lease	\$ 2,501	\$ 2,501	\$ 2,532	\$ 2,532
Buildings and Major Renovations	1,356,220	362,648	1,257,048	335,892
Computer Hardware, Software and Electronics	104,504	96,904	101,856	95,421
Construction in Progress	42,972		41,222	
Furniture and Equipment	303,981	235,146	295,346	224,569
Land	29,777		29,777	
Library Books	221,734	161,737	228,904	170,596
Parking Lots	10,359	5,956	10,138	5,447
Rare Books and Manuscripts	7,531		7,414	
Vehicles	9,495	8,010	9,102	7,638
Works of Art	3,978		3,852	
	2,093,052	872,902	1,987,191	842,095
Less Accumulated Amortization	872,902		842,095	
<b>Net Book Value</b>	<b>\$ 1,220,150</b>		<b>\$ 1,145,096</b>	

## 10. UNEARNED REVENUE

	2019	2018
Unearned Revenue	\$ 17,739	\$ 16,306
Deferred Contributions:		
Balance, Beginning of Year	8,214	5,548
Contributions Received	6,002	5,000
Less Amounts Recognized as Revenue	(3,231)	(2,334)
Balance, End of Year	10,985	8,214
	<b>\$ 28,724</b>	<b>\$ 24,520</b>

# FINANCIAL STATEMENTS

Deferred contributions represent unspent externally restricted contributions received for operating purposes from Manitoba Health.

## II. LONG TERM DEBT

	2019	2018
Stadium Long Term Debt:		
Province of Manitoba Loan, First Phase, 4.65% due June 1, 2038	\$ 118,682	\$ 118,682
Province of Manitoba Loan, Second Phase, 4.65% until June 1, 2053, due November 24, 2058	79,784	81,974
	198,466	200,656
Allowance	(198,466)	(118,682)
		81,974
Other Long Term Debt:		
Province of Manitoba:		
Promissory Note, 5.23% blended monthly payments \$413 due March 1, 2035	53,675	55,767
Promissory Note, 5.55% blended monthly payments \$428 due April 1, 2036	56,632	58,568
Promissory Note, 3.75% blended monthly payments \$129 due September 30, 2039	22,040	22,742
Promissory Note, 5.35% blended monthly payments \$173 due February 1, 2040	26,115	26,776
Term loans (with floating interest rates based on Bankers' Acceptance rates plus stamping fees):		
Multi-Tenant Facility, due February 28, 2023	6,930	7,192
Multi-Tenant Facility, due November 30, 2022	5,192	5,492
Arthur V. Mauro Student Residence, due October 1, 2023	9,510	10,230
	180,094	186,767
	180,094	268,741
Less Current Portion:		
Province of Manitoba, Stadium		(3,244)
Province of Manitoba	(5,676)	(5,391)
Term Loans	(1,355)	(1,282)
	(7,031)	(9,917)
	\$ 173,063	\$ 258,824

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

Interest expense on long term debt was \$9,470 (2018, \$13,611).

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;

# FINANCIAL STATEMENTS

- 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 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. 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:

	2019	2018
Loan, First Phase	\$ 75,000	\$ 75,000
Loan, First Phase Accrued Interest	21,104	21,104
Loan, Second Phase Accrued Interest	22,578	22,578
	118,682	118,682
Loan, Second Phase	78,853	81,043
Loan, Second Phase Accrued Interest	931	931
	198,466	200,656
Allowance	(198,466)	(118,682)
	<b>\$</b>	<b>\$ 81,974</b>

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

	Province of Manitoba	Term Loans	Total
2020	\$ 5,676	\$ 1,355	\$ 7,031
2021	5,976	1,429	7,405
2022	6,293	1,507	7,800
2023	6,627	1,592	8,219
2024	6,980	1,679	8,659
Thereafter	126,910	14,070	140,980
	<b>\$ 158,462</b>	<b>\$ 21,632</b>	<b>\$ 180,094</b>

## 12. OTHER LONG TERM LIABILITIES

	2019	2018
Fair Value of Financial Derivatives:		
Student Residence	\$ 1,732	\$ 1,765
Multi-Tenant Facility 150 Innovation Drive	696	599
Multi-Tenant Facility 900 One Research Road	1,339	1,136
	3,767	3,500
Retirement Allowance	4,913	3,880
<b>Other Long Term Liabilities</b>	<b>\$ 8,680</b>	<b>\$ 7,380</b>
Fair Value of Financial Derivatives Beginning of Year	\$ 3,500	\$ 4,941
Unrealized (Gain) Loss Reported in the Statement of Remeasurement Gains and Losses	267	(1,441)
Fair Value of Financial Derivatives End of Year	\$ 3,767	\$ 3,500

Financial Derivatives are classified as Level 3.

### DERIVATIVE FINANCIAL LIABILITIES

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

- The interest rate swap agreement for the 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 \$9,510 as at March 31, 2019 (2018, \$10,230).
- 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 was \$5,192 as at March 31, 2019 (2018, \$5,492).
- 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 \$6,930 as at March 31, 2019 (2018, \$7,192).

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

### RETIREMENT ALLOWANCE

The University entered into a letter of understanding with the University of Manitoba Faculty Association (UMFA) to provide a retirement allowance to eligible UMFA members in exchange for their voluntary and irrevocable agreement to retire. The allowance is dependent upon the UMFA member's age and the number of advance years of notice given to the University prior to retirement. To be eligible, the member must be at least fifty-five years of age and have at least fifteen years of service at the University on a date that they have chosen as their retirement date. UMFA members must retire within three years of their enrolment. The University's policy is to record the estimated liability once members enroll. As at March 31, 2019, the estimated liability is \$7,801 (2018, \$5,913) with \$2,888 (2018, \$2,033) being a current liability included in accounts payable and \$4,913 (2018, \$3,880) representing a long term liability.

## 13. EMPLOYEE FUTURE BENEFITS

The University 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.

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Health, dental and group life benefits are provided to employees who retired prior to July 1, 2004 on a non-contributory basis. The group life benefits are indexed post-retirement. For eligible employees retiring on or after July 1, 2004, no group life benefit is available, and retired employees share in the cost of the health and dental benefits.

The long term disability income benefit is provided on a contributory basis.

Post-retirement pension benefits are provided to specifically entitled employees who retired prior to 1993. The adjustments for a year are determined as the lesser of the amounts that can be provided by a weighted average percentage salary increase at the University, or the excess interest approach provided under the University of Manitoba Pension Plan (1993). One hundred percent of the adjustments are paid by the University.

The University measures the fair value of assets and the accrued benefit obligations for the non-pension and post-retirement pension adjustments as of March 31. A firm of consulting actuaries prepared an actuarial valuation for the post-retirement adjustments plan and the non-pension benefit plans as at March 31, 2019. 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
	2019	2018	2019	2018	2019	2018
Accrued Benefit Obligations	\$ 73,076	\$ 75,552	\$ 1,655	\$ 1,845	\$ 74,731	\$ 77,397
Unamortized Actuarial Gains	11,795	6,483	53	112	11,848	6,595
<b>Employee Future Benefits</b>						
<b>Liability</b>	<b>\$ 84,871</b>	<b>\$ 82,035</b>	<b>\$ 1,708</b>	<b>\$ 1,957</b>	<b>\$ 86,579</b>	<b>\$ 83,992</b>
Benefit Cost	\$ 4,320	\$ 4,440	\$ 46	\$ 52	\$ 4,366	\$ 4,492
Plan Assets	62,661	58,642	507	639	63,168	59,281
Employer Contribution	5,503	5,457	163	173	5,666	5,630
Employee Contributions	3,555	3,466			3,555	3,466
Benefits Paid	8,102	8,158	326	346	8,428	8,504
<b>Reconciliation of Unamortized Gains (Losses)</b>						
Expected Average Remaining Service Life	9.00	9.00	7.00	7.00		
Net Unamortized Gain (Loss), Beginning of Year	\$ 6,483	\$ 5,864	\$ 112	\$ 134	\$ 6,595	\$ 5,998
New Net Gain (Loss) for Current Year	6,032	1,270	(43)	(5)	5,989	1,265
Amortization for Current Year	(720)	(651)	(16)	(17)	(736)	(668)
Net Unamortized Gain (Loss), End of Year	\$ 11,795	\$ 6,483	\$ 53	\$ 112	\$ 11,848	\$ 6,595

Plan Assets Consist of:	Non-Pension Benefit Plans		Post-Retirement Adjustments	
	2019	2018	2019	2018
Money Market Funds and Cash	\$ 3,245	\$ 2,580	\$ 26	\$ 28
Equities	30,334	30,259	245	330
Fixed Income	14,551	12,608	118	137
Pooled Real Estate	6,039	5,747	49	63
Mortgage Fund	8,492	7,448	69	81
<b>Total</b>	<b>\$ 62,661</b>	<b>\$ 58,642</b>	<b>\$ 507</b>	<b>\$ 639</b>

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	Non-Pension Benefit Plans		Post-Retirement Adjustments	
	2019	2018	2019	2018
Significant Long Term				
Actuarial Assumptions:				
Discount Rate for Benefit Obligation	5.4%	5.4%	5.4%	5.4%
Benefit Cost for Year Ended March 31:				
Discount Rate for Benefit Expenditure	5.4%	5.5%	5.4%	5.5%
Expected Rate of Return on Assets	5.4%	5.5%	5.4%	5.5%
Health Care Cost Trend Rates at March 31:				
Initial Rate	7.5%	7.5%		
Ultimate Rate	4.5%	5.0%		
Year Ultimate Rate Reached	2034	2027		
Dental Care Cost Trend				
Rates at March 31:	4.5%	5.0% to 2018, 4.5% thereafter		

## 14. INTER-FUND ADVANCES AND LOANS

As at March 31, 2019, the Restricted Funds owed the General Funds \$12,637 (2018, \$4,106).

## 15. CONTRIBUTED CAPITAL ASSETS

Contributions recognized in the Capital Asset Fund include contributed building, capital equipment, library books and artwork of \$444 (2018, \$353).

## 16. PENSION PLANS

The University is the sponsor of two pension plans, 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.

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.

Both 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.

# FINANCIAL STATEMENTS

## 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, 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, 2017 valuation of the Plan, there were 4,792 active member accounts with an average salary weighted age of 52.2 for academic staff and 47.0 for support staff, and 1,783 annuitants and other recipients.

The actuarial method used to value the liabilities is the projected unit credit method, pro-rated on services. An actuarial valuation for accounting purposes was prepared by a firm of consulting actuaries as at December 31, 2017 and extrapolated to December 31, 2018.

The University uses a December 31 measurement date for reporting plan assets and obligations. Pension liability is calculated as follows:

	2018	2017
<b>Accrued Benefit Obligations</b>		
Actuarial present value of accrued pension benefits, beginning of year	\$ 1,241,632	\$ 1,199,887
Interest accrued on defined benefits	21,921	23,815
Interest accrued on member accounts	(6,308)	68,097
Benefits accrued	58,809	58,014
Benefits paid	(98,637)	(96,661)
Actuarial gains (losses)	13,476	(8,332)
Plan amendment		377
Change in actuarial assumptions	(12,373)	(3,565)
Actuarial present value of accrued pension benefits, end of year	1,218,520	1,241,632
<b>Plan Assets</b>		
Fair value, beginning of year	1,232,390	1,156,502
Actual return on plan assets	(10,161)	108,807
Employer contributions calendar year	29,726	34,693
Employee contributions	26,635	26,288
Transfer from other plans	1,146	2,761
Benefits paid	(98,637)	(96,661)
Fair value, end of year	1,181,099	1,232,390

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Plan deficit	37,421	9,242
Contributions during fiscal year in excess of calendar year	(6,919)	(8,996)
Adjusted plan deficit	30,502	246
Unamortized net actuarial gains (losses)	(11,781)	20,181
<b>Pension Liability</b>	<b>\$ 18,721</b>	<b>\$ 20,427</b>
<b>Net Benefit Plan Expense</b>		
Current service cost, net of employee contributions	\$ 31,028	\$ 31,366
Interest costs at discount rate	63,807	62,966
Expected return on plan assets	(66,650)	(62,645)
Prior period cost		(2,024)
Amortization of net actuarial losses	(2,242)	1,116
Net benefit plan expense	\$ 25,943	\$ 30,779
<b>Reconciliation of Unamortized Gains (Losses)</b>		
Expected average remaining service life	9.00	9.00
Net unamortized gain (loss), beginning of year	\$ 20,181	\$ (10,048)
New net gain (loss) for current year	(29,720)	29,113
Amortization for current year	(2,242)	1,116
Net unamortized gain (loss), end of year	\$ (11,781)	\$ 20,181
<b>Plan Assets Measured at Fair Value Consist of:</b>		
Cash and Other	\$ 26,092	\$ 28,784
Bonds and Debentures	167,143	145,843
Canadian Equities	211,831	257,194
Mortgages	174,780	167,969
Real Estate	131,855	125,100
Foreign Equities	469,398	507,500
	\$ 1,181,099	\$ 1,232,390
<b>Significant Long-Term Actuarial Assumptions</b>		
Discount rate	5.50%	5.50%
Expected rate of return on assets	5.50%	5.50%
Rate of general salary increase	0.75% 2019, 1% 2020, 1.5% 2021, 2.5% thereafter	0% 2018, 1% 2020, 1.5% 2021, 2.5% thereafter
Interest assumption for converting member accumulations to annuities	4.00%	3.75%
Mortality	Canadian Pensioners' Mortality 2014 Public Sector Table, with age-related adjustments. Projected generationally from 2014 using Scale CPM-B.	Canadian Pensioners' Mortality 2014 Public Sector Table, with age-related adjustments. Projected generationally from 2014 using Scale CPM-B.

# FINANCIAL STATEMENTS

Pension Plan Assets are valued at market values. The expected rate of return on plan assets net of expenses is 5.5% (2017, 5.5%). The actual return on pension fund assets was -0.9% (2017, 9.5%).

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 2019 was \$1,739 (2018, \$4,601).

The unamortized net actuarial gains (losses) shown above, which were determined on the basis of the 2017 actuarial valuation and the 2018 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.

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*.

## 1986 PLAN

For the 1986 Plan, which is a money purchase plan for active members, the University recorded contributions of \$2,294 (2018, \$2,089) and this is included in the Statement of Operations and Changes in Fund Balances as an expense.

## 17. NET INVESTMENT INCOME

	General Funds	Restricted Funds	Total 2019	Total 2018
Non Portfolio Investments:				
Interest	\$ 4,515	\$ 2,213	\$ 6,728	\$ 8,594
Net Gains	784		784	413
	5,299	2,213	7,512	9,007
Portfolio Investments:				
Interest	4,302	2,088	6,390	5,126
Partnership Distributions		207	207	
Dividends		13,322	13,322	11,412
Net Gains on Sale of Investments		29,028	29,028	35,678
	4,302	44,645	48,947	52,216
	<b>\$ 9,601</b>	<b>\$ 46,858</b>	<b>\$ 56,459</b>	<b>\$ 61,223</b>

## 18. INTEREST IN RELATED ENTITIES

### UM PROPERTIES LIMITED PARTNERSHIP

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

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

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

# FINANCIAL STATEMENTS

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

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

There was minimal financial activity in 2018-19.

## 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. 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 from time to time. The gifts received in fiscal 2019 were \$3,507 (2018, \$2,067).

## TRIUMF

The University has a 7.14% (2018, 7.69%) 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:

	U of M's Proportionate Share		U of M's Proportionate Share	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Statement of Financial Position:</b>				
Assets	\$ 54,737	\$ 3,908	\$ 50,147	\$ 3,856
Liabilities	9,019	644	9,095	699
<b>Net Assets</b>	<b>\$ 45,718</b>	<b>\$ 3,264</b>	<b>\$ 41,052</b>	<b>\$ 3,157</b>
<b>Statement of Operations:</b>				
Revenue	\$ 87,080	\$ 6,218	\$ 95,213	\$ 7,322
Expenses	82,414	5,884	81,630	6,277
<b>Surplus for the Year</b>	<b>\$ 4,666</b>	<b>\$ 334</b>	<b>\$ 13,583</b>	<b>\$ 1,045</b>
<b>Statement of Cash Flows:</b>				
Cash Provided by (Used in):				
Operating Activities	\$ 4,179	\$ 298	\$ 862	\$ 66
Investing Activities	(5,786)	(413)	(11,584)	(891)
<b>Increase (Decrease) in Cash</b>	<b>\$ (1,607)</b>	<b>\$ (115)</b>	<b>\$ (10,722)</b>	<b>\$ (825)</b>

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.

TRIUMF follows the restricted fund method of accounting for contributions.

# FINANCIAL STATEMENTS

## 19. OTHER RELATED PARTY TRANSACTIONS

The University has significant influence in Triple B Stadium Inc. (Triple B). Triple B is a 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. Triple B leases land from the University for \$1 dollar per year.

As at March 31, 2019 and for the year then ended, the related party transactions pertaining to Investors Group Field, with Triple B and the Province of Manitoba were as follows:

	2019	2018
Loan Receivable, including accrued interest	\$	\$ 81,974
Loan Payable, including accrued interest	\$	\$ 81,974
Revenue and Expenses:		
Investment Income	\$	\$ 3,803
Gain on Long Term Debt	\$ 80,311	\$ 118,682
Interest Expense	\$	\$ 3,803
Loss on Loan Receivable Allowance	\$ 80,311	\$ 118,682

Investment income from Triple B and related interest expense have not been included in the Statement of Cash Flow supplementary information as the interest was neither received nor paid during the year.

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 International Public Sector Accounting Standards.

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, 2019 are not available. PHDA operates in Kenyan Shillings and the amounts below have been converted to Canadian dollars.

	March 31, 2018	March 31, 2017
<b>Statement of Financial Position:</b>		
Assets	\$ 708	\$ 510
Liabilities	287	379
<b>Net Assets</b>	<b>\$ 421</b>	<b>\$ 131</b>
<b>Statement of Operations:</b>		
Revenue	\$ 4,711	\$ 5,140
Expenses	4,420	5,454
<b>Surplus (Loss) for the Year</b>	<b>\$ 291</b>	<b>\$ (314)</b>
<b>Statement of Cash Flows:</b>		
Cash Provided by (Used in):		
Operating Activities	\$ 343	\$ (172)
Investing Activities	(6)	(9)
<b>Increase (Decrease) in Cash</b>	<b>\$ 337</b>	<b>\$ (181)</b>

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

## 20. EXPENSE BY FUNCTION

	General Funds	Restricted Funds	2019 Total Funds	2018 Total Funds
Academic	\$ 355,384	\$ 125,761	\$ 481,145	\$ 467,923
Amortization		56,780	56,780	55,595
Student Assistance	15,060	51,618	66,678	60,806
Plant Maintenance	45,769	10	45,779	47,143
Administration and General	29,935	12,661	42,596	47,745
Ancillary Services	25,323		25,323	25,111
Computing and Communications	27,779		27,779	26,179
Other Academic and Research Support	22,555	2,488	25,043	28,411
Student Services	21,299		21,299	18,947
Interest		9,470	9,470	13,611
Libraries	17,836	8	17,844	16,726
External Relations	12,480		12,480	11,303
Actuarially Determined Employee Future Benefits	2,587		2,587	2,939
Change in Pension Liability	(1,706)		(1,706)	(3,916)
Staff Benefits Contra	(3,846)		(3,846)	(3,731)
Net Loss on Loan Receivable Allowance		80,311	80,311	118,682
<b>Total</b>	<b>\$ 570,455</b>	<b>\$ 339,107</b>	<b>\$ 909,562</b>	<b>\$ 933,474</b>

# FINANCIAL STATEMENTS

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

	General Operating Fund	Specific Provisions Fund	Expenses Funded From Future Revenues Fund	2019 Total General Funds	2018 Total General Funds
<b>Revenue</b>					
Tuition and Related Fees	\$ 184,996	\$	\$	\$ 184,996	\$ 170,139
Donations	2,315			2,315	2,676
Non-Government Grants	8,056			8,056	5,116
Net Investment Income (Note 17)	9,601			9,601	7,047
Miscellaneous Income	9,543			9,543	8,111
Government Grants:					
Manitoba Education and Training	352,602			352,602	356,822
Other Province of Manitoba	28,300			28,300	25,976
Government of Canada	11,111			11,111	9,804
City of Winnipeg	58			58	151
Sales of Goods and Services	35,801			35,801	34,724
Ancillary Services	38,934			38,934	38,416
	<b>681,317</b>			<b>681,317</b>	<b>658,982</b>
<b>Expenses</b>					
Salaries	373,212			373,212	359,896
Staff Benefits and Pay Levy	64,919			64,919	66,783
Materials, Supplies and Services	58,938			58,938	54,881
Student Assistance	15,060			15,060	15,351
Professional and Other Services	17,966			17,966	16,673
Travel and Conferences	13,004			13,004	12,084
Utilities, Municipal Taxes and Insurance	20,402			20,402	19,746
Maintenance and Repairs	6,954			6,954	9,026
	<b>570,455</b>			<b>570,455</b>	<b>554,440</b>
Net Revenue from Operating Activities	110,862			110,862	104,542
Inter-Fund Transfers (Note 23)	(110,853)	26,356	1,303	(83,194)	(72,812)
Net Increase to Fund					
Balances from Operating Activities	9	26,356	1,303	27,668	31,730
Fund Balances from Operating Activities					
Beginning of Year	2,386	162,581	(67,017)	97,950	66,220
Fund Balances from Operating Activities					
End of Year	2,395	188,937	(65,714)	125,618	97,950
Accumulated Remeasurement Gains (Losses) End of Year	960			960	87
<b>Fund Balances End of Year</b>	<b>\$ 3,355</b>	<b>\$ 188,937</b>	<b>\$ (65,714)</b>	<b>\$ 126,578</b>	<b>\$ 98,037</b>
Unrestricted Funds	\$ 3,355	\$	\$ (65,714)	\$ (62,359)	\$ (64,544)
Internally Restricted Funds (Note 24)		188,937		188,937	162,581
	<b>\$ 3,355</b>	<b>\$ 188,937</b>	<b>\$ (65,714)</b>	<b>\$ 126,578</b>	<b>\$ 98,037</b>

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

	Capital Asset Fund	Research and Special Fund	Staff Benefits Fund	Trust Fund	2019 Total Restricted Funds	2018 Total Restricted Funds
<b>Revenue</b>						
Donations	\$ 10,196	\$ 67	\$	\$ 13,154	\$ 23,417	\$ 17,299
Non-Government Grants	216	49,298			49,514	79,149
Net Investment Income (Note 17)	1,357	403	826	44,272	46,858	54,176
Miscellaneous Income	2,944	977	3,722		7,643	6,742
Government Grants:						
Manitoba Education and Training	7,120				7,120	6,701
Other Province of Manitoba	14,577	26,876			41,453	37,471
Government of Canada	15,068	65,998			81,066	98,317
City of Winnipeg						30
Sales of Goods and Services	20	312			332	428
Net Gain on Long Term Debt (Note 11)	80,311				80,311	118,682
	<b>131,809</b>	<b>143,931</b>	<b>4,548</b>	<b>57,426</b>	<b>337,714</b>	<b>418,995</b>
<b>Expenses</b>						
Salaries		36,416			36,416	38,675
Staff Benefits and Pay Levy		6,482			6,482	7,017
Materials, Supplies and Services		48,213	6,537	391	55,141	56,466
Amortization of Capital Assets	56,780				56,780	55,595
Student Assistance		23,603		28,015	51,618	45,455
Professional and Other Services		24,114	116	4,065	28,295	29,889
Travel and Conferences		14,112			14,112	13,158
Utilities, Municipal Taxes and Insurance		89			89	68
Interest	9,470				9,470	13,611
Maintenance and Repairs		393			393	418
Net Loss on Loan Receivable Allowance (Note 6)	80,311				80,311	118,682
	<b>146,561</b>	<b>153,422</b>	<b>6,653</b>	<b>32,471</b>	<b>339,107</b>	<b>379,034</b>
Net Revenue (Loss) from Operating Activities	(14,752)	(9,491)	(2,105)	24,955	(1,393)	39,961
Inter-Fund Transfers (Note 23)	83,862	(735)	1,460	(3,046)	81,541	72,231
Net Increase (Decrease) to Fund						
Balances from Operating Activities	69,110	(10,226)	(645)	21,909	80,148	112,192
Fund Balances from Operating						
Activities Beginning of Year	1,104,674	163,731	(728)	248,927	1,516,604	1,404,412
Fund Balances from Operating						
Activities End of Year	1,173,784	153,505	(1,373)	270,836	1,596,752	1,516,604
Accumulated Remeasurement						
Gains (Losses) End of Year	1,744	446	14,168	(11,740)	4,618	(902)
<b>Fund Balances End of Year</b>	<b>\$ 1,175,528</b>	<b>\$ 153,951</b>	<b>\$ 12,795</b>	<b>\$ 259,096</b>	<b>\$ 1,601,370</b>	<b>\$ 1,515,702</b>
Internally Restricted Funds (Note 24)	\$ 33,578	\$ 12,479	\$ 3,316	\$ 38,218	\$ 87,591	\$ 77,394
Externally Restricted Funds (Note 25)		141,472	9,479	220,878	371,829	361,519
Invested in Capital Assets (Note 25)	1,141,950				1,141,950	1,076,789
	<b>\$ 1,175,528</b>	<b>\$ 153,951</b>	<b>\$ 12,795</b>	<b>\$ 259,096</b>	<b>\$ 1,601,370</b>	<b>\$ 1,515,702</b>

# FINANCIAL STATEMENTS

## 23. INTER-FUND TRANSFERS

	General Operating Fund	Specific Provisions Fund	Expenses Funded From Future Revenues Fund	Total General Funds	Total Restricted Funds	Endowment Fund
Funding of Capital Asset Additions:						
Current Year Acquisitions	\$ (22,497)	\$	\$	\$ (22,497)	\$ 22,497	\$
Centrally Funded Projects	(23,129)			(23,129)	23,129	
Faculty and Unit Funded Projects	(18,196)	126		(18,070)	18,070	
<b>Total Funding of Capital Asset Additions</b>	<b>(63,822)</b>	<b>126</b>		<b>(63,696)</b>	<b>63,696</b>	
Debt Funding:						
Ancillary Services	(4,534)			(4,534)	4,534	
Faculties	(1,542)			(1,542)	1,542	
Unit Capital Development Assessment	(5,576)			(5,576)	5,576	
Student Contributions for Technology	(4,319)			(4,319)	4,319	
Other	(669)			(669)	669	
<b>Total Debt Funding</b>	<b>(16,640)</b>			<b>(16,640)</b>	<b>16,640</b>	
Scholarships, Bursaries and Prizes:						
Faculty and Unit Funded	(1,733)			(1,733)	1,702	31
Centrally Funded	(8,188)			(8,188)	7,671	517
<b>Total Scholarships, Bursaries and Prizes</b>	<b>(9,921)</b>			<b>(9,921)</b>	<b>9,373</b>	<b>548</b>
Transfers to Provisions for Specific Projects:						
Faculty and Unit Funded	(9,832)	11,332		1,500	(1,500)	
Centrally Funded	(16,398)	16,398				
<b>Total Transfers to Provisions for Specific Projects</b>	<b>(26,230)</b>	<b>27,730</b>		<b>1,500</b>	<b>(1,500)</b>	
Benefit Premiums Net of Employer						
Contributions for Staff Benefits	(3,846)			(3,846)	3,846	
Student Contribution to University						
Development Fund	(1,777)			(1,777)	958	819
Overhead Recoveries	5,651			5,651	(5,651)	
Funding of General Operating Expenses	20,038	(7,391)		12,647	(12,647)	
Net Change in Unit Carryover	(5,954)	5,954				
Funding of Research Projects	(9,517)			(9,517)	9,517	
Employee Future Benefits	2,587		(201)	2,386	(2,386)	
Pension Liability	(1,706)		1,706			
Vacation and Sick Leave Liability	202		(202)			
Other Net Transfers	82	(63)		19	(305)	286
<b>March 31, 2019</b>	<b>\$(110,853)</b>	<b>\$ 26,356</b>	<b>\$ 1,303</b>	<b>\$ (83,194)</b>	<b>\$ 81,541</b>	<b>\$ 1,653</b>
March 31, 2018	\$(104,540)	\$ 28,812	\$ 2,916	\$ (72,812)	\$ 72,231	\$ 581

## 24. INTERNALLY RESTRICTED FUND BALANCES

Internally restricted fund balances represent amounts set aside by the University for specific purposes. Within the Specific Provisions Fund is \$123,514 (2018, \$110,401) that is set aside at the request of faculties and units while \$65,423 (2018, \$52,180) has been set aside at the discretion of senior administration. Included in the \$123,514 is faculty and unit carryover of \$93,403 (2018, \$87,448). Although the entire provision balance of \$188,937 (2018, \$162,581) is deemed internally restricted, senior administration is not able to repurpose the \$123,514 (2018, \$110,401) as it is bound by certain restrictions including collective agreements.

	2019	2018
<b>General Funds</b>		
Specific Provisions	\$ 188,937	\$ 162,581
<b>Restricted Funds</b>		
Capital Asset	33,578	29,896
Research and Special	12,479	8,715
Staff Benefits	3,316	3,059
Trust	38,218	35,724
	87,591	77,394
<b>Endowed</b>	2,186	2,121
<b>Total Internally Restricted Fund Balances</b>	<b>\$ 278,714</b>	<b>\$ 242,096</b>

## 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.

	2019	2018
<b>Endowed</b>	<b>\$ 504,815</b>	<b>\$ 471,282</b>
<b>Invested in Capital Assets</b>	<b>1,141,950</b>	<b>1,076,789</b>
<b>Externally Restricted</b>		
Research and Special	141,472	155,710
Staff Benefits	9,479	7,790
Trust	220,878	198,019
	371,829	361,519
	<b>\$ 2,018,594</b>	<b>\$ 1,909,590</b>

The 2018 figures for internally restricted fund balances were restated to decrease internally restricted trust by \$32,017, and to increase internally restricted capital by \$29,896 and internally endowed by \$2,121.

The 2018 figures for externally restricted fund balances were restated to increase externally restricted trust by \$32,017, and to decrease invested in capital assets by \$29,896 and endowed by \$2,121. There was no impact to the total fund balance, which remained at \$2,087,142.

# FINANCIAL STATEMENTS

## 26. CONTRACTUAL RIGHTS

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

2020	\$ 2,134
2021	914
2022	540
2023	540
2024	540
Thereafter	7,419
	<hr/>
	\$ 12,087

## 27. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

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

As at March 31, 2019, the University had a private infrastructure fund investment in a limited partnership managed by a General Partner. The legal terms and conditions of this limited partnership investment require that investors initially make an unfunded commitment and then remit funds over time in response to a series of capital calls issued to the investor by the General Partner. As at March 31, 2019, the University had invested USD \$15,724 of the USD \$57,000 committed, leaving an uncalled commitment of USD \$41,276.

Contractual obligations relating to Construction in Progress amounted to \$19,371 (2018, \$57,420). The contractual obligations relating to service contracts was \$24,376 (2018, \$21,461).

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 \$60,700 as of March 31, 2019, 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, 2019 is estimated at \$3,513 (2018, \$3,807). TRIUMF has put in place a plan for funding the cost of decommissioning which does not require any payments from the joint venture partners.

The University is a defendant in a number of legal proceedings arising in the normal course of business. While the ultimate outcome and liability of these proceedings cannot be reasonably estimated at this time, the University believes that any settlement will not have a material adverse effect on the financial position or the results of operations of the University. Management has concluded that none of the claims meet the criteria for recognizing a liability.

## 28. COMPARATIVE FIGURES

Comparative figures for the year ended March 31, 2018 have been reclassified, where appropriate, to conform with the presentation adopted for the year ended March 31, 2019.







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