



# THE UNIVERSITY OF WINNIPEG

WINNIPEG, MANITOBA, CANADA

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

**THE UNIVERSITY OF WINNIPEG**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

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# THE UNIVERSITY OF WINNIPEG

## THE UNIVERSITY OF WINNIPEG MANAGEMENT REPORT

The accompanying consolidated financial statements are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards (PSAS) for government not-for-profit organizations (GNFPOs), including the 4200 series of standards, as issued by the Public Sector Accounting Board.

The University's Board of Regents is responsible for overseeing the business affairs of the University including approving the consolidated financial statements. The Board has delegated the responsibility for reviewing these annual consolidated financial statements and meeting with management and the external auditor on matters relating to the financial reporting to its Audit and Risk Committee. The external auditor has full access to the Audit and Risk Committee with or without the presence of management. The Board of Regents has reviewed and approved these annual consolidated financial statements.

In management's opinion, these annual consolidated financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data. Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and to ensure the assets of the University are properly safeguarded. The integrity of internal controls is reviewed on an on-going basis by the University's Audit Services.

The external auditor, KPMG LLP, is responsible for auditing these annual consolidated financial statements and for issuing a report thereon. The Auditor's Report outlines the scope of his examination and provides his opinion on the fairness of presentation.

On Behalf of Management

Original Document Signed

\_\_\_\_\_  
Julia Peemoeller, CPA, CGA, MBA  
Interim Vice-President Finance & Administration

Original Document Signed

\_\_\_\_\_  
Kathy Vlaming, CPA, CA  
Interim Comptroller

Winnipeg, Manitoba  
July 15, 2021



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## INDEPENDENT AUDITORS' REPORT

To the Board of Regents of The University of Winnipeg

### ***Opinion***

We have audited the consolidated financial statements of The University of Winnipeg (the "Entity"), which comprise the consolidated statement of financial position as at March 31, 2021, the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2021, and its consolidated results of operations, its consolidated changes in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 management either intends to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

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





## ***Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity 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.

*KPMG LLP*

Chartered Professional Accountants

Winnipeg, Canada

July 15, 2021

THE UNIVERSITY OF WINNIPEG  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2021  
Amounts in thousands

	2021	2020
Financial assets excluding portfolio investments restricted for endowments		
Cash and cash equivalents (Notes 3, 9)	\$ 76,552	\$ 57,750
Accounts receivable (Note 5)	7,187	7,173
Portfolio investments - non-endowment (Note 4)	5,779	3,976
	89,518	68,899
Financial liabilities		
Accounts payable and accrued liabilities (Note 6)	34,563	22,755
Employee future benefits (Note 10)	2,653	4,610
Unearned revenue (Note 8)	52,100	37,090
Long term debt (Note 11)	154,892	158,242
	244,208	222,697
Net financial debt excluding portfolio investments restricted for endowments	(154,690)	(153,798)
Portfolio investments - restricted for endowments (Note 4)	80,668	69,962
Net debt	(74,022)	(83,836)
Non-financial assets		
Tangible capital assets (Note 7)	218,681	219,603
Prepaid expenses	1,746	1,665
	220,427	221,268
Accumulated surplus	\$ 146,405	\$ 137,432

Special purpose and trust assets (Notes 3, 12)  
Contractual obligations (Note 14)  
Contractual rights (Note 15)  
Contingencies (Notes 19, 21)  
See accompanying notes to the consolidated financial statements

Approved by the Board of Regents

Original Document Signed \_\_\_\_\_ Chair

Original Document Signed \_\_\_\_\_ Interim President & Vice-Chancellor



THE UNIVERSITY OF WINNIPEG  
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
Year ended March 31, 2021  
Amounts in thousands

	2021	2021	2020
	Budget (Note 2E)		
Revenue (Note 2C)			
Government Grants:			
Advanced Education, Skills and Immigration	\$ 70,082	\$ 75,866	\$ 73,675
Province of Manitoba, other	649	1,708	1,345
Government of Canada	1,369	7,779	8,438
Student academic fees	57,274	61,808	60,768
Gifts and bequests	2,700	2,924	2,480
Investment income	4,802	4,561	4,842
Sales of services and products	1,663	538	3,144
Other revenue	5,640	7,029	7,304
	144,179	162,213	161,996
Expenses (Notes 2D, 17)			
Academic costs and non-sponsored research	87,106	82,010	87,008
Student support	19,741	18,227	19,642
Administrative support	6,151	6,531	6,495
Facility operations and maintenance	25,247	27,148	25,144
Sponsored research	-	11,209	10,187
Ancillary operations	1,539	2,526	3,105
Special purpose and trust	4,940	6,308	6,355
	144,724	153,959	157,936
Annual operating surplus (deficit) before restricted funding	(545)	8,254	4,060
Restricted endowment contributions	1,000	719	1,155
Annual surplus	\$ 455	8,973	5,215
Accumulated surplus, beginning of year		137,432	132,217
Accumulated surplus, end of year		\$ 146,405	\$ 137,432
Accumulated surplus is comprised of:			
Invested in tangible capital assets		\$ 79,119	\$ 77,396
Deficit accumulated from general operations		(2,562)	(8,002)
Surplus accumulated from internally restricted operations (Note 12)		9,912	9,722
Endowments (Note 13)		59,936	58,316
Accumulated surplus, end of year		\$ 146,405	\$ 137,432

See accompanying notes to the consolidated financial statements.



THE UNIVERSITY OF WINNIPEG  
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT  
Year ended March 31, 2021  
Amounts in thousands

	2021	2021	2020
	Budget (Note 2E)		
Annual surplus	\$ 455	\$ 8,973	\$ 5,215
Acquisition of tangible capital assets, net of proceeds of disposals	(1,560)	(5,589)	(3,111)
Amortization of tangible capital assets	6,955	6,511	6,760
	\$ 5,850	9,895	8,864
Change in prepaid expenses		(81)	(186)
Decrease in net debt		9,814	8,678
Net debt, beginning of year		(83,836)	(92,514)
Net debt, end of year		\$ (74,022)	\$ (83,836)

See accompanying notes to the consolidated financial statements.

THE UNIVERSITY OF WINNIPEG  
CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31, 2021

Amounts in thousands

	2021	2020
Cash flows from operating activities		
Annual surplus	\$ 8,973	\$ 5,215
Items not affecting cash:		
Amortization of tangible capital assets	6,511	6,760
Loss on asset impairment	-	2,329
Income from business partnerships	(97)	(284)
Decrease in employee future benefits	(1,957)	(1,075)
	13,430	12,945
Change in non-cash operating working capital:		
Accounts Receivable	(14)	(145)
Prepaid Expenses	(81)	(186)
Accounts Payable	11,808	1,670
Unearned Revenue	4,668	2,495
	16,381	3,834
Cash flows from capital activities		
Acquisition of tangible capital assets	(5,589)	(3,111)
	(5,589)	(3,111)
Cash flows from investing activities		
Net change in investments	(2,070)	(1,049)
Income share distribution from equity business partnerships	-	75
	(2,070)	(974)
Cash flows from financing activities		
Repayment of long term debt	(3,350)	(3,795)
	(3,350)	(3,795)
Increase in cash and cash equivalents	18,802	8,899
Cash and cash equivalents, beginning of year	57,750	48,851
Cash and cash equivalents, end of year	\$ 76,552	\$ 57,750

See accompanying notes to the consolidated financial statements

# THE UNIVERSITY OF WINNIPEG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2021

Amounts in thousands

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### 1. Authority and Purpose

The University of Winnipeg (the "University") operates under the authority of the University of Winnipeg Act of the Province of Manitoba. The primary role of the University is to provide post-secondary education, research and community service. The University also operates the Collegiate, an independent high school and a number of other education related activities.

The University is a not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act.

### 2. Summary of Significant Accounting Policies

#### (A) Basis of Accounting

The consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS").

In fiscal year 2020, the University changed its basis of accounting from the Canadian PSAS for Government Not-for-Profit Organizations ("PSAS for GNFPO"), which includes Sections PSAS 4200 - PSAS 4270 to PSAS without Sections PSAS 4200 - PSAS 4270. Amounts related to March 31, 2019 had been restated as required to be compliant with PSAS.

#### (B) Basis of Consolidation

The consolidated financial statements include the assets, liabilities, revenues and expenses of the University of Winnipeg Foundation Inc. (the "Foundation"), University of Winnipeg Community Renewal Corporation ("UWCRC") and 7049651 Manitoba Association Inc. ("Downtown Commons"), organizations controlled by the University. Inter-organizational transactions and balances have been eliminated on consolidation.

- i) The establishment of the the Foundation resulted from a desire and decision in 2002 by the Board of Regents of the University to create an effective vehicle to provide a private funding source for the University. The Foundation was incorporated on August 2, 2002 under Part XXII of the Corporations Act (Manitoba). The Foundation is a not-for-profit registered charitable organization and is designated as a public foundation, as defined under the Income Tax Act and, as such, is exempt from income taxes and is registered to issue donation receipts for income tax purposes. The Foundation's intended purpose is to act as a fundraising body for the benefit of the University. The Foundation receives funding and support from the University and exists for the sole purpose of supporting the University.
- ii) UWCRC was incorporated April 6, 2005 as a corporation without share capital. The corporation is a charitable not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act. UWCRC's mandate is to support the University by developing a sustainable university community that promotes the attractiveness to the faculty, staff, students and the greater community. UWCRC owns an interest in the 491 Portage Avenue building and Diversity Food Services Inc. and provides development services for the University.
- iii) Downtown Commons was incorporated on December 29, 2014 as a corporation without share capital. The Downtown Commons is a non-charitable not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act. The Downtown Commons mandate is to supply long-term residential accommodation to low and moderate income households, including the provision of housing on a rent-g geared-to-income basis. A number of units have also been established for use by the University's students. The Downtown Commons is a controlled entity of UWCRC.



THE UNIVERSITY OF WINNIPEG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year ended March 31, 2021  
Amounts in thousands

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(C) Revenue Recognition

Government transfers from Advanced Education, Skills and Immigration ("AESI") for operating purposes are recognized as revenue in the period in which all eligibility criteria have been met and the amounts are authorized. When revenue is received without eligibility criteria and with stipulations, it is recognized when the transfer from AESI is authorized, except when and to the extent the transfer gives rise to an obligation that meets the definition of a liability for the University. If the obligation does meet the definition of a liability, the related revenue is recognized as the obligation is settled.

Funding received for the acquisition or development of tangible capital assets is recognized as revenue in one of two ways:

- i) Assets funded by approved/funded debt: revenue is recognized when the debt principal and interest payment funding is received.
- ii) Assets funded by an allocation of cash: revenue is recognized immediately when all eligibility criteria are met and no stipulations exist. If stipulations exist and the funding obligation meets the definition of a liability for the University, the revenue is deferred until the stipulations are met.

Any restricted non-government contributions or grants are recorded as revenue in the year received or in the years the funds are committed to the University if the amount can be reasonably estimated and collection is reasonably assured. All non-government contributions or grants that are externally restricted such that they must be used for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified.

Investment income is recognized as revenue in the year in which the income was earned. Investment income includes dividends, interest income, and realized gains or losses on the sale of portfolio investments. Unrealized gains and losses on portfolio investments, exclusive of restricted transfers or donations, are recognized in the statement of remeasurement gains and losses until the related investments are sold. When realized, these gains or losses are recognized in the statement of operations. Investment income and unrealized gains and losses from restricted transfers or donations are allocated to their respective balances according to the provisions with the individual agreements. The unrealized gains and losses from portfolio investments that are restricted for endowments are recorded in unearned revenue. The carrying value of the non-endowed portfolio investments approximates the fair value and no unrealized gains or losses will be reported in the statement of remeasurement gains and losses.

Tuition fees and sales of goods and services are recognized as revenue in the period in which the services are rendered or goods are sold. The unearned portion of tuition fees received but not earned is recorded as unearned revenue.

The Foundation recognizes unrestricted contributions, restricted contributions and pledge payments in the related fund in the year received. Contributions to be permanently endowed are recorded in the Endowment Fund. Investment income and unrealized change in market value of investments are recorded in the Endowment Fund Reserve as it is subject to externally imposed restrictions. Upon consolidation the Endowment Fund Reserve is recorded as a component of unearned revenue, until the income is spent at which point it is recognized as revenue.



# THE UNIVERSITY OF WINNIPEG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2021

Amounts in thousands

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### (D) Expenses by Function

The University uses the following categories as functions in the Consolidated Statement of Operations and Accumulated Surplus:

Academic Costs and Non-Sponsored Research - expenses relating to activities directly and indirectly supporting innovative learning, programming, and teaching. These include credit and non-credit courses, diploma, certificate and degree programs, continuing education, curriculum and program development, libraries, on-line delivery, information technology, specific purpose funding, and endowment non-award funding.

Student Support - expenses that directly support the individual students or groups of students. These include student service administration, registrar, counseling, career services, social development and recreation, financial aid administration, scholarships and bursaries, endowment fund administration and any other centralized general and financial administration and support costs related to these activities.

Administrative Support - expenses that support the institution as a whole. These include executive management, governance committees, the Board and Senate, corporate finance, human resources, purchasing, and any other centralized institution-wide general administrative activities.

Facility Operations and Maintenance - all of capital asset related expenditures for the operation of the University, including centralized management and maintenance of grounds, equipment and buildings. These include utilities, security services, facilities administration, building maintenance, custodial services, landscaping and grounds keeping, major repairs and renovations, administration of infrastructure development, and amortization expense and debt servicing costs related to the University.

Sponsored Research - expenses for research activities specifically funded by contracts and/or grants from external organizations and undertaken within the University to produce research outcomes. Costs associated with this function include such things as research administration and support costs established to conduct all research projects.

Ancillary Operations - expenses related to secondary services available to students, faculty, and staff that are supplementary to the University's primary operating activities of instruction and research. These include student housing and home stay, food services, parking, university facility rentals and event services.

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Special Purpose and Trust - funds, including donations, that are restricted by external sources, or internally restricted by the University's governing body, for purposes other than sponsored research (Sponsored Research fund), or capital (Capital fund).

### (E) Budget Figures

Budget figures have been provided for comparative purposes and have been derived from the 2020-2021 University of Winnipeg budget approved by the Board of Regents on June 22, 2020 and combined with the budgets of the consolidated entities, approved by their Boards of Directors.

### (F) Financial Instruments

All currently held financial instruments are reported at cost, fair value or amortized cost. The effective interest method is used to recognize interest income or expense. Transaction expenses related to all financial instruments are expensed as incurred.

Cash, accounts receivable, inter-company balances and accounts payable are classified as held-for-trading and are measured at their amortized cost.

Short term and long term investments are classified as held-for-trading and are measured at fair value. Unrealized gains and losses are recorded in the Statement of Remeasurement Gains and Losses except for remeasurement gains/losses on restricted endowment funds which are reflected in unearned revenue.

THE UNIVERSITY OF WINNIPEG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year ended March 31, 2021  
Amounts in thousands

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Financial Instruments (continued)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The University has categorized its assets and liabilities that are carried at fair value into one of three fair value levels, as follows:

- i) Level 1 - for instruments measured at unadjusted quoted prices in active markets for identical assets or liabilities
- ii) Level 2 - for instruments measured using significant observable inputs, either directly or indirectly, and
- iii) Level 3 - for instruments measured using inputs that are not based on observable market data or using valuations based on quoted prices for similar instruments and are significant to the fair value measurement

Net realized gain (loss) on sale of investments is the difference between proceeds received and the average cost of investments sold.

Investment Income is recorded on the accrual basis and includes interest income and dividends.

Transaction costs are the incremental costs directly attributable to the acquisition, issue or disposal of financial assets or financial liabilities. Actual transaction costs incurred are expenses and are included in net realized gains or losses.

(G) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and highly liquid temporary money market instruments convertible to cash within one year or less.

(H) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services.

Tangible capital assets are recorded at cost. They have useful lives extending beyond one year and are not intended for sale in the ordinary course of business. Donated assets are recorded at estimated fair market value on the date received. Contributed tangible capital assets are recorded at fair value at the date of contribution. On the disposition of a capital asset, both the cost and any accumulated amortization are removed from the accounts. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings, additions and improvements	60 years
Furnishings and equipment	10 to 15 years
Computer software (major systems)	10 years
Computer equipment	5 years
Vehicles	5 years
Leasehold improvements	Term of lease

Assets under construction or development are not amortized until the asset is ready to use.

Prepaid expenses represent services paid for in advance.

(I) Accrued Vacation Pay

The University recognizes vacation pay as an expense on the accrual basis.



# THE UNIVERSITY OF WINNIPEG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2021

Amounts in thousands

### (J) Employee Future Benefits

The University provides health benefits and pension plan contributions to eligible employees in receipt of long term disability benefits. The costs are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are recorded in the financial statements in the year they occur.

University employees appointed to a position expected to last one year or more are entitled to 180 days of sick leave that is non-vesting, non-accumulating and event driven. The benefit expense and liabilities are recorded when the triggering event occurs.

### (K) Trusteed Pension Plan

The University contributes to the University of Winnipeg Trusteed Pension Plan for University employees. The Plan has both defined benefit and defined contribution components. The pension expense for the defined benefit component of the pension plan is determined actuarially using the projected unit credit actuarial cost method which incorporates management's best estimates of investment performance, salary escalation, retirement ages of employees and member's mortality. Consistent with PS 3250 the University has amortized actuarial gains and losses over the expected average remaining service life (EARSL) of active members of the defined benefit plan. The amortization amount for a year is determined by dividing the unamortized balance at the end of the previous year by the EARSL.

The pension expense for the defined contribution component of the pension plan equals the contributions made during the year.

### (L) Use of Estimates

The preparation of the University's financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include the useful life of capital assets, allowance for doubtful accounts, and the actuarial estimation of compensated absences liabilities and pension obligation. Actual results could differ from these estimates.

### (M) Endowments

Endowment funds consist of restricted contributions which require the capital to be held in perpetuity. Investment income on these funds must be used in accordance with the purposes specified by the funder.

### (N) Internally Restricted Funds and Reserves

The University sets aside certain accumulated surpluses to be used for future operating and capital activities. Additions to and from these funds and reserves are recorded as adjustments to the respective funds.

## 3. Cash and Cash Equivalents

	2021	2020
Unrestricted funds	\$ 46,512	\$ 32,560
Restricted funds:		
Internally restricted	10,025	9,722
Sponsored research and designated funds	12,251	8,994
Special purpose and trust funds	7,764	6,474
	\$ 76,552	\$ 57,750

THE UNIVERSITY OF WINNIPEG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2021

Amounts in thousands

**4. Portfolio Investments**

	2021	2020
Non-endowed investments		
Investment in 491 Portage Avenue Joint Venture	\$ 3,801	\$ 3,691
Investment in Diversity Food Services Inc.	132	145
	3,933	3,836
Portfolio investments carried at fair value		
Mutual funds	140	140
Canadian pooled fixed	512	-
Canadian pooled equities	512	-
Global pooled equities	682	-
	1,846	140
	\$ 5,779	\$ 3,976
	2021	2020
Restricted endowment investments		
Portfolio investments carried at fair value		
Canadian pooled fixed	\$ 23,437	\$ 20,217
Canadian pooled equities	22,468	19,448
Global pooled equities	32,720	27,907
	78,625	67,572
Portfolio investments at cost		
Cash	376	736
Other	1,667	1,654
	2,043	2,390
	\$ 80,668	\$ 69,962

The University, through UWCRC, has an investment of 25% in 4306946 Manitoba Ltd., which acts as a bare trustee to own the land and buildings commonly known as 491 Portage Avenue. UWCRC is entitled to share in the revenue and receipts of the joint venture and in its gains and net profits and losses to the proportion of 25%. This investment is accounted for using the modified equity method.

The University, through UWCRC, owns 100% of the issued share capital of 5782539 Manitoba Inc. (the "Subsidiary"). The Subsidiary's information is consolidated into the financial statements as presented. The Subsidiary, along with another corporation has created an incorporated joint venture, Diversity Food Services Inc. An unrelated corporation, SEED Winnipeg Inc. owns the balance of 48% of the joint venture. The Subsidiary is entitled to a 52% share of any profits earned and is also responsible for its proportionate share of any losses incurred in Diversity Food Services Inc. Although the Subsidiary owns 52% of the joint venture, certain clauses in the joint venture agreement prevent the Subsidiary from making major decisions on behalf of the joint venture without agreement from the other venturer. Therefore the joint venture is not controlled by the Subsidiary and the investment is accounted for using the modified equity method.

**5. Accounts Receivable**

	2021	2020
Students	\$ 4,115	\$ 3,812
Government of Canada	940	841
Province of Manitoba	614	1,471
Other	3,371	2,690
Less: allowance for doubtful accounts	(1,853)	(1,641)
	\$ 7,187	\$ 7,173



THE UNIVERSITY OF WINNIPEG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year ended March 31, 2021  
Amounts in thousands

**6. Accounts Payable and Accrued Liabilities**

	2021	2020
Accrued salaries & benefits	\$ 5,432	\$ 4,572
Accruals	9,871	8,194
Trade payables	8,141	3,170
Accrued vacation payable	2,929	2,576
Deposits	6,260	2,249
University of Winnipeg Student Association	936	820
Due to other charities	370	365
Other	624	809
	<b>\$ 34,563</b>	<b>\$ 22,755</b>

**7. Tangible Capital Assets**

Cost	March 31 2020	Additions	Disposals	March 31 2021
Land	\$ 12,236	\$ -	\$ -	\$ 12,236
Buildings	251,231	2,327	-	253,558
Furnishings and equipment	49,366	2,041	(6)	51,401
Computer software (major systems)	5,167	352	-	5,519
Assets under construction	794	869	-	1,663
Equipment under capital lease	2,336	-	-	2,336
	<b>\$ 321,130</b>	<b>\$ 5,589</b>	<b>\$ (6)</b>	<b>\$ 326,713</b>

Accumulated Amortization	March 31 2020	Additions	Disposals	March 31 2021
Buildings	\$ 53,998	\$ 4,195	\$ -	\$ 58,193
Furnishings and equipment	41,901	1,947	(6)	43,842
Computer software (major systems)	3,292	369	-	3,661
Equipment under capital lease	2,336	-	-	2,336
	<b>\$ 101,527</b>	<b>\$ 6,511</b>	<b>\$ (6)</b>	<b>\$ 108,032</b>

Net Book Value	2021	2020
Land	\$ 12,236	\$ 12,236
Buildings	195,365	197,233
Furnishings and equipment	7,559	7,465
Computer software (major systems)	1,858	1,875
Assets under construction	1,663	794
Equipment under capital lease	-	-
	<b>\$ 218,681</b>	<b>\$ 219,603</b>

**8. Unearned Revenue**

	2021	2020
Unearned revenue is comprised of:		
Deferred revenue	\$ 10,326	\$ 8,501
Sponsored research & designated funds	12,607	9,621
Special purpose trust	7,764	6,474
Endowment fund reserve	20,925	11,956
Building & program fund	478	538
	<b>\$ 52,100</b>	<b>\$ 37,090</b>

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**9. Bank Indebtedness**

The University has an operating line of credit with a bank, authorized in the amount of \$1,500. The line of credit is unsecured and bears interest at prime. It was not utilized as at March 31, 2021 and 2020.

**10. Employee Future Benefits**

	2021	2020
Obligation for compensated absences	\$ 481	\$ 435
Pension obligation	2,172	4,175
	\$ 2,653	\$ 4,610

The University provides health benefits and pension plan contributions to employees receiving long term disability ("LTD") benefits

Health benefit premiums are paid by the University until the earlier of recovery and return to work, death, or attainment of the normal pension commencement date. For health benefits the liability for each current recipient is the actuarial present value of future premiums for each employee based on the current monthly premium, future assumed inflation for health benefits' premiums, the interest discount rate and assumed probabilities of recovery prior to normal pension commencement date. The following assumptions were made in determining the actuarial present value of future premiums:

- A discount rate of 5.2% (5.9% as at March 31, 2020)
- Health benefit premium inflation of 5.0% per year
- LTD recovery rates from the CIA Long-Term Disability Termination Study 2009 - 2015
- Canada Pension Plan earnings base increase at 3.0% per year

The University pays the required pension contribution on behalf of employees receiving LTD benefits, into the University of Winnipeg Trusteed Pension Plan in accordance with the provisions of the pension plan (Note 18). Contributions are calculated based on the salary rate at the time of disability and the current yearly maximum pensionable earnings ("YMPE"). The liability for each member is the actuarial present value of future contributions based on the salary at disability, the projected future YMPE and yearly maximum contributory earnings, the applicable contribution formula, the interest discount rate and assumed probabilities of recovery prior to normal pension commencement date.

**11. Long Term Debt**

	2021	2020
Promissory notes	\$ 154,615	\$ 158,025
Supplementary pensions payable	277	217
	\$ 154,892	\$ 158,242



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Long Term Debt (continued)

	2021	2020
Province of Manitoba promissory notes secured by:		
Duckworth expansion (interest rate 5.55%, due October 31, 2047)	\$ 1,730	\$ 1,758
McFeetors Hall (interest rate 5.25%, due October 31, 2049)	9,693	9,835
460 Portage Avenue		
Interest rate 4.65%, due December 31, 2020	-	254
Interest rate 5.60%, due December 31, 2050	8,368	8,474
Interest rate 3.80%, due October 31, 2052	2,541	2,582
366 Spence & 336 Young (Interest rate 4.95%, due March 31, 2051)	628	637
Richardson College for the Environment & Science Complex		
Interest rate 4.95%, due March 31, 2051 (Parking Lot)	3,499	3,548
Interest rate 5.65%, due December 31, 2048	1,617	1,676
Interest rate 5.60%, due October 31, 2049	3,338	3,384
Interest rate 5.80%, due June 15, 2047	4,589	4,662
Interest rate 5.15%, due February 28, 2047	4,220	4,296
Interest rate 5.875%, due August 31, 2049	4,192	4,339
Interest rate 4.875%, due October 31, 2050	750	775
Interest rate 5.95%, due June 15, 2049	2,438	2,471
Interest rate 4.75%, due July 31, 2050	17,133	17,717
United RecPlex		
Interest rate 4.10%, due October 31, 2054	17,900	18,143
Interest rate 3.90%, due October 31, 2055	2,953	2,992
Interest rate 3.90%, due March 31, 2056	13,125	13,500
	98,714	101,043
Province of Manitoba unsecured notes:		
491 Portage Annex (interest rate 5.40%, due July 31, 2050)	2,515	2,549
Pension settlement (interest rate 5.35%, due January 31, 2050)	7,817	7,928
Pension plan special payments		
Interest rate 4.15%, due May 31, 2053	1,815	1,842
Interest rate 4.10%, due December 31, 2054	1,859	1,884
Deferred maintenance		
Interest rate 5.45%, due November 30, 2049	2,013	2,042
Interest rate 4.85%, due November 30, 2050	2,070	2,140
Interest rate 5.75%, due January 30, 2049	1,552	1,608
Interest rate 3.75%, due July 31, 2052	539	556
Interest rate 4.00%, due March 31, 2053	107	110
Interest rate 4.625%, due December 31, 2053	1,446	1,490
Interest rate 4.375%, due March 31, 2054	140	145
Interest rate 3.75%, due January 31, 2055	2,236	2,302
Interest rate 3.90%, due March 31, 2056	1,828	1,880
Interest rate 4.125%, due March 31, 2057	1,744	1,792
Interest rate 3.875%, due April 30, 2058	516	530
	28,197	28,798
Other debt:		
Bankers acceptance notes (variable interest rates, 3 month term)	1,813	1,942
Balmoral Street - ACU mortgage (interest rate 3.36%, due March 31, 2035)	639	677
Downtown Commons - RBC mortgage (interest rate 4.00%, due January 31, 2057)	25,252	25,565
	27,704	28,184
	\$ 154,615	\$ 158,025



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Long Term Debt (continued)

Principal payments on the long term debt until maturity are approximately as follows:

2021/22	\$	4,960
2022/23		3,221
2023/24		3,298
2024/25		3,379
2025/26		3,464
Thereafter		136,570
	\$	154,892

Supplementary pensions payable represent payments due to past Presidents of the University for services performed and is based on an actuarial calculation. The amount due in the next fiscal year is \$50.

Interest expense on long term debt for the years ended March 31, 2021 and 2020 totaled \$7,256 and \$7,444, respectively.

12. Accumulated Surplus - Internally Restricted

	March 31, 2020	Reductions	Additions	March 31, 2021
Unrestricted trust	\$ 2,084	\$ (28)	\$ -	\$ 2,056
Internally restricted	3,958	-	1,134	5,092
Strategic provisions:				
Capital projects	97	-	-	97
Project development	3,259	(1,665)	842	2,436
Capital reserve	99	-	40	139
Building program fund	225	(2,024)	1,891	92
	\$ 9,722	\$ (3,717)	\$ 3,907	\$ 9,912

The unrestricted trust is available to fund various internally created scholarships.

Internally restricted represents internally funded research and designated activities as well as internally funded academic professional allowances. Actual funding and expenses related to internally restricted activities are charged to operations.

Strategic provisions represent an appropriation from general operations to internally restricted. These appropriations are made to provide for future funding support of initiatives within the strategic plan and the academic plan. Actual expenses related to strategic provisions are charged to operations and are covered with a corresponding transfer of funds from internally restricted.

13. Accumulated Surplus - Endowments

	2021	2020
Cash and short term investments	\$ 1,118	\$ 1,167
Long term investments	58,818	57,149
	\$ 59,936	\$ 58,316

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#### 14. Contractual Obligations

The University has operating lease obligations that cover equipment and building space integral to the University's operations. The lease obligations expire at various dates up to and including August 31, 2029. The annual payments due over the next five years and thereafter are as follows:

	Lease	Contracts	Total
2021/22	\$ 1,875	\$ 931	\$ 2,806
2022/23	1,792	-	1,792
2023/24	1,757	-	1,757
2024/25	1,754	-	1,754
2025/26	1,418	-	1,418
Thereafter	2,845	-	2,845
	\$ 11,441	\$ 931	\$ 12,372

In addition to the above, the University guarantees a condition of a loan on the land and building situated at 491 Portage Avenue (the "Property") as part of its relationship with UWCRC. The University takes responsibility for ensuring that the debt service coverage ratio on the Property does not go below 1.0:1.0. In the event the Property falls below that ratio, the University would be required to lease space in the Property at normal commercial rents, or ensure that another tenant is obtained to bring the ratio back to 1.0:1.0 or higher. The unrelated owners in the Property had fully indemnified the University for the guarantee until October 31, 2018, and have indemnified a share of the guarantee thereafter on the basis of their ownership (75%) in the Property.

The UWCRC guarantees specific debts of the UWCRC 2.0, a related but uncontrolled corporation, and its controlled entities. At March 31, 2021 the UWCRC provided guarantees for the following loans:

- i) CMHC Rental Construction Financing Initiative loan of up to \$26,162 for the construction of the Muse Flats (209 Colony), \$26,162 was outstanding as of March 31, 2021. This guarantee will expire once construction on the project is complete and after the lease-up and stabilization period is complete. 7049651 Manitoba Association Inc. (Downtown Commons) also provides a guarantee on this loan with the same terms and conditions.
- ii) CMHC National Co-Investment Fund loan of up to \$25,555 for the construction of the West Broadway Commons (167 Colony), \$17,280 was outstanding at March 31, 2021. This guarantee will expire once construction on the project is complete and after the building has achieved lease-up.
- iii) RBC line of credit of up to \$2,500, \$2,497 was outstanding at March 31, 2021. This guarantee expires September 2021.

#### 15. Contractual Rights

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

	Total
2021/22	\$ 704
2022/23	502
2023/24	458
2024/25	260
2025/26	215
Thereafter	3,870
	\$ 6,009



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## 16. Financial Instrument Risk Management

The University is exposed to credit, interest rate and liquidity, market and foreign exchange risk. The University manages its financial assets in accordance with the Board of Regents Oversight and Budgeting Policy. In accordance with the University's investment policy, the investment objective of the University is to generate a consistent, positive, real rate of return on invested assets. Recognizing the need to achieve a balance between risk and return, investment risk is managed through a portfolio that is diversified across a number of distinct asset classes, as well as geographic region and investment style. The following sections describe the nature and extent of financial risk exposure and the related risk mitigation strategies.

### Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The University is exposed to credit risk with respect to its accounts receivable and investments.

The University assesses, on a continuous basis, accounts receivable and provides for any amounts that it determines to be uncollectible in the allowance of doubtful accounts. The maximum exposure to credit risk at March 31, 2021 is the carrying value of these assets.

	2021	2020
Accounts receivable, gross		
Current	\$ 5,188	\$ 5,187
Past due	3,852	3,627
	9,040	8,814
Less: Allowance for doubtful accounts	(1,853)	(1,641)
Accounts receivable, net	\$ 7,187	\$ 7,173

Long term investments include fixed income securities. Credit exposure on fixed income securities arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. To mitigate the risk of credit default, the minimum quality standard for individual bonds and debentures at time of purchase is BBB, as rated by an established bond rating service. To further mitigate this risk, bonds with a BBB rating are limited to a maximum of 15% (currently 1%) of an individual investment manager's portfolio. The balance of the portfolio should be invested in bonds with a minimum rating of A or higher.

### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in market interest rates.

The University is exposed to this risk through its cash equivalents and long-term liabilities. Generally, the value of cash equivalents increases if interest rates fall and decrease if interest rates rise. Due to the short term nature of the cash equivalents, the University has minimal exposure to risk associated with changes in interest rates. Long-term liabilities are primarily at fixed interest rates and terms and are measured at amortized cost using the effective interest method; therefore have no exposure to risk associated with changes in interest rates.

There have been no changes to the interest rate risk exposure from the previous year.



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**Liquidity risk**

Liquidity risk is the risk that the University will be unable to fulfill its obligations on a timely basis or at a reasonable cost.

The University mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. As cash equivalents are held in a premium money market fund in which at least 90% of the assets must be comprised of liquid investments, the exposure to liquidity risk is not considered material.

There have been no significant changes to the liquidity risk exposure from the previous year.

**Market risk**

Market risk is the risk that the University's fair value of future cash flows of financial instruments will fluctuate because of changes in market prices.

The University has categorized its assets and liabilities that are carried at fair value into one of three fair value levels, as follows:

- i) Level 1 - for instruments measured at unadjusted quoted prices in active markets for identical assets or liabilities
- ii) Level 2 - for instruments measured using significant observable inputs, either directly or indirectly, and
- iii) Level 3 - for instruments measured using inputs that are not based on observable market data or using valuations based on quoted prices for similar instruments and are significant to the fair value measurement

Investments at Fair Market Value - March 31, 2021				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ -	\$ 140	\$ -	\$ 140
Canadian pooled fixed	23,949	-	-	23,949
Canadian pooled equities	-	22,980	-	22,980
Global pooled equities	-	33,402	-	33,402
	\$ 23,949	\$ 56,522	\$ -	\$ 80,471

Investments at Fair Market Value - March 31, 2020				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ -	\$ 140	\$ -	\$ 140
Canadian pooled fixed	20,217	-	-	20,217
Canadian pooled equities	-	19,448	-	19,448
Global pooled equities	-	27,907	-	27,907
	\$ 20,217	\$ 47,495	\$ -	\$ 67,712

There have been no significant changes from the previous year in exposure to risk or policies, procedures and methods used to measure the risk.

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**Foreign exchange risk management**

The University has certain investments denominated in foreign currencies, which exposes the University to foreign currency risk. During this fiscal year the University did not undertake hedging strategies for the currency risk of foreign investments. While currency fluctuations influenced short term returns, these fluctuations are not expected to affect the long term position of the investment portfolio. The University has exposure to non-Canadian dollars, with foreign holdings of \$33,402 CAD or 38.7% of total portfolio investments (2020 - \$27,907 or 37.7%).

**17. Classification of Expenses by Object**

The following summarizes expenses by object:

	2021	2020
Salaries and benefits	\$ 98,861	\$ 100,952
Supplies, services and other expenses	16,072	21,365
Cost of sales	174	962
Building, utilities and related expenses	14,899	12,223
Interest	7,256	7,444
Provincial and municipal taxes	2,183	2,209
Scholarships and awards	8,003	6,021
Amortization of capital assets	6,511	6,760
	\$ 153,959	\$ 157,936

**18. University of Winnipeg Trusteed Pension Plan ("the Plan")**

The Plan was established as a contributory defined benefit pension plan effective September 1, 1972 and is registered under the Income Tax Act and the Pension Benefits Act of Manitoba (Registration #309914). The defined benefit segment of the Plan was closed to new members effective January 1, 2001. New plan members effective January 1, 2001 join the defined contribution segment of the Plan.

An independent Board of Trustees assumed responsibility for the administration of the Plan from the University in July 2008. The pension fund assets are invested on the advice of professional investment managers and are held under a Trust Agreement by a trust company.

Contributions are made by the University based on the salary of each active member in accordance with the provisions of the Plan. Members do not contribute if they are in receipt of benefits from the University's LTD Plan.

*Defined Contribution Obligation*

Members of the defined contribution segment contribute 6.2% of their salary not in excess of \$115.1 plus 30% of the Canada Pension Plans Year's Maximum Pensionable Earnings ("YMPE") to the Plan. The University contributions match member contributions.

The activity in the defined contribution segment of the Plan for the calendar year ending December 31 was as follows:

	2020	2019
Balance, beginning of year	\$ 94,420	\$ 80,185
Contributions	7,511	7,232
Benefits and refunds paid	(4,224)	(6,561)
Net investment return	8,802	13,564
Balance, end of year	\$ 106,509	\$ 94,420
Expense recognized for the calendar year ending December 31	\$ 3,713	\$ 3,604



# THE UNIVERSITY OF WINNIPEG

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### University of Winnipeg Trusteed Pension Plan (continued)

#### Defined Benefit Obligation

Pensions are provided on the basis of final average earnings and service. The maximum pension per year of service is \$1.7. Inflation protection is provided based on the four-year average net investment earnings of the pension fund in excess of 6%, limited to the increase in the Consumer Price Index. At December 31, 2019 valuation of the defined benefit segment of the Plan, there were 92 active members with an average age of 59.7. There were 24 former employees entitled to deferred pension benefits and 310 retirees and survivors receiving pension benefits.

Members contribute 8.0% of salary up to the Canada Pension Plan Year's Basic Exemption ("YBE"), 6.2% between the YBE and YMPE and 8.0% in excess of the YMPE. Members contribute only on salary not in excess of \$86.1 plus 30% of the YMPE.

The University contribution formula rates are 100 basis points higher than the member contribution formula rates. The University also contributes any additional amounts required under the Pension Benefits Act of Manitoba.

In accordance with the Pension Benefits Act of Manitoba, an actuarial valuation of the defined benefit segment of the Plan is required at least every three years. Valuations may be required more frequently depending on the financial position of the Plan. As the Plan is currently under 90% funded on a solvency basis, annual valuations are required.

Actuarial valuations are performed by Eckler Ltd. ("Eckler") using the projected benefit method. The latest actuarial valuation of the Plan was prepared and filed with the Manitoba Pension Commission as at December 31, 2019, and the results were extrapolated to December 31, 2020. There is a net unamortized actuarial loss to be amortized on a straight-line basis over the expected average remaining service of the employee group (5.9 years).

Actuarial valuations are based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and mortality. The assumptions used reflect the University's best estimates. At December 31, 2020, the expected future inflation rate is 2.0%. Salaries are assumed to increase 3.0% per year, plus a promotion and merit increase for academic members only. Pensions are assumed to increase by 0.75% per year. The discount rate used to determine the accrued benefit obligation and current service cost is 5.20%.

Pension fund assets are valued at market value. The expected rate of return on plan assets net of investment expenses is 5.20% per year. The actual return on pension fund assets in 2020 was 5.16%.

#### Change in accrued benefit obligation for the calendar year ending December 31,

	2020	2019
Accrued benefit obligation, beginning of year	\$ 142,959	\$ 140,397
Current service cost	1,152	1,272
Interest cost	7,717	8,001
Benefits and refunds paid	(13,913)	(10,855)
Actuarial (gains)/ losses	6,211	4,144
Accrued benefit obligation, end of year	\$ 144,126	\$ 142,959



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University of Winnipeg Trusteed Pension Plan (continued)

*Change in market value of plan net assets for the calendar year ending December 31,*

	2020	2019
Market value of plan net assets, beginning of year	\$ 133,751	\$ 126,389
University contributions	3,954	3,958
Member contributions	444	508
Benefit payments	(13,913)	(10,855)
Actual return on plan assets	6,659	14,014
Plan expenses	(139)	(263)
Market value of plan net assets, end of year	130,756	133,751
Expected market value of plan net assets, end of year	131,381	126,998
Gain (loss) on plan assets	\$ (625)	\$ 6,753

*The Plan net assets as at December 31 consist of:*

	2020	2019
Domestic fixed income	\$ 42,754	\$ 45,882
Canadian equity	22,543	20,026
U.S. equity	18,501	17,948
International equity	32,616	31,767
Real estate	11,878	16,968
Cash and cash equivalents	1,873	1,134
Net accruals	591	26
	\$ 130,756	\$ 133,751

Asset allocation is determined and monitored by the independent Board of Trustees.

*Reconciliation of unamortized gains/(losses) for the fiscal year ending March 31,*

	2021	2020
Expected average remaining service life	6.2	6.3
Net unamortized gains (losses), beginning of year	\$ (4,080)	\$ (7,951)
New net gain (loss) for current year	(6,836)	2,609
Amortization for current year	658	1,262
Net unamortized gains (losses), end of year	\$ (10,258)	\$ (4,080)

*Pension expense for the fiscal year ending March 31,*

	2021	2020
University service cost	\$ 708	\$ 764
Interest cost	7,717	8,001
Expected return on plan assets	(7,284)	(7,261)
Amortization of net actuarial gains/(losses)	658	1,262
Plan expenses	139	263
Net pension expense	\$ 1,938	\$ 3,029

*Reconciliation of deficit to accrued liability as at March 31,*

	2021	2020
Deficit, end of year	\$ (13,370)	\$ (9,208)
University contributions after the measurement date	940	953
Net unamortized amounts	10,258	4,080
Accrued benefit liability, end of year	(2,172)	(4,175)
Valuation allowance, end of year	-	-
Accrued benefit liability, net of valuation allowance, end of year	\$ (2,172)	\$ (4,175)

# THE UNIVERSITY OF WINNIPEG

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### University of Winnipeg Trusteed Pension Plan (continued)

*Significant actuarial assumptions used to determine pension expense:*

	2021	2020
Discount rate	5.65 %	5.90 %
Post-retirement indexing	0.75 %	0.75 %
Rate of salary increase	3.00 %	3.00 %
Expected rate of return on plan assets	5.65 %	5.90 %

*Significant actuarial assumptions used to determine the defined benefit obligation as at December 31,*

	2021	2020
Discount rate	5.20 %	5.65 %
Post-retirement indexing	0.75 %	0.75 %
Rate of salary increase	3.00 %	3.00 %

### *Funding Obligation*

In the event that the actuarial valuation of the Plan for funding purposes determines that the Plan is not fully funded, the University is responsible for providing adequate funding levels in accordance with the Pension Benefits Act of Manitoba.

The actuarial valuation at December 31, 2019 confirms that the defined benefit segment of the Plan has a solvency deficiency of \$30,999 and a solvency ratio of 0.750 (2018 - 0.719)

The University would normally be required under the Pension Benefits Act of Manitoba to make additional contributions to amortize the solvency deficiency over a five-year period. However, the Provincial Government has provided universities in Manitoba with an opportunity to be permanently exempted from the usual solvency funding requirements, while the Plan continues on a going-concern basis. The University Pension Plans Exemption Regulation (Regulation 141/2007) was registered October 15, 2007. The University has complied with all requirements to be entitled to the permanent exemption.

The going-concern deficiency at December 31, 2019 was \$21,651 and the annual deficiency funding payments are \$2,885, which the University will continue to make until the deficiency is eliminated.

In addition, because of the going-concern deficiency at December 31, 2019, the University was required to make an additional contribution in 2020 of \$510 (2019 - \$370) in order to fully fund the cost of accruing benefits and administration expenses.

## 19. Contingencies

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

## 20. Economic Dependence

The University received approximately 46.8% and 45.5% of its total revenue from the Province of Manitoba - Advanced Education, Skills and Immigration for the years ended March 31, 2021 and 2020, respectively, and is economically dependent on the Province for continued operations.

## 21. Subsequent Event - COVID-19 Pandemic

While there has been and will continue to be an economic impact on the University of Winnipeg due to COVID-19, management believes the University has sufficient liquidity to meet its operating and financial needs. However, given the difficulty in predicting the duration of the effect of COVID-19 on the University, the future financial impact is unknown.