University of Manitoba

2021 ANNUAL FINANCIAL REPORT

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The University is responsible for the preparation of the financial statements and has prepared them in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Chartered Professional Accountants Canada, including the standards for government not for profit organizations. The University believes the financial statements present fairly the University's financial position as at March 31, 2021 and the results of its operations for the years ending March 31, 2021.

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, 2021 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, Ph.D.
President and Vice-Chancellor

Winnipeg, Manitoba
June 22, 2021

Auditor General
MANITOBA

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of the University of Manitoba (the University), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statement of operations, the consolidated statement of remeasurement gains and losses, the consolidated statement of change in net financial assets, and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as at March 31, 2021, and the consolidated results of its operations, its consolidated remeasurement gains and losses, consolidated changes in its net financial assets, and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

Auditor General
MANITOBA

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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.

Auditor General
MANITOBA

- 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 consolidated 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 22, 2021

Tyson Shtykalo, CPA, CA
Auditor General

UNIVERSITY OF MANITOBA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021
(in thousands of dollars)

	2021	2020
Financial Assets		
Cash and Cash Equivalents *(Note 3)*	$ 223,527	$ 196,827
Accounts Receivable *(Note 4)*	89,441	69,946
Inventories Held for Sale	2,979	3,661
Portfolio Investments – Non-Endowed *(Note 6)*	742,469	651,326
Investment in Government Business Enterprise *(Note 7)*	(1,106)	
	1,057,310	**921,760**
Liabilities		
Accounts Payable *(Note 8)*	95,839	105,164
Employee Future Benefits *(Note 9)*	94,144	89,233
Deferred Revenue *(Note 10)*	332,732	307,214
Debt *(Note 11)*	323,859	335,748
Derivatives *(Note 12)*	3,098	4,619
	849,672	**841,978**
Net Financial Assets Excluding Portfolio Investments – Endowed	**207,638**	**79,782**
Portfolio Investments – Endowed *(Note 6)*	550,845	471,167
Net Financial Assets	**758,483**	**550,949**
Non-Financial Assets		
Tangible Capital Assets *(Note 13)*	1,188,445	1,167,382
Prepaid Expenses	12,702	10,935
Inventories Held for Use	51	83
	1,201,198	**1,178,400**
Accumulated Surplus	**$ 1,959,681**	**$ 1,729,349**
Accumulated Surplus is comprised of:		
Accumulated Surplus	$ 1,738,010	$ 1,630,276
Accumulated Remeasurement Gains	221,671	99,073
	$ 1,959,681	**$ 1,729,349**

Contractual Obligations and Contingencies *(Note 21)*

Original signed by

Jeff Lieberman – Chair

Original signed by

Laurel Hyde – Vice-Chair

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

UNIVERSITY OF MANITOBA
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2021
(in thousands of dollars)

	Budget *(Note 2M)*	**2021**	**2020**
Revenue			
Provincial Grants *(Note 18)*	$ 421,025	$ 424,701	$ 423,333
Tuition and Related Fees	195,230	206,690	195,743
Federal and Other Government Grants *(Note 18)*	88,600	141,482	107,597
Non-Government Grants	60,813	67,167	65,741
Investment Income *(Note 19)*	41,838	40,804	44,974
Other Income	11,612	23,190	17,472
Sales of Goods and Services	34,377	23,085	36,474
Ancillary Services	40,227	20,414	38,852
Non-Endowed Donations	10,861	10,446	19,479
Net Gain on Debt		224	3,772
Investment Loss on Government Business Enterprise		(1,106)	
	904,583	**957,097**	**953,437**
Expense			
Instruction	399,977	358,076	371,513
Sponsored Research	130,960	135,877	133,607
Facilities	121,167	116,624	110,958
Special Purpose and Trust	65,726	75,693	64,212
Libraries	33,544	33,646	30,981
Academic and Research Support	35,953	32,724	32,463
Administration	33,503	30,814	29,584
Information Technology	30,439	27,640	26,640
Student Services	32,009	20,507	28,656
Ancillary Services	25,924	20,461	25,728
External Relations	13,650	10,615	13,121
Net Loss on Loan Receivable Allowance		224	3,772
	922,852	**862,901**	**871,235**
	(18,269)	94,196	82,202
Endowed Donations	14,681	13,538	15,874
Annual Surplus	(3,588)	107,734	98,076
Accumulated Surplus Beginning of Year		1,630,276	1,532,200
Accumulated Surplus End of Year	**$**	**$ 1,738,010**	**$ 1,630,276**

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

UNIVERSITY OF MANITOBA
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
FOR THE YEAR ENDED MARCH 31, 2021

(in thousands of dollars)

	2021	2020
Accumulated Remeasurement Gains		
Beginning of Year	$ 99,073	$ 157,605
Unrealized Gains (Losses) Attributed to:		
Derivatives	1,521	(852)
Foreign Exchange	(1,769)	(3,967)
Portfolio Investments	75,632	(73,959)
Designated Fair Value Investments	54,310	13,795
Amounts Reclassified to the Consolidated Statement of Operations:		
Foreign Exchange	1,519	2,605
Portfolio Investments	2,026	6,363
Designated Fair Value Investments	(10,641)	(2,517)
Net Remeasurement Gains (Losses) for the Year	122,598	(58,532)
Accumulated Remeasurement Gains		
End of Year	**$ 221,671**	**$ 99,073**

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

UNIVERSITY OF MANITOBA
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2021

(in thousands of dollars)

	Budget *(Note 2M)*	**2021**	**2020**
Annual Surplus (Deficit)	$ (3,588)	$ 107,734	$ 98,076
Purchase of Tangible Capital Assets	(68,548)	(69,885)	(65,772)
Amortization	53,731	48,073	47,093
Proceeds on Sale of Tangible Capital Assets		820	
Loss (Gain) on Disposal of Tangible Capital Assets		(71)	
	(14,817)	(21,063)	(18,679)
Decrease (Increase) in Inventories Held for Use		32	(22)
Decrease (Increase) in Prepaid Expenses		(1,767)	(1,859)
		(1,735)	(1,881)
Net Remeasurement Gains (Losses)	19,200	122,598	(58,532)
Increase (Decrease) in Net Financial Assets	795	207,534	18,984
Net Financial Assets Beginning of Year		550,949	531,965
Net Financial Assets End of Year	**$**	**$ 758,483**	**$ 550,949**

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

UNIVERSITY OF MANITOBA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021
(in thousands of dollars)

	2021	2020
Operating Activities:		
Net Excess of Revenue Over Expenses Before Interest	$ 111,927	$ 99,709
Interest Received	11,273	14,465
Interest Paid	(15,466)	(16,098)
Annual Surplus	107,734	98,076
Amortization of Tangible Capital Assets	48,073	47,093
Loss (Gain) on Disposal of Tangible Capital Assets	(71)	
	155,736	145,169
Net Change in Non-Cash Operating Balances:		
Accounts Receivable	(19,495)	12,453
Inventories	714	(111)
Accounts Payable	(9,325)	16,983
Employee Future Benefits	4,911	(16,067)
Deferred Revenue	25,518	(33,013)
Derivatives	(1,521)	852
Gain on Debt	(224)	(3,772)
Loss on Loan Receivable Allowance	224	3,772
Prepaid Expenses	(1,767)	(1,859)
Net Cash Generated through Operating Activities	154,771	124,407
Investing Activities:		
Decrease (Increase) in Investment in Government Business Enterprise	1,106	
Decrease (Increase) in Portfolio Investments	(48,223)	14,253
Net Cash Generated through (used in) Investing Activities	(47,117)	14,253
Capital Activities:		
Purchase of Tangible Capital Assets	(69,885)	(65,772)
Proceeds on Sale of Tangible Capital Assets	820	
Net Cash used in Capital Activities	(69,065)	(65,772)
Financing Activities:		
Proceeds from Debt		662
Principal Repayment on Debt	(11,889)	(11,464)
Net Cash Generated through (used in) Financing Activities	(11,889)	(10,802)
Net Increase (Decrease) in Cash and Cash Equivalents	26,700	62,086
Cash and Cash Equivalents Beginning of Year	196,827	134,741
Cash and Cash Equivalents End of Year	**$ 223,527**	**$ 196,827**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021
(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 consolidated financial statements have been prepared in accordance with Public Sector Accounting Standards.

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

B. BASIS OF CONSOLIDATION

i. Consolidated Entities

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of organizations which are controlled by the University. Controlled organizations are consolidated except for government business enterprises which are accounted for using the modified equity method. Inter-organizational transactions, balances, and activities have been eliminated upon consolidation. The University controls Partners for Health and Development in Africa (PHDA), a non-profit, non-governmental organization registered in Kenya to promote health and development in Africa. The University consolidated PHDA using their March 31, 2020 financial statements.

ii. Investment in Government Business Enterprises

Government business enterprises, owned or controlled by the University but not dependent on the University for their continuing operations, are included in the consolidated 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. UM Properties Limited Partnership is controlled by the University and is accounted for by the modified equity method.

iii. Investment in Government Partnership

Government partnerships that are not business partnerships are accounted for using the proportionate consolidation method. The University accounts for its share of the partnership on a line-by-line basis in the consolidated financial statements and eliminates any inter-organizational transactions and balances. The University has a 7.14% (2020, 7.14%) interest in TRIUMF, a joint venture which operates a national laboratory for particle and nuclear physics (Note 15).

C. REVENUE RECOGNITION

All revenue is reported using the accrual basis of accounting.

i. Government Grants

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

ii. Non-Government Grants and Non-Endowed Donations

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

iii. Endowed Donations

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

iv. Investment Income

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

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

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

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

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

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

vi. Tuition and Other Revenue

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

D. FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses in the Consolidated 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 and undertaken within the University to produce specific research outcomes. Costs associated with this function are directly related to research activities.

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

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

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

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

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

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

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.

E. 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.

F. 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.

G. NON-FINANCIAL ASSETS

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

i. Tangible Capital Assets

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

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

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

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

ii. Leased Tangible Capital Assets

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

iii. Inventories Held for Use

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

H. 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 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, the expected rate of return on assets, retirement ages and expected future cost trends. For current active employees, the cost of other employee future benefit plans relating to health, dental, and group life insurance is the premiums charged under the plans to the University.

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

iii. Post-Retirement Adjustments

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

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

iv. University of Manitoba Faculty Association Retirement Allowance

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

l. FINANCIAL INSTRUMENTS

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

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

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

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

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

Unrealized gains and losses from the change in fair value of these financial instruments are reflected in the Consolidated 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 Consolidated Statement of Operations. Future recoveries of impaired assets are recorded in the Consolidated 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 are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

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 Consolidated 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 Consolidated 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, reinvested to maintain and grow the real value of the endowments. The University sets an annual spending allocation, currently at 4.50% 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 August 2018, the Public Sector Accounting Board issued PS 3280 *Asset Retirement Obligations*. This accounting standard is effective for fiscal years starting on or after April 1, 2022. *Asset Retirement Obligations* provides guidance on how to account for and report a liability for the retirement of a tangible capital asset.

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

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

M. BUDGETS AND FIGURES

The 2020-21 budget was approved by the Board of Governors on May 19, 2020.

3. CASH AND CASH EQUIVALENTS

	2021	2020
Cash	$ 170,883	$ 196,827
Guaranteed Investment Certificates	52,644	
	$ 223,527	**$ 196,827**

4. ACCOUNTS RECEIVABLE

	2021	2020
Business, Industry and Foundations	$ 30,749	$ 18,037
Federal Government	17,908	9,760
Provincial Government	15,173	14,845
External Sales and Cost Recoveries	12,716	9,952
Students	6,144	4,399
Investment Income	3,289	10,538
Advances	1,502	1,592
Government Business Enterprise	1,354	588
Other	606	235
	$ 89,441	**$ 69,946**

5. LOAN RECEIVABLE

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

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

IG FIELD LOAN:

	2021	2020
First Phase	$ 118,682	$ 118,682
Second Phase	79,784	79,784
	198,466	198,466
Allowance	(198,466)	(198,466)
	$	**$**

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

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

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

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

6. PORTFOLIO INVESTMENTS

Portfolio investments include both non-endowed and endowed investments. Non-endowed investments consist of funds received in advance for future expenditures. Endowed investments consist of donations held in perpetuity.

	2021	2020
Portfolio Investments – Non-Endowed	$ 742,469	$ 651,326
Portfolio Investments – Endowed	550,845	471,167
	$ 1,293,314	**$ 1,122,493**

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

	2021				**2020**			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments Held at Fair Value:								
Cash and Money Market Funds	$ 255,745	$	$	$ 255,745	$ 210,229	$	$	$ 210,229
Canadian Equities	2,752			2,752	68,497			68,497
U.S. Equities	214,844			214,844	159,772			159,772
International Equities	2,539			2,539	1,918			1,918
	475,880			475,880	440,416			440,416
Investments Designated to Fair Value:								
Cash and Money Market Funds		2,900		2,900		3,961		3,961
Bonds and Other Fixed Income Securities		78,127		78,127		78,726		78,726
Pooled Bond Fund		22,320		22,320		18,322		18,322
Pooled Canadian Equities		223,577		223,577		76,537		76,537
Pooled U.S. Equities		6,943		6,943		6,817		6,817
Pooled International Equities		128,561		128,561		112,318		112,318
Pooled Real Estate Fund		141,733		141,733		138,642		138,642
Pooled Mortgage Fund		11,287		11,287		9,764		9,764
Infrastructure Private Fund			79,794	79,794			82,737	82,737
		615,448	79,794	695,242		445,087	82,737	527,824
Investments Held at Amortized Cost:								
Corporate Bonds				76,257				103,042
Preferred Shares				45,935				51,211
				122,192				154,253
	$ 475,880	**$ 615,448**	**$ 79,794**	**$1,293,314**	**$ 440,416**	**$ 445,087**	**$ 82,737**	**$1,122,493**

The fair value of investments held at amortized cost is $119,624 (2020, $132,273).

During the years ended March 31, 2021 and March 31, 2020, there were no transfers of investments between levels 1, 2 or 3.

The University's investment in real estate consists of units of a pooled real estate investment in the Canada Life Real Estate Fund.

On March 20, 2020 Canada Life placed a suspension on redemptions and transfers of units of the Fund. Effective January 11, 2021 Canada Life disclosed that the suspension will be lifted, however, withdrawal requests will be based on the amount of cash available in the fund, so unit holders requesting withdrawals may receive only a portion of their redemption request.

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

	2021	2020
Balance Beginning of Year	$ 82,737	$ 21,330
Purchases		54,427
Distributions Reinvested	3,670	999
Unrealized Gains (Losses)	(6,613)	5,981
Balance End of Year	**$ 79,794**	**$ 82,737**

7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE

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

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

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

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

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

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

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

	2021
Investment Beginning of the Year	$
Investment Loss on Government Business Enterprise	(1,106)
Investment End of Year	**$ (1,106)**

Condensed financial information of the Partnership is as follows:

	December 31, 2020	December 31, 2019
Statement of Financial Position:		
Assets	$ 137	$ 53
Liabilities	1,243	379
Net Assets (Liability)	**$ (1,106)**	**$ (326)**
Statement of Operations:		
Revenue	$ 1	$
Expenses	781	271
Annual Surplus (Deficit)	**$ (780)**	**$ (271)**

The Partnership recognizes revenue from sales of 99-year leases when the contract has been entered into and all performance obligations have been met including the transfer of control and the prepaid lease. The University defers these revenues in its Consolidated Statement of Operations over the duration of the leases.

8. ACCOUNTS PAYABLE

	2021	2020
Trade Accounts Payable	$ 33,375	$ 31,387
Accrued Vacation and Sick Leave	19,419	17,917
Grants Payable	18,425	10,697
Salaries and Benefits	14,770	35,031
Retirement Allowance	8,495	8,228
Other	1,355	1,904
	$ 95,839	**$ 105,164**

9. EMPLOYEE FUTURE BENEFITS

	2021	2020
Non-Pension Benefit Plans	$ 90,532	$ 80,271
1993 Pension Plan	2,296	7,442
Post-Retirement Adjustments	1,316	1,520
	$ 94,144	**$ 89,233**

	2021			**2020**		
Accrued Benefit Obligations	**1993 Plan**	**Non-Pension Benefit Plan**	**Post-Retirement Adjustments**	**1993 Plan**	**Non-Pension Benefit Plan**	**Post-Retirement Adjustments**
Actuarial Accrued Benefits Beginning of Year	$ 1,302,804	$ 75,288	$ 1,409	$ 1,218,520	$ 73,076	$ 1,655
Interest Costs	73,156	3,727	64	121,907	3,879	82
Benefits Accrued	60,638	7,469		59,138	5,710	
Benefits Paid	(103,864)	(8,973)	(249)	(105,148)	(8,620)	(287)
Actuarial Gains (Losses)	2,530	(2,581)	(13)	(22,575)	(704)	(66)
Change In Actuarial Assumptions	27,780			30,962	1,947	25
Actuarial Accrued Benefits End of Year	**$ 1,363,044**	**$ 74,930**	**$ 1,211**	**$ 1,302,804**	**$ 75,288**	**$ 1,409**

	2021			**2020**		
Plan Assets	**1993 Plan**	**Non-Pension Benefit Plan**	**Post-Retirement Adjustments**	**1993 Plan**	**Non-Pension Benefit Plan**	**Post-Retirement Adjustments**
Fair Value Beginning of Year	$ 1,304,375	$ 62,398	$	$ 1,181,099	$ 62,661	$ 507
Actual Return on Plan Assets	80,845	11,715		158,625	(859)	51
Employer Contributions	32,549	5,492	249	42,088	5,574	287
Employee Contributions	27,749	3,588		26,961	3,642	
Transfers From (to) Other Plans	67			750		(558)
Benefits Paid	(103,864)	(8,973)	(249)	(105,148)	(8,620)	(287)
Fair Value End of Year	**$ 1,341,721**	**$ 74,220**	**$**	**$ 1,304,375**	**$ 62,398**	**$**

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Plan Assets Measured at Fair Value Consist of:	2021	2020
Foreign Equities	$ 538,787	$ 537,456
Canadian Equities	245,081	243,902
Bonds and Debentures	241,215	172,221
Mortgages	146,022	178,098
Real Estate	132,971	135,797
Cash and Other	37,645	36,901
	$ 1,341,721	**$ 1,304,375**

	2021			2020		
Accrued Benefit Obligations	**1993 Plan**	**Non-Pension Benefit Plan**	**Post-Retirement Adjustments**	**1993 Plan**	**Non-Pension Benefit Plan**	**Post-Retirement Adjustments**
Plan Surplus (Deficit)	$ 21,323	$ 710	$ 1,211	$ (1,571)	$ 12,890	$ 1,409
Contributed During Fiscal Year in Excess of Calendar Year	(6,731)			(7,109)		
Unamortized Actuarial Gains (Losses)	(12,296)	15,602	105	16,122	4,983	111
Add Back Assets Reported Separately		74,220			62,398	
Accrued Benefit Liability	**$ 2,296**	**$ 90,532**	**$ 1,316**	**$ 7,442**	**$ 80,271**	**$ 1,520**
Net Benefit Expenses						
Current Service Cost	$ 32,822	$ 3,881	$	$ 31,427	$ 2,068	$
Interest Costs	66,538	3,727	64	61,922	3,879	82
Expected Return on Plan Assets	(70,544)	(3,123)		(63,659)	(3,400)	(27)
Amortization of Actuarial (Gains) Losses	(1,791)	(554)	(19)	1,309	(1,310)	(8)
Plan Expenses						1
Net Benefit Expenses	$ 27,025	$ 3,931	$ 45	$ 30,999	$ 1,237	$ 48
Reconciliation of Unamortized Gains (Losses)						
Net Unamortized Gains (Losses) Beginning of Year	$ 16,122	$ 4,983	$ 111	$ (11,781)	$ 11,795	$ 53
Net Gain (Loss) Current Year	(26,627)	11,173	13	26,594	(5,502)	66
Amortization of Actuarial (Gains) Losses	(1,791)	(554)	(19)	1,309	(1,310)	(8)
Net Unamortized Gross Losses End of Year	$ (12,296)	$ 15,602	$ 105	$ 16,122	$ 4,983	$ 111
Significant Actuarial Assumptions						
Discount rate	5.5%	5.0%	5.0%	5.5%	5.0%	5.0%
Expected rate of return on assets	5.5%	5.0%	n/a	5.5%	5.0%	n/a
Actual return on assets	6.4%		n/a	13.7%		n/a
Rate of general salary increase:						
2020	1.0%	n/a	n/a	1.0%	n/a	n/a
2021	2.5%	n/a	n/a	2.5%	n/a	n/a
Thereafter	2.5%	n/a	n/a	2.5%	n/a	n/a

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Health Care Cost Trend Rates:						
Initial Rate	n/a	7.1%	n/a	n/a	7.3%	n/a
Ultimate Rate	n/a	4.5%	n/a	n/a	4.5%	n/a
Year Ultimate Rate Reached	n/a	2033	n/a	n/a	2033	n/a
Dental Care Trend Rates	n/a	4.5%	n/a	n/a	4.5%	n/a
Estimated Average Remaining Service Life (years)	9.00	9.00	6.00	9.00	9.00	6.00

PENSION PLANS

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

1986 PLAN

The 1986 Plan is a defined contribution plan; thus, the University has no pension liability as pension obligation equals plan assets. It is a money purchase plan for active members, the University recorded contributions of $2,413 (2020, $2,380) and this is included in the Consolidated Statement of Operations as an expense.

1993 PLAN

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

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

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

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

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

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

The actuarial method used to value the liabilities is the projected unit credit method, prorated on services. An actuarial valuation for accounting purposes was prepared by a firm of consulting actuaries as at December 31, 2019 and extrapolated to December 31, 2020.

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

The contribution made by employees for fiscal 2021 was $27,749 (2020, $26,961). The employer contribution made by the University for fiscal 2021 was $32,549 (2020, $42,088). It includes $5,018 (2020, $3,152) 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 for March 31, 2019 and extrapolated to March 31, 2021. The internally designated plan assets are included in the total Portfolio Investments (Note 6) 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, 2021.

10. DEFERRED REVENUE

Deferred revenue represents unspent externally restricted grants, non-endowed donations, and investment income.

	2021	2020
Unearned Revenue	$ 23,330	$ 18,307
Deferred Revenue	309,402	288,907
	$ 332,732	**$ 307,214**

	2021	2020
Non-Government Grants	$ 45,857	$ 36,331
Non-Endowed Donations	111,940	97,679
Investment Income	151,605	154,897
	$ 309,402	**$ 288,907**

2021	Research	Capital	Special Purpose & Trust	Total
Deferred Revenue Beginning of Year	$ 37,741	$ 22,539	$ 228,627	$ 288,907
Grants, Non-Endowed Donations, and Investment Income	66,949	5,319	47,735	120,003
Recognized as Revenue	(58,123)	(5,361)	(36,024)	(99,508)
Deferred Revenue End of Year	**$ 46,567**	**$ 22,497**	**$ 240,338**	**$ 309,402**

2020	Research	Capital	Special Purpose & Trust	Total
Deferred Revenue Beginning of Year	$ 59,220	$ 23,180	$ 240,088	$ 322,488
Grants, Non-Endowed Donations, and Investment Income	36,640	7,937	29,014	73,591
Recognized as Revenue	(58,119)	(8,578)	(40,475)	(107,172)
Deferred Revenue End of Year	**$ 37,741**	**$ 22,539**	**$ 228,627**	**$ 288,907**

11. DEBT

	2021	2020
Province of Manitoba:		
Promissory Note, 5.23% due March 1, 2035	$ 49,149	$ 51,471
Promissory Note, 5.55% due April 1, 2036	52,422	54,585
Promissory Note, 3.75% due September 30, 2039	20,555	21,312
Promissory Note, 5.35% due February 1, 2040	24,683	25,418
Province of Manitoba[1]:		
Promissory Note, 5.70% due February 1, 2049	4,690	4,858
Promissory Note, 5.45% due December 1, 2049	5,726	5,806
Promissory Note, 4.10% due July 30, 2050	23,006	23,791
Promissory Note, 4.10% due July 30, 2050	3,642	3,766
Promissory Note, 4.10% due July 30, 2050	9,665	9,995
Promissory Note, 4.85% due November 30, 2050	5,796	5,991
Promissory Note, 4.90% due December 31, 2050	1,882	1,945
Promissory Note, 3.85% due February 29, 2052	3,797	3,920
Promissory Note, 3.85% due February 29, 2052	2,861	2,954
Promissory Note, 4.65% due September 30, 2052	19,358	19,623
Promissory Note, 3.85% due January 31, 2053	9,238	9,528
Promissory Note, 4.00% due March 31, 2053	2,800	2,887
Promissory Note, 4.625% due December 31, 2053	2,649	2,730
Promissory Note, 4.375% due March 31, 2054	5,050	5,203
Promissory Note, 4.375% due March 31, 2054	5,375	5,538
Promissory Note, 4.125% due August 31, 2054	1,400	1,442
Promissory Note, 3.75% due December 31, 2054	5,822	5,994
Promissory Note, 4.00% due November 30, 2055	1,823	1,875
Promissory Note, 3.875% due February 29, 2056	7,420	7,632
Promissory Note, 3.90% due March 31, 2056	5,087	5,233
Promissory Note, 4.00% due April 30, 2056	17,542	18,042
Promissory Note, 4.00% due October 31, 2056	1,190	1,224
Promissory Note, 3.50% due March 31, 2059	8,550	8,775
Promissory Note, 3.25% due July 31, 2059	3,833	3,933
Term Loans (with floating interest rates based on Bankers' Acceptance rates plus stamping fees):		
Royal Bank of Canada, due November 30, 2022	4,555	4,880
Royal Bank of Canada, due February 28, 2023	6,363	6,653
Royal Bank of Canada, due October 1, 2023	7,930	8,744
	$ 323,859	**$ 335,748**

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

Interest expense on debt was $15,466 (2020, $16,098), included in the Consolidated Statement of Operations under Facilities.

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

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

	Province of Manitoba	Province of Manitoba[1]	Term Loans	Total
2022	$ 6,293	$ 4,500	$ 1,507	$ 12,300
2023	6,627	4,518	1,592	12,737
2024	6,979	4,537	1,679	13,195
2025	7,349	4,556	1,773	13,678
2026	7,740	4,587	1,871	14,198
Thereafter	111,821	135,504	10,426	257,751
	$ 146,809	**$ 158,202**	**$ 18,848**	**$ 323,859**

IG FIELD

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

Additional terms of repayment of the loan are as follows:

LOAN, FIRST PHASE:

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

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

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

LOAN, SECOND PHASE:

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

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

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

Principal and interest outstanding at March 31 were:

	2021	2020
Loan, First Phase	$ 75,000	$ 75,000
Loan, First Phase Accrued Interest	21,104	21,104
Loan, Second Phase Accrued Interest	22,578	22,578
	118,682	118,682
Loan, Second Phase	78,853	78,853
Loan, Second Phase Accrued Interest	931	931
	198,466	198,466
Allowance	(198,466)	(198,466)
	$	$

12. DERIVATIVES

	2021	2020
Fair Value of Financial Derivatives Beginning of Year	$ 4,619	$ 3,767
Unrealized (Gain) Loss	(1,521)	852
Fair Value of Financial Derivatives End of Year	**$ 3,098**	**$ 4,619**

Financial Derivatives are classified as Level 3.

DERIVATIVE FINANCIAL LIABILITIES

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

- The interest rate swap agreement for the $7,930 (2020, $8,744) loan has a fixed interest rate of 5.62% that is committed until September 1, 2028.
- The interest rate swap agreement for the $4,555 (2020, $4,880) loan has a fixed interest rate of 4.07% that is committed until February 13, 2032.
- The interest rate swap agreement for the $6,363 (2020, $6,653) loan has a fixed interest rate of 4.4% that is committed until August 5, 2035.

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

13. TANGIBLE CAPITAL ASSETS

Cost	Balance at March 31, 2020	Additions	Disposals	Balance at March 31, 2021
Assets Under Capital Lease	$ 2,477	$	$	$ 2,477
Buildings and Major Renovations	1,399,348	28,475	(1,179)	1,426,644
Computer Hardware	106,021	5,807	(3,422)	108,406
Construction in Progress	47,991	20,983		68,974
Furniture and Equipment	314,518	13,193	(3,054)	324,657
Land	29,931	664		30,595
Parking Lots	10,437	469		10,906
Vehicles	10,137	294	(111)	10,320
	$ 1,920,860	**$ 69,885**	**$ (7,766)**	**$ 1,982,979**

Accumulated Amortization	Balance at March 31, 2020	Additions	Disposals	Balance at March 31, 2021
Assets Under Capital Lease	$ 2,477	$	$	$ 2,477
Buildings and Major Renovations	390,863	28,987	(430)	419,420
Computer Hardware	98,602	3,628	(3,422)	98,808
Furniture and Equipment	246,561	14,336	(3,054)	257,843
Parking Lots	6,471	526		6,997
Vehicles	8,504	596	(111)	8,989
	$ 753,478	**$ 48,073**	**$ (7,017)**	**$ 794,534**

Net Book Value	2021	2020
Buildings and Major Renovations	$ 1,007,224	$ 1,008,485
Computer Hardware	9,598	7,419
Construction in Progress	68,974	47,991
Furniture and Equipment	66,814	67,957
Land	30,595	29,931
Parking Lots	3,909	3,966
Vehicles	1,331	1,633
	$1,188,445	**$ 1,167,382**

14. RISK EXPOSURE AND MANAGEMENT

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

OTHER PRICE RISK

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

INTEREST RATE RISK

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

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

INTEREST RATE EXPOSURE AS AT MARCH 31, 2021

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

INTEREST RATE EXPOSURE AS AT MARCH 31, 2020

	Less than 90 days	90 days to 1 year	1 year to 5 years	5 years to 10 years	Greater than 10 years	Total
Cash Equivalents and Investments	18.4%	34.6%	25.7%	17.2%	4.1%	100.0%
Financial Derivatives			100.0%			100.0%

	March 31, 2021		March 31, 2020	
	Interest Bearing Instruments	Non-interest Bearing Instruments	Interest Bearing Instruments	Non-interest Bearing Instruments
Cash Equivalents and Investments	$ 437,605	$ 855,709	$ 407,019	$ 715,474
Financial Derivatives	$ 3,098	$	$ 4,619	$

As at March 31, 2021, a 0.5% fluctuation in interest rates, with all other variables held constant, would have an estimated impact as follows:

	2021	2020
Fair Value of Fixed Income Instruments	$ 4,432	$ 5,365
Interest Rate Swaps	$ 561	$ 710
Net Investment Income	$ 3,180	$ 2,833

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:

	2021		2020	
Canadian Dollar	$ 1,077,359	71.0%	$ 942,783	71.4%
U.S. Dollar	310,922	20.5%	266,349	20.2%
Euro	37,078	2.4%	27,406	2.1%
Japanese Yen	32,739	2.2%	32,259	2.5%
British Pound Sterling	25,461	1.7%	19,348	1.5%
Swiss Franc	24,295	1.6%	21,015	1.6%
Other	8,987	0.6%	10,160	0.7%
	$ 1,516,841	**100.0%**	**$ 1,319,320**	**100.0%**

As at March 31, 2021, an appreciation of 10% in the Canadian dollar versus foreign currencies exchange rates would decrease investments and net remeasurement gains by approximately $43,948 (2020, $37,654), while a depreciation of 10% would increase investments and net remeasurement gains by approximately $43,948 (2020, $37,654).

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:

	2021		2020	
R-1High	$ 189,490	43.3%	$ 136,655	33.6%
R-1Mid	125		150	
AAA	60,400	13.8%	45,554	11.2%
AA	105,324	24.1%	139,638	34.3%
A	9,421	2.2%	16,514	4.1%
BBB	10,487	2.4%	8,237	2.0%
BB	80			
CC			197	
Not Rated	62,278	14.2%	60,074	14.8%
	$ 437,605	**100.0%**	**$ 407,019**	**100.0%**

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

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

LIQUIDITY RISK

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

15. INVESTMENTS IN GOVERNMENT PARTNERSHIPS

The University has a 7.14% (2020, 7.14%) interest in TRIUMF, a joint venture 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 proportionate amounts included in the University's consolidated financial statements are as follows:

	March 31, 2021	U of M's Proportionate Share	March 31, 2020	U of M's Proportionate Share
Statement of Financial Position:				
Financial Assets	$ 55,433	$ 3,958	$ 54,767	$ 3,910
Liabilities	8,202	586	8,823	630
Net Assets	**$ 47,231**	**$ 3,372**	**$ 45,944**	**$ 3,280**
Statement of Operations:				
Revenue	$ 88,346	$ 6,308	$ 85,605	$ 6,112
Expenses	86,369	6,167	85,144	6,079
Annual Surplus	**$ 1,997**	**$ 141**	**$ 461**	**$ 33**

16. RELATED PARTY TRANSACTIONS

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

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

The Board of Directors of the Foundation is an independent board whose members direct and guide the Foundation's actions. Members of the Board include, among others, certain senior staff of the University. The University of Manitoba however, is one of many entities eligible to receive aid from the Foundation. The University must make an application to the Foundation's Board of Directors to request funds, which may or may not be granted. The gifts received in fiscal 2021 were $1,536 (2020, $222).

TRIPLE B STADIUM INC.

Triple B Stadium Inc. (Triple B) is a for-profit corporation established to develop, own and operate a stadium as a venue for professional and university football and community athletics. The members of Triple B are the City of Winnipeg, the University of Manitoba and the Winnipeg Football Club. Activities of Triple B are managed by the directors comprised of the University, City of Winnipeg, Province of Manitoba and the Winnipeg Football Club. The University has use of the stadium for university football games and events at nil charge and Triple B leases land from the University for one dollar per year.

As at March 31, 2021 and for the year then ended, the related party transactions pertaining to IG Field, with Triple B and the Province of Manitoba were as follows:

	2021	2020
Revenue and Expenses:		
Gain on Debt	$ 224	$ 3,772
Loss on Loan Receivable Allowance	$ 224	$ 3,772

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.

17. EXPENSE BY OBJECT

	2021	2020
Salaries and Benefits	$ 502,752	$ 500,249
Materials, Supplies and Services	122,011	129,404
Student Assistance	74,948	69,260
Professional and Other Services	54,097	47,404
Amortization	48,073	47,093
Utilities, Municipal Taxes and Insurance	20,852	21,117
Interest	15,466	16,098
Maintenances and Repairs	14,989	8,639
Travel and Conferences	9,489	28,199
Net Loss on Loan Receivable Allowance	224	3,772
	$ 862,901	**$ 871,235**

18. GOVERNMENT TRANSFERS

			2021		
	Operating Activities	**Research Activities**	**Capital Activities**	**Special & Trust Activities**	**Total**
Provincial Grants:					
Advanced Education, Skills and Immigration	$ 346,188	$	$ 7,120	$	$ 353,308
Other	24,305	11,426	13,955	21,707	71,393
	$ 370,493	**$ 11,426**	**$ 21,075**	**$ 21,707**	**$ 424,701**
Federal and Other Government Grants:					
Government of Canada	$ 10,962	$ 98,957	$ 3,669	$ 15,682	$ 129,270
Other Government					
Foreign		2,769		2,164	4,933
United States		351			351
Other Provinces	(64)	1,691		4,968	6,595
Municipal	46	287			333
	$ 10,944	**$ 104,055**	**$ 3,669**	**$ 22,814**	**$ 141,482**

	2020				
	Operating Activities	Research Activities	Capital Activities	Special & Trust Activities	Total
Provincial Grants:					
Advanced Education, Skills and Immigration	$ 349,418	$	$ 7,120	$	$ 356,538
Other	22,808	12,186	12,650	19,151	66,795
	$ 372,226	**$ 12,186**	**$ 19,770**	**$ 19,151**	**$ 423,333**
Federal and Other Government Grants:					
Government of Canada	$ 11,068	$ 71,647	$ 9,057	$ 6,498	$ 98,270
Other Government					
Foreign		18		2,540	2,558
United States		50			50
Other Provinces	1,232	2,503		2,918	6,653
Municipal	51	15			66
	$ 12,351	**$ 74,233**	**$ 9,057**	**$ 11,956**	**$ 107,597**

19. INVESTMENT INCOME

	2021	2020
Non-Portfolio Interest Income	$ 1,474	$ 2,701
Portfolio Investments:		
Dividends	14,025	15,272
Interest	9,799	11,764
Net Gains (Losses) on Sale of Investments	8,615	(2,055)
Distributions – Infrastructure	3,599	999
Net Change in Deferred Investment Income	3,292	16,293
	39,330	42,273
	$ 40,804	**$ 44,974**

20. 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:

2022	$ 3,938
2023	3,166
2024	2,687
2025	2,411
2026	2,064
Thereafter	13,629
	$ 27,895

21. 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 $19,192 (2020, $28,763). The contractual obligations relating to service contracts was $33,098 (2020, $31,013).

The members of the TRIUMF joint venture and the Canadian Nuclear Safety Commission (CNSC) approved a decommissioning plan which requires all members to be severally responsible for their share of the decommissioning costs, which were estimated at $60,700 as of March 31, 2021, 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, 2021 is estimated at $3,462 (2020, $3,496). TRIUMF has put in place a plan for funding the cost of decommissioning which does not require any payments from the joint venture partners.

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

22. ECONOMIC DEPENDENCE

The University received $353, 36.9% (2020, $357, 37.4%) of its total revenues from the Province of Manitoba's Department of Advanced Education, Skills and Immigration.

23. COVID-19 PANDEMIC

On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. Since that time, the University implemented remote learning for students with a small number of courses offered in person. Staff continue working from home other than those performing essential duties required on campus. In 2020-21, the University had decreased revenue from its ancillary operations and other areas that were required to close as a result of public health orders. In addition, the Provincial Operating Grant was reduced by $13,784 or 4.0%. Subsequent to the operating grant reduction, the Province provided $14,476 through its Transitional Support Fund, which was established to address the financial challenges experienced by post-secondary institutions stemming from the COVID-19 pandemic. Overall enrolment for the first day of classes increased by 3.7%.

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

24. COMPARATIVE FIGURES

Comparative figures for the year ended March 31, 2020 have been reclassified, where appropriate, to conform with the presentation adopted for the year ended March 31, 2021.

25. SUBSEQUENT EVENT

Subsequent to March 31, 2021, The Manitoba government proposed a new agreement between the province, Triple B Stadium Inc., and the Winnipeg Football Club in order to protect and sustain the viability of IG Field. As part of this new agreement, the City of Winnipeg is being asked to modify the legal obligations of Triple B so the entertainment funding taxes and facility fees on tickets sold can be applied for purposes other than the construction loan-related payments.

The city is also asked to agree that, going forward, the entertainment taxes and facility fees charged by the Winnipeg Football Club on tickets to events can be retained by the Winnipeg Football Club for, among other things, IG Field capital fund contributions and stadium operations.

Repayment terms between Triple B and the University and the University and the Province will be amended accordingly.