Financial Statements of

UNIVERSITY OF WINDSOR

April 30, 2009

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 judgments were employed. The Administration believes that financial statements present fairly the University's financial position as at April 30, 2009 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, 2009 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. Alan Wildeman
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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, 2009 and the statements of operations, changes in net assets 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, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Windsor, Canada
June 30, 2009

UNIVERSITY OF WINDSOR

Statement of Financial Position
(in thousands of dollars)

April 30, 2009, with comparative figures for 2008

		2009 $	2008 $
ASSETS			
Current			
Cash and cash equivalents		38,587	25,373
Short-term investments	note 2	104	60,914
Accounts receivable		15,827	11,932
Inventories and prepaid expenses		2,154	2,514
Total current assets		56,672	100,733
Investments	note 2	148,619	130,203
Capital assets, net	note 3	213,990	192,210
		419,281	423,146
LIABILITIES			
Current			
Accounts payable and accrued liabilities		29,169	30,403
Deferred revenue		8,166	6,592
Deferred contributions	note 4	38,891	30,548
Current portion of long-term debt		569	713
Total current liabilities		76,795	68,256
Deferred capital contributions	note 5	115,550	113,044
Employee future benefits	note 7	31,731	29,718
Long-term debt	note 8	103,655	105,017
		327,731	316,035
NET ASSETS			
Unrestricted			
Funded operations		-	-
Unfunded operations		(33,261)	(30,677)
Total unrestricted		(33,261)	(30,677)
Internally restricted	note 9	74,162	77,922
Endowment	note 10	50,649	59,866
		91,550	107,111
Commitments and contingent liabilities	note 14		
		419,281	423,146

See accompanying notes

UNIVERSITY OF WINDSOR

Statement of Operations
(in thousands of dollars)

Year ended April 30, 2009, with comparative figures for 2008

		2009 $	2008 $
REVENUE			
Grants and contracts (net of deferred capital contributions)		141,869	131,127
Student fees		101,275	95,171
Sales and services		24,219	24,843
Investment income		6,727	7,773
Donations, non-endowment		2,402	3,949
Deferred contributions, net		(8,343)	(278)
Amortization of deferred capital contributions	note 5	5,163	5,566
Other revenue		11,646	9,249
		284,958	277,400
EXPENSES			
Salaries and benefits		185,184	182,081
Materials, supplies and services		29,348	30,229
Repairs and renovations		16,450	15,567
Cost of goods sold		9,025	9,711
Utilities		7,945	8,011
Interest on long-term debt		7,625	7,241
Scholarships and bursaries		16,707	16,186
Amortization of capital assets		18,586	17,663
		290,870	286,689
Excess of expenses over revenue		(5,912)	(9,289)

See accompanying notes

UNIVERSITY OF WINDSOR

Statement of Changes in Net Assets
(in thousands of dollars)

Year ended April 30, 2009, with comparative figures for 2008

	Unrestricted				2009	2008
	Funded Operations	Unfunded Operations	Internally Restricted (note 9)	Endowment	Total	Total
	$	$	$	$	$	$
Net assets, beginning of year, as originally stated	-	(30,677)	77,922	59,866	107,111	113,715
Change in accounting policies (note 1)						(797)
Net assets, beginning of year, as restated	-	(30,677)	77,922	59,866	107,111	112,918
Excess of revenue over expenses (expenses over revenue)	14,556	(2,584)	(17,884)		(5,912)	(9,289)
Change in unexpended operating funds	36		(36)		-	-
Net contribution to investment in capital assets	(14,160)		14,160		-	-
Net investment loss charged directly to endowments				(10,074)	(10,074)	(1,740)
Internal contributions	(432)			432	-	-
Return of capital				(1,116)	(1,116)	-
External endowment contributions				1,541	1,541	5,222
Net assets, end of year	-	(33,261)	74,162	50,649	91,550	107,111

See accompanying notes

UNIVERSITY OF WINDSOR

Statement of Cash Flows
(in thousands of dollars)

Year ended April 30, 2009, with comparative figures for 2008

		2009 $	2008 $
OPERATING ACTIVITIES			
Excess of expenses over revenue		(5,912)	(9,289)
Add (deduct) non-cash items:			
Deferred contributions, net		8,343	278
Amortization of deferred capital contributions		(5,163)	(5,566)
Amortization of capital assets		18,586	17,663
Employee future benefits		2,013	3,074
Amortization of debt costs		40	40
Change in accounting policies	note 1	-	(797)
Net change in investments		1,846	(41)
Net change in non-cash working capital		(3,195)	11,352
Cash provided by operating activities		16,558	16,714
FINANCING ACTIVITIES			
Repayments of long-term debt		(713)	(757)
Contributions deferred for capital purposes		7,669	44,425
Trusteed sinking fund		(833)	(791)
Investment loss charged directly to endowment		(10,074)	(1,740)
Return of capital		(1,116)	-
External endowment contributions		1,541	5,222
Cash provided by (used in) financing activities		(3,526)	46,359
INVESTING ACTIVITIES			
Net change in investments		40,548	(55,607)
Purchase of capital assets		(40,366)	(24,847)
Cash provided by (used in) investing activities		182	(80,454)
Net increase (decrease) in cash and cash equivalents		13,214	(17,381)
Cash and cash equivalents, beginning of year		25,373	42,754
Cash and cash equivalents, end of year		38,587	25,373

See accompanying notes

AUTHORITY

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.

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applied within the framework of the significant accounting policies summarized below:

(a) **Change in accounting policies**

Effective May 1, 2007, the University adopted the recommendations of the Canadian Institute of Chartered Accountants (“CICA”) Section 3855: *Financial Instruments - Recognition and Measurement*, CICA 3861: *Financial Instruments - Disclosure and Presentation*, CICA 3865: *Hedges* and amendments in Section 4400, *“Financial Statement Presentation by Not-for-Profit Organizations”.*

CICA 3855 established standards for recognizing and measuring financial instruments, including the accounting treatment for changes in fair value. As required by CICA 3855 , all financial instruments were initially recorded and presented at fair value. They are subsequently valued at fair value or amortized cost depending on the classification selected for the financial instrument. Financial assets were classified as either “held-for-trading”, “held-to-maturity”, or “loans and receivables” and financial liabilities were classified as either “held-for-trading” or “other liabilities”. Financial assets and liabilities classified as held-for-trading were measured at fair value with changes in fair value recorded in the Statement of Operations, or as a direct increase in net assets, as appropriate. Financial assets classified as held-to-maturity or loans and receivables and financial liabilities classified as other liabilities were subsequently measured at amortized cost using the effective interest method.

In accordance with CICA 3865, all derivatives were measured at fair value and included on the Statement of Financial Position. In prior years, no value was recorded on the Statement of Financial Position for contracts in a hedging relationship. Further, CICA 3855 required that debt be recorded net of transaction costs related to the issuance of the debt. In prior years, these costs were included in prepaid and deferred expenditures.

The adoption of CICA 3855, 3861 and 3865 did not have a significant impact on the financial statements in the prior year, except for the recording of the value of derivative financial instruments on the Statement of Financial Position and the reclassification of transaction costs related to the issuance of debt.

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

As required by the transitional provisions of CICA 3855, the change in accounting policy was adopted retroactively, without restatement of the prior year's financial statements. The impact on the Statement of Financial Position as at May 1, 2007 of recording the derivative contracts at fair value was an increase in accounts payable and accrued liabilities and a decrease in unfunded operations of $797. Fair value was determined as the payment required to cancel the interest rate swap as at April 30, 2007. In addition, prepaid and deferred expenditures and long-term debt were reduced by $1,550, to reflect the reclassification of the transactions costs related to the issuance of the Series A Senior Unsecured Debentures (note 8).

Effective May 1, 2008, the University adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Section 1535: Capital Disclosures, which require the disclosure of qualitative and quantitative information that enables users of the financial statements to evaluate the organization's objectives, policies and processes for managing capital. The adoption of these recommendations only requires additional disclosures, which are provided in note 13.

Effective May 1, 2008, the University adopted retroactively, the changes to the recommendations in the Canadian Institute of Chartered Accountants ("CICA") Section 4400: Financial Statement Presentation for Not-For-Profit Organizations that eliminate the requirement to separately disclose the amount of net assets invested in capital assets and suggest that the amount may be included in internally restricted net assets. As a result, the University has reclassified the prior year financial statements to include the amount of net assets invested in capital assets as at April 30, 2008 of $52.576 million and April 30, 2009 of $48.852 million in internally restricted net assets (note 9).

(b) **Financial instruments**

The University has classified its financial instruments as follows:

- Cash is classified as held-for-trading.
- Investments are classified as either held-for-trading or held-to-maturity when there is the positive intent and ability to hold to maturity.
- Accounts receivable are classified as loans and receivables.
- Accounts payable and accrued liabilities and debt are classified as other liabilities.
- Derivative financial instruments which have not been designated as hedges for accounting purposes are classified as held-for-trading. The derivative financial instruments consist of an interest rate swap agreement which is included with accounts payable and accrued liabilities. The University no longer designates interest rate swap agreements as hedges as a result of new requirements for hedge accounting (CICA 3865) which came into effect on October 1, 2006.

The University has elected to record transaction costs on long-term debt as part of the amortized cost using the effective interest method. Other transactions costs related to investments are expensed as incurred.

The University has elected to use trade date accounting for regular-way purchases and sales of financial assets.

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

(c) **Investments and investment income**

Investments that are classified as held-for-trading are carried at fair value. Fair value amounts represent estimates of the consideration that would be agreed upon by knowledgeable, willing parties who are under no compulsion to act. It is best evidenced by a quoted market price, if one exists. The calculation of estimated fair value is based upon market conditions at a specific point in time and may not be reflective of future fair values.

Investments that are classified as held-to-maturity are recorded at cost plus accrued interest at their effective yield (amortized cost).

Investment income includes interest, dividends, income distributed from pooled funds, realized and unrealized capital gains and losses and realized and unrealized currency gains and losses and is net of applicable transaction costs. Investment income is recorded as revenue in the Statement of Operations except for investment income earned on deferred contributions and the amount in excess of what is made available for spending on restricted endowments, which is recorded as a direct change to endowments.

(d) **Derivative financial instruments**

Derivative financial instruments are used to manage particular risks, including interest rate risk, credit risk, and foreign exchange risk. The University's policy is not to utilize derivative financial instruments for trading or speculative purposes.

In order to manage its interest rate risk, the University has entered into an interest rate swap agreement to convert variable rate interest on the bankers' acceptances term loan to a fixed rate. The University does not designate interest rate swap agreements as hedges for accounting purposes. Accordingly, the interest rate swap contracts are marked to market based on the fair value provided by the financial institution which is counterparty to these contracts, with changes in fair value recorded in investment income or interest on long-term debt.

(e) **Inventories**

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

(f) **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 and are carried on the University records at the vendors' original construction or purchase price of $5,594. The difference of $2,352 is included in Investment in capital assets.

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

Amortization of capital assets includes any loss recognized on disposal or impairment in value of capital assets. Any gains are reported in Other revenue. Amortization is provided on a straight line basis using the following rates:

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

(g) **Revenue recognition**
The University follows the deferral method of accounting for contributions which include donations and government grants.

Unrestricted contributions are recognized as revenue when received or receivable. The operating grant from the Province of Ontario is considered unrestricted and is recorded in the period to which the operating funds relate.

Externally restricted contributions, other than endowment, are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred, and when expended, are amortized into revenue, at a rate corresponding with the amortization rate for the related capital assets.

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. All ancillary revenues from student fees and sale of goods and services are included in sales and services on the statement of operations.

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.

(h) **Employee future benefits**
The University provides pension benefits to employees primarily through a hybrid pension plan and a defined benefits plan. Under the hybrid arrangement, the University and employees are required to make contributions based on a specified percentage of the employee's earnings. The amount of pension benefits provided to employees is based upon the accumulation of contributions and investment earnings thereon, when the employee retires, subject to a guaranteed minimum benefit amount. The University records the cost of providing this benefit equal to its requirement to make contributions on an annual basis.

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

The cost of this program is determined on an actuarial basis using the projected benefit method prorated on services and management's best estimates regarding assumptions about a number of future conditions including salary changes, withdrawals, mortality rates and expected health care costs. The discount rate used to determine service cost and liabilities is based on the prevailing market interest rates on long-term fixed income securities with maturities that match the expected maturities of the obligations. The excess of the cumulative net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the expected average remaining service period of active employees.

The University provides other employee future benefits such as medical, dental and life insurance to eligible employees and retirees. 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.

(i) **Unrestricted unfunded operations**
Employee future benefits and the loss on the interest rate swap are included in unrestricted unfunded operations.

(j) **Internally restricted net assets**
University policy permits faculties and other departments to carry forward certain unexpended budget allocations for current and future purposes. These amounts are provided for by transfers to internally restricted net assets. Amounts restricted for the purpose of investment in capital assets are also included.

(k) **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.

(l) **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.

(m) **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 employee future benefits. Actual results could differ from those estimates.

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

(n) **Agency obligations**
The University acts as an agent which holds resources and makes disbursements on behalf of various unrelated individuals and groups. The University has no discretion over such agency transactions. Resources received in connection with such agency transactions are reported as liabilities, not revenue, and subsequent distributions are reported as decreases to these liabilities.

(o) **Future change in accounting policies**
The CICA has issued revisions to the 4400 series and certain other sections to amend or improve reporting as it relates to not-for-profit organizations. With respect to presentation, these changes include making CICA 1540: Cash Flow Statements applicable to not-for-profit organizations, and requiring the reporting of revenues and expenses on a gross basis in the Statement of Operations unless not required by other guidance. These changes in accounting policies must be adopted by years beginning on or after January 1, 2009, with early adoption permitted. Management is evaluating the impact of these revisions and the timing of their adoption. However, the impact will be limited to reclassification of certain amounts in the statements and additional disclosures.

NOTE 2
INVESTMENTS

	2009	**2008**
	$	$
Cash, money market funds, short-term notes and treasury bills	22,498	3,829
Bank note	42,328	40,227
Government and corporate bonds	46,643	114,599
Canadian equities	21,450	15,252
US equities	10,347	10,987
Other international equities	5,457	6,223
	148,723	191,117
Less amounts reported as:		
Short-term investments	104	60,914
	148,619	130,203

NOTE 3
CAPITAL ASSETS

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Land	7,145	-	7,145	6,304
Buildings	258,925	110,860	148,065	130,957
Parking lots	5,329	4,231	1,098	2,178
Equipment	143,928	125,082	18,846	20,454
Library and books	96,685	84,446	12,239	11,943
Collections	1,352	-	1,352	1,346
Capital in progress	25,245	-	25,245	19,028
	538,609	324,619	213,990	192,210

In the year, amortization of capital assets includes write downs and loss on disposals of $2,002 (2008 - $543).

NOTE 4
DEFERRED CONTRIBUTIONS

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

	2009	2008
	$	$
Balance, beginning of year	30,548	30,270
Amount recognized as revenue in the year	(30,548)	(30,270)
Amount received or accrued related to the following year	38,891	30,548
Balance, end of year	38,891	30,548

NOTE 5
DEFERRED CAPITAL CONTRIBUTIONS

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

	2009	2008
	$	$
Balance, beginning of year	113,044	74,185
Contributions received for capital purposes	7,669	44,425
Amortization of deferred capital contributions	(5,163)	(5,566)
	2,506	38,859
Balance, end of year	115,550	113,044

NOTE 6
EMPLOYEE PENSION PLANS

The active employees of the University are covered by two pension plans. The Pension Plan for Faculty and Certain Employees is a money purchase plan with a minimum guaranteed benefit (Faculty Plan). The Employees' Retirement Plan is a defined benefits pension plan (Employee Plan). At retirement, plan members can elect to take a pension payable that secures the benefit payments promised by the University sponsored pension plan.

The actuarial funding valuation as of July 1, 2008 determined that the Faculty Plan had a $22,955 unfunded liability ($14,330 at July 1, 2007) to be funded over a period not to exceed 15 years as required under the Pension Benefits Act of Ontario. The liability for funding purposes also requires special payments of $2,647 per year for 15 years. The actuarial funding valuation as of July 1, 2008 determined that the Employee Plan had a $9,259 funding excess ($10,516 at July 1, 2007).

A summary of the financial status of the plans as at July 1, 2008 is as follows:

	Employee Plan	**Faculty Plan**
Accrued benefit obligation	$126,645	$323,798
Fair value of plan assets	135,904	300,843
Funding excess (unfunded liability)	$ 9,259	$(22,955)

The significant actuarial assumptions adopted in measuring the University's accrued pension obligation are as follows:

	Employee Plan	**Faculty Plan**
Expected long-term rate of return on plan assets	6%	6.55%
Rate of compensation increase	5%	5%

The funding valuations of the plans, as at July 1, 2008, show contributions from the University as follows:

(a) Faculty Plan
    (1) Money Purchase –6% of pensionable payroll;
    (2) Defined Benefit (Minimum Guarantee) – 4.96% of pensionable payroll; and
    (3) Special Payments – $220.6 per month
(b) Employee Plan
    (1) Equal to members' contributions to a maximum of 6% of pensionable payroll.

The University contributed $9,415 to the Faculty Plan and $2,204 to the Employee Plan during the year and these outlays are included in the Statement of Operations as an annual expense.

The next mandatory actuarial funding valuation of the pension plans will be on or prior to July 1, 2011.

NOTE 7
EMPLOYEE FUTURE BENEFITS

The University provides for non-pension employee future benefits. The University measures its accrued employee future benefits for accounting purposes as of April 30 each year. An actuarial valuation was completed as of April 30, 2007 with extrapolation to April 30, 2009. The results of the actuarial valuation are as follows:

	2009	**2008**
	$	$
Accrued benefit liability, beginning of year	29,718	26,644
Current service cost	767	1,709
Interest	2,178	1,969
Amortization of actuarial loss (net)	248	511
Benefits paid	(1,180)	(1,115)
	2,013	3,074
Accrued benefit liability, end of year	31,731	29,718
Unamortized actuarial losses (net)	2,653	7,374
Total employee future benefits, end of year	34,384	37,092

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

	2009	**2008**
Discount rate	8.40%	6.25%
Rate of compensation increase	4.50%	5.00%
Health care trend rate	8.30%	7.92%
	decreasing to	decreasing to
	4.96% in 2028	4.85% in 2015

NOTE 8
LONG-TERM DEBT

(a) Details of the long-term debt are as follows:

	Maturity Fiscal Year	Interest Rate	Annual Payment (Principal and/or Interest)	2009 Principal Outstanding	2008 Principal Outstanding
			$	$	$
Series A Senior Unsecured Debentures	2047	5.37%	5,816	108,300	108,300
Less: Trusteed Sinking Fund				(16,999)	(16,166)
Transaction costs				(1,471)	(1,511)
			5,816	89,830	90,623
Ministry of Municipal Affairs and Housing	2011	10.47%	758	7,242	7,242
Bank of Montreal	2024	6.425%	674	6,260	6,520
Bank of Montreal	2010	7.32%	330	142	445
Great West Life Assurance Co.	2015	0.00%	150	750	900
			1,912	14,394	15,107
				104,224	105,730
Current portion of long-term debt				569	713
			7,728	103,655	105,017

The fair value of long-term debt, based on rates currently available to the University for debt with similar terms and maturities, is approximately $110,955 (2008 - $124,242) with a carrying value of $122,694 (2008 - $123,407). The fair value is based on discounted cash flows at current rates. The fair value of the Trusteed Sinking Fund is $17,861 (2008 – $17,523).

(b) Long-term debt repayments:
The principal repayments of the long-term debt required in the next five fiscal years are:

Fiscal Year	Principal
2010	569
2011	7,687
2012	463
2013	482
2014	503

NOTE 9
INTERNALLY RESTRICTED NET ASSETS

	2009	2008
	$	$
Invested in capital assets	48,852	52,576
Unexpended operating funds		
Purchase orders and special projects	10,126	8,671
Budget carryforward for operating expenditures	9,896	9,166
Positioning fund	2,971	2,368
Other specific purposes	200	2,313
Ancillary enterprises	(663)	(588)
Financial planning	1,000	1,000
Working capital investment reserve	-	500
Payroll pensions	1,780	1,916
	25,310	25,346
	74,162	77,922

NOTE 10
ENDOWMENT

Contributions restricted for endowment consist of restricted donations received by the University, internal allocations, and contributions internally endowed by the Board of Governors. The investment income generated from endowments must be used in accordance with the various purposes established by the donors or the Board of Governors.

Investment income on endowments that is available for spending at the discretion of the University or is available for spending as conditions have been met, has been recorded in the Statement of Operations. Under University policy only a portion of the income is spent and the balance is reinvested with the objective of protecting the real value of the endowment against inflation and fluctuations in market returns. In any particular year, should net investment income be insufficient to fund the amount to be made available for spending, or if the investment return is negative, the amount that is made available for spending is funded from accumulated reinvested income.

In 2009, the investment loss of $8,463 on endowments and the amount made available for spending of $1,611, totaling $10,074, was funded from endowment net assets. The amount made available for spending was recorded as investment income in the Statement of Operations. In 2009, there was a return of capital of $1,116 to Canterbury College related to the release of the University’s guarantee of their obligations under their lease of a Canterbury College student residence.

NOTE 10
ENDOWMENT (cont'd)

	Externally Endowed $	Internally Endowed $	2009 Total Endowed $	2008 Total Endowed $
Endowment, beginning of year	52,888	6,978	59,866	56,039
Internal contributions	432	-	432	345
External contributions	1,541	-	1,541	5,222
Investment loss	(8,841)	(1,233)	(10,074)	(1,740)
Return of capital	(1,116)	-	(1,116)	-
Endowment, end of year	44,904	5,745	50,649	59,866

NOTE 11
ONTARIO STUDENT OPPORTUNITY TRUST FUND (PHASE I)

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:

	2009 $	2008 $
Endowment Funds:		
Balance, beginning of year	7,575	7,948
Investment loss	(1,043)	(63)
Preservation capital	(388)	(310)
Balance, end of year	6,144	7,575
Expendable Funds:		
Balance, beginning of year	430	400
Investment income	389	359
Bursaries awarded (2009-149; 2008-178)	(263)	(280)
Transfer to Endowment	-	(49)
Balance, end of year	556	430

NOTE 12
FINANCIAL INSTRUMENTS

The University's financial instruments have been recognized and measured as disclosed in note 1. The University manages certain risks associated with its financial instruments as follows:

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The University is subject to interest rate cash flow risk with respect to its floating rate debt. The University has addressed this risk by entering into a twenty-year interest rate swap that fixes the interest at 6.425%. All other debts of the University have fixed rates and are therefore not exposed to cash flow interest rate risk.

The University's short-term and portfolio investments are subject to interest rate fluctuations as maturing investments are reinvested at new rates of interest. The market value of investments in Government and Corporate bonds will fluctuate due to changes in market interest rates.

(b) Currency risk

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates. The University receives some research revenues in non-Canadian currencies and does not mitigate the potential for loss in revenues that could result due to a fall in value of the foreign currency between invoicing of such amounts and the time of receipt of funds. A portion of the University's investments for Endowment is invested outside of Canada. A reduction in the value of that foreign currency would have an adverse affect on the value of these investments. This risk is monitored through its investment managers.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause another party to incur a financial loss. The University does not expect any counterparties to fail to meet their obligations given their high credit ratings. The University has established policies and minimum credit rating requirements for such investments.

NOTE 13
CAPITAL MANAGEMENT

In managing capital, the University focuses on liquid resources available for operations. The organization's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purpose. The need for sufficient liquid resources is considered in the preparation of the annual operating budget and capital projects, with actual results being compared to budget on a regular basis, and in the monitoring and forecasting of cash flows.

The University has an available line of credit of $3 million that can be used when sufficient cash flow is not available from operations to cover operating and capital expenditures. This line of credit was not utilized during the current fiscal year.

As at April 30, 2009, the University has met its objective of having sufficient liquid resources to meet its current obligations.

NOTE 14
COMMITMENTS AND CONTINGENT LIABILITIES

At April 30, 2009, commitments for future construction and renovations amounted to approximately $11,873.

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.

NOTE 15
SUBSEQUENT EVENT

In May 2009, the University was awarded $40 million for the construction of the Centre for Engineering Innovation under the Federal government's Knowledge Infrastructure Program. Investments under this program represent near-term economic stimulus, vital to the rebound of Ontario's and Canada's economies from the current economic crisis. Final details on how the funds will flow remain outstanding.

NOTE 16
COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2009 financial statements.