FINANCIAL HIGHLIGHT REPORT
for the year ended April 30, 2005

I. INTRODUCTION

This report summarizes the financial highlights for the University of Windsor for the year ended April 30, 2005. The Operating Budget for 2004/2005 entitled *"Building to Greater Heights"* ushered in the first year of the University of Windsor's new strategic plan, *To Greater Heights*. The plan's central theme was to raise the reputation and profile of the University of Windsor as a learner-centred, comprehensive University that focuses on the attributes of its graduates. In addition, the Board approved the *Capital Plan 2004 – 2009* which would support capital enhancements on campus. The budget included a significant allocation to debt charges to support these enhancements while allowing for one-time allocations in the interim.

The guiding principles in the budget to support the delivery of these objectives included the following:

- To ensure a balanced budget with no operating deficits;
- To begin the process of implementing the priorities set out in *To Greater Heights*;
- To facilitate the planning and realization of a bold new campus development strategy over the next five years;
- To allocate funds to initiatives that will make the University more learner-centred by improving the quality of service to students (including the provision of training and support to faculty and staff) and the teaching and learning climate on campus;
- To allocate funds that will continue the building of leadership and support for research; and
- To build in flexibility for this or future years by allocating some base funds on a one-time only basis and others to support debt financing for capital development.

The following report will demonstrate the University's success in achieving the above guiding principles and the continued strong financial results for the year. The successes realized in prior years have built a strong foundation for the implementation of the *To Greater Heights* strategic plan and the "*Capital Plan 2004-2009*".

II. Financial Highlights for the Year Ended April 30, 2005

The "double cohort" period positioned the University to continue its growth and infrastructure development into 2004/2005. The financial strength achieved during that period allowed for the allocation of funds to support the strategic direction set out in *To Greater Heights* and to embark on the building of campus infrastructure as outlined in the *Capital Plan 2004 – 2009*.

Following is a summary of the consolidated financial results for the year ended April 30, 2005 ($000's):

	2004/2005	2003/2004	CHANGE ($)	CHANGE (%)
REVENUE				
Student Fees	$78,853	$76,501	$2,352	3.1%
Government & Research Grants	110,143	103,767	6,376	6.1%
Other	38,534	45,989	(7,455)	-16.2%
Total Revenue	$227,530	$226,257	$1,273	0.6%
EXPENDITURES				
Salaries, Wages & Benefits	$132,171	$119,967	$12,204	10.2%
Loan Interest	3,081	2,611	470	18.0%
Amortization of Capital Assets	16,248	16,197	51	0.3%
Other	78,837	75,954	2,883	3.8%
Total Expenditures	$230,337	$214,729	$15,608	7.3%
EXCESS OF REVENUE OVER EXPENDITURES	($2,807)	$11,528	($14,335)	-124.3%
Endowment Contribution	5,324	5,731	(407)	-7.1%
NET CHANGE IN NET ASSETS	$2,517	$17,259	($14,742)	-85.4%
Net Assets, beginning of year	$84,629	$67,370	$17,259	
Net Assets, end of year	$87,146	$84,629	$2,517	3.0%

University net assets as of April 30, 2005 total $87,146,000, an increase of $2,517,000 over 2003/2004. The net increase in assets of $2,517,000 for the University is attributable to the following increases (decreases) in the respective funds of the University:

➢ Current operating fund	$ (1,108,000)
➢ Plant Fund	$ (449,000)
➢ Non-expendable appropriations	$ (1,042,000)
➢ Endowment funds	$ 5,116,000

In addition to the increase in net assets, the University continues to maintain strong cash and short term investment balances to support all expendable operations of the University. As noted on the ***Statement of Cash Flows***, cash has decreased by $3,678,000 as of April 30, 2005. O*perating activities* provided $16.0 million in cash; *Financing activities* provided $14.0 million in cash; and *Investing activities* utilized $33.7 million of cash. During the year, the Investment Committee of the Board approved the internal financing of a number of capital projects as evidenced by the significant cash utilized for Investing Activities. The changes in cash balance are a result of operations, the addition of capital assets, and the positive results of the endowment fund for the year.

The following sections highlight the key factors contributing to the net increase in assets in each of the above funds.

III. HIGHLIGHTS OF THE CURRENT OPERATING FUND

The net decrease in the Current Operating Fund totaled $1,108,000 for the year ended April 30, 2005. This decrease is the net result of two components - an operating surplus (increase in unrestricted funded operations) of $6,000 and an increase in the liability related to post-employment benefits as a result of the actuarial valuation of $1,114,000. The cumulative surplus in the unrestricted fund balance for operations is $9,000, as compared to a cumulative surplus of $3,000 as of April 30, 2004. The cumulative deficit related to the liability for post-employment benefits totals $18,464,000, as compared to $17,350,000 as of April 30, 2004. The cumulative deficit related to the liability for post-employment benefits does not have an impact on the operating surplus of the institution.

The Current Operating Fund includes the academic, administrative, and ancillary operations of the University. The Current Operating Fund balance also includes restricted appropriations established by the Board of Governors for current and future operations.

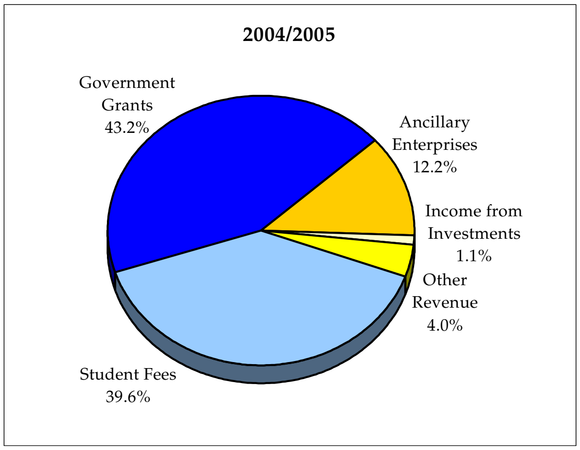
The following chart summarizes the comparative financial results of the Current Operating Fund for the years ended April 30, 2005 and April 30, 2004 ($000's):

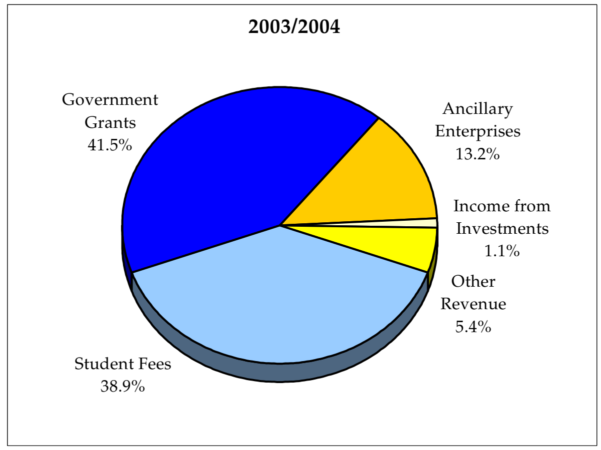
	2004/2005	2003/2004	CHANGE ($)	CHANGE (%)
REVENUE				
Student Fees	$78,853	$76,501	$2,352	3.1%
Government Grants	86,177	81,787	4,390	5.4%
Ancillary Enterprises	24,269	25,929	(1,660)	-6.4%
Income from Investments	2,148	2,096	52	2.5%
Other Revenue	7,889	10,561	(2,672)	-25.3%
TOTAL REVENUE	$199,336	$196,874	$2,462	1.3%
EXPENDITURES				
Operating Expenditures	$185,751	$171,776	$13,975	8.1%
Appropriations to(from) Reserves for Current and Future Operations	(1,372)	8,068	(9,440)	
Interfund Transfers, Net	16,065	16,796	(731)	
TOTAL EXPENDITURES	$200,444	$196,640	$3,804	1.9%
INCREASE IN NET ASSETS	($1,108)	$234	($1,342)	
INCREASE IN NET ASSETS REPRESENTS:				
- Operating Fund Surplus for the Year	$6	$1,193		
- Increase in post-employment benefits liability	(1,114)	(959)		
	($1,108)	$234		

A. OPERATING REVENUE

Total operating revenue has increased by $2,462,000 over 2003/2004, representing a 1.3% increase. This increase is attributable to the increase in student fees and government grants, net of the reduction in ancillary revenues and other revenue.

The following graph illustrates the percentage of revenue for each of the individual components of operating fund revenue:





a) Student Fees

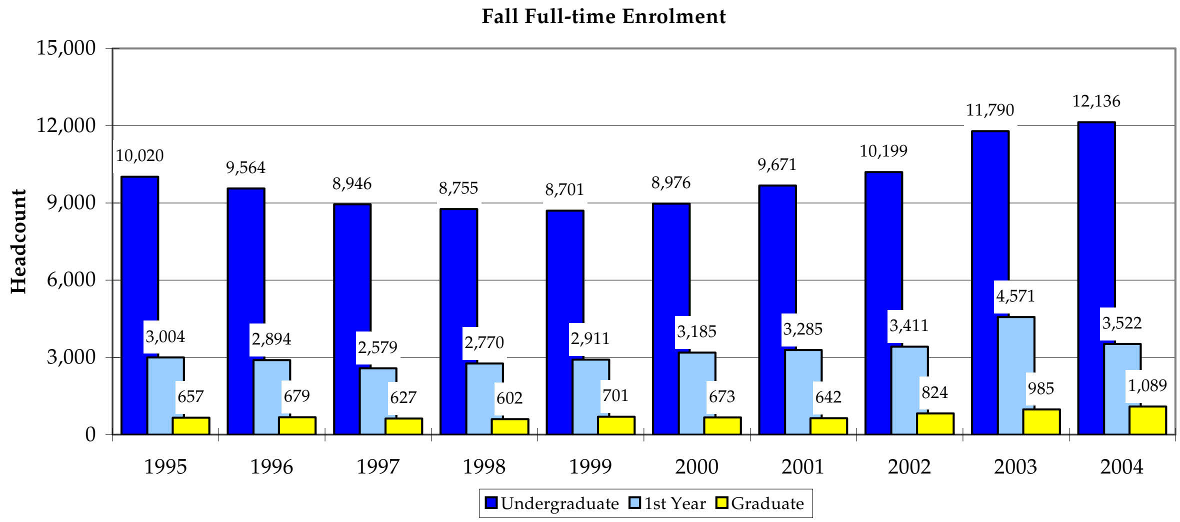
Student fees revenue has increased by $2,352,000 over 2003/2004 or 3.1%. After the "double cohort" year, first year undergraduate student enrolment has decreased from 4,571 in 2003/2004 to 3,522 in 2004/2005. The positive impact on undergraduate enrolment as a result of the double cohort continues as students flow-through into the upper years. This flow-through has resulted in total undergraduate Fall full-time enrolment of 12,136, an increase of 346 or 2.9% over Fall 2003.

Full-time graduate enrolment increased 10.5% from 985 in 2003/2004 to 1,089 in 2004/2005, surpassing the University's goal of 1,000 graduate students. Ongoing efforts in the recruitment of international students continue to pay off. International enrolments increased 8.9% from 1,108 in Fall 2003 to 1,207 in Fall 2004.

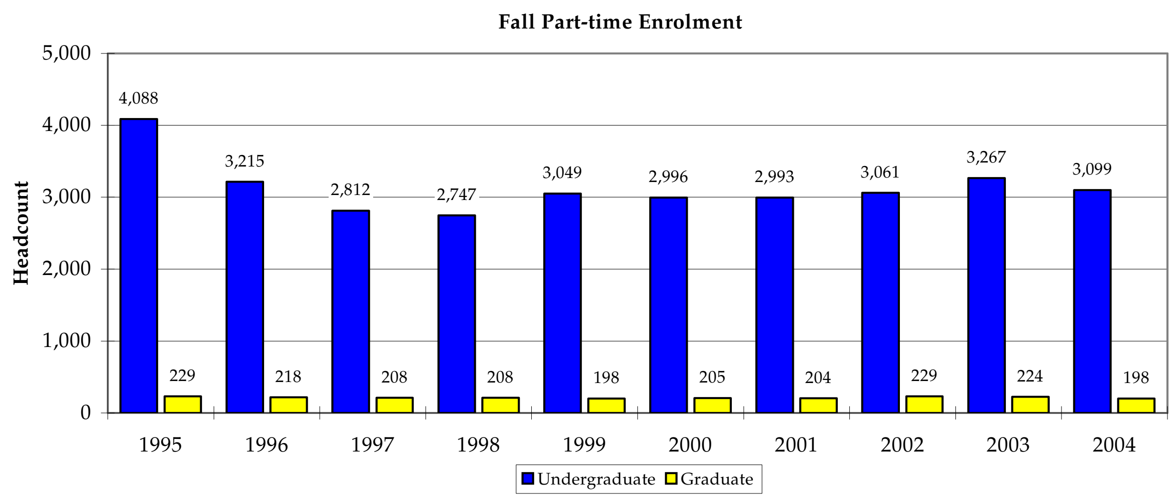
The combined effect of all enrolment changes resulted in a 2.8% increase in total full-time equivalent enrolment during the Fall term. Over three semesters, total enrolment increased by 2.3% from 16,455 to 16,840.

The Ministry announced tuition freezes for all Ontario universities for 2004/2005, therefore increases in student fees revenue was a result of enrollment increases (although the Government did provide a grant in lieu of tuition increases). The tuition fee freeze did not apply to international student fees which were increased by 2% in 2004/2005.

The following chart illustrates a 10 year history of Fall Full-Time Undergraduate and Graduate Enrolments:

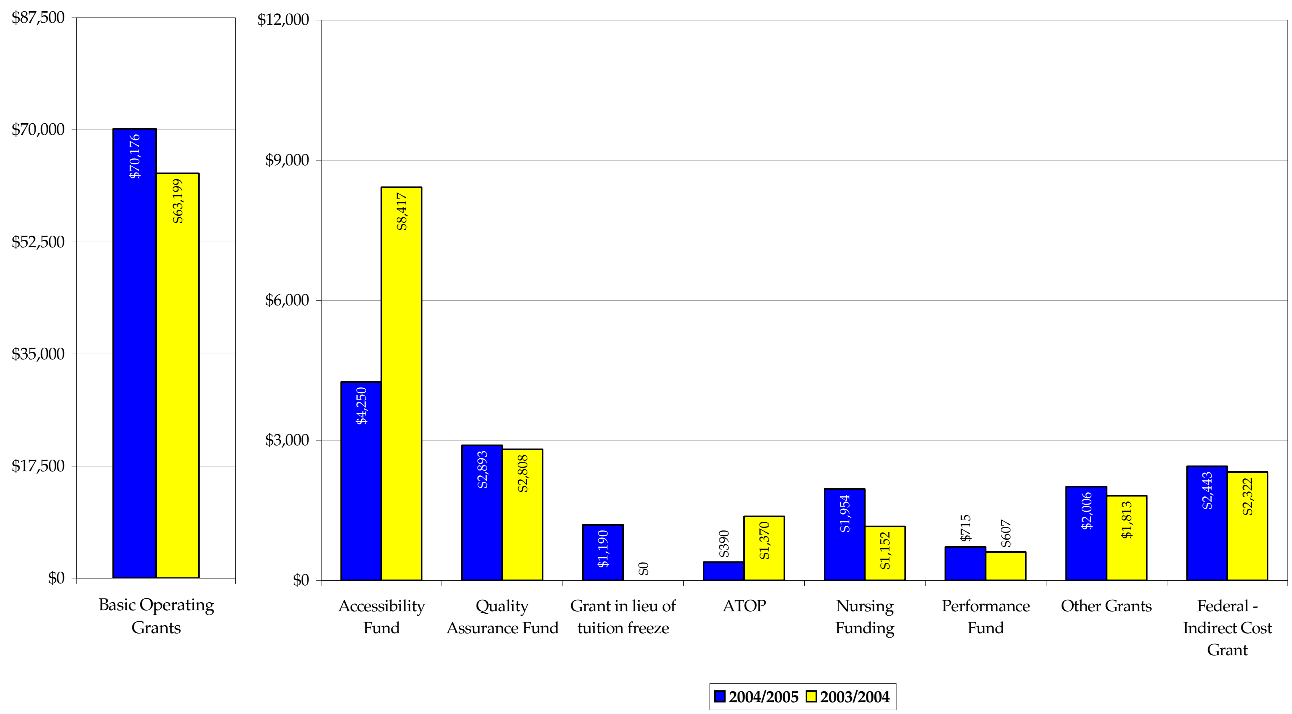


Undergraduate part-time enrollment decreased 5.1% from 3,267 to 3,099, a level more in line with part-time enrollment pre-double cohort. The following chart illustrates the 10 year history of Fall Part-time Enrolment:



b) Government Grants

Government grants have increased $4,390,000 over 2003/2004 or 5.4%. The following graph illustrates the provincial and federal government grant revenue for the years ended April 30, 2005 compared to April 30, 2004:



In 2001/2002 the Province of Ontario began to increase funding for enrolment growth of Ontario universities through the *Accessibility Fund*. These grant monies have grown significantly over the last few years. In the current year, the *Accessibility Fund* for all previous years was rolled into the Basic Operating. The *Accessibility Fund* noted on the graph above represents 2004/2005 growth funds only.

During 2003/2004 the previous Government pledged a multi-year base *Quality Assurance Fund*, starting at $75 million for 2003/2004 and growing to $200 million by 2006/2007. Subsequent announcements froze the Quality Assurance funds at the 2003/2004 level as illustrated in the above graph. *ATOP* funding continues to decrease due to declining enrolments in these programs while *Nursing Funding* increased.

As noted above, tuition fees were announced by the Ministry commencing in 2004/2005. As compensation for the tuition fee freeze, the Ministry announced the *Grant in Lieu of Tuition Freeze*. For 2004/2005, the University received one-time funding of $1,190,000 to compensate for the tuition freeze.

RAE REPORT

During 2004/2005, the Government announced a review of the design and funding of postsecondary education in the Ontario Budget 2004. The Honourable Bob Rae was appointed as Advisor to the Premier and the Minister of Training, Colleges and Universities. During the year, Bob Rae, supported by an Advisory Panel, engaged in an intensive period of research, analysis and public consultation between July and December 2004.

In February 2005, the *Rae Report* was issued after many months of gathering information and discussions with a very broad range of stakeholders. The report confirmed the importance of higher education to students, to the economy and to Ontario. *Rae* urged the provincial government to adopt, as a key mission for the province, the goal for Ontario to be a leader in learning, and to fund higher education accordingly, with measured increases over the next several years. Included in the report was a summary of the required additional annual funding that would commence in 2005/2006 to fund post secondary education. The *Rae Report* can be found at www.raereview.on.ca. As much as the report has been positively received by all constituencies of government, the details and implementation plan for this level of recommended funding is not known at this time.

c) Ancillary Services

Ancillary revenue decreased by $1,660,000 or 6.4% over 2003/2004. This decrease was primarily attributable to reductions in revenue in the following areas:

- Residence Services $840,000
- Food & Conference Services $620,000
- Bookstore $100,000

Following the strong intake of students during the double-cohort period, the number of students requiring on-campus residence accommodations decreased during 2004/2005. As a result, Residence Services experienced a higher vacancy rate than was budgeted for. This decrease in requests for accommodation was a result of increased competition in the community, i.e. Waterfront Villas and private developments; the lack of specific types of residence rooms desired by upper year students; and the inability to attract upper year students in residence. The local rental market also experienced a high vacancy rate allowing local rental properties to be given at discounted rates.

To mitigate the financial impact of this significant vacancy rate, Residence Services converted many of the double occupancy rooms to single occupancy rooms. By doing this, it was able to offer more single rooms to students, which are more desirable, and at the same time, increase the per bed revenue generated. Other measures were taken to ease the financial impact including the grouping of vacant rooms in the affected buildings in order to enable Residence Services to close off sections of the building. This resulted in some housekeeping and utilities savings. However, due to several maintenance issues in various facilities, the expenditures for repairs and maintenance were over-budget diminishing the overall savings to the residence system.

The decrease in the number of students living on campus also had a direct impact on Food Services as their meal plan revenue budget was not achieved. Food Services attempted to mitigate this reduction in revenue by increasing the number of off-campus meal plans sold, increasing the sales in its outlets outside of Vanier (the traditional "residence student" eating establishment) and managing costs.

The financial impact of the above factors resulted in a net deficit in Residence Services of $1,059,000 and a net deficit in Food & Catering Services of $215,000. Deficit repayment strategies have been developed for both areas. Residence Services' deficit will be repaid over five years with funding that will become available due to the expiration of a loan for the installation of the communication equipment. The original intent was to use these funds to deal with residence system deferred maintenance issues. Food & Catering Services will repay its deficit from reserves accumulated with the balance funded from 2005/2006 operations.

d) Investment Income & Other Revenue

Investment Income increased by $52,000 over 2003/2004 or 2.5%. The investment income in the Operating Fund was generated primarily from investment of short term funds supporting the University's operating cash flow.

Other Revenue decreased by $2,672,000 over 2003/2004. This decrease was primarily attributable to one-time funds received in 2003/2004 related to the transfer of funds from the registered pension plan to fund the payroll pensions in 2003/2004 and other one-time revenue related to employee benefits.

B. OPERATING EXPENDITURES

Expenditures for fiscal 2004/2005 totalled $185,751,000, an increase of $13,975,000 over 2003/2004, representing an 8.1% increase. The following table summarizes the operating expenditures ($000's) by the functional area of responsibility at the University:

	2004/2005	2003/2004	CHANGE ($)	CHANGE (%)
EXPENDITURES				
Academic	$85,499	$77,066	$8,433	10.9%
Academic Support	12,546	11,112	1,434	12.9%
Library	6,390	6,171	219	3.5%
Student Services	17,803	18,165	(362)	-2.0%
Computing	6,785	6,254	531	8.5%
Administrative and General	11,001	9,809	1,192	12.2%
Plant Maintenance	21,393	19,152	2,241	11.7%
External Relations	2,576	2,344	232	9.9%
Ancillary Enterprises	21,758	21,703	55	0.3%
TOTAL EXPENDITURES	$185,751	$171,776	$13,975	8.1%

The graph in Appendix A summarizes the relative percentage of operating expenditures by the functional areas of responsibility at the University for the year ended April 30, 2005. As evidence of the University's commitment to teaching and learning support for students, Academic expenditures have increased $8.4 million over 2003/2004 or 10.9%.

In the 2004/2005 Operating Budget, the priority focus was support to achieve the mission outlined in *To Greater Heights* and the further development of the University as a learner-centred comprehensive university that focuses on the attributes of its graduates.

A total investment in base and one time funds of $16.4 million was allocated in the budget to the following strategic priorities:

- Quality of Service to Students
- Teaching and Learning Initiatives
- Graduate Studies and Research
- Information Technology Support
- Physical Infrastructure
- Reputation/Campus Pride/Fundraising
- *To Greater Heights Capital Plan*

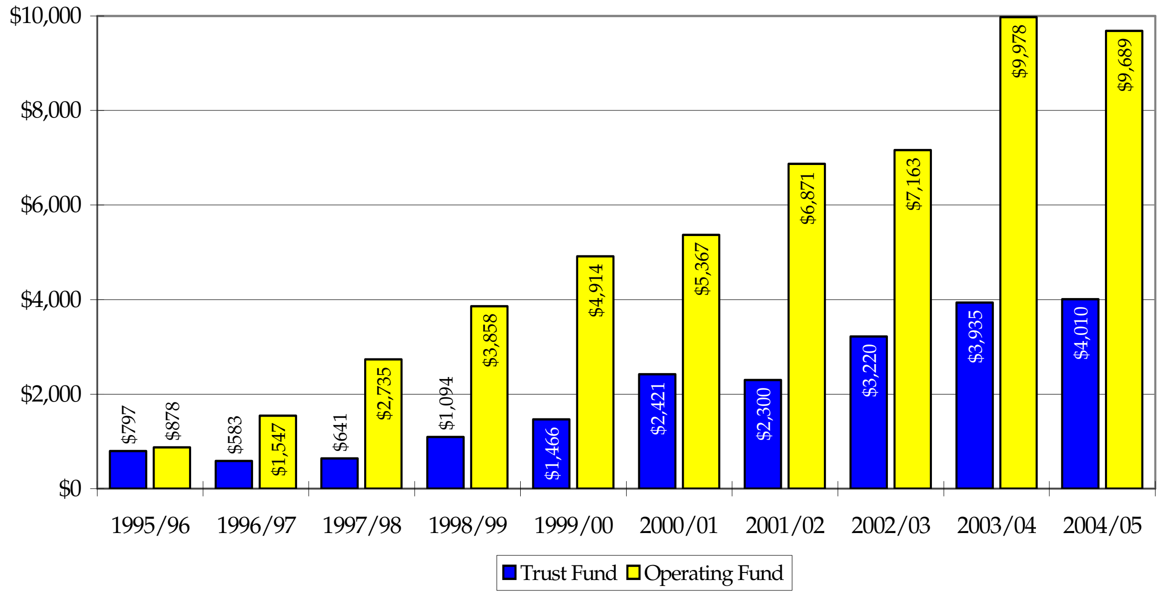
One of the prime focuses of *To Greater Heights* is the commitment to improve the quality of service to students. The allocation of expenditures in the 2004/2005 budget for **Quality of Service to Students** allowed for approximately $2.3 million in investments for equipment, staffing in student service and general administrative areas, financial aid, and renovations to labs.

The allocation of new initiatives in the 2004/2005 budget for **Teaching and Learning Initiatives** totalled $2.8 million. To support the flow through of the double cohort class, additional faculty and staff positions were added in the academic and academic support areas. Library acquisitions, equipment and other supplies were increased. Academic Support expenditures have increased $1,434,000 over 2003/2004 or 12.9%. Academic Support areas include Centre for Flexible Learning, Office of Research Services, Registrar's Office, Co-op Education and Career Services. Increases in these service areas supported the increasing service level requirements of the double cohort.

A number of other functional areas supported the Teaching & Learning Initiatives during the year. The continual investment in Information Technology on campus is illustrated by the increase in expenditures for the year specifically in staff salaries and infrastructure enhancements.

The University's ongoing commitment to promote accessibility through enhanced financial aid is again illustrated by the increasing investment in **Scholarships** for 2004/2005. One of the key criteria in a student's decision to attend an institution of higher learning is the availability of scholarship and bursary funding. The University was successful in designing and administering scholarship and bursary programs to meet student need. Scholarships and bursaries paid from the Operating Fund in 2004/2005 amounted to $9,689,000.

The following graph illustrates the 10 year history of continual investment in scholarships and bursaries funded from the Operating Fund and the Trust Fund ($000's):



Significant investments were made in the area of **Graduate Studies and Research** in the 2004/2005 operating budget. Approximately $4.0 million was invested to attract and retain top graduate students. $2.5 million was allocated to the provision of scholarships for graduate students. This funding was structured to support additional scholarships for graduates over a three year period commencing in 2004/2005. Significant other investments related to research included the establishment of leadership chairs, the funding of the Office of the V.P. Research, new staff positions to assist graduate students and funds to develop a Research and Instructional Data Centre in the Leddy Library. The impact of these investments can be evidenced by the significant increase in research grant revenue as outlined in Section V.

Physical Infrastructure investments continue to be a key priority for the campus. The development and approval of the bold *Capital Plan 2004-2009* during this year positions the University for the future. The establishment of a base operating debt charge to support the required financing for the *Capital Plan* was paramount to the planning process. In the interim, available funds can be utilized on a one-time basis to support renovations and deferred maintenance issues. The Operating budget for 2004/2005 included $2.6 million in infrastructure improvements including renovations to GLIER, Law Building, a number of labs, and space studies. The level of expenditures to improve classrooms, lab facilities and student areas was to ensure that students could be appropriately accommodated in a learner-centred environment. Outlined in Section IV – Highlights of the Plant Fund are the key infrastructure improvements made during the year.

Another key strategic priority identified during 2004/2005 was the **Reputation of the University/Campus Pride/Fundraising** and the need to give a much higher priority to fund-raising and a strong national marketing initiative. Expenditures supporting External Relations increased by $232,000 over 2003/2004. The increase is due primarily to an increase in support for Faculty Alumni Development Officers, a Campus Beautification Fund to promote a clean and attractive campus, and increased marketing support.

University Advancement, which encompasses Alumni Affairs, Fund Development and Public Affairs and Communications, experienced considerable expansion in 2004/2005. The V.P., University Advancement reallocated budget dollars and created several new positions in 2004/2005, which resulted in a net gain in service levels for the department. A Director of Development was hired in August 2004 to assist with capital campaigns as well as work with the Deans to coordinate the activities of the Faculty Alumni & Development Officers. A Senior Development Officer, Proposal Writing was created and this position focused on the development of an on-line faculty experts' list, several major funding proposals, and a magazine that highlighted the environmental pinnacle. Alumni Affairs launched an on-line newsletter for alumni, and initiated plans for a wall of fame in the CAW Student Centre to honor faculty and alumni who have received awards through the UW Alumni Association. In April 2005, an Alumni Chapter in London was launched, with close to 200 people in attendance. The Annual Giving Program (AGP) increased to over 13,000 donors, up from close to 10,000 in 2003. A Director of Public Affairs & Communication (PAC) joined the University Advancement team in March 2005, in addition to a new web designer and two new Managers in the Public Affairs Office who were hired in 2004. In a very short time PAC has begun building bridges across campus. In 2005/2006, PAC will focus on building the reputation and profile of the University.

Appendix B highlights the Current Operating Fund Expenditures by Type for the University for the years ended April 30, 2005 and April 30, 2004. The graph illustrates the relative percentages of the respective expenses for the years presented. Significant increases are noted for salaries, wages and benefits due to the payment in the current year of retroactive increases resulting from contract negotiations.

The above highlights address the Current Operating Fund for the year ended April 30, 2005. As illustrated, the strategic allocation of resources during the budget process has been critical in the success noted this year and the continued strengthening of the financial position of the University.

IV. HIGHLIGHTS OF THE PLANT FUND

The net decrease in the Plant Fund totaled $449,000 for the year ended April 30, 2005. The net decrease is the result primarily of the following factors as outlined in note 6(a) of the financial statements: an increase in capital assets, net of accumulated amortization, amounting to $7.9 million; the repayment of long term debt amounting to $2.9 million; and an increase in the amount of capital projects financed by the Operating fund at year end of $11.3 million. These changes in the Plant Fund illustrate the impact of the ongoing construction on campus and of the financing and amortization of capital.

As illustrated in note 2 of the financial statements, the increase in capital assets, net of disposals, approximates $23.4 million and represents the following investments in capital assets during the year:

➢ Land and buildings	$ 4,880,000
➢ Capital in progress	$ 9,200,000
➢ Equipment	$ 4,960,000
➢ Library and books	$ 4,370,000

The University continues to make progress with the many projects representing both new construction and renovation work.

A) New Construction

- The "Forge" Fitness Centre

  Designed by Architect Joseph Passa, the $1.3 million addition to the facilities at Human Kinetics provides over 7,000 square feet of dedicated fitness space. This project was funded by the Athletic and Recreation Capital student fee approved through referendum.

- New Stadium Development

  Managing Architect J.P. Thomson and design architects from Athletica provided the University with plans to build the new Stadium on the site of the former facility. The $9.5 million stadium will provide the host venue for the Pan American Junior Track and Field Championships in July of 2005. Construction of the site began in August, 2004 with Eastern Construction as the general contractor. $2.0 million of this project is to be funded by the Athletic and Recreation Capital student fee approved through referendum with the remainder of the funding to come thought fundraising efforts.

B) New Acquisitions

- International Truck and Engine Corporation (ITEC)

  The University entered into a new research initiative with International Truck and Engine Corporation (ITEC) and acquired a former industrial property and building to house the project, at a cost of $3.2 million. The location of this facility is in the Rhodes Industrial Park area, in close proximity to the University/Daimler Chrysler Research Centre. This building will be funded from future lease payments.

The campus, however, continues to operate with a high level of deferred maintenance on existing buildings, and therefore, government funding and operating budgets continue to support this deficiency. In response to the continual need to address deferred maintenance, significant renovations were completed.

Following is a summary of renovation projects completed during the year:

A) Facility Renewal Program (FRP) and Internal Operating Renewal Fund

These funds are directed to infrastructure upgrades as approved by MTCU and augmented by the Operating Fund of the University. The following projects were completed as part of the 2004/2005 program.

- Chrysler Hall Fire Alarm Upgrade – Phase I
- Human Kinetics Roof Upgrade
- Lambton Tower Roof Upgrade
- Energy Conversion Centre (ECC) Boiler #3 Replacement
- Energy Conversion Centre (ECC) – Office/Systems Lab HVAC Upgrade
- Facility Audit – Phase IV
- Erie Hall/Lambton Tower Coil Replacement

B) Other Major Renovations

- 5th Floor Chrysler Hall Tower
- Classroom Upgrade – G125 Chrysler Hall North and 355 Dillon Hall
- GLIER – West Wing

C) Accessibility Upgrades

An accessibility plan was approved in Fall 2003 and the following projects were approved:

- Accessible Washrooms Completed – Chrysler Hall Tower, Chrysler Hall North and Chrysler Hall South

Improving the facilities will remain a priority in the coming fiscal year. The following projects are in various stages of planning:

- Programming Study for a New Engineering Building
- Renovations to several building service areas to accommodate academic/research areas.
- Grounds area upgrades at the Dillon/Essex corridor and the Dillon/Memorial thoroughfare.
- New Residence Hall on California Avenue

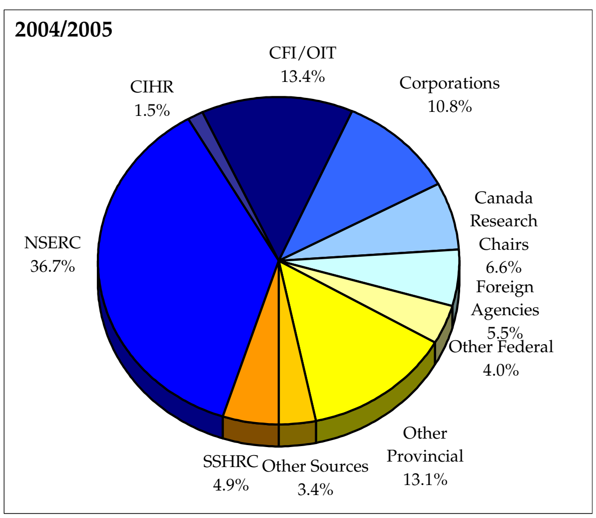
V. HIGHLIGHTS OF THE EXPENDABLE TRUST FUND

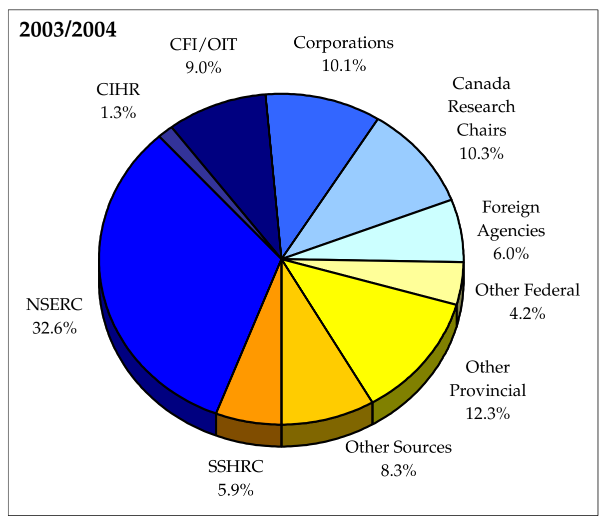
Expendable trust fund activities include revenue and expenditures of research activity on campus and activities related to spending of the endowments of the University. Revenue in the Expendable trust fund revenue has increased by $2,377,000 due primarily to the increase in income from investments in the Endowment fund. As noted below, the endowment fund earned returns of approximately 6.4% allowing for the maximum amount of interest to be allocated to the expendable trust accounts supporting the spending policy of the University endowment fund. In 2004/2005, $1,606,000 of investment income was allocated to expendable trust funds for spending.

Scholarships funded out of the endowments increased slightly in 2004/2005 to a total of $4,010,000. This continual investment in scholarships and bursaries is illustrated on the graph on page 12.

Research activities for the University are also reported in the Expendable Trust Fund. Research revenue has increased significantly in 2004/2005. Total research revenue totalled $22,670,000 in 2004/2005, a significant increase of $3,200,000 over 2003/2004. This increase is primarily due to the increase in NSERC and CFI/OIT funding for the current year.

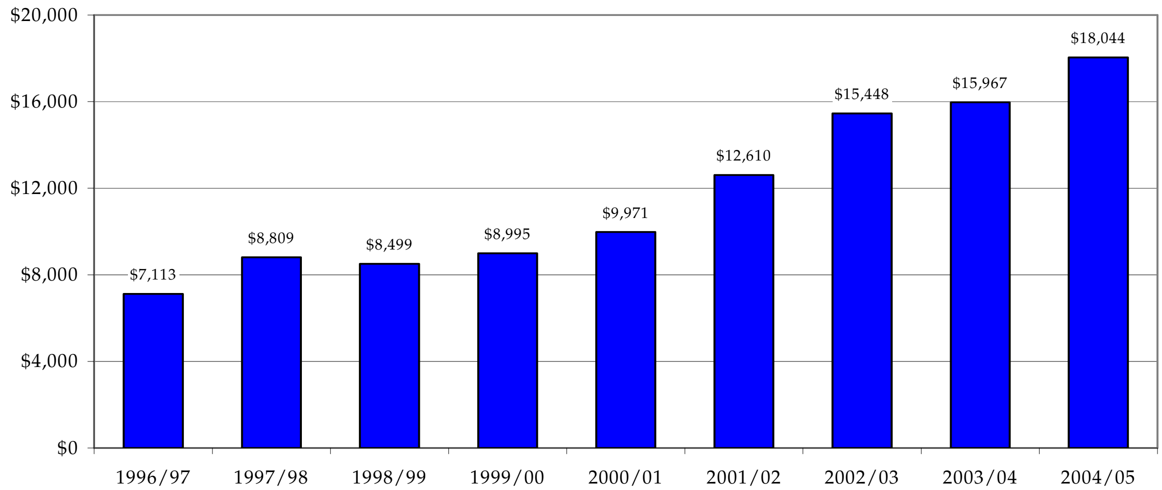
The following graph illustrates the relative percentages of the various sources of research grant funding for the years ended April 30, 2005 and April 30, 2004:





Research expenditures increased significantly in 2004/2005 to an all time level of $18,0440,000, an increase of $2,077,000 or 13% over 2003/2004.

The following chart illustrates the continual increase in research expenditures on campus over a nine year period:



The *To Greater Heights (TGH)* strategic paper confirms the University's continuing commitment to research activities at the University. With the recent hire of the V.P. Research, research activities on campus are expected to continue to increase. The strategic direction of research on campus is to enhance the University's profile in the research community and as noted in *TGH*, "encourage a much more proactive approach to identifying and advancing research and funding opportunities for Windsor" and to "develop clusters of excellence in key areas" of research. Included in **Appendix C – Research Successes**, is a sample of the notable research successes on campus during 2004/2005.

VI. HIGHLIGHTS OF THE NON-EXPENDABLE TRUST FUND

The net decrease in the Non-expendable Fund totaled $1,042,000 for the year ended April 30, 2005 bringing the restricted appropriations to $ 32,993,000. The details of the appropriations are outlined on the ***Statement of Restricted Appropriations***. The highlights of the changes in the Restricted Appropriations are as follows:

Reserves for Current Operations have decreased $1,162,000 for the year. The following summarizes the specific reserves:

- *Reserve for budget carryforward for operating expenditures* has increased by $2,695,000 as of April 30, 2005. This reserve represents general operating budgets, other earmarked 2004/2005 budget allocations and 2005/2006 budget allocations funded out of the current fiscal year. These budgets are carried forward into the subsequent fiscal year for spending.
- *Reserve for Purchase orders and special projects* has decreased by $733,000. This decrease is a result of the significant reserve that had been established as of April 30, 2004 to fund 2004/2005 budget initiatives from 2003/2004 funds.
- *Reserve for the Provision of faculty pension funding* has decreased by $1,000,000. This reserve to fund a potential deficit in the Faculty and Certain Other Employees Pension Plan was established as of April 30, 2004. The actuarial valuation for the Faculty Plan was filed as of July 1, 2004 reporting a plan deficit. The reserve was drawn down in the current year to fund a portion of the deficit.
- *Reserve for Capital Plan 2004-2009* has decreased by $400,000. This reserve was established to support the *Capital Plan* approved by the Board as part of the 2004/2005 Operating Budget. These funded the study and design of the proposed Engineering Facility enhancements and the study for the consolidation of student services.
- *Reserve for Ancillary enterprises* has decreased by $1,323,000. This decrease is a result of the deficits resulting from 2004/2005 operations as outlined in Section III A(c) on page 8.

Reserves for Future Operations have decreased $210,000 for the year. The decrease represents a transfer from reserve to fund the payment of pension payments outside of the registered pension plan. These payments are cost neutral to the University and surplus from the registered pension plan was transferred from the registered pension plan into this reserve to fund these payments.

Non Expendable Reserves have increased $330,000. The endowment fund earned 6.4% during 2004/2005. The recapitalization of excess interest to rebuild the Growth and Protection fund accounts for the increase in the Non-expendable reserves.

VII. HIGHLIGHTS OF THE ENDOWMENT FUND

The net increase in the Endowment Funds totaled $5,116,000 for the year ended April 30, 2005 bringing the Endowment fund to $23,878,000. The increase in net assets is a result of donation income of $1.4 million; matching funds for the OSOTF Phase II program of $400,000; a one-time contribution of $3.23 million from the Ministry of Training, Colleges and Universities for the establishment of endowments to provide fellowships to outstanding graduate students; interest income recapitalized of $330,000 and net transfers from expendable funds to the endowment.

VIII. BUILDING *TO GREATER HEIGHTS*

After the excitement, anxiety and drama of the double cohort year in 2003/2004, there was a danger that 2004/2005 would seem anti-climatic. While it was to a considerable extent a pivotal year as we participated in and then awaited the results of the very high profile *Rae Report* on post-secondary education in Ontario, it was an extremely important year in terms of beginning to position the University for the very competitive era that we are entering – competitive for students, competitive for faculty and competitive for resources at unprecedented levels.

Notwithstanding the huge challenges before us, 2004/2005 was a very good year for the University of Windsor, notably in the way that our strategic plan, *To Greater Heights*, was so closely aligned to what emerged from the Rae inquiry – a strong emphasis on quality of service to students, on accountability for public monies spent and a bold plan to double graduate enrolments in the Province over the next few years. In terms of strategic direction, then, the University of Windsor could not be better positioned and it is a time of great opportunity.

At the same time, competition for students, faculty, resources and prestige has never been higher and the University's very familiar challenges are heightened in this environment. Notwithstanding the previous academic planning exercises and reallocations, the University still spreads its scarce resources very thinly as we struggle to be an effective University for our entire primary catchment area. We have been very successful in faculty recruitment – now we have to be equally successful in faculty retention. Research performance has improved appreciably but we must continue to build it strongly. We have clear plans for the doubling of graduate studies but will require a lot more and better planned space if we are to realize our aspirations. We have ambitious ideas about graduate outcomes and the development of a truly "learner-centred" campus but a huge amount of work is required to make these truly operational. We have a unique Task Force on Performance but implementing its recommendations will be a huge challenge. We have a bold plan for campus expansion but fund-raising and government support will have to be more successful than previously if we are to achieve what we need to achieve.

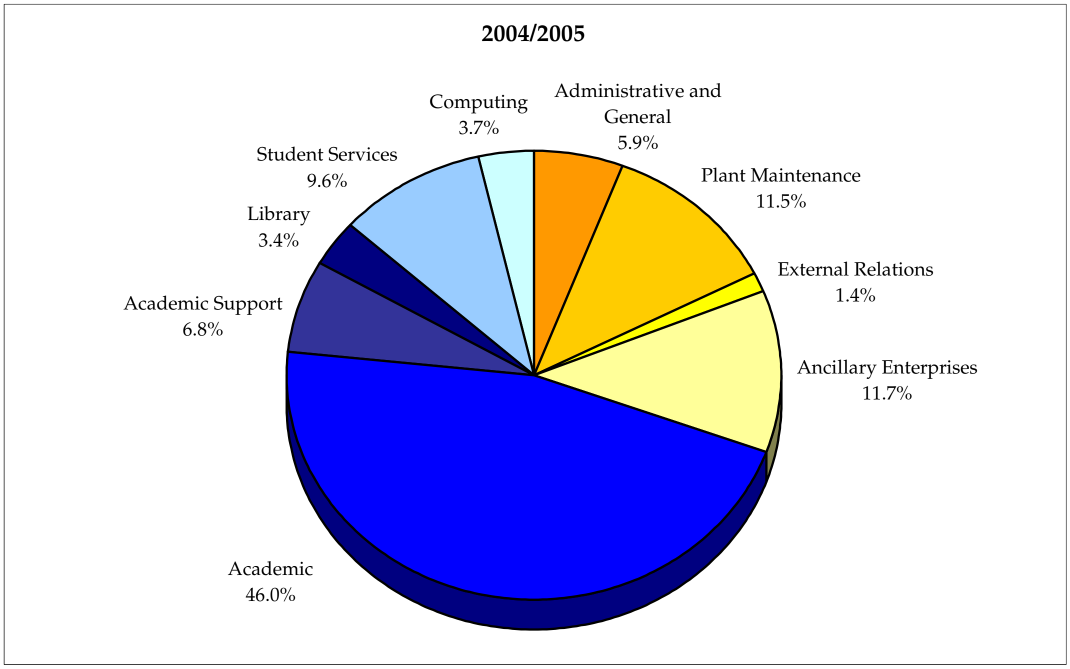
In short, the University is very well positioned but so are many of its competitors. We have a wonderful faculty and staff but we need to work more effectively and openly together. We will also have to do this in an environment of increased expectations, spurred by the *Rae Report* and the Government's reaction to it and it is quite predictable that our revenues will fall considerably short of what we would really like to have to manage the sort of quantum leap that our Board is both pushing and expecting.

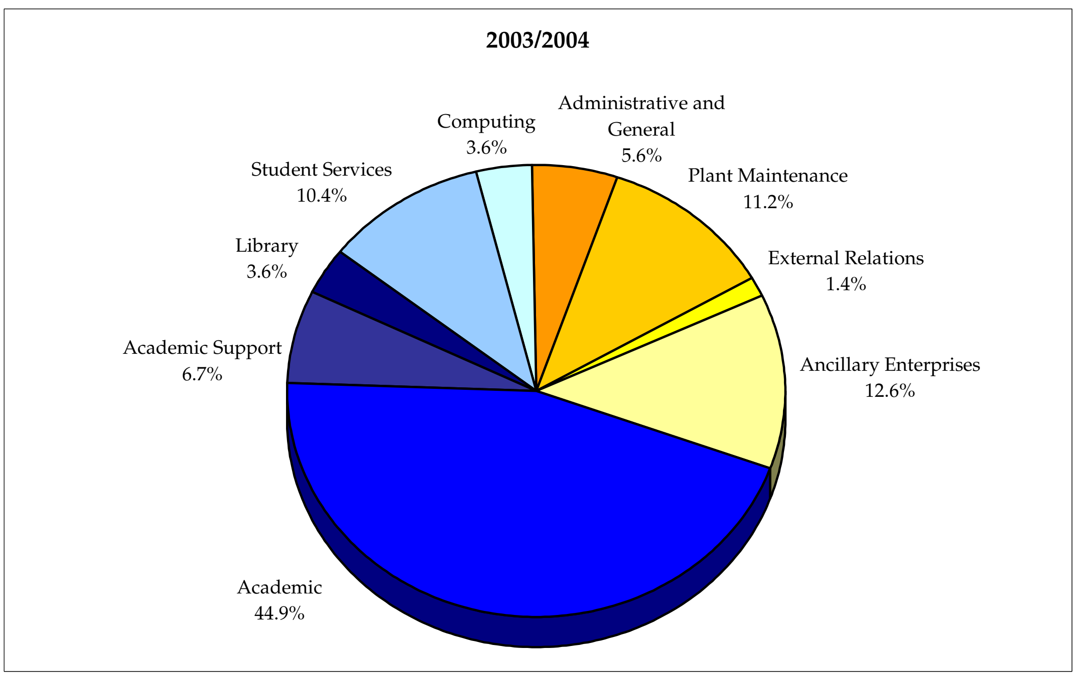
All of which is to underline the importance of the current planning and budgeting processes as we move into multi-year plans and allocations. Notwithstanding the very short time lines, it is critical that we give these processes absolute priority and forge the best possible plans for how we employ our scarce resources over the next five years. It is a daunting challenge but we have the people in place to achieve it and I very much look forward to working closely with the Board, Senate and our senior teams to meet and surpass our expectations over the last three years of my presidency.

Ross Paul
President

August 2005

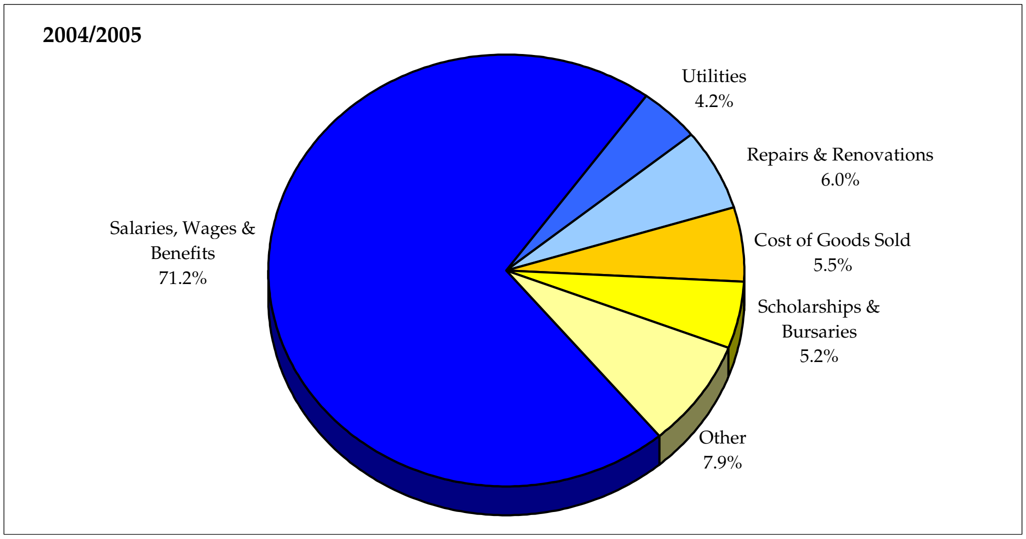
APPENDIX A: CURRENT OPERATING FUND EXPENDITURES BY FUNCTION
FOR THE YEARS ENDED APRIL 30, 2005 AND APRIL 30, 2004

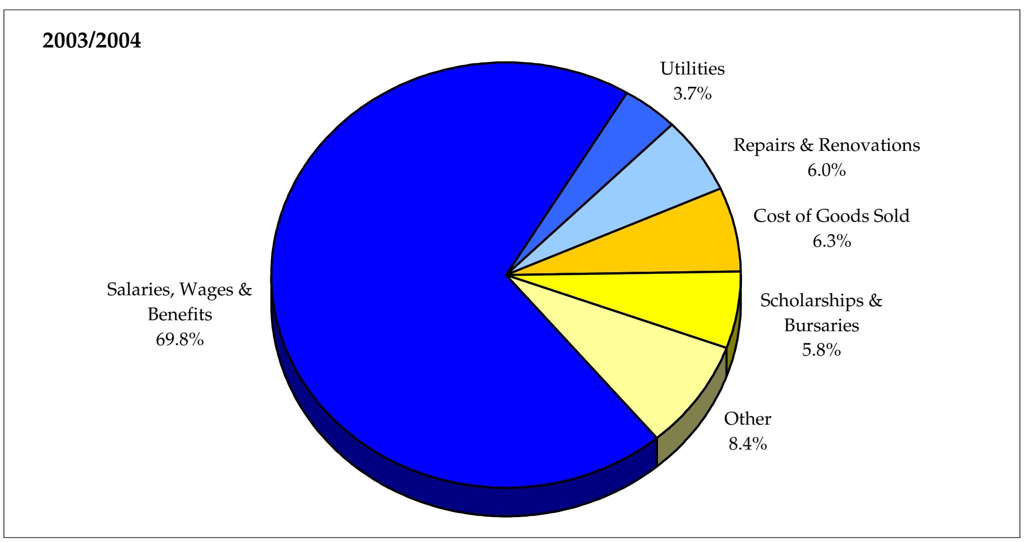




APPENDIX B: CURRENT OPERATING FUND EXPENDITURES BY TYPE
FOR THE YEARS ENDED APRIL 30, 2005 AND APRIL 30, 2004

	2004/2005	2003/2004	CHANGE ($)	CHANGE (%)
EXPENDITURES				
Salaries, Wages & Benefits	$132,171	$119,967	$12,204	10.2%
Utilities	7,726	6,347	1,379	21.7%
Repairs & Renovations	11,155	10,268	887	8.6%
Cost of Goods Sold	10,258	10,804	(546)	-5.1%
Scholarships & Bursaries	9,689	9,978	(289)	-2.9%
Other	14,752	14,412	340	2.4%
Total Expenditures	$185,751	$171,776	$13,975	8.1%





APPENDIX C: RESEARCH SUCCESSES

Following are a sample only of notable research grant successes:

SSHRC (Social Sciences and Humanities Research Council of Canada)

- Dr. Marjorie Armstrong-Stassen, Business – "Organizational practices, work environment factors, & employee characteristics influencing the employment decisions of older workers"
- Dr. Marcello Guarini, Philosophy – "Classificatory Analogies: Logical, Cognitive & Social Dimensions"
- Dr. Howard Lin, Business ' "Ethnic Entrepreneurship in network marketing organizations: Cultural Dynamics and Structural Reproduction"
- Dr. Randy Lippert, Sociology & Anthropology – "The New Governance and Security: CCTV Programs & Gated Communities"
- Dr. Scott Martyn, Human Kinetics - "Buying the Five Rings: Television, Networks, Corporate Sponsors, and Olympic Commercialism"
- Dr. Fushcia Sirois, Psychology - "How is procrastination bad for your health? Situational and dispositional perspective on the role of stress and health behaviours"
- Dr. Marijke Taks, Human Kinetics – "Economic impact and tourism behaviour: The case of the 2005 Pan-American Junior Athletics Championships"
- Dr. Yuntong Wang, Economics – "Sharing non-separable cost or surplus"
- Drs. Ralph Johnson and Anthony Blair, Philosophy, SSHRC Strategic Research Clusters Design Grant – "Informal Logic, Reasoning and Argumentation Theory"
- Dr. Anthony Ezeife, Education, SSHRC Aboriginal Research Grant – "The Aboriginal Schema as a Factor in the Teaching and Learning of Mathematics"

NSERC (Natural Sciences and Engineering Research Council)

- Dr. Daniel Heath, GLIER, NSERC Strategic Grant – "Sexual Selection as a factor in Salmon Fitness: A Strategy for improving Hatchery Performance"
- Dr. Vesselin Stoilov, Mechanical, Automotive and Materials Engineering, NSERC/GM CRD – "Computer Simulation of the Plastic Deformation of the Subsurface Layer in the A1Si alloy Due to Sliding Friction"
- Dr. Xueyuan Nie, Mechanical, Automotive and Materials Engineering, NSERC/GM CRD – "Nanostructured self adaptive coatings for dry machining"
- Dr. Ming Zheng, Mechanical, Automotive and Materials Engineering, NSERC/IMPERIAL OIL CRD – "Advanced Research on in-cylinder combustion and active after treatment – effect on fuel and lubricant"

CIHR (Canadian Institutes of Health Research)

- Dr. Charlene Senn, Psychology – "Developing Meaningful Acquaintance Rape Resistance Education for Women"

APPENDIX C: RESEARCH SUCCESSES (CONT'D)

CFI (Canada Foundation for Innovation) and MRI (Ministry of Research and Innovation), formerly OIT (Ontario Innovation Trust)

- Dr. Uzo Anucha, Social Work – "Facility for applied Social Welfare Research"
- Dr. Jennifer Jakobi, Kinesiology – "Facility infrastructure for evaluation of single motor unit properties during movement"
- Dr. John Hudson, Biological Sciences – "Biological irradiation facility"
- Dr. Douglas Stephan, Chemistry & Biochemistry – "Catalyst-Testing and GPC Facilities"

CANADA RESEARCH CHAIRS

- Dr. Douglas Stephan, Chemistry and Biochemistry, Tier 1 Canada Research Chair in Catalysis and New Materials, effective May 2005
- Dr. Daniel Green, Mechanical, Automotive and Materials Engineering, Tier 2 Canada Research Chair in Development & Optimization of Metal Forming Processes, effective June 2005

OTHER HIGHLIGHTS

- Dr. Douglas Wahlsten, Biological Sciences – Grant from NIH (National Institute on Alcohol Abuse & Alcoholism) with Oregon Health & Science University for "Ethanol Effects on Behaviour: Genes and Environment"
- Dr. Iris Xu, Civil and Environmental Engineering – Health Canada Grant for "Personal, indoor & outdoor exposure in Windsor"
- Dr. Reem Bahdi, Law – CIDA Grant for "Independence & Impartiality of Palestinian Judges-Workshop"
- Dr. Charlene Senn, Psychology – Ontario Women's Health Council Grant for "Rape Resistance Education" and "Centre for the study of Violence against Women"
- Dr. S. Nombuso Dlamini, Education – Canadian Race Relations Foundation Grant for "Immigrant Women Negotiating Canadian Work Cultures"
- Dr. John Hudson, Biological Sciences – National Cancer Institute of Canada, Terry Fox Foundation (TFF) Research Grant for New Investigators and TFF Equipment Grant for New Investigators for "The identification of Sak Interacting partners and the pathways affected by Sax"

NON-SPONSORED RESEARCH AWARDS

- Prof. Emeritus Iain Baxter, Visual Arts – 2005 Molson Prize in the Arts
- Dr. Douglas Stephan, Chemistry & Biochemistry – LeSueur Award from the Society for Chemical Industry
- Dr. David Antonelli, Chemistry & Biochemistry – 2005 Award for Pure or Applied Inorganic Chemistry given by the Canadian Society for Chemistry
- Dr. Carol Davison, English - 2005 Canada-US Fulbright Scholar and Visiting fellowship to the Institute for Advanced Studies in the Humanities at the University of Edinburgh.