Financial Statements of

UNIVERSITY OF WINDSOR

Year ended April 30, 2015

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, 2015 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, 2015 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

Ms. Sandra Aversa
Vice President, Planning and Administration

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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, 2015, 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, 2015, 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, 2015
Windsor, Canada

UNIVERSITY OF WINDSOR

Statement of Financial Position
(in thousands of dollars)

April 30, 2015, with comparative financial information for 2014

		2015	2014
		$	$
			(note 1B)
ASSETS			
Current			
Cash and cash equivalents		32,086	55,087
Short-term investments		46,587	21,862
Accounts receivable		15,903	16,947
Inventories and prepaid expenses		3,955	3,980
Total current assets		98,531	97,876
Investments	note 2	155,396	133,887
Capital assets, net	note 3	366,262	337,942
		620,189	569,705
LIABILITIES and DEFERRED CONTRIBUTIONS			
Current			
Accounts payable and accrued liabilities	note 11	43,830	42,139
Deferred revenue		6,365	4,457
Deferred contributions	note 4	33,882	34,208
Current portion of long-term debt		1,948	1,214
Total current liabilities		86,025	82,018
Deferred capital contributions	note 5	172,182	158,295
Employee future benefits	note 6	89,762	110,458
Long-term debt	note 7	156,453	149,604
		504,422	500,375
NET ASSETS			
Unrestricted			
Funded operations		-	-
Unfunded operations		(94,227)	(107,724)
Total unrestricted		(94,227)	(107,724)
Internally restricted	note 8	107,852	93,506
Endowment	note 9	102,142	83,548
		115,767	69,330
Commitments and contingent liabilities	note 14		
		620,189	569,705

See accompanying notes

UNIVERSITY OF WINDSOR

Statement of Operations
(in thousands of dollars)

Year ended April 30, 2015, with comparative financial information for 2014

		2015	2014
		$	$
			(note 1B)
REVENUE			
Grants and contracts		135,216	137,478
Student fees		153,846	146,484
Sales and services		21,277	23,486
Investment income		12,029	9,442
Donations, non-endowment		1,480	737
Amortization of deferred capital contributions	note 5	7,395	6,950
Other revenue		10,171	12,185
		341,414	336,762
EXPENSES			
Salaries and benefits		218,219	217,612
Materials, supplies and services		34,058	36,446
Repairs and renovations		19,543	21,677
Cost of goods sold		5,470	6,026
Utilities		7,963	8,158
Interest on long-term debt		8,283	7,049
Scholarships and bursaries		16,461	17,466
Amortization of capital assets	note 3	20,481	19,014
Change in fair value of interest rate swaps	note 7	7,200	(5,725)
		337,678	327,723
Excess of revenue over expenses		3,736	9,039

See accompanying notes

UNIVERSITY OF WINDSOR

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

Year ended April 30, 2015, with comparative financial information for 2014

	Unrestricted				2015	2014
						(note 1B)
	Funded Operations	Unfunded Operations	Internally Restricted (note 8)	Endowment (note 9)	Total	Total
	$	$	$	$	$	$
Net assets, beginning of year	-	(107,724)	93,506	83,548	69,330	56,603
Excess of revenue over expenses	26,848	(11,150)	(11,962)		3,736	9,039
Change in unexpended operating and restricted funds	(16,619)		16,619		-	-
Net contribution to investment in capital assets	(9,689)		9,689		-	-
Investment income allocated				8,755	8,755	12,701
Allocation for spending from accumulated investment returns				(4,843)	(4,843)	(5,186)
Employee future benefit remeasurement costs (note 6)		24,647			24,647	(5,737)
Contributed land	631				631	-
Internal endowment contributions	(1,171)			1,171	-	-
External endowment contributions				13,511	13,511	1,910
Net assets, end of year	-	(94,227)	107,852	102,142	115,767	69,330

See accompanying notes

UNIVERSITY OF WINDSOR

Statement of Cash Flows
(in thousands of dollars)

Year ended April 30, 2015, with comparative financial information for 2014

		2015 $	2014 $ *(note 1B)*
OPERATING ACTIVITIES			
Excess of revenue over expenses		3,736	9,039
Add (deduct) non-cash items:			
Deferred contributions, net		(326)	(342)
Amortization of deferred capital contributions		(7,395)	(6,950)
Amortization of capital assets, net of loss on disposal		19,951	18,919
Employee future benefits		3,951	4,350
Interest rate swaps		7,200	(5,725)
Amortization of debt transaction costs		39	40
Net change in non-cash working capital	note 13	(2,532)	554
Cash provided by operating activities		24,624	19,885
FINANCING ACTIVITIES			
Repayments of long-term debt		(1,731)	(1,104)
Proceeds from issuance of debt		10,400	33,000
Contributions deferred for capital purposes		21,282	10,456
Trusteed sinking fund		(1,125)	(1,070)
Investment income allocated to endowments		8,755	12,701
Endowment investment income for spending		(4,843)	(5,186)
External endowment contributions		13,511	1,910
Cash provided by financing activities		46,249	50,707
INVESTING ACTIVITIES			
Net change in investments		(46,234)	(15,338)
Net purchase of capital assets		(47,640)	(29,895)
Cash used in investing activities		(93,874)	(45,233)
Net increase in cash and cash equivalents		(23,001)	25,359
Cash and cash equivalents, beginning of year		55,087	29,728
Cash and cash equivalents, end of year		32,086	55,087

See accompanying notes

UNIVERSITY OF WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars, unless otherwise noted)
APRIL 30, 2015

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 1A
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 pooled funds and derivative instruments are subsequently measured at fair value. All other financial instruments are measured initially at fair value, and subsequently at amortized cost.

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, and equity instruments 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 1A
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (cont'd)

Investments that are not designated to be measured at fair value are subsequently recorded at 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 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 including land are recorded at fair market value at the date of contribution are reported in the Statement of Changes in Net Assets.

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

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

NOTE 1A
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 pensionable 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 1A
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, adjusted for any valuation allowance, in the Statement of Financial Position. Current service and finance costs are expensed during the year, while remeasurements and other items, representing the total of the difference between actual and expected return on plan assets, actuarial gains and losses, adjustments to the valuation allowance, and past service costs, are recognized as a direct increase or decrease in net assets.

The accrued benefit obligations for the plans are determined based on the latest actuarial valuation reports prepared for funding purposes. The accrued obligation for the unfunded plan is prepared on a basis consistent with funded plans. The actuarial valuations are performed at least every three years. In the years between valuations, the University uses a roll-forward technique to estimate the defined benefit obligation. Assets of the pension plans are valued using fair values at April 30.

(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.

(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.

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

(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, and subsequent distributions are reported as decreases to these liabilities.

NOTE 1B
ADOPTION OF REPORTING EMPLOYEE FUTURE BENEFITS BY NOT-FOR-PROFIT ORGANIZATIONS

Effective May 1, 2014, the University adopted new CPA Canada Handbook Accounting Part III Section 3463, *Reporting Employee Future Benefits by Not-for-Profit Organizations* on a retrospective basis. Section 3463.01 provides that a not-for-profit organization applies Section 3462 *Employee Future Benefits* except as otherwise provided for in Section 3463.

In accordance with Section 3463, remeasurements and other items are recognized directly in net assets rather than in the Statement of Operations, and presented as a separately identified item in the Statement of Changes in Net Assets. The impact of this change on the Statement of Operations is captured within Salaries and benefits expense.

In adopting Section 3463, the University has elected to use a valuation for funding purposes to determine the obligation for the non-pension benefit plans.

The impact is as follows:

Statement of Financial Position:

	As at April 30, 2014		
	As previously presented	Adjustment	As Restated
Employee future benefits	$ 124,667	($ 14,209)	$ 110,458

Statement of Operations:	For the year ended April 30, 2014		
	As previously presented	Adjustment	As Restated
Excess of revenue over expenses	$ 3,822	$ 5,217	$ 9,039

Statement of Changes in Net Assets:

	As at April 30, 2014		
	As previously presented	Adjustment	As Restated
Net assets, beginning of year	$ 41,874	$ 14,729	$ 56,603
Net assets, end of year	$ 55,121	$ 14,209	$ 69,330

NOTE 2
INVESTMENTS

	2015	2014
	$	$
Cash, money market funds, term notes and treasury bills	47,368	22,774
Government and corporate bonds	79,697	68,210
Canadian equities	38,644	33,314
Global equities	36,274	31,451
	201,983	155,749
Less amounts reported as:		
Short-term investments	46,587	21,862
	155,396	133,887

NOTE 3
CAPITAL ASSETS

	Cost	Accumulated Amortization	2015 Net Book Value	2014 Net Book Value
	$	$	$	$
Land	13,657	-	13,657	8,186
Buildings	428,162	152,361	275,801	262,406
Parking lots	2,994	2,571	423	488
Equipment	178,602	155,520	23,082	23,719
Library and books	121,008	111,955	9,053	9,806
Collections	1,359	-	1,359	1,359
Capital in progress	42,887	-	42,887	31,978
	788,669	422,407	366,262	337,942

In the year, amortization of capital assets totaled $20,481 (2014 - $19,015) including write downs and loss on disposals of $530 (2014 - $96).

NOTE 4
DEFERRED CONTRIBUTIONS

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

	2015	2014
	$	$
Balance, beginning of year	34,208	34,550
Amount recognized as revenue in the year	(34,208)	(34,550)
Amount received or accrued related to the following year	33,882	34,208
Balance, end of year	33,882	34,208

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:

	2015	**2014**
	$	$
Balance, beginning of year	158,295	154,789
Additions for capital purchases	21,282	10,456
Amortization of deferred capital contributions	(7,395)	(6,950)
Balance, end of year	172,182	158,295

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, 2014. The next valuations are required to be completed as of July 1, 2017. Valuation results report a going concern deficit for the Faculty Plan and a going concern surplus for the Employee Plan.

The assets of the funded plans 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 funding purposes as of April 30. An actuarial valuation for the non-pension employee future benefits plans was completed as of April 30, 2015. The next valuation will be completed as of April 30, 2016.

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:

	2015			
	Pension		Other	Totals
	Faculty	Employee		
	$	$	$	$
Accrued benefit obligation	480,439	184,386	65,061	729,886
Fair value of plan assets	455,738	213,372	-	669,110
Valuation allowance	-	(28,986)	-	(28,986)
Plan deficit	(24,701)	-	(65,061)	(89,762)

	2014 (Restated)			
	Pension		Other	Totals
	Faculty	Employee		
	$	$	$	$
Accrued benefit obligation	467,495	174,493	61,001	702,989
Fair value of plan assets	418,038	193,887	-	611,925
Valuation allowance	-	(19,394)	-	(19,394)
Plan deficit	(49,457)	-	(61,001)	(110,458)

In addition to the Plan assets, the University has invested $1,678 (2014 - $1,516) at April 30, 2015 related to its supplemental retirement arrangement obligations. The liability associated with this obligation is included in the accrued benefit obligation for the Employee Plan.

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

	2015			
	Pension			Other
	Faculty	Employee	Multi-employer	
	$	$	$	$
Employer contributions	12,912	3,578	534	1,636
Employee contributions	5,998	3,578	594	-
Benefits paid	22,068	6,628	n/a	1,636

NOTE 6
EMPLOYEE FUTURE BENEFITS (cont'd)

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

(c) Information on the Remeasurements and other items included in the Statement of Changes in Net Assets is as follows:

	2015		
	Pension	Other	Total
	$	$	$
Difference between actual and expected return on plan assets	(24,117)	-	(24,117)
Actuarial gains	(9,979)	(143)	(10,122)
Increase in valuation allowance	9,592	-	9,592
Remeasurements and other items	(24,504)	(143)	(24,647)

	2014		
	Pension	Other	Total
	$	$	$
Difference between actual and expected return on plan assets	(56,710)	-	(56,710)
Actuarial losses	49,111	2,104	51,215
Increase in valuation allowance	11,232	-	11,232
Remeasurements and other items	3,633	2,104	5,737

Included in the salaries and benefits expense on the Statement of Operations, are the current service costs and finance costs of $22,285 (2014 - $22,196).

NOTE 6
EMPLOYEE FUTURE BENEFITS (cont'd)

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

	2015		
	Pension		Other
	Faculty	Employee	
Accrued Benefit Obligation:			
Discount rate	5.9%	5.6%	5.6% - 5.95%
Rate of compensation increase	4%	4%	n/a
Initial weighted average health care trend rate	n/a	n/a	7.1%
Ultimate weighted average health care trend rate	n/a	n/a	4.5%
Year ultimate rate reached	n/a	n/a	2030
Benefit Cost:			
Discount rate	5.95%	5.6%	5.6% - 5.95%
Rate of compensation increase	5%	4%	n/a

	2014		
	Pension		Other
	Faculty	Employee	
Accrued Benefit Obligation:			
Discount rate	5.95%	5.6%	4.4%
Rate of compensation increase	5%	4%	5%
Initial weighted average health care trend rate	n/a	n/a	7.22%
Ultimate weighted average health care trend rate	n/a	n/a	4.5%
Year ultimate rate reached	n/a	n/a	2030
Benefit Cost:			
Discount rate	5.95%	5.6%	5%
Rate of compensation increase	5%	4%	5%

NOTE 7
LONG-TERM DEBT

Details of the long-term debt are as follows:

	Maturity	Interest Rate	2015 Principal Outstanding $	2014 Principal Outstanding $
Series A Senior Unsecured Debentures	June 2046	5.37%	108,300	108,300
Less: Trusteed Sinking Fund			(22,976)	(21,851)
Transaction costs			(1,234)	(1,273)
			84,090	85,176
TD Bank, Tranche 1	January 2043	3.03%	27,333	27,952
TD Bank, Tranche 2	June 2044	3.13%	42,663	33,000
Bank of Montreal	October 2023	6.425%	4,315	4,690
			158,401	150,818
Current portion of long-term debt			(1,948)	(1,214)
			156,453	149,604

In 2013, the University entered into a long term, unsecured credit facility loan agreement with TD Bank for a total amount of $72,100, issued in two tranches. Tranche 1 for $28,700 is being amortized over 30 years. This floating rate loan was hedged with an interest rate swap to lock in an effective interest rate of 3.03% over the amortization period. Tranche 2 was issued in increments with $33,000 issued in 2014 and $10,400 issued this fiscal year. This floating rate loan was hedged with an interest rate swap to lock in an effective interest rate of 3.13% over the amortization period.

The University has hedged the Bank of Montreal loan with an interest rate swap to lock in an effective rate of 6.425% until maturity.

The fair value of the interest rate swaps of $4,465 (2014 – $2,735) is recorded on the Statement of Financial Position (Net Assets, Unfunded Operations). The change in fair value of the interest rate swaps of $7,200 (loss) (2014 – $5,725 (gain)) is recorded in the Statement of Operations.

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

Fiscal Year	Principal
2016	$ 1,948
2017	$ 2,021
2018	$ 2,098
2019	$ 2,178
2020	$ 2,261

NOTE 8
INTERNALLY RESTRICTED NET ASSETS

	2015	2014
	$	$
Invested in capital assets	65,862	56,173
Unexpended operating funds		
Purchase orders and special projects	18,793	12,901
Internally financed capital and repair projects	(22,906)	(20,398)
Budget carryforward for operations	33,279	31,818
Financial planning	3,417	3,417
	32,583	27,738
Unexpended restricted funds		
Unspent departmental research funds	7,242	7,527
Unspent departmental trust funds	2,165	2,068
	9,407	9,595
Total unexpended operating and restricted funds	41,990	37,333
Total internally restricted net assets	107,852	93,506

NOTE 9
ENDOWMENT

Contributions restricted for endowment consist of restricted donations received by the University 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.

			2015	2014
	Externally Endowed	Internally Endowed	Total Endowed	Total Endowed
	$	$	$	$
Endowment, beginning of year	74,472	9,076	83,548	72,336
Internal contributions	813	358	1,171	1,787
External contributions	13,511	-	13,511	1,910
Investment income allocated	8,755	-	8,755	12,701
Allocation for spending from accumulated investment returns	(4,843)	-	(4,843)	(5,186)
Endowment, end of year	92,708	9,434	102,142	83,548

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:

Endowment Funds:	2015 $	2014 $
Balance, beginning of year	8,278	7,357
Investment income	349	867
Preservation of capital	112	54
Balance, end of year	8,739	8,278

Expendable Funds:	2015 $	2014 $
Balance, beginning of year	500	462
Investment income	437	390
Bursaries awarded (2015-179; 2014-162)	(318)	(298)
Transfer to Endowment	(112)	(54)
Balance, end of year	507	500

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

Endowment Funds:	2015 $	2014 $
Balance, beginning of year	2,541	2,517
Preservation of capital	263	24
Balance, end of year	2,804	2,541

Expendable Funds:	2015 $	2014 $
Balance, beginning of year	149	139
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	117	96
Bursaries awarded (2015-79 ; 2014-70)	(114)	(86)
Balance, end of year	152	149

The market value of the endowment as at April 30, 2015 is $3,446 (2014 - $3,271).

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 the OTSS program:

	2015	**2014**
Endowment Funds:	$	$
Balance, beginning of year	21,360	21,083
Donations	264	127
Preservation capital	2,356	150
Balance, end of year	23,980	21,360
Expendable Funds:		
Balance, beginning of year	1,673	1,522
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	990	849
Bursaries awarded (2015 - 512; 2014 - 407)	(906)	(698)
Balance, end of year	1,757	1,673

The market value of the endowment as at April 30, 2015 is $29,958 (2014 - $28,031).

NOTE 11
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities, are government remittances payable of $2,583 (2014 - $2,895) 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.

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 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 $5,116 (2014 - $5,940). 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:

	2015	**2014**
	$	$
Accounts receivable	1,044	(167)
Inventories and prepaid expenses	25	48
Accounts payable and accrued liabilities, net of impact of swaps	(5,509)	3,875
Deferred revenue	1,908	(3,202)
Net change in non-cash working capital balances	(2,532)	554

NOTE 14
COMMITMENTS AND CONTINGENT LIABILITIES

At April 30, 2015, commitments for future construction and renovations amounted to approximately $19,826 (2014 - $31,714). These projects will be financed by grants, internal funds and fundraising. Commitments for operations are reported in Note 8.

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.

NOTE 14
COMMITMENTS AND CONTINGENT LIABILITIES (cont'd)

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
COMPARATIVE FIGURES

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