Financial Statements of

# UNIVERSITY OF WINDSOR

April 30, 2006

# Statement of Administrative Responsibility

The Administration of the University is responsible for the preparation of the financial statements, the notes and all other financial information contained in this annual report.

The Administration has prepared the financial statements in accordance with accounting principles generally accepted for Canadian Universities and in accordance with guidelines developed by the Canadian Association of University Business Officers and the Canadian Institute of Chartered Accountants. In order to achieve the objective of fair presentation in all material respects, reasonable estimates and judgements were employed. The Administration believes that financial statements present fairly the University's financial position as at April 30, 2006 and the results of its operations for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the Administration has developed and maintains a system of internal control designed to provide reasonable assurance that University assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements.

The Board of Governors is responsible for ensuring that the Administration fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Governors carries out its responsibility for review of the financial statements principally through the Audit Committee. The members of the Audit Committee are not officers or employees of the University. The Audit Committee meets with the Administration, as well as the external auditors, to discuss the results of audit examinations and financial reporting matters and to satisfy itself that each party is properly discharging its responsibilities. The auditors have full access to the Audit Committee with and without the presence of the Administration.

The financial statements for the year ended April 30, 2006 have been reported on by KPMG LLP, Chartered Accountants, the auditors appointed by the Board of Governors. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

**Dr. Ross Paul**
President

**Mr. Eric Harbottle**
Vice-President - Administration & Finance

KPMG

## AUDITORS' REPORT TO THE BOARD OF GOVERNORS

We have audited the statement of financial position of the University of Windsor as at April 30, 2006 and the statements of restricted appropriations, revenue, expenditures and changes in net assets, cash flows and the trust funds' statement of revenue and expenditures for the year then ended. These financial statements are the responsibility of the University's administration. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by administration, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University at April 30, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

KPMG LLP

Chartered Accountants

Windsor, Canada

June 25, 2006

**UNIVERSITY OF WINDSOR**
**STATEMENT OF FINANCIAL POSITION**
**APRIL 30, 2006, with comparative amounts for 2005**
**(in thousands of dollars)**

| | 2006 | | | | | 2005 |
|---|---|---|---|---|---|---|
| | Current Operating Fund | Plant Fund | Trust and Endowment Fund Expendable | Trust and Endowment Fund Non-Expendable | Combined Funds | Combined Funds |
| ASSETS | | | | | | |
| Cash | $17,262 | | | | $17,262 | $24,510 |
| Investments (Schedule 3) | 2,684 | $12,560 | $25,180 | $46,083 | 86,507 | 72,210 |
| Accounts receivable | 6,307 | | 4,630 | | 10,937 | 12,607 |
| Inventories | 1,887 | | | | 1,887 | 1,788 |
| Prepaid & deferred expenditures | 1,061 | | | | 1,061 | 460 |
| Due from (to) plant fund (current operating fund) (note 6(b)) | 16,629 | (16,629) | | | 0 | 0 |
| | 45,830 | (4,069) | 29,810 | 46,083 | 117,654 | 111,575 |
| Capital assets (note 2) | | 179,594 | | | 179,594 | 177,760 |
| | $45,830 | $175,525 | $29,810 | $46,083 | $297,248 | $289,335 |
| LIABILITIES | | | | | | |
| Accounts payable and accrued expenditures | $18,040 | | | | $18,040 | $23,567 |
| Prepaid fees and deferred revenue | 2,885 | | | | 2,885 | 7,941 |
| Deferred contributions (note 3) | | | $29,810 | | 29,810 | 30,835 |
| | 20,925 | 0 | 29,810 | 0 | 50,735 | 62,343 |
| Deferred capital contributions (note 4) | | 77,765 | | | 77,765 | 75,470 |
| Post-employment benefits (note 8) | 19,653 | | | | 19,653 | 18,464 |
| Long term debt (Schedule 4 and note 5) | 988 | 42,020 | | | 43,008 | 45,912 |
| | 41,566 | 119,785 | 29,810 | 0 | 191,161 | 202,189 |
| FUND BALANCES | | | | | | |
| Unrestricted: | | | | | | |
| Funded operations (note 7) | 13 | | | | 13 | 9 |
| Other accrued costs (notes 7 & 8) | (19,653) | | | | (19,653) | (18,464) |
| | (19,640) | | | | (19,640) | (18,455) |
| Invested in capital assets (note 6(a)) | | 55,740 | | | 55,740 | 48,730 |
| Restricted appropriations | 23,904 | | | 13,492 | 37,396 | 32,993 |
| Endowments | | | | 32,591 | 32,591 | 23,878 |
| | 4,264 | 55,740 | 0 | 46,083 | 106,087 | 87,146 |
| Commitments and contingent liabilities (notes 9 & 16) | | | | | | |
| | $45,830 | $175,525 | $29,810 | $46,083 | $297,248 | $289,335 |

See accompanying notes to the financial statements.

**UNIVERSITY OF WINDSOR**
**STATEMENT OF RESTRICTED APPROPRIATIONS**
**YEAR ENDED APRIL 30, 2006, with comparative amounts for 2005**
**(in thousands of dollars)**

| | Appropriations to Reserves | Appropriations from Reserves | Net Appropriations to (from) Reserves | Balance, Beginning of Year | Balance, End of Year |
|---|---|---|---|---|---|
| RESERVES FOR CURRENT OPERATIONS: | | | | | |
| Parking development | $100 | | $100 | $389 | $489 |
| Self insurance | | | | 200 | 200 |
| Budget carryforward for operating expenditures | 9,776 | $6,768 | 3,008 | 6,768 | 9,776 |
| Purchase orders and special projects | 9,361 | 10,575 | (1,214) | 10,887 | 9,673 |
| Faculty & staff contribution holiday | | | 0 | 1,867 | 1,867 |
| Capital plan 2004-2009 | | 1,400 | (1,400) | 1,400 | 0 |
| Ancillary enterprises | 82 | | 82 | (1,284) | (1,202) |
| | 19,319 | 18,743 | 576 | 20,227 | 20,803 |
| RESERVES FOR FUTURE OPERATIONS: | | | | | |
| Financial planning | | | | 1,000 | 1,000 |
| Payroll pensions | 1,427 | | 1,427 | 674 | 2,101 |
| | 1,427 | 0 | 1,427 | 1,674 | 3,101 |
| TOTAL RESERVES FOR CURRENT AND FUTURE OPERATIONS | 20,746 | 18,743 | 2,003 | 21,901 | 23,904 |
| NON-EXPENDABLE RESERVES: | | | | | |
| Funds re-invested in the Endowment for scholarships and other (note 10) | 412 | | 412 | 6,264 | 6,676 |
| Donor restricted (note 11) | 1,988 | | 1,988 | 4,828 | 6,816 |
| | 2,400 | 0 | 2,400 | 11,092 | 13,492 |
| | $23,146 | $18,743 | $4,403 | $32,993 | $37,396 |

See accompanying notes to the financial statements.

**UNIVERSITY OF WINDSOR**
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN NET ASSETS**
**YEAR ENDED APRIL 30, 2006, with comparative amounts for 2005**
**(in thousands of dollars)**

| | Current Operating Fund | Plant Fund | Expendable Trust Funds | Sub-total 2006 | Non-expendable Appropriations | Endowment Funds | Total 2006 | Total 2005 |
|---|---|---|---|---|---|---|---|---|
| REVENUE | | | | | | | | |
| Student fees | $82,549 | | | $82,549 | | | $82,549 | $79,978 |
| Government and research grants | 101,294 | $2,985 | $25,511 | 129,790 | | | 129,790 | 111,057 |
| Ancillary enterprises | 24,719 | | | 24,719 | | | 24,719 | 24,269 |
| Income from investments | 1,437 | 185 | 2,061 | 3,683 | | | 3,683 | 3,819 |
| Donations and gifts | | 40 | 3,148 | 3,188 | | | 3,188 | 3,063 |
| Other revenue | 8,677 | 302 | 3,343 | 12,322 | | | 12,322 | 11,946 |
| Deferral of capital contributions (note 4) | | (3,388) | (5,252) | (8,640) | | | (8,640) | (5,223) |
| Amortization or net change in deferred contributions | | 6,345 | 1,025 | 7,370 | | | 7,370 | (294) |
| | 218,676 | 6,469 | 29,836 | 254,981 | 0 | 0 | 254,981 | 228,615 |
| EXPENDITURES | | | | | | | | |
| Salaries, wages and benefits | 138,368 | | | 138,368 | | | 138,368 | 130,764 |
| Post-employment benefits (note 8) | 1,189 | | | 1,189 | | | 1,189 | 1,114 |
| Material, supplies and services | 16,194 | 29 | 4,808 | 21,031 | | | 21,031 | 19,040 |
| Utilities | 9,400 | | | 9,400 | | | 9,400 | 7,726 |
| Repairs and renovations | 11,464 | | | 11,464 | | | 11,464 | 11,155 |
| Cost of goods sold | 10,163 | | | 10,163 | | | 10,163 | 10,258 |
| Loan interest | 86 | 2,885 | | 2,971 | | | 2,971 | 3,081 |
| Scholarships and bursaries | 10,253 | | 5,319 | 15,572 | | | 15,572 | 13,992 |
| Research | | | 19,206 | 19,206 | | | 19,206 | 18,044 |
| Amortization | | 17,545 | | 17,545 | | | 17,545 | 16,248 |
| | 197,117 | 20,459 | 29,333 | 246,909 | 0 | 0 | 246,909 | 231,422 |
| Excess of revenue over expenditures (expenditures over revenue) | 21,559 | (13,990) | 503 | 8,072 | 0 | 0 | 8,072 | (2,807) |
| Interfund transfers, net | (20,741) | 21,000 | (503) | (244) | | 244 | 0 | 0 |
| Net appropriations (to) from reserves for current and future operations | (2,003) | | | (2,003) | 2,003 | | 0 | 0 |
| Net appropriations (to) from non-expendable reserves | | | | | 2,400 | (2,400) | 0 | 0 |
| Endowment contributions | | | | 0 | | 10,869 | 10,869 | 5,324 |
| Net change in net assets | (1,185) | 7,010 | 0 | 5,825 | 4,403 | 8,713 | 18,941 | 2,517 |
| NET ASSETS, BEGINNING OF YEAR | (18,455) | 48,730 | 0 | 30,275 | 32,993 | 23,878 | 87,146 | 84,629 |
| NET ASSETS, END OF YEAR | ($19,640) | $55,740 | $0 | $36,100 | $37,396 | $32,591 | $106,087 | $87,146 |

See accompanying notes to the financial statements.

**UNIVERSITY OF WINDSOR**
**TRUST FUNDS**
**STATEMENT OF REVENUE AND EXPENDITURES**
**YEAR ENDED APRIL 30, 2006, with comparative amounts for 2005**
**(in thousands of dollars)**

| | Capital Campaigns | Scholarships and Awards | Other Funds | Donation Supported Funds | Sponsored Research | Total 2006 | Total 2005 |
|---|---|---|---|---|---|---|---|
| REVENUE | | | | | | | |
| Government and research grants | | $3,279 | $101 | $3,380 | $22,131 | $25,511 | $23,584 |
| Income from investments | $27 | 1,460 | 574 | 2,061 | | 2,061 | 1,606 |
| Donations and gifts | 1,438 | 412 | 1,298 | 3,148 | | 3,148 | 3,063 |
| Other revenue | 457 | 3 | 2,883 | 3,343 | | 3,343 | 4,272 |
| Deferral of capital contributions | (1,234) | | | (1,234) | (4,018) | (5,252) | (3,874) |
| Deferral of contributions | (341) | 309 | 1,667 | 1,635 | (610) | 1,025 | (6,511) |
| | 347 | 5,463 | 6,523 | 12,333 | 17,503 | 29,836 | 22,140 |
| EXPENDITURES | | | | | | | |
| Material, supplies and services | 15 | 42 | 4,751 | 4,808 | | 4,808 | 3,542 |
| Scholarships and bursaries | | 5,306 | 13 | 5,319 | | 5,319 | 4,010 |
| Research | | | | | 19,206 | 19,206 | 18,044 |
| | 15 | 5,348 | 4,764 | 10,127 | 19,206 | 29,333 | 25,596 |
| EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) | $332 | $115 | $1,759 | $2,206 | ($1,703) | $503 | ($3,456) |

See accompanying notes to the financial statements.

**UNIVERSITY OF WINDSOR**
**STATEMENT OF CASH FLOWS**
**YEAR ENDED APRIL 30, 2006, with comparative amounts for 2005**
**(in thousands of dollars)**

| | Current Operating Fund | Plant Fund | Expendable Trust Fund | Subtotal | Non-Expendable Appropriations and Endowment Funds | Total 2006 | Total 2005 |
|---|---|---|---|---|---|---|---|
| CASH PROVIDED BY (USED IN): | | | | | | | |
| Operations: | | | | | | | |
| Excess of revenue over expenditures (expenditures over revenue) | $21,559 | ($13,990) | $503 | $8,072 | $0 | $8,072 | ($2,807) |
| Items not involving cash flow: | | | | | | | |
| Post-employment benefits | 1,189 | | | 1,189 | | 1,189 | 1,114 |
| Amortization | | 17,545 | | 17,545 | | 17,545 | 16,248 |
| Amortization of deferred capital contributions | | (6,345) | | (6,345) | | (6,345) | (6,217) |
| Increase (decrease) in non-cash working capital | (9,735) | 610 | (488) | (9,613) | | (9,613) | 7,805 |
| | 13,013 | (2,180) | 15 | 10,848 | 0 | 10,848 | 16,143 |
| Financing: | | | | | | | |
| Payments on long-term debt | (244) | (2,660) | | (2,904) | | (2,904) | (3,148) |
| Capital contributions deferred: | | | | | | | |
| Government grants | | 7,104 | | 7,104 | | 7,104 | 2,833 |
| Donations for capital campaign | | 1,234 | | 1,234 | | 1,234 | 2,390 |
| Other | | 302 | | 302 | | 302 | 0 |
| Trust fund contributions deferred (net) | | | (1,025) | (1,025) | | (1,025) | 6,511 |
| Endowment contributions | | | | | | | |
| Non-expendable donations and gifts | | | | 0 | 10,869 | 10,869 | 5,324 |
| | (244) | 5,980 | (1,025) | 4,711 | 10,869 | 15,580 | 13,910 |
| Investing: | | | | | | | |
| Decrease (increase) in investments | 724 | (5,421) | 1,513 | (3,184) | (11,113) | (14,297) | (9,604) |
| Purchase of capital assets: | | | | | | | |
| Land and buildings | | (3,778) | | (3,778) | | (3,778) | (5,161) |
| Equipment | | (9,782) | | (9,782) | | (9,782) | (5,401) |
| Library, books and collections | | (4,241) | | (4,241) | | (4,241) | (4,365) |
| Capital in progress | | (1,578) | | (1,578) | | (1,578) | (9,200) |
| | 724 | (24,800) | 1,513 | (22,563) | (11,113) | (33,676) | (33,731) |
| Interfund transfers, net | (20,741) | 21,000 | (503) | (244) | 244 | 0 | 0 |
| Decrease in cash | 7,248 | 0 | 0 | 7,248 | 0 | 7,248 | 3,678 |
| CASH, BEGINNING OF YEAR | 24,510 | 0 | 0 | 24,510 | 0 | 24,510 | 28,188 |
| CASH, END OF YEAR | $17,262 | $0 | $0 | $17,262 | $0 | $17,262 | $24,510 |

See accompanying notes to the financial statements.

# UNIVERSITY OF WINDSOR
# NOTES TO THE FINANCIAL STATEMENTS
# APRIL 30, 2006

The University of Windsor is a mid-sized comprehensive research and teaching university. The University operates under the authority of the University of Windsor Act, 1962-63 which defines the authority and responsibilities of the Board of Governors and the Senate. The University is a registered charity and therefore is, under Section 149 of the Income Tax Act, exempt from payment of income tax.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

### (a) Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the University, the accounts of the University are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by the Board of Governors. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast to unrestricted funds over which the Board of Governors retains full control to use in achieving any of its institutional purposes.

The Current Operating Fund reflects the academic, administrative, maintenance and ancillary operations of the University. The Current Operating Fund balance includes appropriations for reserves established by the Board of Governors for specific purposes.

The Plant Fund records the revenue and expenditures related to the acquisition of capital assets. The sinking funds established for the Clark Residence and the Alumni Hall & Conference Centre, as outlined in Note 5, are also recorded here.

Amortization expense on all capital assets is recorded in the Plant Fund, regardless of the funding source for the purchase.

Contributions for the purchase of capital assets have been recorded as deferred capital contributions and will be brought into revenue as the asset is amortized.

The Trust and Endowment Fund receives monies which are restricted as to their use and are further categorized as non-expendable and expendable funds. Non-expendable trust and endowment funds include benefactions and amounts established by the Board of Governors. As explained in Note 1(d), only an allocated portion of the income earned on these funds is expendable for the specific purposes designated. Expendable trust and endowment funds include both benefactions and other funds which are fully expendable for stated purposes.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

### (b) Revenue recognition

The University follows the deferral method of accounting for contributions which include donations and government grants. Externally restricted contributions, other than endowment, are recognized as revenue in the year in which the related expenses are recognized. Unrestricted contributions are recognized as revenue when received or receivable.

Research grants are included in receivables at year end. All other grants are recorded when received.

Donations of assets are recorded at fair value when a fair value can be reasonably estimated. Pledges receivable are not recorded as an asset in the accompanying financial statements.

Revenue from student fees and from the sale of services and products is recognized at the time the products are delivered or the services provided.

Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

### (c) Inventories

Inventories are valued at lower of cost and net realizable value.

### (d) Investments

Investments are carried at market. Income from these investments are recognized on the accrual basis and include interest, dividends and realized and unrealized gains and losses.

Non-expendable trust and endowment funds are invested separately from all other University funds. A portion of the income earned on non-expendable trust and endowment funds is allocated annually, at a pre-determined rate, to the individual related expendable fund and the balance is added to the endowed portion of the fund.

### (e) Capital Assets

Capital assets are recorded at cost, or at fair market value on the date of acquisition for donated assets, except for certain buildings and equipment which were purchased during the 1964 and 1969 fiscal years from Assumption University and the Basilian Fathers of Sandwich in Ontario. These assets were acquired at a cost of $3,242,000 and are carried on the University records at the vendors' original construction or purchase price of $5,594,000. The difference of $2,352,000 is included in Invested in capital assets.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (cont'd)**

(e) **Capital Assets**

Amortization is provided on a straight line basis using the following rates:

| | | | |
|---|---|---|---|
| Buildings | 40 Years | Library and books | 5 Years |
| Parking lots | 15 Years | Collections (Works of Art and Rare books) | not amortized |
| Equipment | 5–20 Years | Capital in progress | not amortized |

(f) **Public Sector Salary Disclosure Act**

In accordance with the Public Sector Disclosure Act, the University has disclosed its list of employees earning $100,000 or more in 2005 on the University website, www.uwindsor.ca.

(g) **Pension Plans and Other Post-employment Benefits**

The University of Windsor retirement plans for faculty and employees contain some of the features of defined benefit plans and some of the features of defined contribution plans. For reporting purposes the plans are treated as defined contribution plans.

The University provides post-retirement benefits and other post-employment benefits. These are reported on the accrual method. The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of the plan assets is amortized over the average remaining service period of active employees.

(h) **Budget Carryforward, Purchase Orders and Special Projects**

(i) University policy permits faculties and other departments to carryforward certain unexpended, non-salary budget allocations into the subsequent fiscal year for expenditure in that year. These amounts are included in the Reserve for Budget carryforward for operating expenditures.

(ii) At the fiscal year end there are a number of purchase orders and other agreements for which funds have been committed but for which the expenditure is not recorded until the goods or services are received in the following year. These amounts are included in the Reserve for Purchase orders and special projects.

(i) **Vacation Pay**

Unpaid vacation pay is accrued for salaried staff and hourly staff. No accrual is made for faculty as normal salaries include provision for vacation.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (cont'd)**

(j) **Contributed Services**

Volunteers contribute an indeterminable number of hours per year to assist the University in carrying out its service delivery activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(k) **Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires Administration 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 revenues and expenditures during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, valuation allowance for accounts receivable and assets and obligations related to pension and post-employment benefits. Actual results could differ from those estimates.

2. **CAPITAL ASSETS** (thousands of dollars)

| **2006** | Cost | Accumulated Amortization | Net Book Value |
|---|---|---|---|
| Land | $ 5,909 | $ 0 | $ 5,909 |
| Buildings | 232,205 | 96,004 | 136,201 |
| Parking lots | 3,963 | 2,949 | 1,014 |
| Equipment | 128,892 | 106,342 | 22,550 |
| Library and books | 81,464 | 70,855 | 10,609 |
| Collections | 1,346 | 0 | 1,346 |
| Capital in Progress | 1,965 | 0 | 1,965 |
| | $ 455,744 | $ 276,150 | $ 179,594 |

| **2005** | Cost | Accumulated Amortization | Net Book Value |
|---|---|---|---|
| Land | $ 5,909 | $ 0 | $ 5,909 |
| Buildings | 221,397 | 90,843 | 130,554 |
| Parking lots | 3,963 | 2,786 | 1,177 |
| Equipment | 118,145 | 99,584 | 18,561 |
| Library and books | 77,233 | 66,707 | 10,526 |
| Collections | 1,335 | 0 | 1,335 |
| Capital in Progress | 9,698 | 0 | 9,698 |
| | $ 437,680 | $ 259,920 | $ 177,760 |

3. **DEFERRED CONTRIBUTIONS** (thousands of dollars)

Deferred contributions represent unspent resources externally restricted for research and other restricted purposes. Changes in the deferred contributions balance are as follows:

| | 2006 | 2005 |
|---|---|---|
| Balance, beginning of year | $ 30,835 | $ 23,872 |
| Amount recognized as revenue in the year | (30,835) | (23,872) |
| Amount received related to the following year | 29,810 | 30,835 |
| Balance, end of year | $ 29,810 | $ 30,835 |

4. **DEFERRED CAPITAL CONTRIBUTIONS** (thousands of dollars)

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. Changes in the deferred capital contributions balance are as follows:

| | 2006 | 2005 |
|---|---|---|
| Balance, beginning of year | $ 75,470 | $ 76,464 |
| Contributions received for capital purposes | 8,640 | 5,223 |
| Amortization of deferred capital contributions | (6,345) | (6,217) |
| Balance, end of year | $ 77,765 | $ 75,470 |

5. **LONG TERM DEBT**

Details of the University's long term debt regarding maturity date, interest rates, annual principal and interest payments and principal outstanding at April 30, 2006 are summarized in Schedule 4 accompanying these financial statements. Other pertinent information is as follows:

(a) **Clark Residence:**

Long term debt related to the Clark Residence provides for payment of interest only during the term of the mortgage, with the entire principal due upon maturity in 2011. To provide partially for the principal, the University has established a sinking fund, which at April 30, 2006 reflected a balance of $1,285,200 (2005 - $1,137,200) and is recorded within the Investments caption in the Plant Fund. These sinking fund monies are invested with non-expendable trust and endowment funds. During 2006, $19,800 (2005 - $18,900) was transferred into the sinking fund from the Current Operating Fund. Annual transfers to the sinking fund increase by approximately 5% per annum.

(b) **CAW Student Centre:**

The long term debt to finance the expansion of the CAW Student Centre consists of Bankers' Acceptances overlaid with a twenty year interest rate swap that effectively fixes interest at 6.425%. Principal and interest payments related to this debt are funded from a student fee as described in note 14. For the year ended April 30, 2006, student fees exceeded the principal and interest by $150,000 (2005 – $122,000) and cumulatively, to April 30, 2006, principal and interest payments related to the debt exceeded student fees collected by $1,373,000 (2005 - $1,523,000).

In 2001, the University entered into an agreement with the University of Windsor Student Alliance (UWSA) wherein the University agreed to renovate the basement of the CAW Student Centre. UWSA agreed to reimburse the University the principal and interest related to this debt which bears interest at 7.32% per annum and matures in 2011, all of which are reported in the Current Operating Fund.

(c) **Chateau Park Property:**

In 1995, the University entered into an agreement with the London Life Insurance Company to purchase the Chateau Park property for $3,000,000. The terms of the purchase agreement provided for the forgiveness of $2 of the purchase price for every $1 paid to London Life by the University. Upon payment of $1,000,000, the total purchase price of $3,000,000 is considered to have been paid. No interest is payable on the outstanding balance. Annual payments amount to $50,000 and result in annual debt forgiveness of $100,000.

5. **LONG TERM DEBT (cont'd)**

(d) **Superbuild Projects:**

The University entered into an agreement providing for a construction loan facility of up to $12.2 million to be repaid over 5 years. The loan was fully drawn as of July 2003 by way of Bankers' Acceptances. In April 2003 interest on $7 million of the loan was fixed at 4.92% under the terms of an interest rate swap agreement. The floating rate portion of the facility currently bears interest at a rate of 4.46% per annum.

(e) **Vanier Hall Renovation:**

In 2003, a $1,100,000 facility was secured to finance a previous renovation to Vanier Hall. The loan is to be repaid over 5 years with minimum semi-annual principal repayments of $110,000 and is currently drawn by way of Bankers' Acceptances whose balances currently bear an interest rate of 4.42%.

(f) **Alumni Hall & Conference Centre:**

In 2003, the University entered into a credit agreement to provide financing for the construction of Alumni Hall & Conference Centre. The terms of the agreement provided for a construction loan facility of up to $17.6 million. This facility was fully drawn by way of Bankers' Acceptances by September 2003 and the entire amount was then fixed under the terms of an interest rate swap agreement at 6.765% with a 30 year amortization.

To provide partially for the principal, the University has established a sinking fund, which at April 30, 2006 reflected a balance of $107,000 (2005 - $95,000) and is recorded within the Investments caption in the Plant Fund. These sinking fund monies are invested with non-expendable trust and endowment funds.

The fair value of long term debt as at April 30, 2006 is approximately $44,504,931 (2005 - $47,376,000) with a carrying value of $43,008,328 (2005 - $45,912,000). The fair value is based on discounted cash flows at current rates.

6. **INVESTED IN CAPITAL ASSETS** (thousands of dollars)

(a) Invested in capital assets is calculated as follows:

| | 2006 | 2005 |
|---|---|---|
| Capital assets | $179,594 | $177,760 |
| Other Plant Fund assets | 12,560 | 7,139 |
| | 192,154 | 184,899 |
| Amounts financed by: | | |
| Long term debt | (42,020) | (44,680) |
| Deferred capital contributions | (77,765) | (75,470) |
| Current Operating Fund | (16,629) | (16,019) |
| | $ 55,740 | $ 48,730 |

6. **INVESTED IN CAPITAL ASSETS (cont'd)**

(b) Due from (to) Plant Fund (Current Operating Fund) is comprised of the following costs which were financed by the Current Operating Fund and are recoverable from capital campaigns, capital grants, student fees or other sources:

| | 2006 | 2005 |
|---|---|---|
| Stadium to be financed from the Capital Campaign and the Athletics and Recreation Capital student fee | $ 9,311 | $ 7,330 |
| Fitness Centre to be financed from the Athletics and Recreation Capital student fee | 1,248 | 1,269 |
| International Truck and Engine Corporation building to be financed from future lease payments | 3,161 | 3,298 |
| CAW Student Center renovations to be financed from the CAW Capital Campaign and the CAW Expansion student fee | 1,117 | 1,405 |
| Energy Conversion Centre to be financed from future Facility Renewal Program funds | 0 | 880 |
| New Residence to be financed from operations | 1,180 | 495 |
| Telephone system to be financed from operations and student fees | 0 | 172 |
| Other | 612 | 1,170 |
| | $ 16,629 | $ 16,019 |

7. **UNRESTRICTED FUND BALANCES** (thousands of dollars)

Changes in unrestricted fund balances are calculated as follows:

| **2006** | Funded Operations | Other Accrued Costs | Total |
|---|---|---|---|
| Balance, beginning of year | $ 9 | $ (18,464) | $ (18,455) |
| Net change in net assets | 4 | (1,189) | (1,185) |
| Balance, end of year | $ 13 | $ (19,653) | $ (19,640) |

| **2005** | Funded Operations | Other Accrued Costs | Total |
|---|---|---|---|
| Balance, beginning of year | $ 3 | $ (17,350) | $ (17,347) |
| Net change in net assets | 6 | (1,114) | (1,108) |
| Balance, end of year | $ 9 | $ (18,464) | $ (18,455) |

8. **PENSION AND OTHER POST-EMPLOYMENT BENEFITS**

The actuarial valuation for the University of Windsor Employees' Retirement Plan as at July 1, 2005 reported that the plan was fully funded. The actuarial valuation for the University of Windsor Retirement Plan for Faculty and Certain Other Employees as at July 1, 2004 reported a plan deficit. Provision has been made for the funding of this deficit in accordance with the actuarial valuation.

The University also provides for other post-employment benefits. The University measures its accrued post-retirement and post-employment benefits for accounting purposes as at April 30 each year. A valuation date of March 1, 2004 has been used for the non-pension post-retirement benefits with extrapolation to April 30, 2006 and a valuation date of January 1, 2006 with extrapolation to April 30, 2006 for the post-employment benefits. Administration intends to obtain the next valuation for the post-retirement and post-employment benefits in 2007.

8. **PENSION AND OTHER POST-EMPLOYMENT BENEFITS (cont'd)**

At April 30, 2006 the unfunded obligation was determined by the University's actuaries to be $19,653,000 (2005 - $18,464,000) and the current accrued expense was $1,189,000 (2005 – $1,114,000). In calculating the expense and accrued benefit obligation, a discount rate of 5.75% (2005 – 6.0%) has been assumed. For measurement purposes a 6.45% (2005 - 7.26%) annual rate of increase per capital cost of covered health care benefits was assumed for 2006. The rate of increase was assumed to decrease gradually to 4.83% in 2011.

9. **COMMITMENTS**

The University has guaranteed the obligations, including annual lease payments until 2009, for a student residence built by Canterbury College. As security the University holds a third mortgage on the property and has received bonds with a value of $1,110,000 when they mature in 2009.

At April 30, 2006, commitments for future construction and renovations amounted to approximately $ 5,800,000.

10. **NON-EXPENDABLE TRUST AND ENDOWMENT FUNDS**

Non-Expendable Trust and Endowment Funds include $6,676,000 for Scholarship and General Endowment Funds restricted by the Board of Governors of the University of Windsor (2005 - $6,264,000). The funds are included under the Restricted Appropriations in the Non-Expendable Trust and Endowment Fund.

11. **DONOR RESTRICTED RESERVES**

The University receives endowment contributions where the interest only can be spent for the use established by the donor. Under University policy only a portion of the income is spent and the balance is re-invested to provide protection for the endowment against inflation and fluctuations in markets returns.

12. **FINANCIAL INSTRUMENTS**

The carrying value of all financial assets and liabilities, other than long-term debt as described in note 5, approximates their fair value due to the relative short term to maturity of these instruments.

13. **ONTARIO STUDENT OPPORTUNITY TRUST FUND (PHASE I)** (thousands of dollars)

Externally restricted endowments include monies provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund matching program to award student aid as a result of raising an equal amount of endowed donations.

The University has recorded the following amounts under the program.

| Endowment Funds: | 2006 | 2005 |
|---|---|---|
| Balance, beginning of year | $ 6,842 | $ 6,799 |
| Investment Income | 414 | 42 |
| Preservation Capital | 31 | 1 |
| Balance, end of year | $ 7,287 | $ 6,842 |

| Expendable Funds: | 2006 | 2005 |
|---|---|---|
| Balance, beginning of year | $ 413 | $ 334 |
| Investment Income | 353 | 351 |
| Bursaries awarded (206-175; 2005-172) | (274) | (271) |
| Transfer to Endowment Funds | (31) | (1) |
| Balance, end of year | $ 461 | $ 413 |

14. **PLEDGES RECEIVABLE**

As at April 30, 2006, outstanding pledges for the To Greater Heights Campaign and the Annual Giving Program are $5,105,000 (2005 - $8,072,000).

The University of Windsor Student Alliances' (UWSA) contribution to the expansion of the CAW Student Center in 1991 was a commitment of $10,000,000 over 25 years. A student fee was established through referendum to finance the principal and interest payments of the long term debt as outlined in Note 5. In 2005, the Athletic and Recreation Capital Fee was approved through referendum for the financing of the student portion of the Stadium and the Fitness Centre.

15. **RELATED CORPORATION**

The University of Windsor Foundation was incorporated without share capital under the University Foundations Act, 1992 in March 1994. The Directors of the Foundation are appointed by the Lieutenant Governor of the Ontario Executive Council. The principal objectives of the Foundation are to solicit, receive, manage and distribute money and other property to support education and research at The University of Windsor. The financial statements of the University of Windsor do not include the assets, liabilities, surplus or results of operations of the Foundation.

A financial summary of this entity as of March 31, 2006 and 2005 and for years then ended is as follows:

| | 2006 | 2005 |
|---|---|---|
| Assets | $ 58,380 | $ 63,000 |
| Liabilities | (1,500) | (1,750) |
| Net Assets | $ 56,880 | $ 61,250 |
| | | |
| Excess of Expenditures over Revenues | $ 4,370 | $343,200 |

As of June 19, 2006, the Foundation was dissolved and the assets and liabilities of the Foundation became the property of the University.

16. **CONTINGENT LIABILITIES**

The University is a member of the Canadian University Reciprocal Insurance Exchange (CURIE). CURIE insures general liability, property and certain other risks. Annual premiums paid by the University will be determined by an Advisory Committee on the advice of the Actuary. There is provision under the agreement for assessments to the University if these premiums are not sufficient to cover any losses of CURIE.

The University has been named as a defendant or co-defendant in several actions for damages. The outcome and the amount of the losses, if any, are not determinable at this time and accordingly, no provision for losses has been made in the financial statements. The amount will be accounted for in the period when and if such losses are determined.

**17. SUBSQUENT EVENT**

On June 29, 2006, the University issued Series A senior unsecured debentures in the aggregate principal amount of $108,300,000. The debentures bear interest at 5.37% payable semi-annually on December 29 and June 29 with the principal payable on June 29, 2046. The proceeds of the issue are being used to finance capital and renovation projects, refinance existing debt, and to establish a trusteed sinking fund in the amount of $14,742,000 to fully fund the retirement of the debentures.

**SCHEDULE 1**

**UNIVERSITY OF WINDSOR**
**SCHEDULE OF CURRENT OPERATING FUND EXPENDITURES**
**YEAR ENDED APRIL 30, 2006, with comparative amounts for 2005**
**(in thousands of dollars)**

| | Academic | Academic Support | Library | Student Services | Computing | Administration and General | Plant Maintenance | External Relations | Ancillary Enterprises (Schedule 2) | Total 2006 | Total 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Salaries, wages and benefits | $83,043 | $9,796 | $5,961 | $6,728 | $5,658 | $6,840 | $12,736 | $1,785 | $5,821 | $138,368 | $130,764 |
| Post-employment benefits | 713 | 84 | 51 | 58 | 49 | 59 | 109 | 15 | 51 | 1,189 | 1,114 |
| Materials, supplies and services | 4,577 | 2,777 | 210 | 1,696 | 464 | 3,722 | (1,629) | 718 | 3,659 | 16,194 | 15,493 |
| Utilities | 0 | 0 | 0 | 0 | 0 | 0 | 6,890 | 0 | 2,510 | 9,400 | 7,726 |
| Repairs and renovations | 1,909 | 502 | 350 | 347 | 1,505 | 627 | 5,518 | 127 | 579 | 11,464 | 11,155 |
| Cost of goods sold | 49 | 0 | 0 | 26 | 0 | 345 | 299 | 0 | 9,444 | 10,163 | 10,258 |
| Loan interest | 0 | 0 | 0 | 86 | 0 | 0 | 0 | 0 | 0 | 86 | 102 |
| Scholarships and bursaries | 98 | 0 | 0 | 10,155 | 0 | 0 | 0 | 0 | 0 | 10,253 | 9,982 |
| Total expenditures not including amortization - 2006 | $90,389 | $13,159 | $6,572 | $19,096 | $7,676 | $11,593 | $23,923 | $2,645 | $22,064 | $197,117 | |
| Total expenditures not including amortization - 2005 | $85,526 | $12,546 | $6,390 | $17,803 | $6,785 | $11,098 | $22,112 | $2,576 | $21,758 | | $186,594 |

**SCHEDULE 2**

**UNIVERSITY OF WINDSOR**
**SCHEDULE OF ANCILLARY ENTERPRISES EXPENDITURES**
**YEAR ENDED APRIL 30, 2006, with comparative amounts for 2005**
**(in thousands of dollars)**

| | Residence and Food Services | Bookstore | Parking | Rental Properties | Total 2006 | Total 2005 |
|---|---|---|---|---|---|---|
| EXPENDITURES | | | | | | |
| Salaries, wages and benefits | $4,252 | $1,360 | $206 | $3 | $5,821 | $5,659 |
| Post-employment benefits | 37 | 12 | 2 | 0 | 51 | 48 |
| Materials, supplies and services | 2,410 | 566 | 535 | 148 | 3,659 | 3,916 |
| Utilities | 2,383 | 80 | 22 | 25 | 2,510 | 2,068 |
| Repairs and renovations | 368 | 42 | 15 | 154 | 579 | 652 |
| Cost of goods sold | 2,633 | 6,811 | 0 | 0 | 9,444 | 9,415 |
| Total expenditures before loan interest and amortization - 2006 | $12,083 | $8,871 | $780 | $330 | $22,064 | |
| Total expenditures before loan interest and amortization - 2005 | $11,896 | $8,767 | $810 | $285 | | $21,758 |

SCHEDULE 3

**UNIVERSITY OF WINDSOR**
**SCHEDULE OF INVESTMENTS**
**APRIL 30, 2006, with comparative amounts for 2005**
**(in thousands of dollars)**

| | MARKET | |
|---|---|---|
| | **2006** | **2005** |
| Windsor Family Credit Union Deposit | $15,804 | $15,113 |
| Phillips, Hager & North Pooled Bond Fund | 26,880 | 0 |
| TAL Global Asset Management Inc. Mutual and Pooled Funds | 0 | 20,977 |
| Foyston, Gordon & Payne Inc. Pooled Funds | 16,920 | 13,170 |
| McLean Budden Pooled Funds | 25,373 | 18,836 |
| Lissom Management | 489 | 0 |
| Northern Trust Deposits | 137 | 3,300 |
| Government guaranteed bonds held for specific purposes (Note 9) | 904 | 814 |
| | $86,507 | $72,210 |

SCHEDULE 4

**UNIVERSITY OF WINDSOR**
**SCHEDULE OF LONG TERM DEBT**
**APRIL 30, 2006, with comparative amounts for 2005**
**(in thousands of dollars)**

| | Maturity Year | Annual Interest Rate | Current Year Principal Payment | Current Year Interest Payment | Principal Outstanding April 30, 2006 | Principal Outstanding April 30, 2005 |
|---|---|---|---|---|---|---|
| LONG TERM DEBT | | | | | | |
| MacDonald Hall | 2018 | 6.125% | $45 | $50 | $807 | $852 |
| Cody Hall | 2013 | 5.125% | 44 | 19 | 352 | 396 |
| Electa Hall | 2014 | 5.125% | 50 | 28 | 506 | 556 |
| Laurier Hall | 2020 | 6.875% | 39 | 63 | 898 | 937 |
| Clark Residence Phase I | 2011 | 10.470% | 0 | 469 | 4,496 | 4,496 |
| Clark Residence Phase II | 2011 | 10.460% | 0 | 286 | 2,746 | 2,746 |
| CAW Student Centre | 2024 | 6.425% | 217 | 458 | 6,996 | 7,213 |
| CAW Student Centre | 2011 | 7.32% | 244 | 86 | 988 | 1,232 |
| Chateau Park Property | 2015 | 0.000% | 150 | 0 | 1,200 | 1,350 |
| Superbuild Projects | 2008 | 4.46% to 4.92% | 1,666 | 338 | 6,641 | 8,307 |
| Alumni Hall & Conference Centre | 2034 | 6.765% | 219 | 1,161 | 17,078 | 17,297 |
| Vanier Hall Renovation | 2008 | 4.42% | 230 | 13 | 300 | 530 |
| | | | $2,904 | $2,971 | $43,008 | $45,912 |

The principal repayments of the above debt required in the next five years are:

| | | |
|---|---|---|
| 2007 | $27,144 | ** |
| 2008 | $757 | |
| 2009 | $713 | |
| 2010 | $569 | |
| 2011 | $444 | |

** Principal repayments in 2007 include the repayment of $23,908 of the above indebtedness from the proceeds of the debenture offering described in Note 17