Financial Statements of

UNIVERSITY OF WINDSOR

Year ended April 30, 2014

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 Chartered Professional Accountants of Canada. In order to achieve the objective of fair presentation in all material respects, reasonable estimates and judgments were employed. The Administration believes that the financial statements present fairly the University's financial position as at April 30, 2014 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, 2014 has been reported on by KPMG LLP, Chartered Professional Accountants, the auditors appointed by the Board of Governors. The independent 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

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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, 2014, 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 accounting standards for not-for-profit organizations, 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 the 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, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit-organizations.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

October 21, 2014
Windsor, Canada

UNIVERSITY OF WINDSOR
Statement of Financial Position
(in thousands of dollars)

April 30, 2014, with comparative financial information for 2013

		2014 $	2013 $
ASSETS			
Current			
Cash and cash equivalents		55,087	29,728
Short-term investments		21,862	415
Accounts receivable		16,947	16,780
Inventories and prepaid expenses		3,980	4,028
Total current assets		97,876	50,951
Investments	note 2	133,887	139,997
Capital assets, net	note 3	337,942	326,964
		569,705	517,912
LIABILITIES and DEFERRED CONTRIBUTIONS			
Current			
Accounts payable and accrued liabilities	note 11	42,139	43,989
Deferred revenue		4,457	7,659
Deferred contributions	note 4	34,208	34,550
Current portion of long-term debt		1,214	1,104
Total current liabilities		82,018	87,302
Deferred capital contributions	note 5	158,295	154,789
Employee future benefits	note 6	124,667	115,099
Long-term debt	note 7	149,604	118,848
		514,584	476,038
NET ASSETS			
Unrestricted			
Funded operations		-	9
Unfunded operations		(121,933)	(118,090)
Total unrestricted		(121,933)	(118,081)
Internally restricted	note 8	95,022	89,065
Endowment	note 9	82,032	70,890
		55,121	41,874
Commitments and contingent liabilities	note 14		
		569,705	517,912

See accompanying notes

UNIVERSITY OF WINDSOR
Statement of Operations
(in thousands of dollars)

Year ended April 30, 2014, with comparative financial information for 2013

		2014 $	2013 $
REVENUE			
Grants and contracts		138,136	135,705
Student fees		146,628	133,633
Sales and services		23,486	23,922
Investment income		7,390	8,672
Donations, non-endowment		1,507	1,407
Amortization of deferred capital contributions	note 5	6,950	6,735
Other revenue		12,665	11,238
		336,762	321,312
EXPENSES			
Salaries and benefits		213,261	205,463
Materials, supplies and services		36,446	34,749
Repairs and renovations		21,677	15,076
Cost of goods sold		6,026	6,544
Utilities		8,158	8,020
Interest on long-term debt		7,049	6,412
Scholarships and bursaries		17,466	17,793
Amortization of capital assets	note 3	19,014	18,635
		329,097	312,692
Excess of revenue over expenses, before other items		7,665	8,620
Change in unfunded employee future benefit liabilities	note 6	(9,568)	(2,033)
Change in fair value of interest rate swaps	note 7	5,725	(1,723)
Excess of revenue over expenses		3,822	4,864

See accompanying notes

UNIVERSITY OF WINDSOR

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

Year ended April 30, 2014, with comparative financial information for 2013

	Unrestricted				2014	2013
	Funded Operations $	Unfunded Operations $	Internally Restricted (note 8) $	Endowment (note 9) $	Total $	Total $
Net assets, beginning of year	9	(118,090)	89,065	70,890	41,874	32,204
Excess of revenue over expenses	25,672	(3,843)	(18,007)		3,822	4,864
Change in unexpended operating and restricted funds	(4,205)		4,205		-	-
Net contribution to investment in capital assets	(19,759)		19,759		-	-
Investment income allocated to endowments				12,701	12,701	5,953
Allocation for spending from accumulated investment returns				(5,186)	(5,186)	(3,216)
Internal endowment contributions	(1,717)			1,717	-	-
External endowment contributions				1,910	1,910	2,069
Net assets, end of year	-	(121,933)	95,022	82,032	55,121	41,874

See accompanying notes

UNIVERSITY OF WINDSOR
Statement of Cash Flows
(in thousands of dollars)

Year ended April 30, 2014, with comparative financial information for 2013

		2014 $	2013 $
OPERATING ACTIVITIES			
Excess of revenue over expenses		3,822	4,864
Add (deduct) non-cash items:			
Deferred contributions, net		(342)	57
Amortization of deferred capital contributions		(6,950)	(6,735)
Amortization of capital assets		19,014	18,635
Employee future benefits		9,568	2,033
Interest rate swaps		(5,725)	1,723
Amortization of debt transaction costs		40	40
Net change in investments		188	(468)
Net change in non-cash working capital	note 13	554	(137)
Cash provided by operating activities		20,169	20,012
FINANCING ACTIVITIES			
Repayments of long-term debt		(1,104)	(630)
Proceeds from issuance of debt		33,000	28,700
Contributions deferred for capital purposes		10,456	7,000
Trusteed sinking fund		(1,070)	(1,018)
Investment income allocated to endowments		12,701	5,953
Allocation for spending from accumulated investment returns		(5,186)	(3,216)
External endowment contributions		1,910	2,069
Cash provided by financing activities		50,707	38,858
INVESTING ACTIVITIES			
Net change in investments		(15,525)	11,709
Purchase of capital assets		(29,992)	(51,520)
Cash used in investing activities		(45,517)	(39,811)
Net increase in cash and cash equivalents		25,359	19,059
Cash and cash equivalents, beginning of year		29,728	10,669
Cash and cash equivalents, end of year		55,087	29,728
Cash paid for interest		7,479	6,373
Cash received from interest		1,195	946

See accompanying notes

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 Part III of the Chartered Professional Accountants (CPA) of Canada Handbook – Accounting, which sets out generally accepted accounting principles for not-for-profit organizations in Canada.

The significant accounting policies of the University are summarized below:

(a) Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and investments with a maturity of approximately three months or less at the date of purchase, unless they are held for investment rather than liquidity purposes, in which case they are classified as investments.

(b) Financial Instruments

Financial instruments are recorded at fair value upon initial recognition. Investments in equity instruments that are quoted in an active market and derivative contracts are subsequently measured at fair value. All other financial instruments are not subsequently revalued and continue to be carried at this value, which represents cost net of any provisions for impairment, which is assessed on an annual basis.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair market value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and are amortized using the straight-line method.

(c) Investments and investment income

Investments reported at fair value consist of cash, money market funds, term notes, treasury bills, equity instruments that are quoted in an active market as well as pooled fund investments, derivative contracts and any investments in fixed income securities that the University designates upon purchase to be measured 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.

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

Investments that are not designated to be measured at fair value, are recorded at cost plus accrued interest at their effective yield (amortized cost).

Investment income and losses, which consist of interest, dividends, income distributed from pooled funds, realized and unrealized capital gains and losses and realized and unrealized currency gains and losses, net of applicable transaction costs are recorded as investment income in the Statement of Operations except for the investment income designated for externally restricted endowments.

The amount made available for spending against externally restricted endowments is recorded as investment income and any restricted amounts available for spending that remain unspent at year-end are deferred and categorized as deferred contributions. Investment income on externally restricted endowments in excess of the amount made available for spending, losses on externally restricted endowments and deficiency of investment income compared to the amount available for spending are recorded as direct increases (decreases) to endowments.

(d) Derivative financial instruments

In order to manage its interest rate risk, the University has entered into interest rate swap agreements to convert variable rate interest on bankers' acceptances term loans 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 the Statement of Operations.

(e) Inventories

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

(f) Capital assets

Capital assets are recorded at cost. Contributed assets are recorded at fair market value at the date of contribution.

Amortization of capital assets includes any loss recognized on disposal or impairment in value of capital assets. When a capital asset no longer contributes to the University's ability to provide services, the carrying value is written down to its residual value. Any gains or losses are reported in Amortization of Capital Assets. 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

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

(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 endowments, 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. External endowment contributions and income preserved as capital protection on externally restricted endowments are recognized as direct increase in net assets in the year in which they are received. Income preserved as capital protection on internally restricted endowments is recorded as unrestricted revenue and transferred to internal endowments.

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 30 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.

Externally 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 Plan) is a defined contributory benefit plan. The University of Windsor Retirement Plan for Faculty and Certain Other Employees (Faculty Plan) 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.

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

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 University accounts for its defined benefit plans using the immediate recognition approach. The University recognizes the amount of the accrued benefit obligation, net of the fair value of plan assets measured at year end, adjusted for any valuation allowance, in the Statement of Financial Position. Actuarial gains and losses and past service costs are included in the cost of the plans for the year.

The accrued benefit obligation for the pension plans are determined based on the latest actuarial valuation report prepared for funding purposes. The actuarial valuations are performed at least every three years. In the years between valuations, pension plan results are prepared based on extrapolation of the latest available funding valuation results. Assets of the Employee and Faculty Plans are valued using fair values at April 30.

The accrued benefit obligation for other non-pension benefits is determined based on an actuarial valuation using accounting assumptions that is prepared at least every three years. In years when an actuarial valuation is not prepared, the University uses a roll-forward technique to estimate the accrued liability.

The cost of providing post-employment benefits other than pensions is determined and recognized in the Statement of Operations on an actuarial basis using the projected benefit method prorated on services and administration's best estimates regarding assumptions about a number of future conditions including compensation 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 high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments.

(i) Unrestricted unfunded operations

The changes in unfunded employee future benefits and the fair value of interest rate swaps 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. Also included, are amounts restricted for the purpose of investment in capital assets and unexpended departmental internally restricted funds.

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

(k) 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.

(l) Use of estimates
The preparation of financial statements 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.

(m) 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.

(n) Future accounting changes
Effective for fiscal years beginning on or after January 1, 2014, the University will be required to adopt the accounting standards for Employee Future Benefits in accordance with Section 3463 of the CPA, Canada Handbook applied on a retroactive basis. Administration is in the process of assessing the impact on the financial statements of the adoption of this standard.

NOTE 2
INVESTMENTS

	2014	**2013**
	$	$
Cash, money market funds, term notes and treasury bills	22,774	21,892
Government and corporate bonds	68,210	66,388
Canadian equities	33,314	27,508
Global equities	31,451	24,624
	155,749	140,412
Less amounts reported as:		
Short-term investments	21,862	415
	133,887	139,997

NOTE 3
CAPITAL ASSETS

		2014		2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Land	8,186		8,186	8,141
Buildings	405,778	143,372	262,406	260,315
Parking lots	2,994	2,506	488	556
Equipment	173,794	150,075	23,719	24,517
Library and books	117,708	107,902	9,806	10,826
Collections	1,359		1,359	1,359
Capital in progress	31,978		31,978	21,250
	741,797	403,855	337,942	326,964

In the year, amortization of capital assets totaled $19,014 (2013 - $18,635) including write downs and loss on disposals of $96 (2013 - $195).

NOTE 4
DEFERRED CONTRIBUTIONS

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

	2014	2013
	$	$
Balance, beginning of year	34,550	34,493
Amount recognized as revenue in the year	(34,550)	(34,493)
Amount received or accrued related to the following year	34,208	34,550
Balance, end of year	34,208	34,550

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:

	2014 $	2013 $
Unspent:		
Balance, beginning of year	1,217	820
Add contributions received in the year	10,456	7,000
Less amounts utilized in the year	(5,998)	(6,603)
Balance, end of year	5,675	1,217
Unamortized:		
Balance, beginning of year	153,572	153,704
Add contributions utilized in the year	5,998	6,603
Less amounts amortized to revenue	(6,950)	(6,735)
Balance, end of year	152,620	153,572
Total deferred capital contributions	158,295	154,789

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 Faculty and Employee Plans were completed as of July 1, 2011. The next valuations are required to be completed as of July 1, 2014. Preliminary valuation results report a going concern deficit for the Faculty Plan and a solvency deficit for the Employee Plan. During this fiscal year, the University applied and qualified for Stage One of the public sector pension plan temporary solvency funding relief program. This allows the University three years of relief from making solvency special payments.

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, 2014.

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 liability:

	2014			
	Pension		Other	Totals
	Faculty	Employee		
	$	$	$	$
Accrued benefit obligation	467,495	174,493	75,210	717,198
Fair value of plan assets	418,038	193,887		611,925
Valuation allowance		(19,394)		(19,394)
Plan deficit	(49,457)	-	(75,210)	(124,667)

	2013			
	Pension		Other	Totals
	Faculty	Employee		
	$	$	$	$
Accrued benefit obligation	406,983	158,293	68,816	634,092
Fair value of plan assets	360,700	166,455		527,155
Valuation allowance		(8,162)		(8,162)
Plan deficit	(46,283)	-	(68,816)	(115,099)

In addition to the plan assets, the University has set aside $1,516 (2013 - $1,446) as internally restricted net assets at April 30, 2014 related to its supplemental retirement arrangement obligations (Payroll pensions) (note 8).

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

	2014			
	Pension			Other
	Faculty	Employee	Multi-employer	
	$	$	$	$
Employer contributions	13,099	3,361	497	1,146
Employee contributions	6,048	3,361	607	
Benefits paid	21,762	7,069	n/a	1,146

NOTE 6
EMPLOYEE FUTURE BENEFITS (cont'd)

	2013			
	Pension			Other
	Faculty	Employee	Multi-employer	
	$	$	$	$
Employer contributions	13,370	3,512	504	1,087
Employees contributions	5,894	3,512	499	
Benefits paid	20,416	6,248	n/a	1,087

(c) Information on the net benefit expense included in salaries and benefits and change in unfunded employee future benefit liability is as follows:

	2014		2013	
	Pension	Other	Pension	Other
	$	$	$	$
Current service and finance costs	45,944	5,597	42,724	5,930
Actual return on plan assets	(87,493)		(47,473)	
Actuarial losses	50,190	1,943	4,683	6,979
Increase in valuation allowance	11,232		7,397	
Net benefit expense	19,873	7,540	7,331	12,909

(d) Plan assets are invested as follows:

	2014	2013
	%	%
Equities	63	62
Fixed income	34	35
Other	3	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:

	2014		
	Pension		Other
	Faculty	Employee	
Accrued Benefit Obligation:			
Discount rate	5.95%	5.60%	4.40%
Rate of compensation increase	5.00%	4.00%	5.00%
Initial weighted average health care trend rate	n/a	n/a	7.22%
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	5.95%	5.60%	5.00%
Rate of inflation	2.60%	2.60%	n/a
Rate of compensation increase	5.00%	4.00%	5.00%

	2013		
	Pension		Other
	Faculty	Employee	
Accrued Benefit Obligation:			
Discount rate	5.95%	5.60%	4.20%
Rate of compensation increase	5.00%	4.00%	5.00%
Initial weighted average health care trend rate	n/a	n/a	7.34%
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	5.95%	5.60%	5.00%
Rate of inflation	2.60%	2.60%	n/a
Rate of compensation increase	5.00%	4.00%	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)	2014 Principal Outstanding	2013 Principal Outstanding
			$	$	$
Series A Senior Unsecured Debentures	2047	5.37%	5,816	108,300	108,300
Less: Trusteed Sinking Fund				(21,851)	(20,781)
Transaction costs				(1,273)	(1,313)
			5,816	85,176	86,206
TD Bank (#1)	2043	3.03%	1,458	27,952	28,553
TD Bank (#2)	2045	3.13%	488	33,000	-
Bank of Montreal	2024	6.425%	690	4,690	5,043
Great West Life Assurance Co.	2014	0.00%	150	-	150
			2,786	65,642	33,746
				150,818	119,952
Current portion of long-term debt				1,214	1,104
			8,602	149,604	118,848

In 2013, the University entered into a credit facility loan agreement with TD Bank for a total amount of $72,100. The 1st tranche (#1) for $28,700 was issued on January 31, 2013. This floating rate 20-year loan was hedged with an interest rate swap to lock in an effective interest rate of 3.03%. The interest rate swap matures in January 2043. Principal and interest payments are being made on this loan. The 2nd tranche (#2) for $43,400 would be issued in increments with $33,000 issued in 2014 and $10,400 to be issued in 2015. This floating rate 20-year loan is hedged with an interest rate swap to lock in an effective interest rate of 3.13%. The interest rate swap matures in January 2045. Interest only payments are being made until February 2015 at which time principal and interest payments will commence.

The University has entered into an interest derivative agreement with the Bank of Montreal 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.

The fair value of the interest rate swaps of $2,734 (2013 – ($2,991)) is recorded on the Statement of Financial Position (Net Assets, Unfunded Operations). The change in fair value of the interest rate swaps of $5,725 (2013 – ($1,723)) is recorded in the Statement of Operations.

NOTE 7
LONG-TERM DEBT (cont'd)

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

Fiscal Year	Principal
2015	1,214
2016	1,931
2017	2,004
2018	2,080
2019	2,160

NOTE 8
INTERNALLY RESTRICTED NET ASSETS

	2014	**2013**
	$	$
Invested in capital assets	56,173	54,421
Unexpended operating funds		
Purchase orders and special projects	12,901	9,807
Internally financed capital and repair projects	(20,398)	(18,084)
Budget carryforward for operating expenditures	27,225	25,794
Positioning fund	2,417	2,417
Other specific purposes	5,502	4,929
Ancillary enterprises	(2,909)	(2,827)
Financial planning	1,000	1,000
Working capital investment reserve	2,000	993
Payroll pensions	1,516	1,446
	29,254	25,475
Unexpended restricted funds		
Unspent departmental research funds	7,527	7,226
Unspent departmental trust funds	2,068	1,943
	9,595	9,169
Total unexpended operating and restricted funds	38,849	34,644
Total internally restricted net assets	95,022	89,065

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.

NOTE 9
ENDOWMENT (cont'd)

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 Endowed $	Internally Endowed $	**2014** Total Endowed $	**2013** Total Endowed $
Endowment, beginning of year	64,220	6,670	70,890	65,256
Internal contributions	827	890	1,717	828
External contributions	1,910		1,910	2,069
Investment income allocated	12,701		12,701	5,953
Allocation for spending from accumulated investment returns	(5,186)		(5,186)	(3,216)
Endowment, end of year	74,472	7,560	82,032	70,890

NOTE 10
ONTARIO STUDENT OPPORTUNITY TRUST FUND (OSOTF) AND ONTARIO TRUST FOR STUDENT SUPPORT (OTSS)

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

The University has recorded the following amounts under Phase I of the OSOTF program:

	2014 $	**2013** $
Endowment Funds:		
Balance, beginning of year	7,357	6,941
Investment income	867	311
Preservation capital	54	105
Balance, end of year	8,278	7,357
Expendable Funds:		
Balance, beginning of year	462	478
Investment income	390	369
Bursaries awarded (2014-162; 2013-158)	(298)	(278)
Transfer to Endowment	(54)	(107)
Balance, end of year	500	462

NOTE 10
ONTARIO STUDENT OPPORTUNITY TRUST FUND (OSOTF) AND ONTARIO TRUST FOR STUDENT SUPPORT (OTSS) (cont'd)

The University has recorded the following amounts under Phase II of the OSOTF program:

	2014	**2013**
Endowment Funds:	$	$
Balance, beginning of year	2,517	2,574
Preservation capital	24	(57)
Balance, end of year	2,541	2,517

	2014	**2013**
Expendable Funds:	$	$
Balance, beginning of year	139	146
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	96	100
Bursaries awarded (2014-70 ; 2013-73)	(86)	(107)
Balance, end of year	149	139

The market value of the endowment as at April 30, 2014 is $3,271 (2013 - $2,894).

The University has recorded the following amounts under the OTSS program:

	2014	**2013**
Endowment Funds:	$	$
Balance, beginning of year	21,083	21,082
Donations	127	-
Preservation capital	150	1
Balance, end of year	21,360	21,083
Expendable Funds:		
Balance, beginning of year	1,522	1,154
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	849	1,030
Bursaries awarded (2014-407; 2013-399)	(698)	(662)
Balance, end of year	1,673	1,522

The market value of the endowment as at April 30, 2014 is $28,031 (2013 - $24,650).

NOTE 11
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities, are government remittances payable of $2,895 (2013 - $2,879) which includes amounts payable for HST and payroll related taxes.

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 debts. The University has addressed this risk by entering into interest rate swaps that fix the interest rates for the terms of the loans. 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 effect 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. Accounts receivable are recorded net of an allowance for doubtful accounts of $5,940 (2013 - $5,384). The University does not expect other 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
STATEMENT OF CASH FLOWS

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

	2014	2013
	$	$
Accounts receivable	(167)	4,840
Inventories and prepaid expenses	48	(742)
Accounts payable and accrued liabilities	3,875	(7,841)
Deferred revenue	(3,202)	3,606
Net change working in non-cash working capital balances	554	(137)

NOTE 14
COMMITMENTS AND CONTINGENT LIABILITIES

At April 30, 2014, commitments for future construction and renovations amounted to approximately $31,714 (2013 - $20,114). 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 15
SUBSEQUENT EVENTS

The University has entered into agreements to purchase two properties subsequent to the year end. In May 2014, the University purchased property on Freedom Way for $3.98 million to house the School of Creative Arts. In July 2014, the historic Assumption University building and a two-storey house on Riverside Drive were purchased for a total of $3.02 million.