



Financial Statements of

UNIVERSITY OF WINDSOR

April 30, 2011

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, 2011 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, 2011 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
President

Mr. Mark Charlton
Executive Director, Finance



KPMG LLP
Chartered Accountants
618 Greenwood Centre
3200 Deziel Drive
Windsor, ON N8W 5K8

Telephone (519) 251-3500
Fax (519) 251-3530
(519) 251-3540
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Governors of the University of Windsor

We have audited the accompanying financial statements of the University of Windsor, which comprise the statement of financial position as at April 30, 2011, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the University of Windsor as at April 30, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

October 18, 2011
Windsor, Canada

UNIVERSITY OF WINDSOR**Statement of Financial Position**

(in thousands of dollars)

April 30, 2011, with comparative figures for 2010

		2011	2010
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		23,294	19,260
Short-term investments		59,185	83,251
Accounts receivable		16,358	13,403
Inventories and prepaid expenses		3,383	2,624
Total current assets		102,220	118,538
Investments	note 2	107,352	98,119
Deferred pension asset	note 6	-	1,648
Capital assets, net	note 3	261,106	229,568
		470,678	447,873
LIABILITIES			
Current			
Accounts payable and accrued liabilities		37,780	32,176
Deferred revenue		4,844	6,586
Deferred contributions	note 4	35,881	30,859
Current portion of long-term debt		463	7,687
Total current liabilities		78,968	77,308
Deferred capital contributions	note 5	151,898	130,881
Employee future benefit liabilities	note 6	41,522	36,070
Long-term debt	note 7	93,789	95,132
		366,177	339,391
NET ASSETS			
Unrestricted			
Funded operations		-	-
Unfunded operations		(44,967)	(37,828)
Total unrestricted		(44,967)	(37,828)
Internally restricted	note 8	84,207	86,954
Endowment	note 9	65,261	59,356
		104,501	108,482
Commitments and contingent liabilities	note 15	470,678	447,873

See accompanying notes

UNIVERSITY OF WINDSOR**Statement of Operations**

(in thousands of dollars)

Year ended April 30, 2011, with comparative figures for 2010

		2011	2010
		\$	\$
REVENUE			
Grants and contracts	note 5	136,709	138,987
Student fees		113,188	105,701
Sales and services		23,718	22,873
Investment income		10,307	10,598
Donations, non-endowment		1,444	1,406
Amortization of deferred capital contributions	note 5	4,698	4,641
Other revenue		10,658	11,335
		300,722	295,541
EXPENSES			
Salaries and benefits	note 6	206,754	198,240
Materials, supplies and services		30,710	30,575
Repairs and renovations		16,315	13,058
Cost of goods sold		7,102	7,141
Utilities		7,429	6,946
Interest on long-term debt		6,441	7,015
Scholarships and bursaries		17,664	16,127
Amortization of capital assets	note 3	17,736	16,957
		310,151	296,059
Deficiency of revenue over expenses		(9,429)	(518)

See accompanying notes

Statement of Changes in Net Assets

(in thousands of dollars)

Year ended April 30, 2011, with comparative figures for 2010

					2011	2010
	Unrestricted		Internally Restricted (note 8)	Endowment	Total	Total
	Funded Operations	Unfunded Operations				
	\$	\$	\$	\$	\$	\$
Net assets, beginning of year	-	(37,828)	86,954	59,356	108,482	100,671
Excess (deficiency) of revenue over expenses	14,446	(7,139)	(16,736)		(9,429)	(518)
Change in unexpended operating funds	(721)		721		-	-
Net contribution to investment in capital assets	(13,268)		13,268		-	-
Net investment income attributed directly to endowments				2,874	2,874	5,517
Internal endowment contributions	(457)			457	-	-
External endowment contributions				2,574	2,574	2,812
Net assets, end of year	-	(44,967)	84,207	65,261	104,501	108,482

See accompanying notes

UNIVERSITY OF WINDSOR

Statement of Cash Flows

(in thousands of dollars)

Year ended April 30, 2011, with comparative figures for 2010

	2011	2010
	\$	\$
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	(9,429)	(518)
Add (deduct) non-cash items:		
Deferred contributions, net	5,022	1,089
Amortization of deferred capital contributions	(4,698)	(4,641)
Amortization of capital assets	17,736	16,957
Employee future benefits	7,100	2,691
Amortization of debt transaction costs	40	39
Net change in investments	(573)	(2,068)
Net change in non-cash working capital	148	3,381
Cash provided by operating activities	15,346	16,930
FINANCING ACTIVITIES		
Repayments of long-term debt	(7,686)	(569)
Contributions deferred for capital purposes	25,715	19,972
Trusteed sinking fund	(921)	(875)
Investment income attributed directly to endowment	2,874	5,517
External endowment contributions	2,574	2,812
Cash provided by (used in) financing activities	22,556	26,857
INVESTING ACTIVITIES		
Net change in investments	15,406	(30,579)
Purchase of capital assets	(49,274)	(32,535)
Cash provided by (used in) investing activities	(33,868)	(63,114)
Net increase (decrease) in cash and cash equivalents	4,034	(19,327)
Cash and cash equivalents, beginning of year	19,260	38,587
Cash and cash equivalents, end of year	23,294	19,260
Cash paid for interest	6,574	6,977
Cash received from interest	2,768	3,071

See accompanying notes

UNIVERSITY OF WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars, unless otherwise noted)
APRIL 30, 2011

AUTHORITY

The University of Windsor (the "University") 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) Future changes in accounting policies

In November 2010, the Accounting Standards Board of the Canadian Institute of Chartered Accountants ("CICA") issued Part III of the CICA Handbook that sets out the accounting standards for not-for-profit organizations that are effective for fiscal years beginning on or after January 1, 2012, with an option to early-adopt. The University is currently evaluating the impact of these standards.

(b) Financial instruments

The University has classified its financial instruments as follows:

- Cash and cash equivalents are 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 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.

(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

NOTE 1

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

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 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**

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.

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.

NOTE 1

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

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.

Tuition fees which relate to academic terms or parts thereof occurring after April 30th are recorded as deferred revenue.

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 of Windsor Employees' Retirement Plan (Employee) is a defined benefit plan. The University of Windsor Retirement Plan for Faculty and Certain Other Employees (Faculty) is a defined contribution pension plan, which has a defined benefit component that provides a minimum level of pension benefits. Under this hybrid Faculty plan, 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 has approved supplemental plans for certain retirees to provide them with benefits that are in excess of limitations within a Registered Plan.

Additionally, certain faculty are members of the Teachers' Superannuation Fund and employees who are members of CUPE 1001 are members of the CUPE 1001 Pension Plan. Both of these plans are multi-employer plans and as such, the University records the cost of providing these benefits equal to its requirement to make contributions on an annual basis.

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

The cost of providing pension benefits for the Employee and Faculty plans and post-employment benefits other than pensions is determined and recognized in the Statements of Operations and Changes in Net Assets 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 investment returns, compensation changes, withdrawals, mortality rates and expected health care costs. The discount rate used to determine service cost and liabilities is based on the

NOTE 1

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

prevailing market interest rates on long-term fixed income securities. Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Actuarial gains (losses) on the accrued benefit obligation arise from differences between the actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. 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, currently 16 years (2010 – 16 years).

(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 future purposes. These amounts are provided for by transfers to internally restricted net assets. Amounts restricted for the purpose of investment in capital assets and unspent departmental restricted funds, 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 expenses 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.

(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.

NOTE 2
INVESTMENTS

	2011	2010
	\$	\$
Cash, money market funds, term notes and treasury bills	47,974	22,963
Bank note	-	44,218
Government and corporate bonds	73,332	73,492
Canadian equities	25,641	22,330
US equities	13,296	12,550
Other international equities	6,294	5,817
	166,537	181,370
Less amounts reported as:		
Short-term investments	59,185	83,251
	107,352	98,119

NOTE 3
CAPITAL ASSETS

	2011		2010
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Land	7,945	-	7,945
Buildings	283,646	122,360	161,286
Parking lots	4,636	3,218	1,418
Equipment	155,641	135,840	19,801
Library and books	105,955	94,128	11,827
Collections	1,359	-	1,359
Capital in progress	57,470	-	57,470
	616,652	355,546	261,106

In the year, amortization of capital assets includes write downs and loss on disposals of \$1,246 (2010 - \$410).

NOTE 4
DEFERRED CONTRIBUTIONS

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

	2011	2010
	\$	\$
Balance, beginning of year	30,859	29,770
Amount recognized as revenue in the year	(30,859)	(29,770)
Amount received or accrued related to the following year	35,881	30,859
Balance, end of year	35,881	30,859

NOTE 5**DEFERRED CAPITAL CONTRIBUTIONS**

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

	2011	2010
	\$	\$
Unspent:		
Balance, beginning of year	42,555	41,655
Add contributions received in the year	25,715	19,972
Less amounts utilized in the year	(43,270)	(19,072)
Balance, end of year	25,000	42,555
Unamortized:		
Balance, beginning of year	88,326	73,895
Add contributions utilized in the year	43,270	19,072
Less amounts amortized to revenue	(4,698)	(4,641)
Balance, end of year	126,898	88,326
Total unspent and unamortized capital contributions	151,898	130,881

NOTE 6**EMPLOYEE FUTURE BENEFITS****Defined benefit plans**

The University measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at April 30 of each year. The latest actuarial valuations for funding purposes, for the University of Windsor Retirement Plan for Faculty and Certain Other Employees (Faculty) and the University of Windsor Employees' Retirement Plan (Employee) were completed as of July 1, 2008. The next valuations are required to be completed as of July 1, 2011.

The assets of the plans (other than the supplemental plan) are managed by external investment managers, are held by an independent custodian, and are completely separate and apart from the assets of the University.

The University also provides for other non-pension post-employment employee benefits. The University measures its accrued non-pension employee future benefits for accounting purposes as of April 30 each year. An actuarial valuation was completed as of April 30, 2010, with extrapolation to April 30, 2011.

NOTE 6**EMPLOYEE FUTURE BENEFITS (cont'd)**

Information about the University's benefit plans as at April 30 is as follows:

- (a) Reconciliation of the funded status of the defined benefit plans to the accrued benefit asset (liability):

	2011		
	Pension		Other
	Faculty	Employee	
	\$	\$	\$
Accrued benefit obligation	(389,073)	(168,934)	(44,492)
Fair value of plan assets	333,252	148,010	-
Plan deficit	(55,821)	(20,924)	(44,492)
Balance of unamortized amounts	53,404	20,513	5,798
Accrued benefit liability	(2,417)	(411)	(38,694)

	2010		
	Pension		Other
	Faculty	Employee	
	\$	\$	\$
Accrued benefit obligation	(359,017)	(150,406)	(41,052)
Fair value of plan assets	299,861	131,557	-
Plan deficit	(59,156)	(18,849)	(41,052)
Balance of unamortized amounts	58,930	20,497	5,208
Accrued benefit asset (liability)	(226)	1,648	(35,844)

In addition to the plan assets, the University has set aside \$1,635 (2010 - \$1,734) as internally restricted net assets at April 30, 2011 related to its supplemental retirement arrangement obligations (Payroll pensions) (note 8).

- (b) Details of annual contributions and benefits paid are as follows:

	2011			Other
	Pension			
	Faculty	Employee	Multi-employer	
	\$	\$	\$	
Employer contributions	10,846	3,201	441	1,210
Employees contributions	4,475	3,201	436	-
Benefits paid	16,147	5,177	n/a	1,210

NOTE 6
EMPLOYEE FUTURE BENEFITS (cont'd)

	2010			Other
	Pension			
	Faculty	Employee	Multi- employer	
	\$	\$	\$	
Employer contributions	10,480	2,291	444	1,223
Employees contributions	4,185	2,295	438	-
Benefits paid	16,540	5,460	n/a	1,223

(c) Information on the net benefit expense included in salaries and benefits is as follows:

	2011		2010	
	Pension	Other	Pension	Other
	\$	\$	\$	\$
Net benefit expense	18,702	4,060	12,205	5,336

(d) Plan assets are invested as follows:

	2011	2010
	%	%
Equities	60.9	55.9
Fixed income	36.5	42.8
Other	2.6	1.3
	100%	100%

NOTE 6**EMPLOYEE FUTURE BENEFITS (cont'd)**

(e) The significant actuarial assumptions adopted in measuring the University's accrued benefit obligation and benefit costs for accounting purposes are as follows:

2011			
	Pension		Other
	Faculty	Employee	
Accrued Benefit Obligation:			
Discount rate	5.75%	5.75%	5.90%
Rate of compensation increase	5.00%	5.00%	5.00%
Initial weighted average health care trend rate	n/a	n/a	7.68%
Ultimate weighted average health care trend rate	n/a	n/a	4.50%
Year ultimate rate reached	n/a	n/a	2030
Benefit Cost:			
Discount rate	6.00%	6.00%	6.00%
Rate of inflation	2.50%	2.50%	
Expected long-term rate of return on plan assets	6.50%	6.50%	n/a
Rate of compensation increase	5.00%	5.00%	5.00%
2010			
	Pension		Other
	Faculty	Employee	
Accrued Benefit Obligation:			
Discount rate	6.00%	6.00%	6.00%
Rate of compensation increase	5.00%	5.00%	5.00%
Initial weighted average health care trend rate	n/a	n/a	7.75%
Ultimate weighted average health care trend rate	n/a	n/a	4.50%
Year ultimate rate reached	n/a	n/a	2030
Benefit Cost:			
Discount rate	8.40%	8.40%	8.40%
Rate of inflation	2.50%	2.50%	
Expected long-term rate of return on plan assets	7.50%	7.50%	n/a
Rate of compensation increase	5.00%	5.00%	5.00%

NOTE 7
LONG-TERM DEBT

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

	Maturity Fiscal Year	Interest Rate	Annual Payment (Principal and/or Interest) \$	2011 Principal Outstanding \$	2010 Principal Outstanding \$
Series A Senior Unsecured Debentures	2047	5.37%	5,816	108,300	108,300
Less: Trusteed Sinking Fund				(18,795)	(17,874)
Transaction costs				(1,392)	(1,432)
			5,816	88,113	88,994
Ministry of Municipal Affairs and Housing	2011	10.47%	7,399	-	7,242
Bank of Montreal	2024	6.425%	685	5,689	5,983
Great West Life Assurance Co.	2015	0.00%	150	450	600
			8,234	6,139	13,825
				94,252	102,819
Current portion of long-term debt				463	7,687
			14,050	93,789	95,132

The fair value of long-term debt, based on rates currently available to the University for debt with similar terms and maturities, is approximately \$116,959 (2010 - \$118,478) with a carrying value of \$114,439 (2010 - \$122,125). The fair value is based on discounted cash flows at current rates. The fair value of the Trusteed Sinking Fund is \$20,825 (2010 - \$18,470).

The University has entered into an interest derivative agreement to manage the volatility of interest rates. The University converted floating rate debt for fixed rate debt at 6.425 %. The related derivative agreement is in place until the maturity of the debt in fiscal 2024.

(b) Long-term debt repayments:

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

<u>Fiscal Year</u>	<u>Principal</u>
2012	463
2013	482
2014	503
2015	376
2016	399

NOTE 8
INTERNALLY RESTRICTED NET ASSETS

	2011	2010
	\$	\$
Invested in capital assets	44,410	47,878
Unexpended operating funds		
Purchase orders and special projects	13,491	14,103
Budget carryforward for operating expenditures	11,921	10,393
Positioning fund	2,417	2,417
Other specific purposes	200	200
Ancillary enterprises	(1,533)	(1,105)
Financial planning	1,000	1,000
Working capital investment reserve	1,298	500
Payroll pensions	1,635	1,734
	30,429	29,242
Unexpended restricted funds		
Unspent departmental research funds	7,642	8,411
Unspent departmental trust funds	1,726	1,423
	9,368	9,834
	84,207	86,954

NOTE 9
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.

	Externally	Internally	2011	2010
	Endowed	Endowed	Total	Total
	\$	\$	\$	\$
Endowment, beginning of year	53,016	6,340	59,356	50,649
Internal contributions	457	-	457	378
External contributions	2,574	-	2,574	2,812
Investment income	2,551	323	2,874	5,517
Endowment, end of year	58,598	6,663	65,261	59,356

NOTE 10**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:

	2011	2010
	\$	\$
Endowment Funds:		
Balance, beginning of year	6,894	6,144
Investment income	315	587
Preservation capital	88	163
Balance, end of year	7,297	6,894
Expendable Funds:		
Balance, beginning of year	470	556
Investment income	364	369
Bursaries awarded (2011-216; 2010-196)	(306)	(292)
Transfer to Endowment	(88)	(163)
Balance, end of year	440	470

NOTE 11**FIRST GENERATION PILOT PROJECT INITIATIVES**

For the period from May 1, 2010 to April 30, 2011, the University's financial statements include expenditures totaling \$65 incurred for the purpose of carrying out the First Generation Pilot Project Initiatives. The goal of this project is to increase the awareness of the benefits of post-secondary education of First Generation Students and to increase their participation, retention and graduation rates.

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.

NOTE 12

FINANCIAL INSTRUMENTS (cont'd)

(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, 2011, the University has met its objective of having sufficient liquid resources to meet its current obligations.

NOTE 14

STATEMENT OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

	2011 \$	2010 \$
Accounts receivable	(2,955)	2,424
Inventories and prepaid expenses	(759)	(470)
Accounts payable and accrued liabilities	5,604	3,007
Deferred revenue	(1,742)	(1,580)
Net change working in non-cash working capital balances	148	3,381

NOTE 15**COMMITMENTS AND CONTINGENT LIABILITIES**

At April 30, 2011, commitments for future construction and renovations amounted to approximately \$48,758 (2010 - \$86,418). These projects will be financed by grants, internal funds and fundraising.

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 16**COMPARATIVE FINANCIAL STATEMENTS**

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2011 financial statements.