Financial Statements of

UNIVERSITY OF WINDSOR

April 30, 2007

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, 2007 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, 2007 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.

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President

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AUDITORS' REPORT TO THE BOARD OF GOVERNORS

We have audited the statement of financial position of the University of Windsor as at April 30, 2007 and the statements of restricted appropriations, revenue, expenditures and changes in net assets, the expendable trust funds' statement of revenue and expenditures and cash flows 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, 2007 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, Licensed Public Accountants

Windsor, Canada

June 29, 2007

UNIVERSITY OF WINDSOR
STATEMENT OF FINANCIAL POSITION
APRIL 30, 2007, with comparative amounts for 2006
(in thousands of dollars)

	2007					2006
	Current Operating Fund	Plant Fund	Trust and Endowment Fund Expendable	Trust and Endowment Fund Non-Expendable	Combined Funds	Combined Funds
ASSETS						
Cash	$42,754				$42,754	$17,262
Investments (Schedule 3)	52,173	$1,460	$25,838	$56,039	135,510	86,507
Accounts receivable	6,763		4,432		11,195	10,937
Inventories	1,996				1,996	1,887
Prepaid and deferred expenditures	2,060				2,060	1,061
Due from (to plant fund) current operating fund (note 6(a))	(52,343)	52,343			0	0
	53,403	53,803	30,270	56,039	193,515	117,654
Capital assets (note 2)		185,026			185,026	179,594
	$53,403	$238,829	$30,270	$56,039	$378,541	$297,248
LIABILITIES						
Accounts payable and accrued expenditures	$21,431				$21,431	$18,040
Prepaid fees and deferred revenue	3,507				3,507	2,885
Deferred contributions (note 3)			$30,270		30,270	29,810
	24,938	0	30,270	0	55,208	50,735
Deferred capital contributions (note 4)		74,185			74,185	77,765
Post-retirement benefits (note 8)	26,644				26,644	24,538
Long term debt (Schedule 4 and note 5)	726	108,063			108,789	43,008
	52,308	182,248	30,270	0	264,826	196,046
FUND BALANCES						
Unrestricted (note 7):						
Funded operations	5				5	13
Other accrued costs	(26,644)				(26,644)	(24,538)
	(26,639)				(26,639)	(24,525)
Invested in capital assets (note 6(b))		56,581			56,581	55,740
Restricted appropriations	27,734			17,117	44,851	37,396
Endowments				38,922	38,922	32,591
	1,095	56,581	0	56,039	113,715	101,202
Commitments and contingent liabilities (notes 9 & 15)						
	$53,403	$238,829	$30,270	$56,039	$378,541	$297,248

See accompanying notes to the financial statements.

UNIVERSITY OF WINDSOR
STATEMENT OF RESTRICTED APPROPRIATIONS
YEAR ENDED APRIL 30, 2007, with comparative amounts for 2006
(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:					
Purchase orders and special projects	$10,207	$9,573	$634	$9,673	$10,307
Budget carryforward for operating expenditures	6,471	9,776	(3,305)	9,776	6,471
Positioning Fund	8,066		8,066	0	8,066
Faculty & staff contribution holiday		1,470	(1,470)	1,867	397
Self insurance				200	200
Parking development	79	489	(410)	489	79
Ancillary enterprises	385		385	(1,202)	(817)
	25,208	21,308	3,900	20,803	24,703
RESERVES FOR FUTURE OPERATIONS:					
Financial planning				1,000	1,000
Payroll pensions		70	(70)	2,101	2,031
	0	70	(70)	3,101	3,031
TOTAL RESERVES FOR CURRENT AND FUTURE OPERATIONS	25,208	21,378	3,830	23,904	27,734
NON-EXPENDABLE RESERVES:					
Funds re-invested in the Endowment for scholarships and other (note 10)	477		477	6,676	7,153
Donor restricted (note 11)	3,148		3,148	6,816	9,964
	3,625	0	3,625	13,492	17,117
	$28,833	$21,378	$7,455	$37,396	$44,851

See accompanying notes to the financial statements.

UNIVERSITY OF WINDSOR
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN NET ASSETS
YEAR ENDED APRIL 30, 2007, with comparative amounts for 2006
(in thousands of dollars)

	Current Operating Fund	Plant Fund	Expendable Trust Funds	Sub-total 2007	Non-expendable Appropriations	Endowment Funds	Total 2007	Total 2006
REVENUE								
Student fees	$90,156			$90,156			$90,156	$83,594
Government and research grants	108,789	$502	$25,312	134,603			134,603	129,790
Ancillary enterprises	25,411			25,411			25,411	24,719
Income from investments	5,340	856	2,632	8,828			8,828	3,683
Donations and gifts			2,818	2,818			2,818	3,188
Other revenue	9,628	87	3,180	12,895			12,895	12,322
Deferral of capital contributions (note 4)		(584)	(1,888)	(2,472)			(2,472)	(8,640)
Amortization or net change in deferred contributions		6,052	(460)	5,592			5,592	7,370
	239,324	6,913	31,594	277,831	0	0	277,831	256,026
EXPENDITURES								
Salaries, wages and benefits	149,377			149,377			149,377	138,368
Post-retirement benefits (note 8)	2,106			2,106			2,106	2,055
Material, supplies and services	20,484		3,391	23,875			23,875	22,076
Utilities	7,897			7,897			7,897	9,400
Repairs and renovations	13,473			13,473			13,473	11,464
Cost of goods sold	9,797			9,797			9,797	10,163
Loan interest and retirement costs	68	9,012		9,080			9,080	2,971
Scholarships and bursaries	10,910		5,946	16,856			16,856	15,572
Research			22,578	22,578			22,578	19,206
Amortization		17,382		17,382			17,382	17,545
	214,112	26,394	31,915	272,421	0	0	272,421	248,820
Excess of revenue over expenditures (expenditures over revenue)	25,212	(19,481)	(321)	5,410	0	0	5,410	7,206
Interfund transfers, net	(23,496)	20,322	321	(2,853)		2,853	0	0
Net appropriations (to) from reserves for current and future operations	(3,830)			(3,830)	3,830		0	0
Net appropriations (to) from non-expendable reserves					3,625	(3,625)	0	0
Endowment contributions				0		7,103	7,103	10,869
Net change in net assets	(2,114)	841	0	(1,273)	7,455	6,331	12,513	18,075
NET ASSETS, BEGINNING OF YEAR	(24,525)	55,740	0	31,215	37,396	32,591	101,202	83,127
NET ASSETS, END OF YEAR	($26,639)	$56,581	$0	$29,942	$44,851	$38,922	$113,715	$101,202

See accompanying notes to the financial statements.

UNIVERSITY OF WINDSOR
EXPENDABLE TRUST FUNDS
STATEMENT OF REVENUE AND EXPENDITURES
YEAR ENDED APRIL 30, 2007, with comparative amounts for 2006
(in thousands of dollars)

	Capital Campaigns	Scholarships and Awards	Other Funds	Sub-total 2007	Sponsored Research	Total 2007	Total 2006
REVENUE							
Government and research grants		$3,330		$3,330	$21,982	$25,312	$25,511
Income from investments	$31	1,860	$741	2,632		2,632	2,061
Donations and gifts	776	512	1,530	2,818		2,818	3,148
Other revenue	468	76	2,636	3,180		3,180	3,343
Deferral of capital contributions	(659)			(659)	(1,229)	(1,888)	(5,252)
Deferral of contributions	(2)	596	(6)	588	(1,048)	(460)	1,025
	614	6,374	4,901	11,889	19,705	31,594	29,836
EXPENDITURES							
Material, supplies and services	20	57	3,314	3,391		3,391	4,808
Scholarships and bursaries		5,937	9	5,946		5,946	5,319
Research					22,578	22,578	19,206
	20	5,994	3,323	9,337	22,578	31,915	29,333
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	$594	$380	$1,578	$2,552	($2,873)	($321)	$503

See accompanying notes to the financial statements.

UNIVERSITY OF WINDSOR
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2007, with comparative amounts for 2006
(in thousands of dollars)

	Current Operating Fund	Plant Fund	Expendable Trust Fund	Subtotal	Non-Expendable Appropriations and Endowment Funds	Total 2007	Total 2006
CASH PROVIDED BY (USED IN):							
Operations:							
Excess of revenue over expenditures (expenditures over revenue)	$25,212	($19,481)	($321)	$5,410	$0	$5,410	$7,206
Items not involving cash flow:							
Post-retirement benefits	2,106			2,106		2,106	2,055
Amortization		17,382		17,382		17,382	17,545
Amortization of deferred capital contributions		(6,052)		(6,052)		(6,052)	(6,345)
Increase (decrease) in non-cash working capital	60,253	(57,804)	198	2,647		2,647	(9,613)
	87,571	(65,955)	(123)	21,493	0	21,493	10,848
Financing:							
Payments on long-term debt	(262)	(26,882)		(27,144)		(27,144)	(2,904)
Proceeds from issuance of debentures		108,300		108,300		108,300	0
Trusteed sinking fund		(15,375)		(15,375)		(15,375)	0
Capital contributions deferred:							
Government grants		1,753		1,753		1,753	7,104
Donations for capital campaign		660		660		660	1,234
Other		59		59		59	302
Trust fund contributions deferred (net)			460	460		460	(1,025)
Endowment contributions							
Non-expendable donations and gifts				0	7,103	7,103	10,869
	(262)	68,515	460	68,713	7,103	75,816	15,580
Investing:							
Increase in investments	(38,321)	(68)	(658)	(39,047)	(9,956)	(49,003)	(14,297)
Purchase of capital assets:							
Land and buildings		(1,225)		(1,225)		(1,225)	(3,778)
Parking lots		(890)		(890)		(890)	0
Equipment		(6,842)		(6,842)		(6,842)	(9,782)
Library, books and collections		(5,567)		(5,567)		(5,567)	(4,241)
Capital in progress		(8,290)		(8,290)		(8,290)	(1,578)
	(38,321)	(22,882)	(658)	(61,861)	(9,956)	(71,817)	(33,676)
Interfund transfers, net	(23,496)	20,322	321	(2,853)	2,853	0	0
Increase (decrease) in cash	25,492	0	0	25,492	0	25,492	(7,248)
CASH, BEGINNING OF YEAR	17,262	0	0	17,262	0	17,262	24,510
CASH, END OF YEAR	$42,754	$0	$0	$42,754	$0	$42,754	$17,262

See accompanying notes to the financial statements.

UNIVERSITY OF WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2007

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 fund established for the Clark Residence, as outlined in Note 5, is 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 (cont'd)

(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. The operating grant from the Province of Ontario is considered unrestricted and is recorded in the period to which the operating funds relate.

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. Endowment contributions are recognized as direct increases in net assets.

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.

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 value except for the Province of Ontario Strip Bonds, which are valued at amortized cost. Income from these investments is recognized on the accrual basis and includes 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 2006 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-retirement benefits. Actual results could differ from those estimates.

(l) **Future change in accounting policies**

i) In 2005, the Canadian Institute of Chartered Accountants issued new accounting standards comprising handbook section 3855 - "Financial Instruments – Recognition and Measurement", section 3865 - "Hedges" and section 3251 - "Equity", which will be effective for the University for the fiscal year beginning May 1, 2007.

The standards require that organizations elect to designate each financial asset as held-for-trading, available-for-sale, held-to-maturity or loans and receivables. The standards requires that all financial assets be measured at fair value, with the exception of loans, receivables and investments classified as held-to-maturity which will be measured at amortized cost.

Similarly, the standards require that all financial liabilities be measured at fair value when they are held for trading. Other financial liabilities should be measured at amortized cost.

ii) The Canadian Institute of Chartered Accountants is considering amendments to the accounting for and disclosure requirements of pension and other employee future benefit plans. If enacted, effective for fiscal years ending after December 31, 2007, the funded status of such plans will be reflected in the Statement of Financial Position and will have a resulting impact on the Net change in net assets.

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

2007	Cost	Accumulated Amortization	Net Book Value
Land	$ 5,909	$ 0	$ 5,909
Buildings	233,363	101,347	132,016
Parking lots	4,853	3,134	1,719
Equipment	135,108	113,131	21,977
Library and books	87,031	75,227	11,804
Collections	1,346	0	1,346
Capital in progress	10,255	0	10,255
	$ 477,865	$ 292,839	$ 185,026

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

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

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

	2007	2006
Balance, beginning of year	$ 29,810	$ 30,835
Amount recognized as revenue in the year	(29,810)	(30,835)
Amount received related to the following year	30,270	29,810
Balance, end of year	$ 30,270	$ 29,810

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:

	2007	2006
Balance, beginning of year	$ 77,765	$ 75,470
Contributions received for capital purposes	2,472	8,640
Amortization of deferred capital contributions	(6,052)	(6,345)
Balance, end of year	$ 74,185	$ 77,765

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, 2007 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, 2007 reflected a balance of $1,460,400 (2006 - $1,285,200) 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 2007, $20,790 (2006 - $19,800) 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:

Debt #1 - 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, 2007, student fees exceeded the principal and interest by $165,000 (2006 – $150,000) and cumulatively, to April 30, 2007, principal and interest payments related to the debt exceeded student fees collected by $1,208,000 (2006 - $1,373,000).

This interest rate swap agreement is designated as a hedge of the loan. Under the terms of the agreement, the University agrees with the counterparty to exchange, at specified intervals and for a specified period, its floating interest for fixed interest, calculated on the notional principal of the loan. The use of the swap effectively enables the University to convert the floating rate interest obligations of the loan into a fixed rate obligation and thus manage its exposure to interest rate risk. At April 30, 2007, this agreement qualified as an effective hedge transaction. Should the University wish to dissolve the loan at April 30, 2007, the cost to the University would be $797,000 (2006 – $704,000).

Debt #2 - 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) **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 6.0%.

(e) **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 and the balance was left in a floating rate facility. Both facilities were fully retired in conjunction with the issuance of the unsecured debentures.

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

This loan was fixed under the terms of an interest rate swap agreement at 6.765% with a 30 year amortization due 2033. The loan was retired in conjunction with the issuance of the unsecured debentures.

(g) **Series A Senior Unsecured Debentures:**

On June 29, 2006, the University issued Series A senior unsecured debentures in the aggregate principal amount of $108,300,000 at par. 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 were used to finance capital projects as outlined in note 6(b), refinance existing indebtedness in the amount of $26,282,000, establish a trusteed sinking fund for the retirement of the debentures, and for other general purposes of the University.

Issuance costs associated with the debentures totaling $1,583,000 have been capitalized and will be amortized over the life of the debentures against the Current Operating Fund at an annual cost of $40,000. The capitalized amount, net of accumulated amortization, has been reported within the Prepaid and deferred expenditures caption in the Current Operating Fund. Costs associated with the retirement of the former indebtedness in the amount of $2,740,000 have been expensed in the year and are reported within the Loan interest and breakage costs caption in the Plant Fund.

A trusteed sinking fund was established for the purpose of accumulating funds to fully retire the series A senior unsecured debentures. An amount of $14,742,000 was invested in a 30 year Province of Ontario strip bond which will mature June 2, 2035. Proceeds from the strip bond will then be reinvested for 10 years so that, together with interest, there will be sufficient funds necessary to retire the entire debenture. No additional investment in the sinking fund is anticipated at this time. As of April 30, 2007, the value of this investment at amortized cost in the amount of $15,375,000, including accrued interest in the amount of $633,000, has been reported within the Long term debt caption in the Plant Fund.

As the proceeds to support capital projects were not required immediately, $55,000,000 was invested in Province of Ontario strip bonds maturing in June 2008 and December 2008.

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

The fair value of long term debt, based on rates currently available to the University for debt with similar terms and maturities, is approximately $125,634,000 (2006 - $44,505,000) with a carrying value of $124,164,000 (2006 - $43,008,000). The fair value is based on discounted cash flows at current rates.

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

(a) Due from (to plant fund) current operating fund is comprised of the following net proceeds(expenditures) supporting the various Plant Fund projects:

	2007	2006
Due to Plant Fund from Current Operating Fund:		
Engineering Building financed from bond proceeds and government grants	$ 49,654	$ 3,559
Medical Education Building financed from bond proceeds	6,535	0
Residence Capital Enhancement financed from bond proceeds and operations	4,861	0
Cody Hall Renovations financed from operations	2,990	1,990
Animal Care Renovations financed from operations	1,024	0
Other	4,149	5,619
	69,213	11,168
Due from Plant Fund to Current Operating Fund:		
Stadium to be financed from the Capital Campaign	(7,139)	(9,311)
Fitness Centre to be financed from the Athletics and Recreation Capital student fee	0	(1,248)
International Truck and Engine Corporation building to be financed from future lease payments	(2,991)	(3,161)
New Residence to be financed from operations	(1,280)	(1,180)
Law Building ESCO to be financed from future energy savings	(3,433)	0
Other	(2,027)	(1,729)
	(16,870)	(16,629)
Total	$ 52,343	$ (5,461)

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

	2007	2006
Capital assets	$185,026	$179,594
Investments	1,460	1,392
Due from (to plant fund) current operating fund	52,343	(5,461)
	238,829	175,525
Amounts financed by:		
Long term debt, net	(108,063)	(42,020)
Deferred capital contributions	(74,185)	(77,765)
	$ 56,581	$ 55,740

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

Changes in unrestricted fund balances are calculated as follows:

2007	Funded Operations	Other Accrued Costs	Total
Balance, beginning of year	$ 13	$ (24,538)	$ (24,525)
Net change in net assets	(8)	(2,106)	(2,114)
Balance, end of year	$ 5	$ (26,644)	$ (26,639)

2006	Funded Operations	Other Accrued Costs	Total
Balance, beginning of year	$ 9	$ (22,483)	$ (22,474)
Net change in net assets	4	(2,055)	(2,051)
Balance, end of year	$ 13	$ (24,538)	$ (24,525)

8. **PENSION AND OTHER POST-RETIREMENT BENEFITS** (thousands of dollars)

The actuarial valuation for the University of Windsor Employees' Retirement Plan as at July 1, 2006 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 and the next required actuarial valuation will be July 1, 2007. Provision has been made for the funding of this deficit in accordance with the actuarial valuation.

The University also provides for other post-retirement benefits. The University measures its accrued post-retirement benefits for accounting purposes as of April 30 and an actuarial valuation was completed as of April 30, 2007. During this process, certain benefits were identified that had not been included in the previous actuarial valuation. An adjustment has been made to reflect the impact of these benefits on the beginning balance of the liability. The results of the actuarial valuation are as follows:

	2007	2006
Accrued benefit liability, beginning of year (as previously reported)	$ 19,653	$ 18,464
Adjustment	4,885	4,019
Adjusted accrued benefit liability, beginning of year	24,538	22,483
Current service cost	1,076	1,083
Interest	1,558	1,492
Amortization of Past Service Cost	363	363
Amortization of net actuarial loss	124	93
Benefits paid	(1,015)	(976)
Sub total	2,106	2,055
Accrued benefit liability, end of year	26,644	24,538
Unamortized net actuarial losses	11,725	4,862
Accrued benefit obligations, end of year	$ 38,369	$ 29,400

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

Significant actuarial assumptions adopted in estimating the University's liability are as follows:

	2007	2006
Discount rate	5.40%	5.75%
Rate of compensation increase	5.00%	5.00%
Health care trend rate	8.3% decreasing to 4.9% in 2015	6.45% decreasing 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, 2007, commitments for future construction and renovations amounted to approximately $ 20,753,000.

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

Non-Expendable Trust and Endowment Funds include $7,153,000 for Scholarship and Other Endowment Funds restricted by the Board of Governors of the University of Windsor (2006 - $6,676,000). 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:	2007	2006
Balance, beginning of year	$ 7,287	$ 6,842
Investment Income	489	414
Preservation Capital	172	31
Balance, end of year	$ 7,948	$ 7,287

Expendable Funds:	2007	2006
Balance, beginning of year	$ 461	$ 413
Investment Income	380	353
Bursaries awarded (2007-182; 2006-175)	(269)	(274)
Transfer to Endowment Funds	(172)	(31)
Balance, end of year	$ 400	$ 461

14. **PLEDGES RECEIVABLE**

As at April 30, 2007, outstanding pledges for the *To Greater Heights* Campaign and the Annual Giving Program are $6,331,000 (2006 - $5,105,000).

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. **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.

SCHEDULE 1

UNIVERSITY OF WINDSOR
SCHEDULE OF CURRENT OPERATING FUND EXPENDITURES
YEAR ENDED APRIL 30, 2007, with comparative amounts for 2006
(in thousands of dollars)

	Academic	Academic Support	Library	Student Services	Computing	Administration and General	Plant Maintenance	External Relations	Ancillary Enterprises (Schedule 2)	Total 2007	Total 2006
Salaries, wages and benefits	$89,948	$10,247	$6,436	$8,107	$6,158	$7,234	$13,017	$2,123	$6,107	$149,377	$138,368
Post-retirement benefits	1,268	144	91	114	87	102	184	30	86	2,106	2,055
Materials, supplies and services	5,367	3,146	213	3,266	351	4,309	(1,425)	1,199	4,058	20,484	17,239
Utilities	0	0	0	0	0	0	5,808	0	2,089	7,897	9,400
Repairs and renovations	2,145	566	496	383	1,340	695	7,129	102	617	13,473	11,464
Cost of goods sold	42	0	0	55	0	288	297	0	9,115	9,797	10,163
Loan interest	0	0	0	68	0	0	0	0	0	68	86
Scholarships and bursaries	116	0	0	10,794	0	0	0	0	0	10,910	10,253
Total expenditures not including amortization - 2007	$98,886	$14,103	$7,236	$22,787	$7,936	$12,628	$25,010	$3,454	$22,072	$214,112	
Total expenditures not including amortization - 2006	$90,909	$13,220	$6,610	$20,183	$7,711	$11,636	$24,003	$2,657	$22,099		$199,028

UNIVERSITY OF WINDSOR
SCHEDULE OF ANCILLARY ENTERPRISES EXPENDITURES
YEAR ENDED APRIL 30, 2007, with comparative amounts for 2006
(in thousands of dollars)

	Residence and Food Services	Bookstore	Parking	Rental Properties	Total 2007	Total 2006
EXPENDITURES						
Salaries, wages and benefits	$4,547	$1,326	$224	$10	$6,107	$5,821
Post-retirement benefits	64	19	3	0	86	86
Materials, supplies and services	2,646	650	592	170	4,058	3,659
Utilities	1,975	70	23	21	2,089	2,510
Repairs and renovations	399	23	6	189	617	579
Cost of goods sold	2,538	6,577			9,115	9,444
Total expenditures before loan interest and amortization - 2007	$12,169	$8,665	$848	$390	$22,072	
Total expenditures before loan interest and amortization - 2006	$12,109	$8,879	$781	$330		$22,099

UNIVERSITY OF WINDSOR
SCHEDULE OF INVESTMENTS
APRIL 30, 2007, with comparative amounts for 2006
(in thousands of dollars)

	MARKET	
	2007	**2006**
Phillips, Hager & North Pooled Bond Fund	$22,276	$26,880
McLean Budden Pooled Funds	32,601	25,373
Lissom Management	585	489
Foyston, Gordon & Payne Inc. Pooled Funds	21,829	16,920
Province of Ontario Strip Bonds (note 5(g))	57,116	0
Windsor Family Credit Union Deposit	0	15,804
Government guaranteed bonds held for specific purposes (note 9)	1,061	904
Northern Trust Deposits	42	137
	$135,510	$86,507

SCHEDULE 4

UNIVERSITY OF WINDSOR
SCHEDULE OF LONG TERM DEBT
APRIL 30, 2007, with comparative amounts for 2006
(in thousands of dollars)

	Maturity Year	Annual Interest Rate	Current Year Principal Payment	Current Year Interest Payment	Principal Outstanding April 30, 2007	Principal Outstanding April 30, 2006
LONG TERM DEBT						
Clark Residence Phase I	2011	10.47%		$471	$4,496	$4,496
Clark Residence Phase II	2011	10.46%		287	2,746	2,746
CAW Student Centre	2024	6.425%	$230	445	6,766	6,996
CAW Student Centre	2010	7.32%	262	68	726	988
Chateau Park Property	2015	0.0%	150	0	1,050	1,200
Vanier Hall Renovation	2008	6.00%	220	10	80	300
MacDonald Hall			807	9	0	807
Cody Hall			352	2	0	352
Electa Hall			506	4	0	506
Laurier Hall			898	10	0	898
Superbuild Projects			6,641	0	0	6,641
Alumni Hall & Conference Centre			17,078	187	0	17,078
			27,144	1,493	15,864	43,008
Series A Senior Unsecured Debentures	2047	5.37%		4,846	108,300	0
Less: Trusteed Sinking fund					15,375	0
			0	4,846	92,925	0
			$27,144	$6,339	$108,789	$43,008

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

2008	$757
2009	$713
2010	$569
2011	$7,687
2012	$463