



**University  
of Manitoba**

**2024**  
ANNUAL FINANCIAL REPORT



# TABLE OF CONTENTS

|   |    |
|---|----|
| MISSION, VISION and VALUES .....  | 2  |
| REPORT OF THE BOARD OF GOVERNORS .....  | 4  |
| MANAGEMENT DISCUSSION AND ANALYSIS .....  | 6  |
| DISCLOSURES MADE UNDER <i>THE PUBLIC INTEREST DISCLOSURE<br/>(WHISTLEBLOWER PROTECTION) ACT</i> ..... | 26 |
| STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING .....                                  | 27 |
| INDEPENDENT AUDITOR'S REPORT .....  | 28 |
| FINANCIAL STATEMENTS.....   | 31 |
| Statement of Financial Position.....  | 31 |
| Statement of Operations.....  | 32 |
| Statement of Remeasurement Gains and Losses.....  | 33 |
| Statement of Change in Net Financial Assets.....  | 34 |
| Statement of Cash Flows.....  | 35 |
| Notes to the Financial Statements .....   | 36 |

## TRADITIONAL TERRITORIES ACKNOWLEDGMENT

The University of Manitoba campuses are located on original lands of Anishinaabeg, Ininewuk, Anishininewuk, Dakota Oyate, and Denesuline peoples, and on the National Homeland of the Red River Métis.

UM respects the Treaties that were made on these territories, acknowledges the harms and mistakes of the past and present, and dedicates itself to move forward in partnership with Indigenous communities in a spirit of Reconciliation and collaboration.

UM recognizes that this acknowledgment only holds meaning when reflected in the actions taken to address the injustices and barriers that have disproportionately affected Indigenous Peoples and communities, systemically preventing them from accessing and benefiting from education. Grateful for the territories and lands on which the university community learns, conducts research, and engages with external partners, UM is guided by this acknowledgment in carrying out the core work of its mission, the priorities it sets, and the decisions made to move forward as an institution.

## VISION

The University of Manitoba will be a vibrant and thriving community, enriched by Indigenous knowledges and perspectives. We will lead change for a better Manitoba and world.

## MISSION

We advance learning by creating, sharing, preserving, and applying knowledge in partnership with diverse communities to promote the cultural, social, and economic well-being and health of Manitoba, Canada, and the world.

## CORE VALUES

### BELONGING

We foster trust, acceptance, and mutual respect, rooted in human rights and dignity of all. We strive to create the conditions for all to be their authentic selves. We change systems and structures that exclude. We empower success through our dedication to decolonization and Reconciliation, and to a university community that centers equity, accessibility, diversity, and inclusion.

### CURIOSITY

We value the pursuit of knowledge and uphold academic freedom. We celebrate curiosity and its essential role in learning, research, scholarly work, and creative activity. We empower the creation and sharing of knowledge in all its forms, including Indigenous knowledges and ways of knowing, to foster deeper understanding, create new connections, and address society's most pressing issues.

### IMPACT

We partner to find solutions to societal, cultural, economic, health, and environmental issues. Through collaboration, inclusivity, empathy, and valuing diverse ways of knowing, we create global citizens. We centre community as we participate in the process of Reconciliation, and contribute to positive and meaningful change in Manitoba, Canada, and the world.

### INTEGRITY

We maintain high ethical standards and ensure ethical stewardship. We share a commitment to human dignity, open dialogue, transparency, professionalism, accountability, and collegial governance.

### WELL-BEING

We advance the personal and professional growth and academic success of our community members. Grounded in respect and compassion for each other and our community, we cultivate a supportive environment that embraces the values of mino-pimatisiwin (good life) and mino-ayawin (good health).

# REPORT OF THE BOARD OF GOVERNORS

## **To the Minister of Advanced Education and Training, Manitoba**

In compliance with Section 9.4(1) of *The Advanced Education Administration Act*, the Annual Report on the financial affairs of the University of Manitoba for the year ended March 31, 2024 is herewith submitted to the Minister of Advanced Education and Training.

The following are included with this Report:

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

# REPORT OF THE BOARD OF GOVERNORS

## MEMBERS OF THE BOARD OF GOVERNORS:

At March 31, 2024 the members of the Board of Governors were as follows:

### Chair

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

### Vice-Chair

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

### Chancellor

Anne Mahon, B.H. Ecol.

### President and Vice-Chancellor

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

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

Alexandra Bell

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

Doug Finkbeiner, B.A., LL.B.

Laurel Hyde, B.S.A.

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

Shane Li, B. Comm. (Hons.), MBA, M.Sc., CBV,  
CSCP, CPIM

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

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

Ashley Puchniak

Steven Puznak

Diane Roussin, M.S.M., B.A., B.S.W.

### Elected by Senate

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

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

Douglas Brown, B.A., B.P.H.E., M.P.E., Ph.D.

### Elected by Graduates

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

Irene Fakankun, B.Sc., M.Res., Ph.D.

Brenna Shearer, B.M.R.(OT), M.Sc., Ph.D.

### Appointed by the University of Manitoba Students Union

Tracy Karuhogo

Liam Pittman

Christopher Yendt, B.A.(Hons), B.Ed.,  
B.Ed. (Ad.Ed.), M.Ed., OCT, OAMHP

### University Secretary

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

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

Original signed by

Lynette Magnus, Chair.

# MANAGEMENT DISCUSSION AND ANALYSIS

## THE UNIVERSITY OF MANITOBA: MOMENTUM

The University of Manitoba (University) is western Canada's first university, established in 1877, and is located on original lands of Anishinaabeg, Ininiwak, Anisininewuk, Dakota Oyate and Denesuline, and the National Homeland of the Red River Métis. The University is Manitoba's only research-intensive university, and one of the country's top research institutions. Since opening its doors 147 years ago, the University of Manitoba has thrived as a place where students come to learn and be inspired. The University continues to attract people from around the world who share its ideals and vision for positive change. The University believes in embracing challenges and taking action. Its students, faculty, researchers, and alumni bring their unique voices to learning and discovery, shape new ways of doing things and contribute to important conversations on topics that matter most, from human rights to global health to climate change. The University of Manitoba is where imagination and action collide.

The fall term saw the enrolment of 30,783 students from over 100 countries. International student enrolment increased as a proportion of the total student population, and represented 22.7% of all students enrolled in 2023-24. Indigenous<sup>1</sup> students continued to be a strong component of the student population in the fall term and represented 8.9% of all students.

The University is pleased to have retained its status as one of Manitoba's Top 25 Employers for 2024. People drive the success of the University of Manitoba, as faculty and staff are dedicated to providing students with the exceptional education that they expect and deserve.

Thanks to generous benefactors, in 2023-24 the market value of the University's endowment, the University Investment Trust, surpassed \$1.0 billion for the first time in its history. The University is thankful for our benefactors who have helped to accomplish this milestone.

The 2023-24 fiscal year saw an increase in student enrolment, and an unanticipated increase in operating funding from the Province of Manitoba. This funding helped to ease the impact of the recent high-inflationary environment and to fund general salary increases governed by collective bargaining agreements. It will further help shape the future of the University and Manitoba as we expand student programming to meet the needs of the post-pandemic labor market.

In addition to the numerous services and supports offered to students, in 2023-24 the University provided financial support of \$85.1 million directly to students in the form of student assistance through scholarships, bursaries, awards and fellowships. A further \$18.7 million was paid as wages to students who worked on campus. The University is proud to support the success of our students by contributing resources – both financial and non-financial – toward achieving an exceptional student experience.

After years of broad consultation and perseverance, the University adopted a new strategic plan in February 2024: *MomentUM: Leading Change Together*. Over the next five years, the new strategic plan will guide how the University moves forward together with a fundamental commitment to fostering a vibrant community, advancing Reconciliation for transformative change, and building a sustainable future.

Despite these accomplishments, fiscal 2023-24 was not without challenges: continued global supply chain issues and contractor backlogs delayed a number of the University's capital projects, the late announcement of increased operating funding from the Province of Manitoba did not afford the University adequate time to deploy it for full use in the 2023-24 fiscal year, and the impacts of a federally imposed international student study permit cap on future student enrolment at the University are not yet known.

The University's Annual Surplus before endowed donations in 2023-24 was \$79.4 million, which included funding earmarked for future capital projects and research endeavors, and funding that has been set aside to support ongoing operations and future initiatives. When including contributions made by benefactors to the endowment, the annual surplus totaled \$93.2 million. The University also recorded net remeasurement gains of \$56.6 million, which represented an increase in the valuation of certain University investments held at March 31, 2024. The net financial impact of the Annual Surplus and Net Remeasurement Gains resulted in a Net Increase to Accumulated Surplus of \$149.9 million.

The following table summarizes the source of the annual surplus of the University for the year ended March 31, 2024.

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



# MANAGEMENT DISCUSSION AND ANALYSIS

## ANNUAL SURPLUS (LOSS) BY ACTIVITY

| (in thousands)  | 2024              | 2023             |
|---|-------------------|------------------|
| Operating Activities  | \$ 58,593         | \$ 35,835        |
| Non-Operating Activities  | 50,159            | 42,190           |
| Multi-Year Initiatives and Capital Projects                       | (31,720)          | (34,980)         |
| <b>Annual Surplus from Operating and Non-Operating Activities</b> | <b>77,032</b>     | <b>43,045</b>    |
| Endowment Activities  | 16,192            | 27,042           |
| <b>Annual Surplus</b>   | <b>93,224</b>     | <b>70,087</b>    |
| Net Remeasurement Gains (Losses) for the Year                     | 56,626            | (11,025)         |
| <b>Net Increase to Accumulated Surplus</b>                        | <b>\$ 149,850</b> | <b>\$ 59,062</b> |

Further details on the above can be found on page 15.

On April 1, 2023, the University was required to adopt Canadian Public Sector Accounting Standard (PS) 3400 *Revenue*. Adjustments required to adopt PS 3400 resulted in a restatement of prior year accumulated surplus balances and certain comparative information in the financial statements and related notes. This accounting standard required the University to recognize a liability for unrestricted revenue with an associated performance obligation that had not been satisfied at March 31. In turn, this impacted the amount of tuition and related fee revenue, ancillary revenue, and other income that was recognized in the Statement of Operations, as well as other areas of the University's financial statements. Further details on the impact of the adoption to the University's financial statements are found later in this report and in Note 3.

## OUR SHARED FUTURE

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

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

The world changed significantly since the launch of *Taking Our Place*, as we have experienced a global pandemic, felt the increasing impacts of climate change, witnessed a rise in public disinformation and incivility, and felt the pressure of rising costs. These have created and exacerbated global tensions and conflicts that impact close to home as our worlds become more interconnected. As the world changed, so did the needs of students and the University community as a whole. In June 2021, every member of the University was invited to participate in an online questionnaire that built on the many discussions held across the University, with the goal of creating a new strategic plan to align with the new world we live in. Based on the rich feedback received from these discussions, and from close to 2,000 respondents (primarily faculty, staff and students), five priorities were confirmed that drove efforts over the past few years while the University undertook a comprehensive strategic planning exercise to inform the new strategic plan. Under *Our Shared Future: Building on our Strategic Plan*, the University strived to:

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

# MANAGEMENT DISCUSSION AND ANALYSIS

The 2023-24 budget was developed with these priorities in mind. The University proudly adopted a new strategic plan, *MomentUM: Leading Change Together*, in February 2024. It will drive the University's efforts and inform the University's budget for fiscal 2024-25 and beyond.

Consistent with past practice, the University's 2023-24 operating budget included the allocation of funding to support and advance strategic goals. Strategic allocations made in the 2023-24 operating budget totaled \$22.3 million. This included support to strengthen the University's commitment to students by allocating \$3.0 million to student assistance targeted to areas of the highest need, including both undergraduate and graduate students.

The budget also included several other strategic allocations aligned with the five priorities described above, including: \$7.7 million for various projects to enhance student success, building an outstanding workplace and contribution to our academic mission and key strategic priorities; \$3.0 million to support accessibility upgrades and to help advance the University's equity, diversity and inclusion strategic priority; \$1.7 million for a pilot program to support comprehensive inter-disciplinary team research grants to enhance research competitiveness; \$1.5 million for HVAC upgrades in support of student safety; \$1.2 million to finalize the development of the Climate Action Plan and to provide seed money for actions taken; \$1.2 million to support the operating costs of the John Buhler Research Centre; \$1.2 million to support space efficiencies and streamline facilities; \$0.8 million to support research-related capital equipment purchases; \$0.5 million to enhance common spaces, amenities and services to better meet the needs of students; and \$0.5 million to support the expansion of Open Educational Resources use.

Additional details about the University's 2023-24 budget can be found at:

<https://umanitoba.ca/finance/sites/finance/files/2023-03/Board%20Submission%20-%202023-2024%20Consolidated%20Budget%20v3.pdf>

## FINANCIAL OVERVIEW

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

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

### Operating Activities

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

### Research Activities

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

## Capital Activities

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

## Special Purpose and Trust Activities

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

## Endowment Activities

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

## Financial Health

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

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

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

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

### **Primary Reserve Ratio**

*Does the University have sufficient financial flexibility?*

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

# MANAGEMENT DISCUSSION AND ANALYSIS

The University relies heavily on provincial operating grants (46.1% of 2023-24 operating revenue) and tuition (30.0% of 2023-24 operating revenue) to fund its operating activities. Further, the majority of the University’s expenses are salaries and benefits (74.3% of 2023-24 operating expenses). Because of its reliance on certain funding sources and its obligations to its employees, monitoring the University’s ability to manage a financial crisis is an important aspect of sound financial stewardship.

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

**Viability Ratio**

*Can the University settle its debt?*

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

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

**Net Operating Revenue Ratio**

*Did the University generate a positive or negative cash flow?*

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

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

**Return on Net Assets Ratio**

*Has the University’s net assets increased or decreased?*

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

**Composite Financial Index**

*How is the University’s financial health?*

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

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

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

| <b>FINANCIAL RATIO SCORES</b> |                          |             |             |
|-------------------------------|--------------------------|-------------|-------------|
| <b>Ratio</b>                  | <b>Minimum Threshold</b> | <b>2024</b> | <b>2023</b> |
| Primary Reserve Ratio         | 140 days                 | 185 days    | 187 days    |
| Viability Ratio               | 1.25                     | 1.69        | 1.61        |
| Net Operating Revenue Ratio   | 2.0%                     | 11.9%       | 4.0%        |
| Return on Net Assets Ratio    | 6.0%                     | 6.8%        | 1.4%        |
| Composite Financial Index     | 3.0                      | 5.1         | 3.4         |

# MANAGEMENT DISCUSSION AND ANALYSIS

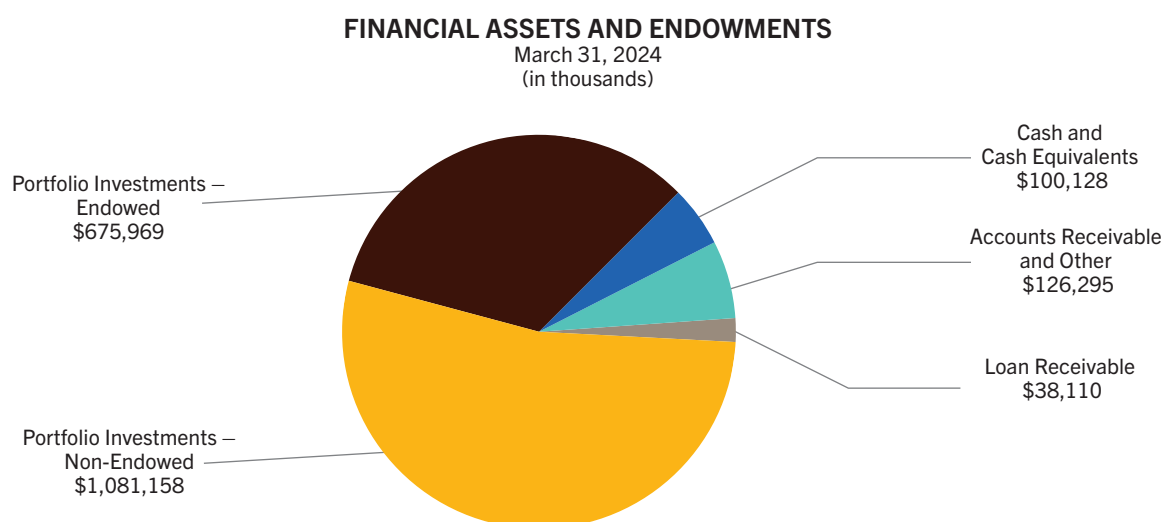
## Financial Resources

### Net Financial Assets

Net financial assets are comprised of the University's financial assets, liabilities and endowments. The University's net financial assets at March 31, 2024 were \$939.1 million, composed of financial assets of \$1.3 billion and endowments of \$676.0 million, offset by \$1.1 billion of liabilities. Of the \$1.1 billion of liabilities, the largest components were revenues deferred for recognition in future years (\$509.7 million) and debt (\$316.9 million). The University's financial assets and liabilities are detailed below.

### Financial Assets

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



The majority of investments held were related to resources entrusted to the University by donors for specific activities and initiatives. Non-endowed portfolio investments (\$1.1 billion) consisted of resources that were designated or held specifically for certain activities, whether by management decision or because it was required by external funders or donors. Endowed portfolio investments (\$676.0 million) consisted of donations that had been directed by benefactors to be held in perpetuity for the benefit of future generations, and as such cannot be used to support operating activities. Portfolio investments, both endowed and non-endowed, are discussed later and further detailed in Note 7.

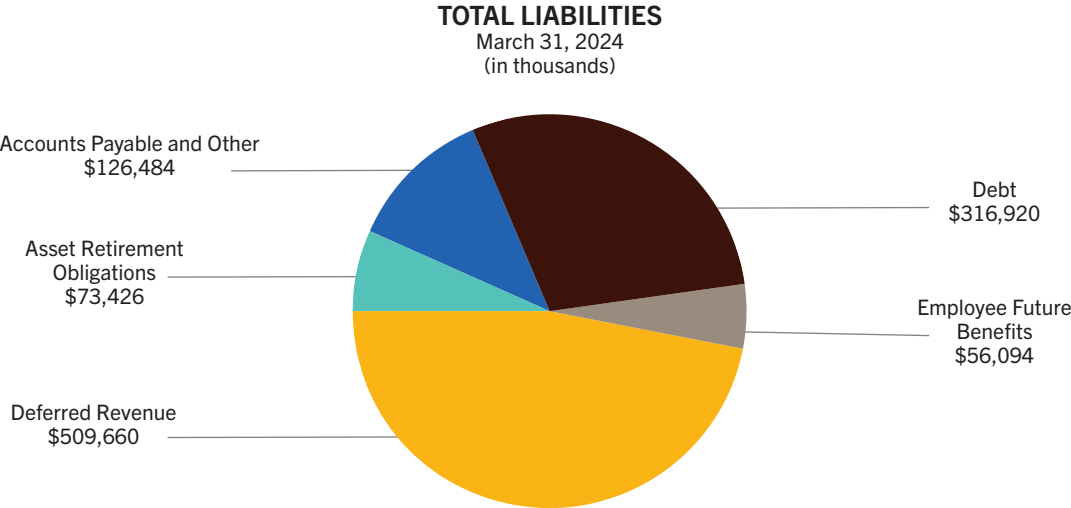
Cash and Cash Equivalents held by the University at any time are a result of timing differences between when revenue is received and expenditures are incurred. This is particularly true of research and capital activities, where often revenue is received in one year and the corresponding expenses are incurred as research or capital activities continue over multiple fiscal years. As the University constantly has multiple initiatives underway, it must manage its working capital appropriately to ensure that resources are available when they are needed. To enhance operational efficiency and reduce costs, cash is managed on a pooled basis, and depending on cash flow requirements may at times be invested in order to earn income. At March 31, 2024, the University had a Cash and Cash Equivalents balance of \$100.1 million, comprised solely of cash in bank.

Of the total combined balance of cash and investments of \$1.9 billion, \$1.1 billion or 59.8% was related to endowed and non-endowed donations and the investment income earned from them. A further \$279.2 million or 15.0% was related to multi-year research projects, as well as staff benefit programs and other special purpose activities. The remaining balance of cash and investments held were designated for multi-year initiatives and capital projects, to support future operations, and to support future projects and other specific requirements. Maintaining liquid assets ensures that the faculties and unit have ready access to the resources they need to fund their operations, initiatives and projects within the next fiscal year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Liabilities

The University’s total liabilities at March 31, 2024 were \$1.1 billion. Details of the University’s liabilities at March 31, 2024 are depicted below.



As previously mentioned, on April 1, 2023 the University was required to adopt Canadian Public Sector Accounting Standard (PS) 3400 *Revenue*. Adjustments required to adopt PS 3400 resulted in a restatement of prior year accumulated surplus balances and certain comparative information in the financial statements and related notes. This accounting standard required the University to recognize a liability for unrestricted revenue with an associated performance obligation that had not been satisfied at March 31. Further details on the impact of the adoption of this accounting standard to the University’s financial statements are found later in this report and in Notes 2, 3 and 11. At March 31, 2024, this deferred revenue included tuition and related fee revenue, ancillary revenue and other income received through operating activities where the performance obligation associated with the revenue had not yet been met (\$55.9 million). It also consisted of funding received and entrusted to the University specifically for research, capital, special purpose and trust activities (\$453.8 million) that had not been spent as at March 31, 2024, most of which was from non-government sources. Often projects and initiatives span multiple fiscal years, which results in the receipt of funding that cannot be recognized as revenue until it has been spent. Unspent donations and related investment income represented \$304.0 million, a deferred capital-related federal grant represented \$59.3 million, \$61.2 million was deferred research revenue from non-government sources, and \$29.3 million represented deferred lease revenue. Unspent government grants and other sources of revenue are not deferred and are reflected in the accumulated surplus.

Debt included loans made to the University for such initiatives as the construction of the Active Living Centre, student residences and other buildings, and to fund infrastructure and deferred maintenance projects. Of the \$316.9 million of debt outstanding, \$175.9 million consisted of funding received from the Province of Manitoba for the construction and acquisition of tangible capital assets, for which the monthly principal and interest repayments of this debt are funded by grants provided by the Province of Manitoba.

Asset retirement obligations represent the University’s best estimate of the present value of future costs of legal obligations associated with the retirement of certain assets that resulted from their acquisition or construction. At March 31, 2024, these costs were estimated to be \$73.4 million. Further details can be found in Note 15.

Further details on the University’s liabilities at March 31, 2024 are found in Notes 9, 10, 11, 12, 13, 14 and 15.

## Non-Financial Assets

Non-financial assets were comprised of assets that are not readily convertible to cash to meet the University’s obligations. The University’s non-financial assets at March 31, 2024 were \$1.3 billion and consisted primarily of tangible capital assets. Tangible capital assets are acquired or built with the expectation that they will be used for several years to help deliver



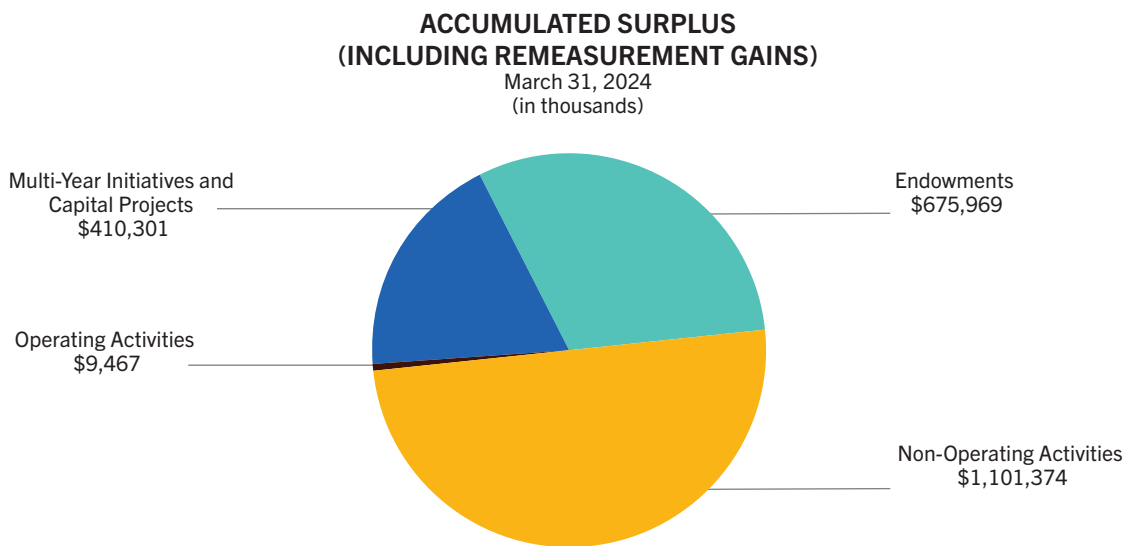
# MANAGEMENT DISCUSSION AND ANALYSIS

the University's mandate. The University's buildings, which number over one hundred and cover more than six million square feet, comprise the majority of its tangible capital assets and provide space for teaching, learning, administration and recreational activities.

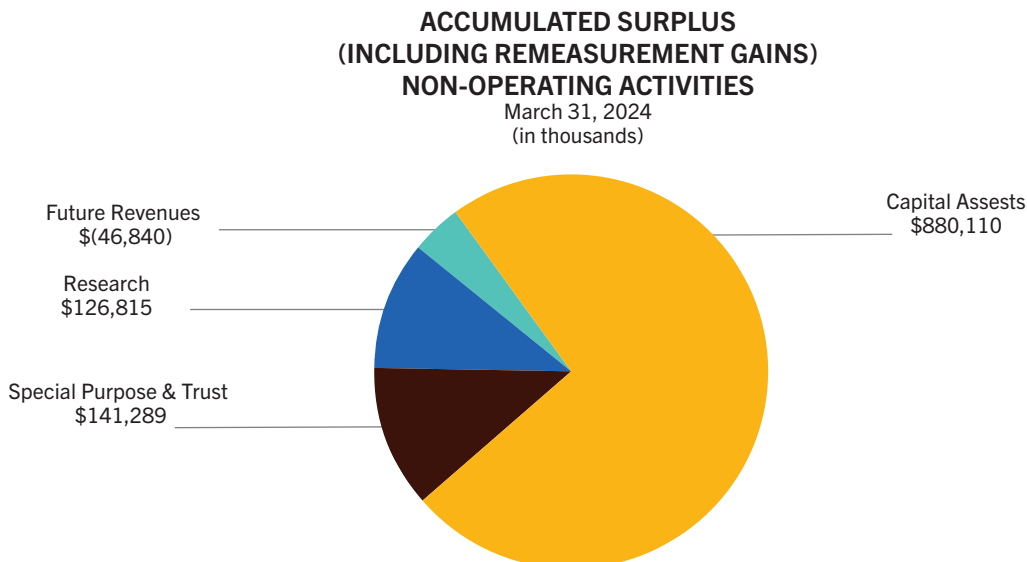
Tangible capital assets are discussed later in this report and are further detailed in Note 16.

## Accumulated Surplus

Accumulated surplus is composed of net financial assets and non-financial assets. It does not necessarily represent expendable resources as a large part of the balance is comprised of tangible capital assets and endowed donations that cannot be readily converted to cash. The University's accumulated surplus at March 31, 2024, including accumulated remeasurement gains, was \$2.2 billion. The composition of the accumulated surplus balance by type of activity at March 31, 2024 is depicted below.



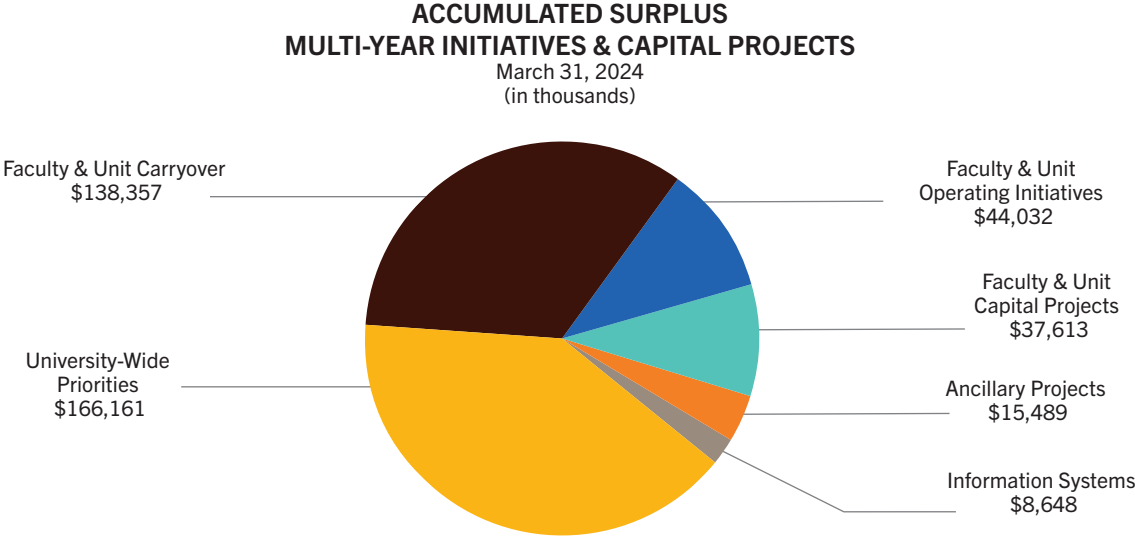
The most significant portion of the accumulated surplus including remeasurement gains at March 31, 2024 pertained to non-operating activities such as capital, research, trust, and other certain activities. Among other things, it was comprised of tangible capital assets, debt, and funding entrusted to the University for specific purposes that was received, but had not been spent, as at March 31, 2024. The composition of the accumulated surplus from Non-Operating Activities is depicted below.



# MANAGEMENT DISCUSSION AND ANALYSIS

Accumulated surplus including remeasurement gains was further composed of endowments of \$676.0 million at March 31, 2024. As the endowed resources consisted of donations that have been directed by benefactors to be held in perpetuity for the benefit of future generations, this surplus cannot be used to support general operations.

The portion of the accumulated surplus at March 31, 2024 pertaining to funding designated for multi-year initiatives and capital projects was \$410.3 million. As discussed previously, this is composed of funding that has been set aside to support multi-year initiatives, future capital projects and operations, and other specific requirements, and is summarized below.



Accumulated surplus designated for university-wide priorities of \$166.2 million consisted of funding for various ongoing and future initiatives and projects, including for fiscal stabilization (\$30.0 million), the Fort Garry District Energy Upgrade and power re-servicing projects (\$26.7 million), Machray Hall redevelopment (\$20.2 million), infrastructure renewal (\$16.5 million), Churchill Marine Observatory completion (\$8.3 million), learning space renewal (\$6.7 million), future indirect costs of research (\$6.4 million), and various other operating initiatives and capital projects.

Accumulated surplus relating to faculty and unit carryover and operating initiatives totaled \$182.4 million. This balance consisted of funding to support fiscal 2024-25 faculty operating budgets and various future or ongoing operating initiatives within the faculties (\$124.5 million), research support (\$14.6 million), student support (\$8.6 million), operating support for the National Centre for Truth and Reconciliation and other Indigenous initiatives (\$8.3 million), funding for equipment replacements within the Faculty of Kinesiology and Recreation Management (\$4.9 million), and various other ongoing operating initiatives and projects.

Accumulated surplus has also been designated by the faculties and units for various ongoing and capital projects (\$37.6 million). These projects include the expansion of the Bannatyne campus to accommodate various medical program expansions, dental clinic upgrades, and the addition of a daycare (\$14.4 million), facility and lab upgrades within the Faculty of Science (\$7.3 million), recreational facility and other renovations within the Faculty of Kinesiology and Recreation Management (\$3.6 million), lab and classroom upgrades in the Asper School of Business (\$3.4 million), support for the construction of a permanent building to house the National Centre for Truth and Reconciliation (\$1.0 million), and support for various other faculty-related capital projects.



# MANAGEMENT DISCUSSION AND ANALYSIS

Further included within the multi-year initiatives and capital projects accumulated surplus balance is funding in support ancillary-related capital projects, including the construction of a new student residence and parking lot repairs (\$15.5 million); and support for ongoing information system renewal (\$8.6 million).

The remaining balance of accumulated surplus was associated with operating activities. As a not-for-profit organization, the University's accumulated surplus/deficit associated with its operating activities is monitored closely and controlled to prevent overspending.

The University's accumulated surplus including accumulated rereasurement gains described above is categorized below in accordance with the restrictions placed on the balances.

## SUMMARY OF ACCUMULATED SURPLUS RESTRICTIONS (INCLUDING REEASUREMENT GAINS)

| (in thousands)   | 2024                | 2023                |
|--|---------------------|---------------------|
| Unrestricted   | \$ (41,751)         | \$ (47,848)         |
| Internally Restricted                                    | 520,088             | 484,587             |
| Externally Restricted                                    | 178,573             | 174,168             |
| Invested in Capital Assets                               | 864,232             | 816,371             |
| Endowed  | 675,969             | 619,983             |
| <b>Accumulated Surplus Including Remeasurement Gains</b> | <b>\$ 2,197,111</b> | <b>\$ 2,047,261</b> |

At March 31, 2024, the unrestricted surplus balance of (\$41.8 million) was comprised of a balance of \$9.5 million of unrestricted operating surplus, offset by a deficit associated with the University's investment in UM Properties of \$4.4 million and a deficit associated with future revenues and expenses of \$46.8 million. The deficit associated with future revenues and expenses represents revenue that the University will recognize in the future, and vacation pay liability and employee future benefits liability which are not expected to be settled from operations in the near future.

Internally restricted surplus of \$520.1 million was composed of funding set aside for multi-year initiatives and capital projects (\$410.3 million), funding that has been designated to support research, capital, trust, special and employee staff benefits-related activities, and funding that was set aside to meet certain contractual obligations (\$109.8 million).

Externally restricted surplus of \$178.6 million represented funding that was provided to the University for a specific purpose. It included restricted funding received to conduct research or for special projects, as well as unrealized investment income on endowed and non-endowed investments. Externally restricted surplus held must be used in accordance with the requirements of external funders, and for the specific purpose that was intended. As such, this surplus balance cannot be used to support general operations.

Invested in capital assets accumulated surplus of \$864.2 million represented funding that has been invested in capital assets, and cannot be easily liquidated to support operating activities.

Endowed accumulated surplus of \$676.0 million consisted of donations that have been directed by benefactors to be held in perpetuity for the benefit of future generations. This surplus balance also cannot be used to support general operations.

# MANAGEMENT DISCUSSION AND ANALYSIS

The following table is a summary of the changes to the University's accumulated surplus that occurred in 2023-24.

## SUMMARY OF CHANGES TO ACCUMULATED SURPLUS 2023-24

(in thousands)

|   | Operating<br>Activities | Non-Operating<br>Activities | Multi-Year<br>Initiatives<br>and Capital<br>Projects | Endowment         | Total               |
|---|-------------------------|-----------------------------|--|-------------------|---------------------|
| Revenue   | \$ 805,149              | \$ 320,495                  | \$   | \$                | \$ 1,125,644        |
| Expenses  | (713,994)               | (332,238)                   |  |                   | (1,046,232)         |
| Net Revenue   | 91,155                  | (11,743)                    |  |                   | 79,412              |
| Net Allocations:  |                         |                             |  |                   |                     |
| Debt Repayment  | (20,764)                | 20,764                      |  |                   |                     |
| Student Assistance  | (14,932)                | 16,070                      | (1,217)  | 79                |                     |
| Capital Asset Acquisitions  | (17,431)                | 47,575                      | (30,144)   |                   |                     |
| Research  | (10,341)                | 10,341                      |  |                   |                     |
| Budgeted Strategic Initiatives  | (11,800)                |                             | 11,800   |                   |                     |
| Pension and Employee Future Benefits  | (5,680)                 | 5,680                       |  |                   |                     |
| Future Indirect Costs of Research   | (5,672)                 |                             | 5,672  |                   |                     |
| Staff Benefits  | (4,498)                 | 4,498                       |  |                   |                     |
| Student Contributions to Endowments   | (2,017)                 | 1,182                       |  | 835               |                     |
| Other   | 1,097                   | (2,736)                     | 173  | 1,466             |                     |
| Indirect Costs of Research  | 9,299                   | (9,299)                     |  |                   |                     |
| Multi-year Initiatives and Operating Projects                                     | 18,004                  |                             | (18,004)   |                   |                     |
| General Operating Support   | 32,173                  | (32,173)                    |  |                   |                     |
|   | (32,562)                | 61,902                      | (31,720)   | 2,380             |                     |
| <b>Annual Surplus from Operating and<br/>Non-Operating Activities</b>             | <b>58,593</b>           | <b>50,159</b>               | <b>(31,720)</b>                                      | <b>2,380</b>      | <b>79,412</b>       |
| Transfer of Operating Surplus:  |                         |                             |  |                   |                     |
| Faculty and Unit Carryover  | (18,017)                |                             | 18,017   |                   |                     |
| Faculty and Unit Transfers  | (18,781)                |                             | 18,781   |                   |                     |
| Central Transfers   | (21,717)                |                             | 21,717   |                   |                     |
|   | (58,515)                |                             | 58,515   |                   |                     |
| Endowed Donations   |                         |                             |  | 13,812            | 13,812              |
| <b>Annual Surplus</b>   | <b>78</b>               | <b>50,159</b>               | <b>26,795</b>  | <b>16,192</b>     | <b>93,224</b>       |
| Restated Accumulated Surplus Beginning of Year <sup>1</sup>                       | 9,637                   | 969,857                     | 383,506  | 442,496           | 1,805,496           |
| <b>Accumulated Surplus End of Year</b>  | <b>9,715</b>            | <b>1,020,016</b>            | <b>410,301</b>                                       | <b>458,688</b>    | <b>1,898,720</b>    |
| Accumulated Remeasurement Gains (Losses)  |                         |                             |  |                   |                     |
| End of Year   | (248)                   | 81,358                      |  | 217,281           | 298,391             |
| <b>Accumulated Surplus Including Remeasurement<br/>Gains (Losses) End of Year</b> | <b>\$ 9,467</b>         | <b>\$ 1,101,374</b>         | <b>\$ 410,301</b>                                    | <b>\$ 675,969</b> | <b>\$ 2,197,111</b> |

<sup>1</sup> See Note 3 for further details.

# MANAGEMENT DISCUSSION AND ANALYSIS

The change to accumulated surplus from operating and non-operating activities is the result of revenue less expenses, net of allocations to support other University activities. Details on the University's revenue and expenses in 2023-24 are found later in this report. Some net allocations are made as part of the normal course of operations and include the funding of debt repayments; student assistance; the purchase and construction of capital assets; budgeted allocations for strategic initiatives; and the support of research endeavors and staff benefit plans. They also include the allocation of overhead from research grants in support of indirect costs of research; operating support received from the annual spending allocation of investment income earned from trust and endowment assets (discussed later in this report); as well as the allocation of funding set aside in past years to support the costs of multi-year projects and initiatives. Other allocations are made to designate excess revenue and unspent funds for various initiatives and projects, to be used in the future.

As indicated in the above table, at March 31, 2024, \$58.6 million of net operating surplus remained, which is an increase of \$29.3 million from the prior year. This surplus was primarily a product of exceeding expectations for certain types of revenue, and lower than anticipated spending on operating activities. The most significant factor was the underspending of operating expenses in the faculties, which contributed \$33.1 million to the surplus. Further, certain sources of revenue were higher than anticipated in the budget. Tuition and related fee revenue surpassed budget by \$7.5 million due to higher enrolment than anticipated. Operating-related investment income also exceeded budgeted expectations by \$6.2 million (further details on investment income are found later in this report). This increased revenue combined with expense savings in other areas resulted in a central surplus of \$21.8 million. The remaining \$3.7 million of the surplus was the result of a surplus from ancillary services.

The faculties, units and central administration designated the \$58.5 million of operating surplus to support operations, multi-year initiatives, future capital projects, and for other specific requirements in future fiscal years. This included support for fiscal stabilization, future operating expenses, and various operating initiatives (\$40.6 million); faculty and unit funded facility renovations, classroom and lab upgrades (\$12.7 million); and other funding in support of ongoing or future capital projects (\$5.2 million).

Research, capital, trust and other non-operating activities contributed a further \$50.2 million to the accumulated surplus balance, which was an increase of \$8.0 million over the prior year.

During the year, the University transferred a net \$31.7 million of the funding set aside in past years for spending on multi-year initiatives and capital projects. Of this funding, \$18.2 million was used to support operating expenses and multi-year projects and initiatives and included, among various other things, \$3.9 million for support of indirect costs of research; \$3.4 million of support of ongoing information technology projects; and \$3.2 million of support for the 2023-24 operating budget. A further \$30.1 million of support was spent on capital projects, an increase of \$7.0 million over the prior year. Offsetting the deployment of this funding were budgeted strategic allocations made for priorities such as future infrastructure projects (\$11.8 million) and support for indirect costs of research to be incurred in fiscal 2024-25 (\$5.7 million).

Thanks to generous benefactors, endowed donations of \$13.8 million were received in 2023-24. Each year, through a referendum, students choose to designate a portion of their tuition fees as a contribution to the University's endowments and to reallocate unspent investment income generated from the endowments back as endowment principal. This amount totaled \$0.8 million in 2023-24. This combined with other allocations to endowments made for a total increase of \$16.2 million in endowments.

## ***Accumulated Remeasurement Gains***

Accumulated remeasurement gains represent the accumulation of net unrealized gains and losses primarily on the investments held in the University Investment Trust, which is composed of endowed assets and some trust-related assets. During the year, the University recorded \$56.6 million in net remeasurement gains, comprised primarily of net unrealized gains experienced as the Canadian, U.S. and international equity markets all experienced strong performance in fiscal 2023-24. These remeasurement gains increased the accumulated remeasurement gains balance to \$298.4 million at March 31, 2024.

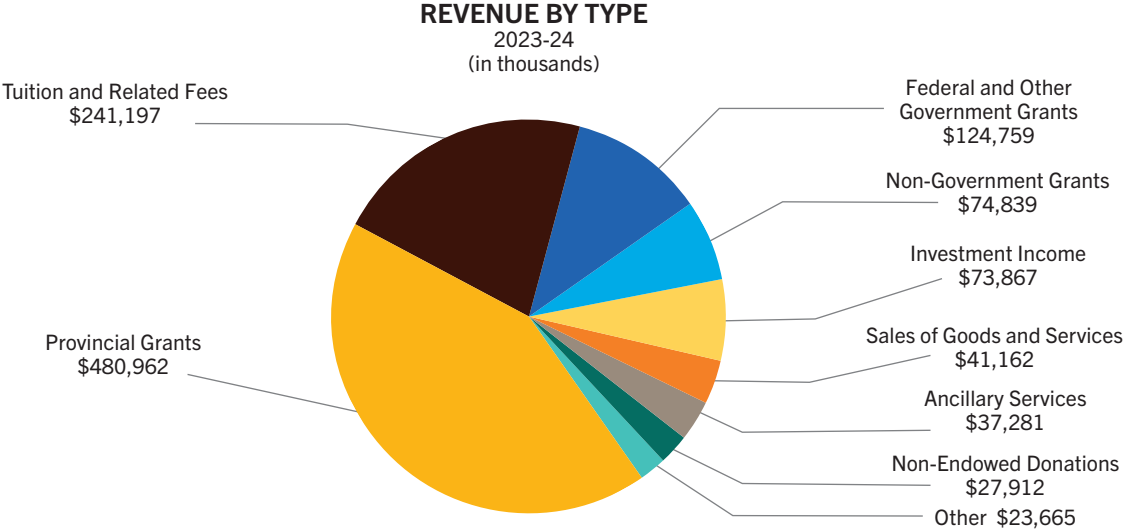
# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Activities

### Revenue

The University of Manitoba earns revenue from a variety of sources. In 2023-24, the University recognized \$1.1 billion of revenue, which was an increase of \$113.6 million from the previous year.

The types of revenue recognized in 2023-24 were as follows:



### Provincial Grants

The University’s most significant funder was the Province of Manitoba. In 2023-24, grants from provincial departments and reporting entities totaled \$481.0 million or 42.7% of total revenues. Of the grants from the Province of Manitoba, \$423.4 million was provided as funding in support of operating activities; \$23.2 million was provided specifically for special projects, including the provision of health care services in northern Manitoba; \$12.4 million was provided for provincial promissory note principal and interest repayments; \$9.4 million was provided for infrastructure renewal and funding for specific capital projects; \$7.8 million was provided specifically for research activities; and \$4.8 million was provided to support student scholarships and bursaries. Provincial grants increased by \$57.2 million over the prior year, which was composed primarily of a 10.8% increase in the operating grant (\$35.8 million), funding in support of medical program expansions (\$11.2 million) and provincial health priorities through service purchase agreements (\$7.7 million), and an increase in support from Research Manitoba for research projects (\$2.7 million), offset by a decrease in student scholarship support (\$0.8 million).

### Tuition and Related Fees

The University’s second largest source of revenue was Tuition and Related Fees, which in 2023-24 totaled \$241.2 million and was 21.4% of the University’s total revenue. This was an increase of \$8.6 million from the prior year, which is higher than the increase the University had anticipated receiving when preparing its 2023-24 operating budget. The increase in tuition and related fee revenue was the combined result of a tuition and course-related fee increase of 2.75% (as allowed by the Province of Manitoba) combined with an 11.5% increase in summer enrolment and a 3.4% increase in undergraduate fall term enrolment as compared to the prior year.

As previously discussed, on April 1, 2023 the University was required to adopt PS 3400 *Revenue*. The impact of this adoption required the University to defer any tuition and related fee revenue with an associated performance obligation that was not met at March 31. Details on the impact of this accounting standard as it applies to tuition and related fees are found in Note 3.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Federal and Other Government Grants

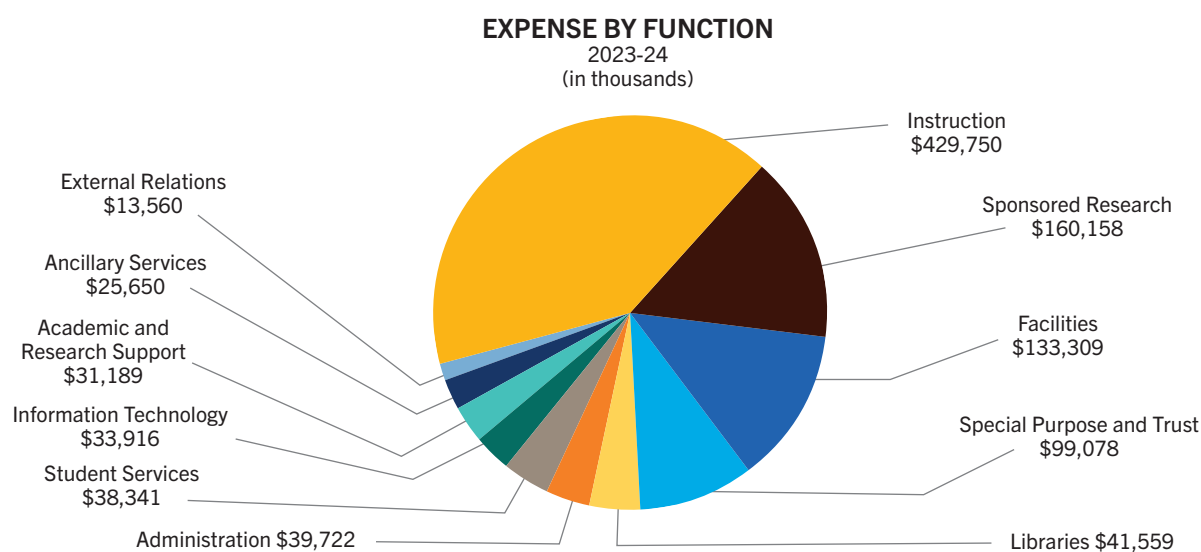
In 2023-24, support from the Government of Canada and other government bodies resulted in the University receiving \$124.8 million in federal and other government grant funding. This funding was comprised of \$112.9 million from the Government of Canada; \$8.8 million from other Canadian provinces; and \$3.1 million from provincial government business enterprises, foreign and municipal governments. Most of this funding was received in support of the University's research activities (\$81.8 million), while \$21.6 million was received for special activities (in particular, for providing health care services in northern Manitoba and Nunavut), \$18.2 million was received in support of operating activities, and \$3.2 million was received in support of capital projects. Funding received in 2023-24 was consistent with what was received in the prior year, decreasing only negligibly.

## Expenses

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

In 2023-24, the University incurred \$1.0 billion expenses for all activities and across all functional lines of service. This was an increase of \$87.2 million from the previous year. Compensation-related expenses represented \$42.4 million of this increase, which was a result of \$27.1 million of salary increases, \$10.6 million of pension and employee future benefit costs, and \$6.3 million of benefit increases. Salaries increased due to general salary increases across all employee groups and other payments governed by collective bargaining agreements, and increased staffing levels as the University continued its post-pandemic recovery. Further contributing to this increase was an increase in materials, supplies, services and professional fees associated with academic programming, research and other projects (\$31.1 million) and an increase in travel and professional development costs (\$6.8 million).

Expenses incurred by function in 2023-24 were as follows:



## Instruction

Instruction included the costs of all activities associated with direct educational delivery and academic functions within the University. Instruction expenses totaled \$429.8 million and accounted for 41.1% of total expenses incurred in 2023-24. Instruction expense increased by \$37.6 million or 9.6% from the prior year. This increase was attributed primarily to general salary increases and other payments made to faculty and staff as governed by collective bargaining agreements (\$28.9 million). Further contributing to the increase were costs associated in Manitoba Health-funded medical residency seat increases (\$6.0 million) and an increase in travel and professional development-related costs (\$2.3 million).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Sponsored Research

Sponsored research included the costs associated with all activities funded by grants and contracts received from external organizations and undertaken within the University to produce specific research outcomes. Sponsored research expenses totaled \$160.2 million or 15.3% of total expenses incurred in 2023-24. Sponsored research expenses increased by \$13.7 million or 9.4% from the prior year due primarily to an increase in research activities located both in Canada and across the world. Sponsored research expenses are discussed in detail later in this report.

## Facilities

Facilities included the costs associated with all activities pertaining to the ongoing operation and maintenance of the grounds, buildings and facilities of the University, excluding capital improvements. It also included amortization expense, accretion expense and debt servicing costs. Facilities expenses accounted for \$133.3 million or 12.8% of total expenses incurred in 2023-24. Facilities expenses increased by a net \$4.1 million or 3.2% from the prior year. The increase was primarily due to an increase in amortization (\$1.9 million) and general salary increases of staff in facilities-related departments (\$1.2 million).

## Special Purpose and Trust

Special purpose and trust included costs associated with the undertaking of externally-assigned mandates (such as the provision of medical care in northern communities); the administration of employee staff benefit plans; and the administration of the University’s trust-related activities. Special purpose and trust expenses accounted for \$99.1 million or 9.5% of the University’s total expenses incurred in 2023-24. Special purpose and trust expenses increased \$8.7 million or 9.6% from the prior year due primarily to an increase in physician-related costs associated with providing medical services in northern communities (\$6.2 million) and an increase in trust-funded student scholarships and awards (\$1.8 million).

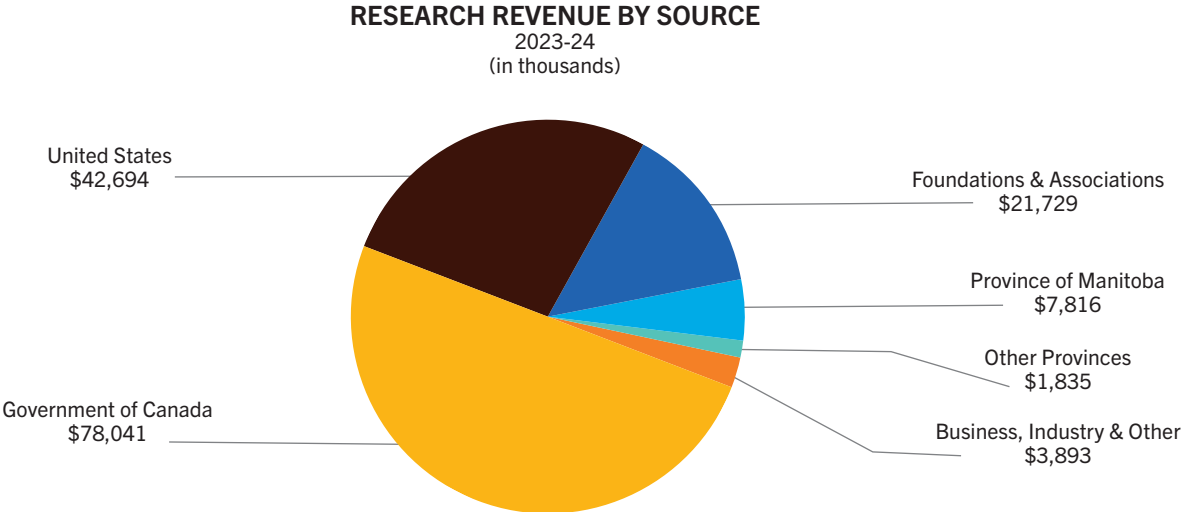
The categorization of expenses into each of the functional lines of service can be found in Note 2C.

## RESEARCH

During 2023-24, research at the University continued to grow, with investment in several key areas.

In 2023-24 the University received \$167.2 million of sponsored research support, which was \$16.7 million higher than what was received in the prior year. The University deferred \$11.2 million of what was received, which represented research-related funding not utilized in 2023-24. In total, research-related revenue recognized in 2023-24 was \$156.0 million, which was an increase of \$3.1 million from the prior year. This increase is explained below.

Funding of the University's research activities comes from a variety of sources. The following diagram illustrates the sources of the research-related revenue recognized during 2023-24.





# MANAGEMENT DISCUSSION AND ANALYSIS

The University's largest funder of research was the Government of Canada, which in 2023-24 provided \$78.0 million or 50.0% of research-related revenue through the issuance of grants and contracts. The majority of these grants and contracts were provided by the Tri-Agency, which is comprised of the Canadian Institutes of Health Research (\$31.7 million) the Natural Sciences and Engineering Research Council of Canada (\$20.9 million), and the Social Sciences and Humanities Research Council of Canada (\$6.3 million). Funding was also received from a variety of other federal government departments. Funding from the federal government decreased a net \$2.0 million or 2.6% from the previous year. This was primarily due to the completion of multiple larger Tri-Agency funded projects.

The University's second largest source of research-related funding continues to be the United States, which from multiple funders the University recognized \$42.7 million or 27.4% of its research-related revenue. This was an increase of \$8.0 million from the prior year. The largest funder of research from the United States was the Bill and Melinda Gates Foundation, which provided \$37.9 million of revenue recognized in 2023-24, an increase of \$7.0 million from the prior year. These funds were directed to the University's Institute for Global Public Health for ongoing projects primarily related to reproductive, maternal, neonatal and child health in India, Kenya and elsewhere.

The third largest source of research-related funding in 2023-24 was foundations and associations. From over 100 individual entities, the University recognized a total of \$21.7 million or 13.9% of its research-related revenue. This was a slight decrease of \$0.3 million from the prior year. The most notable funders associated with revenue recognized in 2023-24 included MITACS (\$4.1 million), the Western Grains Research Foundation (\$2.2 million), and the Children's Hospital Foundation of Manitoba (\$2.1 million).

The Province of Manitoba provided the University with \$7.8 million in funding in 2023-24, or 5.0% of its research-related revenue, which was \$0.8 million lower than what was received in the prior year. The most notable departments and other reporting entities that contributed to the University's research included Research Manitoba (\$4.3 million) and Manitoba Agriculture and Resource Development (\$2.1 million).

In 2023-24, research-related expenses were \$160.2 million, which was an increase of \$13.8 million from the prior year. The University's research activities located in other countries (in particular, India and Kenya) increased in 2023-24, mainly as a result of increased funding from the Bill and Melinda Gates Foundation. As a result, an increase in research-related travel expenses and costs for supplies and professional and other services comprised most of the increase in expenses (\$11.5 million).

Expenses incurred to conduct research included directly related compensation costs and all other costs required to produce research outcomes. In 2023-24 research funding also provided \$30.1 million of support to students who participated in research activities, which amounted to 35.3% of all assistance provided to students by the University in 2023-24. This support enabled students to work with experienced researchers while they continued their studies and developed their own research activities.

Research-related funding agreements and contracts provided the University with \$6.1 million of indirect cost funding, which was used to support research and defray some of the indirect costs associated with research activities. Research-related funding also enabled the investment of \$6.0 million in tangible capital assets, which included \$3.1 million for scientific and research equipment.

Typically, there is a correlation between research-related revenue and expenses, as the University does not undertake research activities without the support of external funders. However, at times research funding is received at the commencement of a research project and may not all be spent during a particular fiscal year, as research projects often span multiple fiscal years. This often results in a differential between research revenues and research expenses, which can vary from year to year.

Research revenue was highest in the Rady Faculty of Health Sciences, amounting to \$95.0 million in 2023-24. It was followed by the Faculty of Agricultural and Food Sciences (\$16.9 million), the Faculty of Science (\$11.6 million), the Price Faculty of Engineering (\$9.6 million) and the Clayton H. Riddell Faculty of Environment, Earth and Resources (\$8.4 million). In 2023-24, these five faculties accounted for 90.7% of the University's research-related revenue.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL

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

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

During 2023-24, the University invested \$83.8 million in capital assets, an increase of \$13.1 million from the previous year. This included \$56.5 million for the construction of buildings, infrastructure renewal, parking lot upgrades and land improvements; \$17.8 million for the acquisition of furniture, equipment and vehicles; and \$5.7 million for IT infrastructure and other technological improvements. Adding to this was the donation of the Egg Layer Facility building to the University by Manitoba Egg Farmers (\$3.8 million).

The project to design and build the Desautels Concert Hall began in fiscal 2019-20, with construction commencing in 2020-21 and continuing throughout 2022-23 and 2023-24. The concert hall will be completed and operational in 2024-25. Funded by the University and generous donors, the concert hall is Phase 3 of the Tache Art Project, a multi-year project to create a new music, art and theatre complex for the Faculty of Music. This 21,000 square foot venue will accommodate 408 seats, be custom designed for acoustic excellence, and will be fully equipped to provide the best possible experience for both performers and audiences. The concert hall will provide greater experiential learning experiences in a professional caliber venue for students and faculty and provide an important performance venue for rental to community arts groups. As at March 31, 2024, the University had incurred \$21.7 million of design and construction costs, of which \$6.2 million were incurred in fiscal 2023-24.

In 2023-24, the University continued the Fort Garry District Energy Upgrade project, which includes upgrades to the University's Central Energy Plant and the Max Bell Centre. This project will benefit 41 major buildings on the Fort Garry campus by improving energy efficiency and reducing greenhouse gas emission through the installation of three new electric boilers and one high efficiency natural gas boiler. The University's Central Energy Plant currently provides district heating and cooling to approximately 97% of the campus. Once district heating and cooling is expanded to include the Max Bell Centre, system coverage will increase to 99.9% of the Fort Garry campus. This project is being supported by the Government of Canada and the Province of Manitoba through the Investing in Canada Infrastructure Program (ICIP) initiative, which has committed to providing \$14.0 million for this project. The initial expected completion date of the project was June 2025; however, due to supply chain issues and design delays, the Fort Garry District Energy Upgrade project is now anticipated to be completed by December 2026. Costs incurred in fiscal 2023-24 for the Fort Garry District Energy Upgrade amounted to \$0.9 million.

In 2023-24, the University commenced designing the new Prairie Crops and Soils Research Facility at the Fort Garry campus. The new Prairie Crops and Soils Research Facility will be a cornerstone of research excellence, establishing a centre to better integrate soil, crop, entomology, livestock and engineering research to make crop production in Western Canada more sustainable. The facility will provide new research capacity, research space to meet required biosecurity requirements, and processing space supporting industry partnerships. The new facility is expected to be 20,000 square feet with an anticipated cost of \$20.0 million. Costs incurred in 2023-24 totaled \$0.2 million. Among other sources, the project will be supported by the Government of Manitoba and generous donors.

The design and tender process to build a new building at the Bannatyne Campus for the Rady Faculty of Health Science began in 2023-24. This new building will accommodate the expansion of Undergraduate Medical Education programs, and address existing space and medical program constraints. The proposed 90,000 square foot building will contain core program elements: lecture theatres, classroom and simulation laboratories, support spaces, a 90-space daycare and associated exterior greenspace, a shelled-in dental clinic, and space for Ongomiizwin – Indigenous Institute of Health and Healing. Among other sources, the construction of this building will be funded by the Government of Manitoba and generous donors. Construction is expected to start in 2024-25 with an anticipated cost of \$80.6 million. Associated costs incurred in 2023-24 were \$2.9 million.



# MANAGEMENT DISCUSSION AND ANALYSIS

The design phase to redevelop Machray Hall also began in 2023-24. The Machray Hall renovation project will integrate research and learning environments for faculty, graduate students, and honors thesis students by combining the library's specialized information and Geographic Information Systems (GIS) resources. The renovation will provide improved space for researchers to work and enhanced meeting rooms in which contacts with industrial collaborators and the community can be made and maintained. This renovation will offer further improvements to office space, address technology, acoustics and ventilation issues, and will address space constraints for graduate students and postdoctoral researchers to engage in collaborative research. Estimated costs for the project are \$23.1 million. Costs incurred in fiscal 2023-24 for the Machray Hall redevelopment project were \$0.7 million.

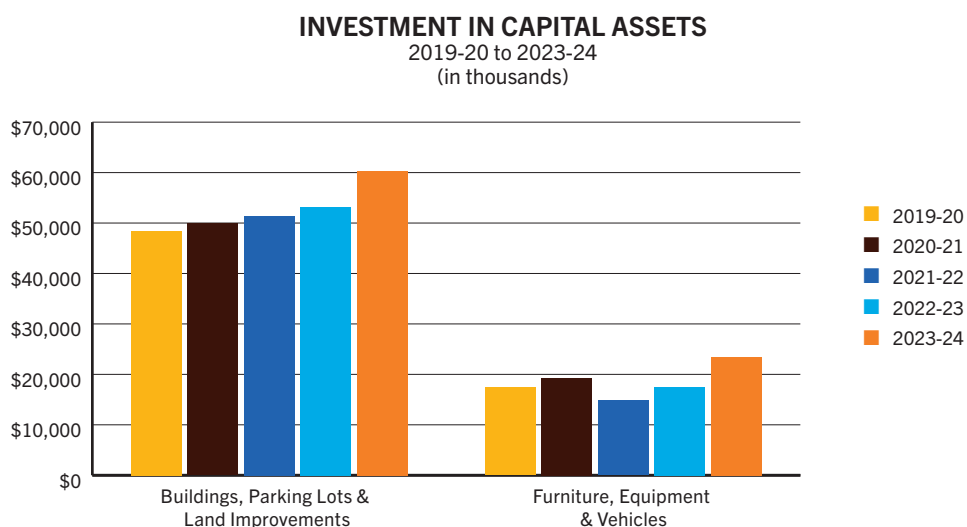
In 2023-24, work continued to establish a visionary framework to guide the design and development of a new permanent building and the surrounding ceremonial lands to house the National Centre for Truth and Reconciliation (NCTR). The building will be located on the Fort Garry campus, specifically on the Southwood lands, and will be an international learning centre for people across Canada and the world to learn the truth about residential schools. It will also house sacred items and records, and thousands of oral histories and Survivor statements. The new building will provide the NCTR with the space it needs to fulfill its mandate. The building will be funded by government grants and other donations including a significant contribution from the Government of Canada. Costs incurred in 2023-24 amounted to \$0.3 million. Functional space programming and schematic design are anticipated to occur in 2024-25, with an aim to commence construction of the building in 2026.

Over the past five years, \$13.1 million has been spent to enhance the teaching and learning experience at the University through renovations and upgrades to classrooms, labs and other learning spaces, with \$2.7 million of that incurred in fiscal 2023-24. These investments were made through a combination of budget allocations and generous donations.

In fiscal 2023-24, the University also invested in several other renovation and upgrade projects, including the renovation of spaces for Nursing Program Expansion (\$1.7 million), and the renovation of classrooms in the Drake building for the Asper School of Business (\$1.0 million).

The University invested \$20.5 million in infrastructure renewal projects in 2023-24. Investments in infrastructure included HVAC system upgrades (\$6.6 million), fire and safety upgrades (\$2.9 million), building envelope upgrades (\$2.6 million), roofing upgrades (\$2.2 million), accessibility upgrades (\$1.9 million), electrical distribution upgrades (\$1.0 million), sewer and water upgrades (\$1.0 million), road and sidewalk upgrades (\$1.0 million), and various other infrastructure renewal projects (\$1.3 million).

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



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

# MANAGEMENT DISCUSSION AND ANALYSIS

## TRUST AND ENDOWMENTS

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

### Gifts to the University

In 2023-24 the University’s generous donors made gifts of \$13.8 million for endowment purposes. Trust-related non-endowed donations received totaled \$8.7 million, of which \$1.8 million were deferred for spending in future years.

### University Investment Trust

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

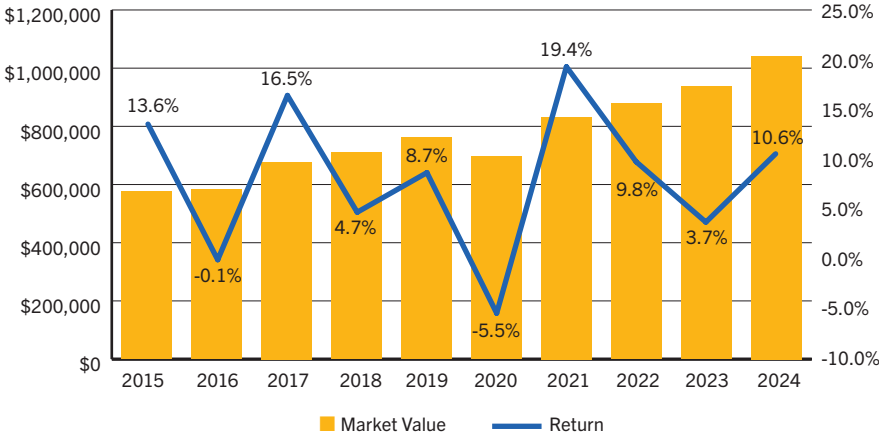
The UIT ended fiscal 2023-24 with a market value of over \$1 billion, which was an increase of \$105.8 million from the prior year. The increase was due to a combination of gifts made to the UIT, as well as a one-year gross investment return of 10.6%. The primary driver of the UIT’s return were equity markets, which saw robust performance. U.S equities returned 19.3%, Canadian equities returned 12.3%, and international equities returned 12.2%. Infrastructure and impact investment mandates performed as expected, with gross returns of 8.4% and 8.5% respectively. The two asset classes that lagged were Canadian real estate with a negative return of (1.9%) and Canadian bonds with a return of 1.6%. Commercial real estate in Canada has struggled post-pandemic in both the office space and retail sectors. Further, an increase in interest rates over the past year detracted from the capital value of bonds.

Over the past 5- and 10-year periods the UIT returned 7.1% and 7.8% respectively, surpassing the UIT’s hurdle rate and meeting its long-term objectives over these timeframes. The UIT’s spending payout was 4.25% for fiscal 2023-24, which was on par with most endowments of peer educational institutions.

At the end of fiscal year 2023-24, the asset mix of the UIT investment portfolio was at 65.6% equities, 12.6% infrastructure and impact investments, 11.8% real estate, 9.0% government bonds, and 1.0% cash equivalents.

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**  
2014-15 to 2023-24  
(in thousands)



# MANAGEMENT DISCUSSION AND ANALYSIS

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. For fiscal 2023-24, the UIT's spending payout rate was 4.25% 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 and other beneficiaries. In order to achieve this, the UIT's portfolio asset mix is set with the purpose of achieving a rate of return great enough to fund the spending allocation, the associated investment management fees, and inflation in order to protect the purchasing power of the UIT for future beneficiaries. In 2023-24, the UIT generated enough investment income to fund an allocation of \$37.2 million of support to students, faculty, and other activities, which was an increase of \$1.7 million from the prior year. Over the past 5 years, the support for beneficiaries has totaled \$172.7 million.

During the year, an asset mix optimization study was undertaken by the Trust Investment Committee. Asset mix is the single most important determinant of investment performance of institutional funds like endowments. Best practice suggests conducting a new study every 5-8 years, and the last study conducted on the UIT was in 2018. The Committee agreed that changes in the economic and investment landscape since 2018 warranted a new study, making specific reference to the pandemic, high inflation, high interest rates, geo-political issues, environmental issues, and the increasing attractiveness of alternative asset classes. The Trust Investment Committee recommended to the Board of Governors that a new asset mix be adopted for the UIT, and it was approved in April 2024. The new asset mix will improve risk/return metrics and provide a higher likelihood of achieving the UIT's primary investment objective: preserving the purchasing power of the fund. The implementation will commence in early fiscal 2024-25, and it is estimated it will take 2-to-3 years to transition to the new asset mix.

## CONCLUSION

The University of Manitoba is a highly complex, decentralized organization with wide-ranging activities at multiple locations. The University is proud of the many ways in which its students, faculty, staff, and alumni partner and engage with the broader community to advance collective priorities. The engagement and support of our students, faculty, staff, benefactors and funders have led to the successes we have achieved over nearly 150 years. Our bold new strategic plan will drive the University's efforts for the next five years. The University community has momentum to create knowledge that matters, empower its learners, and reimagine engagement in this post-pandemic world, while continuing to inspire an environment of excellence.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

The following is a report on the disclosures that were received under PIDA for the fiscal year April 1, 2023 – March 31, 2024.

|                                 |                               |                                 |
|---------------------------------|-------------------------------|---------------------------------|
| Disclosures Received<br>0       | Disclosures Acted On<br>N/A   | Disclosures Not Acted On<br>N/A |
| Investigations Commenced<br>N/A | Findings of Wrongdoing<br>N/A | Disclosures Closed<br>N/A       |

# STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The University is responsible for the preparation of the financial statements and has prepared them in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Chartered Professional Accountants Canada. The University believes the financial statements present fairly the University's financial position as at March 31, 2024 and the results of its operations for the years ending March 31, 2024.

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, 2024 have been reported on by the Auditor General of Manitoba, the auditor appointed under *The University of Manitoba Act*. The Auditor's Report outlines the scope of his examination and provides his opinion on the fairness of presentation of the financial statements.

Original signed by

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

Winnipeg, Manitoba  
June 25, 2024

# INDEPENDENT AUDITOR'S REPORT



## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the financial statements of the University of Manitoba (the University), which comprise the statement of financial position as at March 31, 2024, and the statement of operations, the statement of remeasurement gains and losses, the statement of change in net financial assets, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2024, and the results of its operations, its remeasurement gains and losses, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

### **Basis for opinion**

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

### **Other information**

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

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

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

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



## ***Responsibilities of management and those charged with governance for the financial statements***

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

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

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

## ***Auditor's responsibilities for the audit of the financial statements***

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

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

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

# INDEPENDENT AUDITOR'S REPORT



- 
- 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  
Tyson Shtykalo**

Winnipeg, Manitoba  
June 25, 2024

Tyson Shtykalo, FCPA, FCA  
Auditor General



# FINANCIAL STATEMENTS

**UNIVERSITY OF MANITOBA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2024**  
(in thousands of dollars)

|   | 2024                | 2023                |
|---|---------------------|---------------------|
| <b>Financial Assets</b>   |                     |                     |
| Cash and Cash Equivalents (Note 4)                                    | \$ 100,128          | \$ 125,635          |
| Accounts Receivable (Note 5)  | 128,612             | 96,141              |
| Inventories Held for Sale   | 2,061               | 2,471               |
| Loan Receivable (Note 6)  | 38,110              | 35,202              |
| Portfolio Investments – Non-Endowed (Note 7)                          | 1,081,158           | 994,986             |
| Investment in Government Business Enterprise (Note 8)                 | (4,378)             | (2,789)             |
|   | <b>1,345,691</b>    | <b>1,251,646</b>    |
| <b>Liabilities</b>  |                     |                     |
| Accounts Payable (Note 9)   | 126,359             | 109,902             |
| Employee Future Benefits (Note 10)                                    | 56,094              | 63,725              |
| Deferred Revenue (Note 11)  | 509,660             | 497,979             |
| Capital Lease Obligation (Note 12)                                    | 125                 | 188                 |
| Debt (Note 13)  | 316,920             | 310,461             |
| Derivatives (Note 14)   |                     | 815                 |
| Asset Retirement Obligations (Note 15)                                | 73,426              | 84,842              |
|   | <b>1,082,584</b>    | <b>1,067,912</b>    |
| <b>Net Financial Assets Excluding Portfolio Investments – Endowed</b> | <b>263,107</b>      | <b>183,734</b>      |
| Portfolio Investments – Endowed (Note 7)                              | 675,969             | 619,983             |
| <b>Net Financial Assets</b>   | <b>939,076</b>      | <b>803,717</b>      |
| <b>Non-Financial Assets</b>   |                     |                     |
| Tangible Capital Assets (Note 16)                                     | 1,245,989           | 1,230,478           |
| Prepaid Expenses  | 12,017              | 13,038              |
| Inventories Held for Use  | 29                  | 28                  |
|   | <b>1,258,035</b>    | <b>1,243,544</b>    |
| <b>Accumulated Surplus</b>  | <b>\$ 2,197,111</b> | <b>\$ 2,047,261</b> |
| Accumulated Surplus is comprised of:                                  |                     |                     |
| Accumulated Surplus   | \$ 1,898,720        | \$ 1,805,496        |
| Accumulated Remeasurement Gains                                       | 298,391             | 241,765             |
|   | <b>\$ 2,197,111</b> | <b>\$ 2,047,261</b> |

Contractual Obligations and Contingencies (Note 23)

Original signed by

\_\_\_\_\_  
Lynette Magnus – Chair

Original signed by

\_\_\_\_\_  
Kimberly Osiowy – Vice-Chair

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

# FINANCIAL STATEMENTS

**UNIVERSITY OF MANITOBA  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31, 2024**  
(in thousands of dollars)

|   | Budget<br>(Note 2M) | 2024                | 2023                |
|---|---------------------|---------------------|---------------------|
| <b>Revenue</b>                                    |                     |                     |                     |
| Provincial Grants (Note 20)                       | \$ 460,875          | \$ 480,962          | \$ 423,737          |
| Tuition and Related Fees                          | 233,676             | 241,197             | 232,557             |
| Federal and Other Government Grants (Note 20)     | 111,750             | 124,759             | 124,891             |
| Non-Government Grants                             | 66,777              | 74,839              | 67,854              |
| Investment Income (Note 21)                       | 52,732              | 73,867              | 61,157              |
| Sales of Goods and Services                       | 30,136              | 41,162              | 36,655              |
| Ancillary Services                                | 35,749              | 37,281              | 35,072              |
| Non-Endowed Donations                             | 18,010              | 27,912              | 10,018              |
| Other Income                                      | 13,170              | 25,254              | 20,952              |
| Investment Loss on Government Business Enterprise |                     | (1,589)             | (884)               |
|   | <b>1,022,875</b>    | <b>1,125,644</b>    | <b>1,012,009</b>    |
| <b>Expense</b>                                    |                     |                     |                     |
| Instruction                                       | 453,189             | 429,750             | 392,194             |
| Sponsored Research                                | 143,176             | 160,158             | 146,409             |
| Facilities  | 134,984             | 133,309             | 129,202             |
| Special Purpose and Trust                         | 88,345              | 99,078              | 90,407              |
| Libraries   | 41,516              | 41,559              | 37,454              |
| Administration                                    | 38,363              | 39,722              | 33,296              |
| Student Services                                  | 36,090              | 38,341              | 33,801              |
| Information Technology                            | 29,346              | 33,916              | 30,252              |
| Academic and Research Support                     | 35,239              | 31,189              | 27,724              |
| Ancillary Services                                | 24,023              | 25,650              | 24,534              |
| External Relations                                | 14,908              | 13,560              | 13,756              |
|   | <b>1,039,179</b>    | <b>1,046,232</b>    | <b>959,029</b>      |
|   | (16,304)            | 79,412              | 52,980              |
| Endowed Donations                                 | 11,127              | 13,812              | 17,107              |
| Annual Surplus                                    | (5,177)             | 93,224              | 70,087              |
| Accumulated Surplus Beginning of Year (Note 3)    |                     | 1,805,496           | 1,735,409           |
| <b>Accumulated Surplus End of Year</b>            | <b>\$</b>           | <b>\$ 1,898,720</b> | <b>\$ 1,805,496</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, 2024**  
(in thousands of dollars)

|  | 2024              | 2023              |
|--|-------------------|-------------------|
| <b>Accumulated Remeasurement Gains</b>               |                   |                   |
| <b>Beginning of Year</b>                             | <b>\$ 241,765</b> | <b>\$ 252,790</b> |
| Unrealized Gains (Losses) Attributed to:             |                   |                   |
| Derivatives  | 468               | 801               |
| Foreign Exchange                                     | (878)             | (1,840)           |
| Portfolio Investments                                | 40,479            | 5,898             |
| Designated Fair Value Investments                    | 46,694            | 5,071             |
| Amounts Reclassified to the Statement of Operations: |                   |                   |
| Derivatives  | (5,165)           |                   |
| Foreign Exchange                                     | 1,091             | 523               |
| Portfolio Investments                                | (7,246)           | (3,220)           |
| Designated Fair Value Investments                    | (18,817)          | (18,258)          |
| Net Remeasurement Gains (Losses) for the Year        | 56,626            | (11,025)          |
| <b>Accumulated Remeasurement Gains</b>               |                   |                   |
| <b>End of Year</b>                                   | <b>\$ 298,391</b> | <b>\$ 241,765</b> |

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

# FINANCIAL STATEMENTS

**UNIVERSITY OF MANITOBA  
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED MARCH 31, 2024  
(in thousands of dollars)**

|  | <b>Budget<br/>(Note 2M)</b> | <b>2024</b>       | <b>2023</b>       |
|--|-----------------------------|-------------------|-------------------|
| Annual Surplus (Deficit)   | \$ (5,177)                  | \$ 93,224         | \$ 70,087         |
| Purchase of Tangible Capital Assets  | (96,245)                    | (83,787)          | (70,645)          |
| Amortization   | 56,100                      | 52,319            | 50,442            |
| Reduction in Capital Assets Due to Change in Asset Retirement<br>Obligations Discount Rate |                             | 15,203            | 47,499            |
| Proceeds from the Sale of Tangible Capital Assets  |                             | 67                | 1,152             |
| Loss (Gain) on Disposal of Tangible Capital Assets   |                             | 687               | (290)             |
|  | (40,145)                    | (15,511)          | 28,158            |
| Decrease (Increase) in Inventories Held for Use  |                             | (1)               | 13                |
| Decrease (Increase) in Prepaid Expenses  |                             | 1,021             | (633)             |
|  |                             | 1,020             | (620)             |
| Net Remeasurement Gains (Losses)   | 24,000                      | 56,626            | (11,025)          |
| Increase (Decrease) in Net Financial Assets  | (21,322)                    | 135,359           | 86,600            |
| Net Financial Assets Beginning of Year (Note 3)  |                             | 803,717           | 717,117           |
| <b>Net Financial Assets End of Year</b>  | <b>\$</b>                   | <b>\$ 939,076</b> | <b>\$ 803,717</b> |

*(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, 2024**  
(in thousands of dollars)

|   | 2024              | 2023              |
|---|-------------------|-------------------|
| <b>Operating Activities:</b>  |                   |                   |
| Net Excess of Revenue Over Expenses Before Interest                                     | \$ 74,718         | \$ 65,075         |
| Interest Received   | 32,976            | 19,590            |
| Interest Paid   | (14,470)          | (14,578)          |
|   | 93,224            | 70,087            |
| Amortization of Tangible Capital Assets   | 52,319            | 50,442            |
| Reduction in Capital Assets Due to Change in Asset Retirement Obligations Discount Rate | 15,203            | 47,499            |
| Accretion of Asset Retirement Obligations   | 3,938             | 4,166             |
| Loss (Gain) on Disposal of Tangible Capital Assets                                      | 687               | (290)             |
|   | 165,371           | 171,904           |
| <b>Net Change in Non-Cash Operating Balances:</b>                                       |                   |                   |
| Accounts Receivable   | (32,471)          | (1,093)           |
| Loan Receivable   | (2,908)           | (35,202)          |
| Inventories   | 409               | 55                |
| Accounts Payable  | 16,457            | 2,818             |
| Employee Future Benefits  | (7,631)           | (18,187)          |
| Deferred Revenue  | 11,681            | 93,295            |
| Derivatives   | (815)             | (801)             |
| Asset Retirement Obligations  | (15,354)          | (48,042)          |
| Prepaid Expenses  | 1,021             | (633)             |
| <i>Net Cash Generated through Operating Activities</i>                                  | 135,760           | 164,114           |
| <b>Investing Activities:</b>  |                   |                   |
| Investment in Government Business Enterprise  | 1,589             | 884               |
| Decrease (Increase) in Investments  | (85,532)          | (122,632)         |
| <i>Net Cash Generated through (used in) Investing Activities</i>                        | (83,943)          | (121,748)         |
| <b>Capital Activities:</b>  |                   |                   |
| Purchase of Tangible Capital Assets   | (83,787)          | (70,645)          |
| Proceeds from Sale of Tangible Capital Assets   | 67                | 1,152             |
| <i>Net Cash Used in Capital Activities</i>  | (83,720)          | (69,493)          |
| <b>Financing Activities:</b>  |                   |                   |
| Proceeds from Capital Leases  |                   | 188               |
| Proceeds from Debt  | 20,523            | 4,458             |
| Principal Repayment of Capital Leases   | (63)              |                   |
| Principal Repayment on Debt   | (14,064)          | (13,231)          |
| <i>Net Cash Generated through (used in) Financing Activities</i>                        | 6,396             | (8,585)           |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                             | <b>(25,507)</b>   | <b>(35,712)</b>   |
| <i>Cash and Cash Equivalents Beginning of Year</i>                                      | 125,635           | 161,347           |
| <b>Cash and Cash Equivalents End of Year</b>  | <b>\$ 100,128</b> | <b>\$ 125,635</b> |

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

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (in thousands of dollars)

### 1. AUTHORITY AND PURPOSE

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### A. GENERAL AND USE OF ACCOUNTING ESTIMATES

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

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

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

#### B. REVENUE RECOGNITION

All revenue is reported using the accrual basis of accounting.

##### i. Government Grants

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

##### ii. Non-Government Grants

Non-government grants with external restrictions or performance obligations are deferred and recognized as revenue when the restrictions or performance obligations imposed by the contributors on the use of the funding are satisfied.

Non-government grants without external restrictions or performance obligations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

##### iii. Non-Endowed Donations

Non-endowed donations with external restrictions are deferred and recognized as revenue when the restrictions imposed by the contributors on the use of the funding are satisfied.

Non-endowed donations without external restrictions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### iv. Endowed Donations

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

#### v. Investment Income

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

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

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

#### vi. Pledges, Gifts-In-Kind and Contributed Services

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

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

#### vii. Ancillary Revenue

Ancillary revenue is recognized when the goods are provided, or services are substantially rendered. Revenue received in advance of the provision of goods or services is recognized over the period for which it is earned.

#### viii. Tuition and Related Fee Revenue

Tuition and related fee revenue is recognized over the course of the term for which it is earned, regardless of when it's received. Performance obligations, as they relate to the recognition of tuition and related fees, are satisfied upon providing students with a final grade for a course. Revenue relating to the period of time between March 31 and the date that final course grades are released is recorded as deferred revenue.

#### ix. Other Revenue

Sales of goods and services and other revenue are recognized when goods are provided or services are substantially rendered. Revenue received in advance of the provision of goods or services is recognized over the period for which it is earned.

#### x. Deferred Land Lease Revenue

The University leased certain properties to a third party for 140 years. The lease is a prepaid lease and is amortized over the 140-year term of the lease. The University recognizes this revenue over the duration of the leases.

### C. FUNCTIONAL CLASSIFICATION OF EXPENSES

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

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

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

**Facilities:** All activities associated with the ongoing operation, maintenance and retirement of the grounds, buildings, and facilities of the University. Costs associated with this function include building, equipment, and infrastructure

# FINANCIAL STATEMENTS

maintenance; utilities; facilities administration; campus planning; custodial services; landscaping and grounds keeping; powerhouse maintenance; repairs and renovations; security services; administration of infrastructure development; amortization and accretion expense; and debt servicing costs related to the entire University.

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

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

**Libraries:** All library, archival and special collection services provided to students and faculty across the University; and the activities of the National Centre for Truth and Reconciliation.

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

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

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

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

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

## D. CASH AND CASH EQUIVALENTS

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

## E. INVENTORIES HELD FOR SALE

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

## F. NON-FINANCIAL ASSETS

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

### i. Tangible Capital Assets

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



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

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

Intangible assets (other than purchased intangible assets), works of art, rare books and manuscripts, museum specimens and other archival material, and items inherited by right of the Crown, such as mineral resources, are expensed when acquired and are not recognized in the University's Statement of Financial Position. Purchased intangible assets, such as licenses, trademarks and other rights, are recorded at cost.

## ii. Leased Tangible Capital Assets

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

## iii. Inventories Held for Use

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

## G. EMPLOYEE FUTURE BENEFITS

### i. Pensions

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

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

### ii. Non-Pension Benefit Plans

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

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

### iii. Post-Retirement Adjustments

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

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

# FINANCIAL STATEMENTS

## iv. University of Manitoba Faculty Association Retirement Allowance

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

## v. Vacation and Sick Leave

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

## H. ASSET RETIREMENT OBLIGATIONS

The University recognizes the fair value of an asset retirement obligation (ARO) in the period in which it incurs a legal obligation associated with the retirement of a tangible capital asset. AROs are recognized as a liability and are measured at the present value of management's best estimate of future expenditures required to settle the obligation as at the end of each fiscal year. The estimated fair value of an ARO is capitalized as part of the related tangible capital asset and amortized on the same basis as the underlying asset. The ARO liability is adjusted for the passage of time, which is recognized within the Facilities category as accretion expense in the Statement of Operations, and for revisions to the timing or the amount of the estimated liability. Actual costs incurred are charged against the ARO to the extent of the liability recorded, and may vary from management estimates due to changes in environmental legislation, the impact of inflation, changes in technology, changes in operating practices, and changes in the estimated useful life of the underlying assets. Differences between the actual costs incurred and the liability are recognized in the Statement of Operations when the obligation is satisfied.

## I. FINANCIAL INSTRUMENTS

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

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

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

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

Financial instruments recognized at fair value include Canadian, and foreign 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 held for operating needs and recognized at cost. The values of private investments, comprised of infrastructure assets, are determined based on the latest valuations provided by the external investment managers of the fund (typically December 31), adjusted for subsequent cash receipts and distributions from the fund, and cash disbursements to the fund through March 31. Pooled funds are valued by the fund managers.

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

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

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

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

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

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

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

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

## J. 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.

## K. ENDOWMENTS

Endowments consist of:

- Externally restricted donations received by the University and internal allocations, the principal of which is required to be maintained in perpetuity.
- Investment income earned by the endowments in excess of the amount required for spending allocation is reinvested to maintain and grow the real value of the endowments. The University sets an annual spending allocation, currently at 4.25% of the average market value over a rolling four-year period. This spending amount is set to help ensure that the economic value of the endowments are protected by limiting the amount of income that may be expended and by reinvesting unexpended income. In any year, if the investment income earned on endowments is insufficient to fund the spending allocation, the spending allocation is funded from the accumulated investment income.

## L. FUTURE ACCOUNTING CHANGES

In October 2023, the Public Sector Accounting Board issued PS 1202 *Financial Statement Presentation*. This accounting standard is effective for fiscal years starting on or after April 1, 2026. *Financial Statement Presentation* will replace and build on the existing PS 1201 *Financial Statement Presentation* and ensure an increased understanding of financial statements and the indicators within them, as well as provide improved accountability information for users. Management is currently assessing the impact of this new standard on the financial statements.

## M. BUDGETS AND FIGURES

The 2023-24 budget was approved by the Board of Governors on March 28, 2023.

# FINANCIAL STATEMENTS

## 3. ADOPTION OF NEW ACCOUNTING STANDARD

The University has adopted Canadian Public Sector Accounting Standard 3400 *Revenue* effective for the current fiscal year beginning April 1, 2023. PS 3400 *Revenue* establishes a standard on how to account for and report on revenue, differentiating between revenue arising from transactions that include performance obligations, identified as exchange transactions, and transactions that do not have performance obligations, identified as non-exchange transactions.

For transactions within the scope of PS 3400, the University has evaluated the composition and characteristics of the following transactions:

- Transactions with no performance obligations are recognized as revenue when the University has the authority to claim or retain an inflow of economic resources and a past event has occurred that gives rise to an asset.
- Transactions with performance obligations are recognized as revenue either at a point in time or over a period of time when individual performance obligations are satisfied.

The adoption of this standard impacted the timing of the recognition of tuition and related fees revenue, ancillary revenue, and other income.

The University determined that its performance obligation, as it relates to the recognition of tuition and related fees revenue, is satisfied upon providing students with a final grade for a course. Previously, tuition and related fees revenue was recognized when students were no longer eligible for a refund. A portion of tuition and related fees revenue is now deferred based on the period of time between March 31 and the date that final course grades are released.

The standard has been retroactively applied with restatement of prior periods summarized below:

|  | Previously Reported<br>April 1, 2022 | Adjustments        | Restated<br>April 1, 2022 |
|--|--------------------------------------|--------------------|---------------------------|
| Financial Assets   | \$ 1,160,152                         | \$                 | \$ 1,160,152              |
| Liabilities  | 1,011,035                            | 32,213             | 1,043,248                 |
| Net Financial Assets Excluding Portfolio Investments-Endowed | 149,117                              | (32,213)           | 116,904                   |
| Portfolio Investments-Endowed                                | 600,213                              |                    | 600,213                   |
| Net Financial Assets   | 749,330                              | (32,213)           | 717,117                   |
| Non-Financial Assets   | 1,271,082                            |                    | 1,271,082                 |
| <b>Accumulated Surplus</b>                                   | <b>\$ 2,020,412</b>                  | <b>\$ (32,213)</b> | <b>\$ 1,988,199</b>       |
| Accumulated Surplus  | 1,767,622                            | (32,213)           | 1,735,409                 |
| Accumulated Remeasurement Gains                              | 252,790                              |                    | 252,790                   |
|  | <b>\$ 2,020,412</b>                  | <b>\$ (32,213)</b> | <b>\$ 1,988,199</b>       |

|  | Previously Reported<br>March 31, 2023 | Adjustments        | Restated<br>March 31, 2023 |
|--|---------------------------------------|--------------------|----------------------------|
| Financial Assets   | \$ 1,251,646                          | \$                 | \$ 1,251,646               |
| Liabilities  | 1,042,281                             | 25,631             | 1,067,912                  |
| Net Financial Assets Excluding Portfolio Investments-Endowed | 209,365                               | (25,631)           | 183,734                    |
| Portfolio Investments-Endowed                                | 619,983                               |                    | 619,983                    |
| Net Financial Assets   | 829,348                               | (25,631)           | 803,717                    |
| Non-Financial Asset  | 1,243,544                             |                    | 1,243,544                  |
| <b>Accumulated Surplus</b>                                   | <b>\$ 2,072,892</b>                   | <b>\$ (25,631)</b> | <b>\$ 2,047,261</b>        |
| Accumulated Surplus  | 1,831,127                             | (25,631)           | 1,805,496                  |
| Accumulated Remeasurement Gains                              | 241,765                               |                    | 241,765                    |
|  | <b>\$ 2,072,892</b>                   | <b>\$ (25,631)</b> | <b>\$ 2,047,261</b>        |

# FINANCIAL STATEMENTS

|  | Previously Reported<br>March 31, 2023 | Adjustments        | Restated<br>March 31, 2023 |
|--|---------------------------------------|--------------------|----------------------------|
| Revenue                                | \$ 1,005,427                          | \$ 6,582           | \$ 1,012,009               |
| Expense                                | 959,029                               |                    | 959,029                    |
|  | 46,398                                | 6,582              | 52,980                     |
| Endowed Donations                      | 17,107                                |                    | 17,107                     |
| Annual Surplus                         | 63,505                                | 6,582              | 70,087                     |
| Accumulated Surplus Beginning of Year  | 1,767,622                             | (32,213)           | 1,735,409                  |
| <b>Accumulated Surplus End of Year</b> | <b>\$ 1,831,127</b>                   | <b>\$ (25,631)</b> | <b>\$ 1,805,496</b>        |

Adjustments to revenue include an increase in tuition and related fees (\$6,602), an increase in other income (\$157) and a decrease in ancillary revenue (\$177).

## 4. CASH AND CASH EQUIVALENTS

|      | 2024       | 2023       |
|------|------------|------------|
| Cash | \$ 100,128 | \$ 125,635 |

## 5. ACCOUNTS RECEIVABLE

|                                    | 2024              | 2023             |
|------------------------------------|-------------------|------------------|
| Provincial Government              | \$ 35,642         | \$ 17,454        |
| Investment Income                  | 25,891            | 8,681            |
| Business, Industry and Foundations | 22,493            | 26,679           |
| External Sales and Cost Recoveries | 16,284            | 16,132           |
| Federal Government                 | 15,377            | 14,220           |
| Students                           | 11,935            | 9,585            |
| Advances                           | 990               | 3,390            |
|                                    | <b>\$ 128,612</b> | <b>\$ 96,141</b> |

## 6. LOAN RECEIVABLE

The University has a loan agreement with UM Properties related to the development of the Southwood lands. The loan is for \$33,210 and represents prepaid rent under a 140-year Master Head Lease of the Southwood lands to UM Properties.

The loan agreement is divided into an Infrastructure Construction Period and a Completion Period. An annual interest rate of 8.1% applies to the Infrastructure Construction Period, which commenced on June 30, 2023 and ends on the earlier of the achievement of certain pre-determined land development milestones, or June 30, 2027. An interest rate of the Royal Bank of Canada Prime Rate plus 2.5% applies to the Completion Period, which lasts for ten years beginning on the day immediately following the last day of the Infrastructure Construction Period. Interest is payable monthly in arrears during both periods. Interest not paid as it comes due is capitalized and added to the principal amount of the loan receivable.

The loan receivable is due in full and payable on the last day of the Completion Period.

The loan receivable is secured by a secured promissory note and a debenture for the 140-year leasehold interest of UM Properties in the Southwood lands, improvements comprising the Southwood lands, and to be the second registered security position, subject to any priority and postponement agreement entered into by the University and a third-party lender secured by UM Properties.

# FINANCIAL STATEMENTS

|                  | 2024             | 2023             |
|------------------|------------------|------------------|
| Loan Receivable  | \$ 33,210        | \$ 33,210        |
| Accrued Interest | 4,900            | 1,992            |
|                  | <b>\$ 38,110</b> | <b>\$ 35,202</b> |

## 7. PORTFOLIO INVESTMENTS

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

|                                     | 2024                | 2023                |
|-------------------------------------|---------------------|---------------------|
| Portfolio Investments – Non-Endowed | \$ 1,081,158        | \$ 994,986          |
| Portfolio Investments – Endowed     | 675,969             | 619,983             |
|                                     | <b>\$ 1,757,127</b> | <b>\$ 1,614,969</b> |

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

|  | 2024              |                  |                  |                    | 2023              |                  |                  |                    |
|--|-------------------|------------------|------------------|--------------------|-------------------|------------------|------------------|--------------------|
|  | 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                  | \$ 406,033        | \$               | \$               | \$ 406,033         | \$ 361,405        | \$               | \$               | \$ 361,405         |
| Canadian Equities                            | 3,353             |                  |                  | 3,353              | 2,503             |                  |                  | 2,503              |
| Foreign Equities                             | 263,525           |                  |                  | 263,525            | 227,444           |                  |                  | 227,444            |
|  | 672,911           |                  |                  | 672,911            | 591,352           |                  |                  | 591,352            |
| <b>Investments Designated to Fair Value:</b> |                   |                  |                  |                    |                   |                  |                  |                    |
| Cash and Money Market Funds                  |                   | 4,283            |                  | 4,283              |                   | 4,189            |                  | 4,189              |
| Canadian Bonds and other                     |                   |                  |                  |                    |                   |                  |                  |                    |
| Fixed Income Securities                      |                   | 94,154           |                  | 94,154             |                   | 74,050           |                  | 74,050             |
| Pooled Canadian Bond Fund                    |                   | 18,884           |                  | 18,884             |                   | 15,349           |                  | 15,349             |
| Pooled Foreign Bond Fund                     |                   | 21,439           |                  | 21,439             |                   | 19,101           |                  | 19,101             |
| Pooled Canadian Equities                     |                   | 283,181          |                  | 283,181            |                   | 250,397          |                  | 250,397            |
| Pooled Foreign Equities                      |                   | 184,507          |                  | 184,507            |                   | 163,771          |                  | 163,771            |
| Pooled Real Estate Fund                      |                   | 123,340          |                  | 123,340            |                   | 141,912          |                  | 141,912            |
| Pooled Mortgage Fund                         |                   | 1,561            |                  | 1,561              |                   | 8,196            |                  | 8,196              |
| Infrastructure Private Fund                  |                   |                  | 130,823          | 130,823            |                   |                  | 109,982          | 109,982            |
|  |                   | 731,349          | 130,823          | 862,172            |                   | 676,965          | 109,982          | 786,947            |
| <b>Investments Held at Amortized Cost:</b>   |                   |                  |                  |                    |                   |                  |                  |                    |
| Corporate Bonds                              |                   |                  |                  | 176,109            |                   |                  |                  | 190,735            |
| Preferred Shares                             |                   |                  |                  | 45,935             |                   |                  |                  | 45,935             |
|  |                   |                  |                  | 222,044            |                   |                  |                  | 236,670            |
|  | <b>\$ 672,911</b> | <b>\$731,349</b> | <b>\$130,823</b> | <b>\$1,757,127</b> | <b>\$ 591,352</b> | <b>\$676,965</b> | <b>\$109,982</b> | <b>\$1,614,969</b> |

The fair value of investments held at amortized cost is \$216,304 (2023, \$216,101).

During the years ended March 31, 2024 and March 31, 2023, 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:

|                                  | 2024              | 2023              |
|----------------------------------|-------------------|-------------------|
| <b>Balance Beginning of Year</b> | \$ 109,982        | \$ 84,701         |
| Purchases                        | 11,060            | 11,583            |
| Distributions Reinvested         | 3,809             | 5,077             |
| Fees                             | (1,734)           | (1,665)           |
| Unrealized Gains (Losses)        | 7,706             | 10,286            |
| <b>Balance End of Year</b>       | <b>\$ 130,823</b> | <b>\$ 109,982</b> |

## 8. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE

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

UM Properties is responsible for the planning and development of the infrastructure and roadways of the Southwood lands. The University has granted a 140-year Master Head Lease to UM Properties for the Southwood lands. The lease is a prepaid lease and at fair value. UM Properties has subleased the lands back to the University for 140 years, less a day. UM Properties will negotiate site-specific subleases with developers/builders for the construction of residential and commercial buildings at which time the University intends to surrender its sublease on the site-specific parcels of land.

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

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

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

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

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

|   | 2024              | 2023              |
|---|-------------------|-------------------|
| Investment Beginning of the Year                  | \$ (2,789)        | \$ (1,905)        |
| Investment Loss on Government Business Enterprise | (1,589)           | (884)             |
| <b>Investment End of Year</b>                     | <b>\$ (4,378)</b> | <b>\$ (2,789)</b> |

Condensed financial information of UM Properties is as follows:

|   | December 31,<br>2024 | December 31,<br>2023 |
|---|----------------------|----------------------|
| <b>Statement of Financial Position:</b> |                      |                      |
| Assets                                  | \$ 40,061            | \$ 35,991            |
| Liabilities                             | 44,439               | 38,780               |
| <b>Net Assets (Liabilities)</b>         | <b>\$ (4,378)</b>    | <b>\$ (2,789)</b>    |
| <b>Statement of Operations:</b>         |                      |                      |
| Revenue                                 | \$ 37                | \$ 19                |
| Expenses                                | 1,626                | 903                  |
| <b>Annual Surplus (Deficit)</b>         | <b>\$ (1,589)</b>    | <b>\$ (884)</b>      |



# FINANCIAL STATEMENTS

## 9. ACCOUNTS PAYABLE

|                                 | 2024              | 2023              |
|---------------------------------|-------------------|-------------------|
| Trade Accounts Payable          | \$ 63,693         | \$ 53,774         |
| Accrued Vacation and Sick Leave | 23,188            | 21,216            |
| Grants Payable                  | 18,785            | 12,817            |
| Salaries and Benefits           | 17,921            | 16,857            |
| Other                           | 2,145             | 2,348             |
| Retirement Allowance            | 627               | 2,890             |
|                                 | <b>\$ 126,359</b> | <b>\$ 109,902</b> |

## 10. EMPLOYEE FUTURE BENEFITS

|                                     | 2024             | 2023             |
|-------------------------------------|------------------|------------------|
| Non-Pension Benefit Plans           | \$ 88,689        | \$ 86,157        |
| 1993 Pension Plan Liability (Asset) | (33,416)         | (23,401)         |
| Post-Retirement Adjustments         | 821              | 969              |
|                                     | <b>\$ 56,094</b> | <b>\$ 63,725</b> |

| Accrued Benefit Obligations       | 2024                |                          |                             | 2023                |                          |                             |
|-----------------------------------|---------------------|--------------------------|-----------------------------|---------------------|--------------------------|-----------------------------|
|                                   | 1993 Plan           | Non-Pension Benefit Plan | Post-Retirement Adjustments | 1993 Plan           | Non-Pension Benefit Plan | Post-Retirement Adjustments |
| Actuarial Accrued Benefits        |                     |                          |                             |                     |                          |                             |
| Beginning of Year                 | \$ 1,339,915        | \$ 79,726                | \$ 808                      | \$ 1,405,109        | \$ 77,148                | \$ 1,027                    |
| Interest Cost                     | 93,857              | 4,201                    | 39                          | (42,310)            | 4,027                    | 49                          |
| Service Cost                      |                     | 9,709                    |                             |                     | 7,641                    |                             |
| Benefits Accrued                  | 70,248              |                          |                             | 68,211              |                          |                             |
| Benefits Paid                     | (102,192)           | (10,531)                 | (157)                       | (102,791)           | (9,823)                  | (191)                       |
| Annuity Purchase Premium          | (1,057)             |                          |                             |                     |                          |                             |
| Actuarial Gains (Losses)          | 7,717               | (14)                     | (5)                         | 40,607              | 733                      | (77)                        |
| Settlement                        | (97)                |                          |                             |                     |                          |                             |
| Prior Period Cost                 | 776                 |                          |                             |                     |                          |                             |
| Change In Actuarial Assumption    | 883                 |                          |                             | (28,911)            |                          |                             |
| <b>Actuarial Accrued Benefits</b> |                     |                          |                             |                     |                          |                             |
| <b>End of Year</b>                | <b>\$ 1,410,050</b> | <b>\$ 83,091</b>         | <b>\$ 685</b>               | <b>\$ 1,339,915</b> | <b>\$ 79,726</b>         | <b>\$ 808</b>               |

| Plan Assets                     | 2024                |           |           | 2023                |           |           |
|---------------------------------|---------------------|-----------|-----------|---------------------|-----------|-----------|
|                                 | 1993 Plan           |           |           | 1993 Plan           |           |           |
| Fair Value Beginning of Year    | \$ 1,326,094        | \$        | \$        | \$ 1,451,691        | \$        | \$        |
| Actual Return on Plan Assets    | 114,779             |           |           | (90,741)            |           |           |
| Employer Contributions          | 39,611              |           |           | 36,342              |           |           |
| Employee Contributions          | 31,848              |           |           | 30,901              |           |           |
| Transfers From (to) Other Plans | 425                 |           |           | 692                 |           |           |
| Annuity Purchase Premium        | (1,057)             |           |           |                     |           |           |
| Benefits Paid                   | (102,192)           |           |           | (102,791)           |           |           |
| <b>Fair Value End of Year</b>   | <b>\$ 1,409,508</b> | <b>\$</b> | <b>\$</b> | <b>\$ 1,326,094</b> | <b>\$</b> | <b>\$</b> |



# FINANCIAL STATEMENTS

| Plan Assets Measured at Fair Value Consist of: | 2024      |                  | 2023      |                  |
|--|-----------|------------------|-----------|------------------|
|  | 1993 Plan |                  | 1993 Plan |                  |
| Foreign Equities                               | \$        | 549,512          | \$        | 498,107          |
| Canadian Equities                              |           | 253,081          |           | 236,417          |
| Real Estate                                    |           | 152,098          |           | 157,874          |
| Infrastructure                                 |           | 151,938          |           | 76,766           |
| Mortgages                                      |           | 140,303          |           | 135,998          |
| Bonds and Debentures                           |           | 129,080          |           | 115,574          |
| Cash and Other                                 |           | 33,496           |           | 105,358          |
|  | \$        | <b>1,409,508</b> | \$        | <b>1,326,094</b> |

| Accrued Benefit Liability (Asset)                         | 2024      |                          |                             | 2023          |                          |                             |    |                 |    |               |    |            |
|---|-----------|--------------------------|-----------------------------|---------------|--------------------------|-----------------------------|----|-----------------|----|---------------|----|------------|
|   | 1993 Plan | Non-Pension Benefit Plan | Post-Retirement Adjustments | 1993 Plan     | Non-Pension Benefit Plan | Post-Retirement Adjustments |    |                 |    |               |    |            |
| Plan Surplus (Deficit)                                    | \$        | 542                      | \$                          | 83,091        | \$                       | 685                         | \$ | 13,821          | \$ | 79,726        | \$ | 808        |
| Contributed During Fiscal Year in Excess of Calendar Year |           | (10,264)                 |                             |               |                          | (9,358)                     |    |                 |    |               |    |            |
| Unamortized Actuarial Gains (Losses)                      |           | (23,694)                 |                             | 5,598         |                          | 136                         |    | (27,864)        |    | 6,431         |    | 161        |
| <b>Accrued Benefit Liability (Asset)</b>                  | \$        | <b>(33,416)</b>          | \$                          | <b>88,689</b> | \$                       | <b>821</b>                  | \$ | <b>(23,401)</b> | \$ | <b>86,157</b> | \$ | <b>969</b> |
| <b>Net Benefit Expenses</b>                               |           |                          |                             |               |                          |                             |    |                 |    |               |    |            |
| Current Service Cost                                      | \$        | 37,975                   | \$                          | 9,709         |                          |                             | \$ | 36,618          | \$ | 7,641         | \$ |            |
| Employee Contributions                                    |           |                          |                             | (4,343)       |                          |                             |    |                 |    | (3,771)       |    |            |
| Interest Costs  |           | 73,405                   |                             | 4,201         |                          | 39                          |    | 66,456          |    | 4,027         |    | 49         |
| Expected Return on Plan Assets                            |           | (83,244)                 |                             |               |                          |                             |    | (78,885)        |    |               |    |            |
| Prior Period Cost   |           | 776                      |                             |               |                          |                             |    |                 |    |               |    |            |
| Amortization of Actuarial (Gains) Losses                  |           | 1,687                    |                             | (847)         |                          | (30)                        |    | (5,587)         |    | (896)         |    | (17)       |
| Settlement (Gain) Loss                                    |           | (97)                     |                             |               |                          |                             |    |                 |    |               |    |            |
| <b>Net Benefit Expenses</b>                               | \$        | <b>30,502</b>            | \$                          | <b>8,720</b>  | \$                       | <b>9</b>                    | \$ | <b>18,602</b>   | \$ | <b>7,001</b>  | \$ | <b>32</b>  |
| <b>Reconciliation of Unamortized Gains (Losses)</b>       |           |                          |                             |               |                          |                             |    |                 |    |               |    |            |
| Net Unamortized Gains (Losses)                            |           |                          |                             |               |                          |                             |    |                 |    |               |    |            |
| Beginning of Year   | \$        | (27,864)                 | \$                          | 6,431         | \$                       | 161                         | \$ | 50,279          | \$ | 8,060         | \$ | 101        |
| New Net Gain(Loss) Current Year                           |           | 2,483                    |                             | 14            |                          | 5                           |    | (72,556)        |    | (733)         |    | 77         |
| Amortization of Actuarial (Gains) Losses                  |           | 1,687                    |                             | (847)         |                          | (30)                        |    | (5,587)         |    | (896)         |    | (17)       |
| <b>Net Unamortized Gains (Losses) End of Year</b>         | \$        | <b>(23,694)</b>          | \$                          | <b>5,598</b>  | \$                       | <b>136</b>                  | \$ | <b>(27,864)</b> | \$ | <b>6,431</b>  | \$ | <b>161</b> |
| <b>Significant Actuarial Assumptions</b>                  |           |                          |                             |               |                          |                             |    |                 |    |               |    |            |
| Discount rate   |           | 5.5%                     |                             | 5.3%          |                          | 5.3%                        |    | 5.5%            |    | 5.3%          |    | 5.3%       |
| Expected rate of return on assets                         |           | 6.3%                     |                             | n/a           |                          | n/a                         |    | 6.4%            |    | n/a           |    | n/a        |
| Actual return on assets                                   |           | 8.7%                     |                             | n/a           |                          | n/a                         |    | -6.3%           |    | n/a           |    | n/a        |

Continued on page 47...

# FINANCIAL STATEMENTS

...Continued from page 46

Rate of general salary increase:

|            |               |     |     |               |     |     |
|------------|---------------|-----|-----|---------------|-----|-----|
| 2023       | 1.25% – 2.25% | n/a | n/a | 1.25% – 2.25% | n/a | n/a |
| 2024       | 1.50% – 2.50% | n/a | n/a | 1.5% – 2.25%  | n/a | n/a |
| 2025       | 1.75% – 2.50% | n/a | n/a | 1.75% – 2.25% | n/a | n/a |
| Thereafter | 2.50%         | n/a | n/a | 2.50%         | n/a | n/a |

Mortality Canadian Pensioners' Morality 2014 Public Sector Table, with age-related adjustments.  
Projected generationally from 2014 using Scale CPM-B.

Health Care Cost Trend Rates:

|                            |     |      |     |     |      |     |
|----------------------------|-----|------|-----|-----|------|-----|
| Initial Rate               | n/a | 5.8% | n/a | n/a | 5.9% | n/a |
| Ultimate Rate              | n/a | 4.0% | n/a | n/a | 4.0% | n/a |
| Year Ultimate Rate Reached | n/a | 2040 | n/a | n/a | 2040 | n/a |

Dental Care Trend Rates

|                            |     |      |     |     |      |     |
|----------------------------|-----|------|-----|-----|------|-----|
| Initial Rate               | n/a | 5.0% | n/a | n/a | 5.5% | n/a |
| Ultimate Rate              | n/a | 4.0% | n/a | n/a | 4.0% | n/a |
| Year Ultimate Rate Reached | n/a | 2026 | n/a | n/a | 2026 | n/a |

Estimated Average Remaining

|                      |       |      |      |      |      |      |
|----------------------|-------|------|------|------|------|------|
| Service Life (Years) | 10.00 | 9.00 | 6.00 | 9.00 | 9.00 | 6.00 |
|----------------------|-------|------|------|------|------|------|

## PENSION PLANS

The University is the sponsor of two pension plans, The University of Manitoba GFT Pension Plan (1986 Plan) and The University of Manitoba Pension Plan (1993 Plan). The University has separate Pension Committees to act as Plan Administrator for each of the 1986 and 1993 Plans. Both Pension Plans issue their own financial statements, none of which forms part of the University's financial statements.

### 1986 PLAN

The 1986 Plan is a money purchase plan; thus, the University has no pension liability as pension obligation equals plan assets. The University recorded contributions of \$2,810 (2023, \$2,784) and this is included in the Statement of Operations as an expense.

### 1993 PLAN

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

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

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

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

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

At the December 31, 2022 valuation of the 1993 Plan, there were 5,043 active member accounts with an average salary weighted age of 52.0 for academic staff and 46.6 for support staff, and 2,172 annuitants and other recipients.

The actuarial method used to value the liabilities is the projected unit credit method, prorated on services. An actuarial valuation for accounting purposes was prepared by a firm of consulting actuaries as at December 31, 2022 and extrapolated to December 31, 2023.

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

The contribution made by employees for fiscal 2023-24 was \$31,848 (2023, \$30,901). The employer contribution made by the University for fiscal 2023-24 was \$39,611 (2023, \$36,342). It included \$8,415 (2023, \$5,532) in additional contributions as advised by the Manitoba Pension Commission with respect to current service costs in excess of matching contribution of active members and the University.

## NON-PENSION BENEFITS

The University provides health, dental and group life benefits to employees who retired prior to July 1, 2004 on a non-contributory basis. The group life benefits are indexed post-retirement. For eligible employees retiring on or after July 1, 2004, no group life benefit is available, and retired employees share in the cost of the health and dental benefits. The long-term disability income benefit is provided on a contributory basis. An actuarial valuation of these benefits was prepared March 31, 2022 and extrapolated to March 31, 2024. The internally designated plan assets are included in the total Portfolio Investments (Note 7) and reflect contributions made by employees and the University, which have been designated for non-pension benefits.

## POST-RETIREMENT ADJUSTMENTS

The University provides post-retirement pension benefits to specifically entitled employees who retired prior to 1993. The adjustments for a year are determined as the lesser of the amounts that can be provided by a weighted average percentage salary increase at the University or the excess interest approach provided under the 1993 Plan. One hundred percent of the adjustments are paid by the University. An actuarial valuation of this benefit was prepared for March 31, 2024.

## 11. DEFERRED REVENUE

Deferred revenue represents operating-related revenue from transactions with performance obligations that have not been satisfied and unspent externally restricted non-government grants, non-endowed donations, investment income, and deferred rental fees associated with the lease of the Southwood lands to UM Properties. Deferred operating-related revenue, which is comprised primarily of tuition and related fees, is recurring in nature.

### Deferred revenue by type, end of year:

|                                     | 2024              | 2023              |
|-------------------------------------|-------------------|-------------------|
| Investment Income                   | \$ 186,366        | \$ 176,909        |
| Non-Endowed Donations               | 117,671           | 123,969           |
| Non-Government Grants               | 61,127            | 51,711            |
| Federal and Other Government Grants | 59,296            | 59,665            |
| Tuition and Related Fees            | 49,883            | 47,878            |
| Sale of Goods and Services          | 33,190            | 35,843            |
| Ancillary Services                  | 1,447             | 1,374             |
| Other Income                        | 680               | 630               |
|                                     | <b>\$ 509,660</b> | <b>\$ 497,979</b> |

# FINANCIAL STATEMENTS

## Deferred revenue by source, end of year:

|  | 2024                 |                     |                    |                                    |                   |
|--|----------------------|---------------------|--------------------|------------------------------------|-------------------|
|  | Operating Activities | Research Activities | Capital Activities | Special Purpose & Trust Activities | Total             |
| Investment Income  | \$                   | \$ 1,842            | \$ 3,301           | \$ 181,223                         | \$ 186,366        |
| Donors   |                      | 614                 | 11,347             | 105,711                            | 117,672           |
| Grants from Foundations, Associations, and Industry Partners | 36                   | 61,052              | 39                 |                                    | 61,127            |
| Government of Canada   |                      |                     | 59,296             |                                    | 59,296            |
| Students   | 50,710               |                     |                    |                                    | 50,710            |
| UM Properties  |                      |                     | 29,336             |                                    | 29,336            |
| Other  | 5,153                |                     |                    |                                    | 5,153             |
| <b>Deferred Revenue End of Year</b>                          | <b>\$ 55,899</b>     | <b>\$ 63,508</b>    | <b>\$ 103,319</b>  | <b>\$ 286,934</b>                  | <b>\$ 509,660</b> |

|  | 2023                 |                     |                    |                                    |                   |
|--|----------------------|---------------------|--------------------|------------------------------------|-------------------|
|  | Operating Activities | Research Activities | Capital Activities | Special Purpose & Trust Activities | Total             |
| Investment Income  | \$                   | \$ 877              | \$ 4,413           | \$ 171,618                         | \$ 176,908        |
| Donors   |                      | 382                 | 18,322             | 105,265                            | 123,969           |
| Grants from Foundations, Associations, and Industry Partners | 36                   | 51,069              | 50                 | 558                                | 51,713            |
| Government of Canada   |                      |                     | 59,665             |                                    | 59,665            |
| Students   | 48,728               |                     |                    |                                    | 48,728            |
| UM Properties  |                      |                     | 31,550             |                                    | 31,550            |
| Other  | 5,446                |                     |                    |                                    | 5,446             |
| <b>Deferred Revenue End of Year</b>                          | <b>\$ 54,210</b>     | <b>\$ 52,328</b>    | <b>\$ 114,000</b>  | <b>\$ 277,441</b>                  | <b>\$ 497,979</b> |

## Changes to deferred revenue:

|                                     | 2024                 |                     |                    |                                    |                   |
|-------------------------------------|----------------------|---------------------|--------------------|------------------------------------|-------------------|
|                                     | Operating Activities | Research Activities | Capital Activities | Special Purpose & Trust Activities | Total             |
| Deferred Revenue Beginning of Year  | \$ 54,210            | \$ 52,328           | \$ 114,000         | \$ 277,441                         | \$ 497,979        |
| Revenue Received                    | 331,615              | 77,653              | 14,852             | 60,237                             | 484,357           |
| Recognized as Revenue               | (329,926)            | (66,473)            | (25,533)           | (50,744)                           | (472,676)         |
| <b>Deferred Revenue End of Year</b> | <b>\$ 55,899</b>     | <b>\$ 63,508</b>    | <b>\$ 103,319</b>  | <b>\$ 286,934</b>                  | <b>\$ 509,660</b> |

Continued on page 50...

# FINANCIAL STATEMENTS

...Continued from page 49

|                                     | 2023                 |                     |                    |                                    |                   |
|-------------------------------------|----------------------|---------------------|--------------------|------------------------------------|-------------------|
|                                     | Operating Activities | Research Activities | Capital Activities | Special Purpose & Trust Activities | Total             |
| Deferred Revenue Beginning of Year  | \$ 57,847            | \$ 54,667           | \$ 18,940          | \$ 273,230                         | \$ 404,684        |
| Revenue Received                    | 311,043              | 57,371              | 103,044            | 53,011                             | 524,469           |
| Recognized as Revenue               | (314,680)            | (59,710)            | (7,984)            | (48,800)                           | (431,174)         |
| <b>Deferred Revenue End of Year</b> | <b>\$ 54,210</b>     | <b>\$ 52,328</b>    | <b>\$ 114,000</b>  | <b>\$ 277,441</b>                  | <b>\$ 497,979</b> |

## 12. CAPITAL LEASE OBLIGATION

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

|                                     |               |
|-------------------------------------|---------------|
| 2025                                | \$ 63         |
| 2026                                | 62            |
| <b>Total Minimum Lease Payments</b> | <b>\$ 125</b> |

## 13. DEBT

|   | 2024      | 2023      |
|---|-----------|-----------|
| <b>Province of Manitoba:</b>                            |           |           |
| Promissory Note, 5.23% due March 1, 2035                | \$ 41,410 | \$ 44,126 |
| Promissory Note, 5.55% due April 1, 2036                | 45,164    | 47,718    |
| Promissory Note, 3.75% due September 30, 2039           | 18,110    | 18,956    |
| Promissory Note, 5.35% due February 1, 2040             | 22,226    | 23,089    |
|   | 126,910   | 133,889   |
| <b>Province of Manitoba – Grant Funded<sup>1</sup>:</b> |           |           |
| Promissory Note, 2.50%, due March 31, 2032              | 2,808     | 3,159     |
| Promissory Note, 4.525%, due October 31, 2032           | 221       | 247       |
| Promissory Note, 5.05%, due September 30, 2033          | 2,385     |           |
| Promissory Note, 5.70% due February 1, 2049             | 4,186     | 4,354     |
| Promissory Note, 5.45% due December 1, 2049             | 5,457     | 5,552     |
| Promissory Note, 4.10% due July 30, 2050                | 20,654    | 21,438    |
| Promissory Note, 4.10% due July 30, 2050                | 3,269     | 3,394     |
| Promissory Note, 4.10% due July 30, 2050                | 8,677     | 9,007     |
| Promissory Note, 4.85% due November 30, 2050            | 5,210     | 5,405     |
| Promissory Note, 4.90% due December 31, 2050            | 1,692     | 1,755     |
| Promissory Note, 3.85% due February 29, 2052            | 3,429     | 3,552     |
| Promissory Note, 3.85% due February 29, 2052            | 2,583     | 2,676     |
| Promissory Note, 4.65% due September 30, 2052           | 18,486    | 18,790    |
| Promissory Note, 3.85% due January 31, 2053             | 8,367     | 8,657     |
| Promissory Note, 4.00% due March 31, 2053               | 2,538     | 2,625     |
| Promissory Note, 4.625% due December 31, 2053           | 2,406     | 2,487     |
| Promissory Note, 4.375% due March 31, 2054              | 4,591     | 4,744     |

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

# FINANCIAL STATEMENTS

|   |                   |                   |
|---|-------------------|-------------------|
| Promissory Note, 4.375% due March 31, 2054  | 4,887             | 5,049             |
| Promissory Note, 4.125% due August 31, 2054   | 1,274             | 1,316             |
| Promissory Note, 3.75% due December 31, 2054  | 5,304             | 5,477             |
| Promissory Note, 4.00% due November 30, 2055  | 1,665             | 1,717             |
| Promissory Note, 3.875% due February 29, 2056   | 6,782             | 6,995             |
| Promissory Note, 3.90% due March 31, 2056   | 4,651             | 4,796             |
| Promissory Note, 4.00% due April 30, 2056   | 16,042            | 16,542            |
| Promissory Note, 4.00% due October 31, 2056   | 1,089             | 1,123             |
| Promissory Note, 3.50% due March 31, 2059   | 7,875             | 8,100             |
| Promissory Note, 3.25% due July 31, 2059  | 3,533             | 3,633             |
| Promissory Note, 3.25%, due November 30, 2061   | 3,955             | 4,060             |
| Promissory Note, 4.65%, due December 31, 2062   | 4,069             | 4,174             |
| Promissory Note, 5.30% due September 30, 2063   | 12,450            |                   |
| Promissory Note, 5.00%, due March 31, 2064  | 3,155             |                   |
| Promissory Note, 5.00%, due March 31, 2064  | 750               |                   |
| Promissory Note, 5.00%, due March 31, 2064  | 1,500             |                   |
|   | 175,940           | 160,824           |
| <b>Term Loans (with floating interest rates based on Bankers' Acceptance rates plus stamping fees):</b> |                   |                   |
| Royal Bank of Canada, due April 1, 2024   | 5,178             | 6,151             |
| Royal Bank of Canada, due April 5, 2024   | 5,395             | 5,733             |
| Royal Bank of Canada, due April 15, 2024  | 3,497             | 3,864             |
|   | 14,070            | 15,748            |
|   | <b>\$ 316,920</b> | <b>\$ 310,461</b> |

In 2023, the effective interest rate on each of the term loans was the fixed interest rate based on an interest rate swap agreement plus a stamping fee. In 2024, the terms loans are Bankers' Acceptances only, as the interest rate swap agreement for each term loan was discharged on March 26, 2024 (Note 14).

Interest expense on debt was \$14,470 (2023, \$14,578), included in the Statement of Operations under Facilities. Principal repayments, made monthly, on debt payable over the next five years are as follows:

|            | Province of<br>Manitoba | Province of<br>Manitoba –<br>Grant Funded <sup>1</sup> | Term Loans       | Total             |
|------------|-------------------------|--|------------------|-------------------|
| 2025       | \$ 7,349                | \$ 5,845   | \$ 14,070        | \$ 27,264         |
| 2026       | 7,740                   | 5,865  |                  | 13,605            |
| 2027       | 8,151                   | 5,887  |                  | 14,038            |
| 2028       | 8,584                   | 5,910  |                  | 14,494            |
| 2029       | 9,041                   | 5,933  |                  | 14,974            |
| Thereafter | 86,045                  | 146,500  |                  | 232,545           |
|            | <b>\$ 126,910</b>       | <b>\$ 175,940</b>                                      | <b>\$ 14,070</b> | <b>\$ 316,920</b> |

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

## 14. DERIVATIVES

|  | 2024      | 2023          |
|--|-----------|---------------|
| Fair Value of Financial Derivatives Beginning of Year  | \$ 815    | \$ 1,616      |
| Unrealized (Gains) Losses                              | (468)     | (801)         |
| Discharge Payment                                      | (347)     |               |
| <b>Fair Value of Financial Derivatives End of Year</b> | <b>\$</b> | <b>\$ 815</b> |

Financial Derivatives are classified as Level 3.

### DERIVATIVE FINANCIAL LIABILITIES

On March 26, 2024, the University discharged the interest rate swap agreements for three term loans by paying the mark to market derivative liability for each loan. On March 31, 2024 the Bankers' Acceptance for each loan was outstanding, and the full amount was to be repaid in April 2024 on the maturity date for each maturing Bankers' Acceptance. The outstanding Bankers' Acceptance and the mark to market payment for each term loan is as follows:

- The term loan for \$5,178 (2023, \$6,151) is due April 1, 2024, in full, and the mark to market payment related to the discharged interest rate swap was \$164.
- The term loan for \$5,395 (2023, \$5,733) is due April 5, 2024, in full, and the mark to market payment related to the discharged interest rate swap was \$161.
- The term loan for \$3,497 (2023, \$3,864) is due April 15, 2024, in full, and the mark to market payment related to the discharged interest rate swap was \$22.

## 15. ASSET RETIREMENT OBLIGATIONS

The University's asset retirement obligations represent management's best estimate of the present value of the costs that are expected to be incurred for the remediation of asbestos present in some of the University's buildings.

The presence of asbestos is not a current health hazard, and there is no requirement to remove asbestos in these buildings as long as the asbestos is contained and does not pose a public health risk. According to the Canadian Centre of Occupational Health and Safety (CCOHS), there are no significant health risks if the materials containing asbestos in your home or place of work are:

- Tightly bound in the original product, and it is in good condition.
- Sealed behind walls and floorboards.
- Isolated in an attic.
- Left undisturbed.

The University assesses spaces for the presence of asbestos prior to any construction or renovation taking place. If any asbestos present would be disturbed due to these activities, it is appropriately abated through the University's Asbestos Management Program in a manner that is compliant with relevant legislation and regulations. Remediation activities also occur upon the disposal of a building.

At March 31, 2024, estimated undiscounted asset retirement obligations were \$372,969 (2023, \$380,194). The University used a discount rate of 5.21% (2023, 4.65%) to calculate the present value of the asset retirement obligations, which represented the University's cost to borrow from the Province of Manitoba over a similar period of time.

# FINANCIAL STATEMENTS

|   | 2024             | 2023             |
|---|------------------|------------------|
| Asset Retirement Obligations Beginning of Year  | \$ 84,842        | \$ 128,718       |
| Liabilities Settled During the Period           | (151)            | (543)            |
| Accretion Expense                               | 3,938            | 4,166            |
| Change in Estimate                              | 45               |                  |
| Change to Discount Rate                         | (15,248)         | (47,499)         |
| <b>Asset Retirement Obligations End of Year</b> | <b>\$ 73,426</b> | <b>\$ 84,842</b> |

## 16. TANGIBLE CAPITAL ASSETS

| Cost                            | Balance at<br>March 31, 2023 | Additions        | Change in Asset<br>Retirement<br>Obligations |                    | Balance at<br>March 31, 2024 |
|---------------------------------|------------------------------|------------------|--|--------------------|------------------------------|
|                                 |                              |                  | Estimate                                     | Disposals          |                              |
| Buildings and Major Renovations | \$ 1,565,515                 | \$ 37,050        | \$ (15,203)                                  | \$ (1,273)         | \$ 1,586,089                 |
| Furniture and Equipment         | 344,521                      | 15,678           |  | (7,375)            | 352,824                      |
| Computer Hardware               | 103,116                      | 5,665            |  | (14,440)           | 94,341                       |
| Construction in Progress        | 47,074                       | 21,988           |  |                    | 69,062                       |
| Land                            | 29,975                       | 59               |  |                    | 30,034                       |
| Parking Lots and Roads          | 27,691                       | 1,212            |  |                    | 28,903                       |
| Vehicles                        | 11,532                       | 2,135            |  | (571)              | 13,096                       |
| Assets Under Capital Lease      | 188                          |                  |  |                    | 188                          |
|                                 | <b>\$ 2,129,612</b>          | <b>\$ 83,787</b> | <b>\$ (15,203)</b>                           | <b>\$ (23,659)</b> | <b>\$ 2,174,537</b>          |

| Accumulated Amortization        | Balance at<br>March 31, 2023 | Additions        | Change in Asset<br>Retirement<br>Obligations |                    | Balance at<br>March 31, 2024 |
|---------------------------------|------------------------------|------------------|--|--------------------|------------------------------|
|                                 |                              |                  | Estimate                                     | Disposals          |                              |
| Buildings and Major Renovations | \$ 505,136                   | \$ 32,990        | \$   | \$ (519)           | \$ 537,607                   |
| Furniture and Equipment         | 278,871                      | 13,242           |  | (7,375)            | 284,738                      |
| Computer Hardware               | 96,624                       | 3,736            |  | (14,440)           | 85,920                       |
| Construction in Progress        |                              |                  |  |                    |                              |
| Land                            |                              |                  |  |                    |                              |
| Parking Lots and Roads          | 8,689                        | 1,543            |  |                    | 10,232                       |
| Vehicles                        | 9,805                        | 789              |  | (571)              | 10,023                       |
| Assets Under Capital Lease      | 9                            | 19               |  |                    | 28                           |
|                                 | <b>\$ 899,134</b>            | <b>\$ 52,319</b> | <b>\$</b>                                    | <b>\$ (22,905)</b> | <b>\$ 928,548</b>            |

| Net Book Value                  | 2024                | 2023                |
|---------------------------------|---------------------|---------------------|
| Buildings and Major Renovations | \$ 1,048,482        | \$ 1,060,379        |
| Furniture and Equipment         | 68,086              | 65,650              |
| Computer Hardware               | 8,421               | 6,492               |
| Construction in Progress        | 69,062              | 47,074              |
| Land                            | 30,034              | 29,975              |
| Parking Lots and Roads          | 18,671              | 19,002              |
| Vehicles                        | 3,073               | 1,727               |
| Assets Under Capital Lease      | 160                 | 179                 |
|                                 | <b>\$ 1,245,989</b> | <b>\$ 1,230,478</b> |



## 17. RISK EXPOSURE AND MANAGEMENT

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

### OTHER PRICE RISK

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

### 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, 2024

|                                  | Less than<br>90 days | 90 days<br>to 1 year | 1 year to<br>5 years | 5 years to<br>10 years | Greater than<br>10 years | Total  |
|----------------------------------|----------------------|----------------------|----------------------|------------------------|--------------------------|--------|
| Cash Equivalents and Investments | 30.0%                | 41.1%                | 15.6%                | 10.9%                  | 2.4%                     | 100.0% |
| Financial Derivatives            |                      |                      |                      |                        |                          |        |

#### INTEREST RATE EXPOSURE AS AT MARCH 31, 2023

|                                  | Less than<br>90 days | 90 days<br>to 1 year | 1 year to<br>5 years | 5 years to<br>10 years | Greater than<br>10 years | Total  |
|----------------------------------|----------------------|----------------------|----------------------|------------------------|--------------------------|--------|
| Cash Equivalents and Investments | 19.4%                | 31.2%                | 36.5%                | 10.6%                  | 2.3%                     | 100.0% |
| Financial Derivatives            |                      |                      |                      | 54.5%                  | 45.5%                    | 100.0% |

|                                  | 2024                               |  | 2023                               |  |
|----------------------------------|------------------------------------|--|------------------------------------|--|
|                                  | Interest<br>Bearing<br>Instruments | Non-Interest<br>Bearing<br>Instruments | Interest<br>Bearing<br>Instruments | Non-Interest<br>Bearing<br>Instruments |
| Cash Equivalents and Investments | \$ 707,609                         | \$ 1,049,518                           | \$ 661,872                         | \$ 953,097                             |
| Financial Derivatives            | \$                                 | \$                                     | \$ 815                             | \$                                     |

# FINANCIAL STATEMENTS

As at March 31, 2024, a 0.5% fluctuation in interest rates, with all other variables held constant, would have an estimated impact as follows:

|  | 2024 |       | 2023 |       |
|--|------|-------|------|-------|
| Fair Value of Fixed Income Instruments | \$   | 6,521 | \$   | 7,176 |
| Interest Rate Swaps                    | \$   |       | \$   | 343   |
| Net Investment Income                  | \$   | 4,152 | \$   | 3,841 |

## FOREIGN CURRENCY RISK

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

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

|                 | 2024                |               | 2023                |               |
|-----------------|---------------------|---------------|---------------------|---------------|
| Canadian Dollar | \$ 1,207,713        | 65.0%         | \$ 1,175,614        | 67.5%         |
| U.S. Dollar     | 484,748             | 26.1%         | 415,899             | 23.9%         |
| Other           | 164,794             | 8.9%          | 149,091             | 8.6%          |
|                 | <b>\$ 1,857,255</b> | <b>100.0%</b> | <b>\$ 1,740,604</b> | <b>100.0%</b> |

As at March 31, 2024, an appreciation of 10% in the Canadian dollar versus foreign currencies exchange rates would decrease investments and net remeasurement gains by approximately \$64,954 (2023, \$56,499), while a depreciation of 10% would increase investments and net remeasurement gains by approximately \$64,954 (2023, \$56,499).

## 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:

|           | 2024              |               | 2023              |               |
|-----------|-------------------|---------------|-------------------|---------------|
| R-1High   | \$ 335,602        | 47.4%         | \$ 294,238        | 44.4%         |
| AAA       | 43,717            | 6.2%          | 37,477            | 5.7%          |
| AA        | 229,936           | 32.5%         | 236,724           | 35.8%         |
| A         | 2,844             | 0.4%          | 4,453             | 0.7%          |
| BBB       | 10,510            | 1.5%          | 8,514             | 1.3%          |
| BB        | 9,548             | 1.4%          | 6,313             | 0.9%          |
| B         | 4,965             | 0.7%          | 3,576             | 0.5%          |
| C         | 1,936             | 0.3%          | 1,756             | 0.3%          |
| Not Rated | 68,551            | 9.6%          | 68,821            | 10.4%         |
|           | <b>\$ 707,609</b> | <b>100.0%</b> | <b>\$ 661,872</b> | <b>100.0%</b> |

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

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

The credit risk related to the loan receivable is managed by limiting the amount of third-party financing that UM Properties is able to retain, to a maximum of 50% of the then-current value of the property. If UM Properties defaults on its third-party loan, the University has the option to pay the balance of the third-party loan and gain control over all the lands and the University could recover its costs by selling a portion of the land. Regardless of whether UM Properties is in default or not, the University is able to terminate the Master Head Lease with respect to any undeveloped portions of the Southwood land provided that the land is not subleased to a developer or required for servicing remaining portions of the lands so long as the termination would not adversely impact the remaining lands. If the University elects to terminate a portion of the lease, it could choose to sell portions of the land to a third party. The credit risk is also managed by the governance structure, as the University has four seats on the board of directors.

## LIQUIDITY RISK

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

## 18. RELATED PARTY TRANSACTIONS

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

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

The Board of Directors of the Foundation is an independent board whose members direct and guide the Foundation's actions. Members of the Board include, among others, certain senior staff of the University. The University of Manitoba, however, is one of many entities eligible to receive aid from the Foundation. The University must make an application to the Foundation's Board of Directors to request funds, which may or may not be granted. The gifts received in fiscal 2023-24 were \$16 (2023, \$605).

### PROVINCE OF MANITOBA

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

# FINANCIAL STATEMENTS

## 19. EXPENSE BY OBJECT

|   | 2024                | 2023              |
|---|---------------------|-------------------|
| Salaries and Benefits                     | \$ 586,289          | \$ 543,869        |
| Materials, Supplies and Services          | 154,845             | 135,577           |
| Student Assistance                        | 85,102              | 82,191            |
| Professional and Other Services           | 72,903              | 61,132            |
| Amortization                              | 52,319              | 50,442            |
| Utilities, Municipal Taxes and Insurance  | 28,491              | 28,221            |
| Travel and Conferences                    | 32,142              | 25,293            |
| Interest                                  | 14,470              | 14,578            |
| Maintenance and Repairs                   | 13,496              | 12,549            |
| Accretion on Asset Retirement Obligations | 3,938               | 4,166             |
| Other                                     | 2,237               | 1,011             |
|   | <b>\$ 1,046,232</b> | <b>\$ 959,029</b> |

## 20. GOVERNMENT GRANTS

|   | 2024                    |                        |                       |   |                   |
|---|-------------------------|------------------------|-----------------------|---|-------------------|
|   | Operating<br>Activities | Research<br>Activities | Capital<br>Activities | Special<br>Purpose<br>& Trust<br>Activities | Total             |
| <b>Provincial Grants:</b>                   |                         |                        |                       |   |                   |
| Advanced Education and Training             | \$ 390,538              | \$                     | \$ 19,528             | \$ 4,774                                    | \$ 414,840        |
| Other                                       | 32,905                  | 7,816                  | 2,255                 | 23,146                                      | 66,122            |
|   | <b>\$ 423,443</b>       | <b>\$ 7,816</b>        | <b>\$ 21,783</b>      | <b>\$ 27,920</b>                            | <b>\$ 480,962</b> |
| <b>Federal and Other Government Grants:</b> |                         |                        |                       |   |                   |
| Government of Canada                        | \$ 17,969               | \$ 78,041              | \$ 3,226              | \$ 13,689                                   | \$ 112,925        |
| Other Government                            |                         |                        |                       |   |                   |
| Provincial Government Business Enterprises  |                         | 697                    |                       |   | 697               |
| Foreign                                     |                         | 441                    |                       | 1,234                                       | 1,675             |
| United States                               |                         | 607                    |                       |   | 607               |
| Other Provinces                             | 233                     | 1,835                  |                       | 6,655                                       | 8,723             |
| Municipal                                   | 46                      | 86                     |                       |   | 132               |
|   | <b>\$ 18,248</b>        | <b>\$ 81,707</b>       | <b>\$ 3,226</b>       | <b>\$ 21,578</b>                            | <b>\$ 124,759</b> |

# FINANCIAL STATEMENTS

2023

|   | Operating<br>Activities | Research<br>Activities | Capital<br>Activities | Special<br>Purpose<br>& Trust<br>Activities | Total             |
|---|-------------------------|------------------------|-----------------------|---|-------------------|
| <b>Provincial Grants:</b>                   |                         |                        |                       |   |                   |
| Advanced Education and Training             | \$ 343,006              | \$                     | \$ 18,788             | \$ 5,805                                    | \$ 367,599        |
| Other                                       | 26,181                  | 6,980                  | 1,285                 | 21,692                                      | 56,138            |
|   | <b>\$ 369,187</b>       | <b>\$ 6,980</b>        | <b>\$ 20,073</b>      | <b>\$ 27,497</b>                            | <b>\$ 423,737</b> |
| <b>Federal and Other Government Grants:</b> |                         |                        |                       |   |                   |
| Government of Canada                        | \$ 15,749               | \$ 79,932              | \$ 4,549              | \$ 10,839                                   | \$ 111,069        |
| Other Government                            |                         |                        |                       |   |                   |
| Provincial Government Business Enterprises  |                         | 1,049                  |                       |   | 1,049             |
| Foreign                                     |                         | 3,145                  |                       | 1,640                                       | 4,785             |
| United States                               |                         | 555                    |                       |   | 555               |
| Other Provinces                             | 313                     | 1,413                  |                       | 5,557                                       | 7,283             |
| Municipal                                   | 46                      | 69                     | 35                    |   | 150               |
|   | <b>\$ 16,108</b>        | <b>\$ 86,163</b>       | <b>\$ 4,584</b>       | <b>\$ 18,036</b>                            | <b>\$ 124,891</b> |

## 21. INVESTMENT INCOME

|   | 2024             | 2023             |
|---|------------------|------------------|
| <b>Non-Portfolio Interest Income</b>      | \$ 28,665        | \$ 15,403        |
| <b>Portfolio Investments:</b>             |                  |                  |
| Net Gains (Losses) on Sale of Investments | 26,063           | 21,479           |
| Dividends                                 | 17,532           | 15,049           |
| Distributions – Infrastructure            | 3,808            | 5,077            |
| Interest                                  | 7,257            | 6,206            |
| Net Change in Deferred Investment Income  | (9,458)          | (2,057)          |
|   | 45,202           | 45,754           |
|   | <b>\$ 73,867</b> | <b>\$ 61,157</b> |

## 22. 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:

|            |                  |
|------------|------------------|
| 2025       | \$ 4,226         |
| 2026       | 3,781            |
| 2027       | 3,366            |
| 2028       | 2,807            |
| 2029       | 2,602            |
| Thereafter | 33,554           |
|            | <b>\$ 50,336</b> |

# FINANCIAL STATEMENTS

## 23. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

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

Contractual obligations relating to Construction in Progress amounted to \$36,267 (2023, \$31,567). The contractual obligations relating to service contracts were \$30,422 (2023, \$29,693).

The University has a 7.14% (2023, 7.14%) interest in TRIUMF Inc. which operates a national laboratory for particle and nuclear physics. The facility is funded by the Federal Government, and the University makes no direct financial contributions.

The members of TRIUMF Inc. and the Canadian Nuclear Safety Commission (CNSC) approved a decommissioning plan which requires all members to be severally responsible for their share of the decommissioning costs, which were estimated at \$85,500 as of March 31, 2024, 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, 2024 is estimated at \$5,154 (2023, \$3,442). TRIUMF Inc. has put in place a plan for funding the cost of decommissioning which does not require any payments from the members. The member universities have indemnified the University of British Columbia (UBC) against any liabilities incurred by TRIUMF Inc., under the terms of the lease between TRIUMF Inc. and UBC.

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

## 24. ECONOMIC DEPENDENCE

The University received \$414,840, 36.85% (2023, \$367,599, 36.57%) of its total revenues from the Province of Manitoba's Department of Advanced Education and Training.

## 25. COMPARATIVE FIGURES

Comparative figures for the year ended March 31, 2023 have been reclassified, where appropriate, to conform with the presentation adopted for the year ended March 31, 2024.





University  
of Manitoba