ANNUAL FINANCIAL HIGHLIGHTS REPORT
FOR THE YEAR ENDED APRIL 30, 2010

I. Executive Summary

1. Financial Highlights

The University of Windsor continues to enjoy a strong financial position as evidenced by the audited financial statements as of April 30, 2010. Total assets approximate $448m, an increase of nearly $30m over 2008/09. Continued growth in capital assets, investments, and a balanced position in the Operating Budget were all factors in the increase in assets.

The University continues to maintain substantial cash and investment balances to support all expendable operations of the University. The changes in the cash position, as outlined in the Statement of Cash Flows, are primarily a result of continued investment in capital assets (notably the Centre for Engineering Innovation), increases of investments, and government capital contributions. Significant investments are shown as current assets as they have current maturity dates.

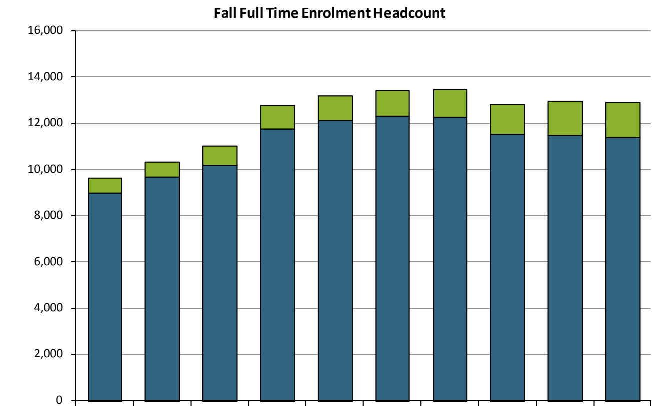
Notwithstanding the strong Statement of Financial Position, the University continues to address operational pressures with structural cost issues in an environment of restrictive operating revenues. The approval of the 2009/10 Operating Budget including a projected shortfall, the recognition that the realignment of base budgets would be required to sustain the long term financial strength, and the resulting realignment process were key events in the year. The final position of the Operating budget for the year resulted in a shortfall of $2.6m which has been fully funded consistent with the budget strategy approved by the Board of Governors.

As the institution continues to address its challenges through the budget realignment process, continued support from all stakeholders of the institution will ensure success in the delivery of key events which will transpire over the next few years. Ensuring the long term viability of operations and delivering on unprecedented capital expansion will be the main focus. Many years of strong fiscal management resulting in strong financial strength will support the realignment processes. The University continues to focus on the long-term and the integration of planning and resource allocation will ensure that the Strategic Plan approved in May 2010 will be supported.

2. 2009/10 Key Financial Highlights

Enrolment Levels

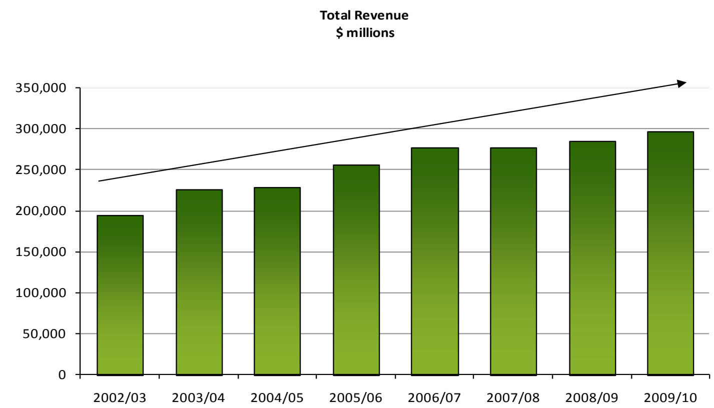
- Fall full-time undergraduate enrolment of 11,389 exceeded the budget of 11,223.
- Fall full-time graduate enrolment increased by 67 students or 5% demonstrating continued growth in support of the Ministry's graduate growth initiative. The budgeted enrolment of 1,543 was achieved.



	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Graduate	673	642	824	985	1,089	1,106	1,205	1,312	1,476	1,543
Undergraduate	8,976	9,671	10,199	11,790	12,132	12,308	12,291	11,529	11,494	11,389

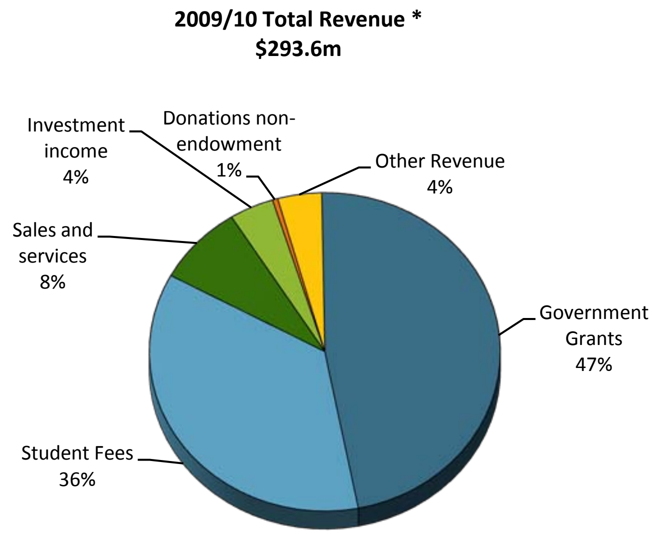
Grow the Consolidated Revenue Base

- Total revenue has grown steadily over the past 9 years to $297m, an 83% increase.
- Revenue per FTE approximates $17,236 increasing by 3% over 2008/09.



Diversify the Revenue Base

- Windsor continues to have a well-diversified revenue base which provides reduced dependency on any single revenue source and is an important source of future financial stability.

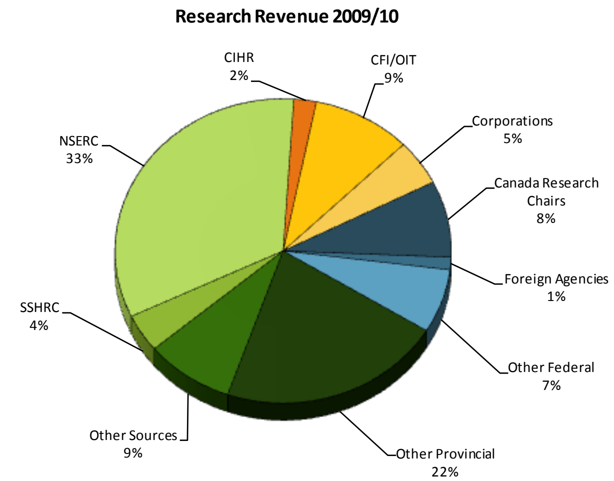


Note * - Revenue (net of deferred contributions adjustment)

2. 2009/10 Key Financial Highlights (cont'd)

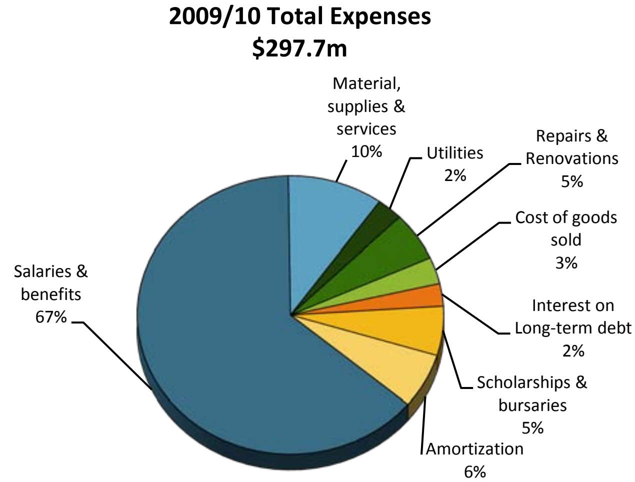
Diversify the Research Revenue Base

- Windsor continues to diversify the research revenue base which provides reduced dependency on a limited number of research funding agencies.
- Net research revenue increased by $600,000 over the prior year.



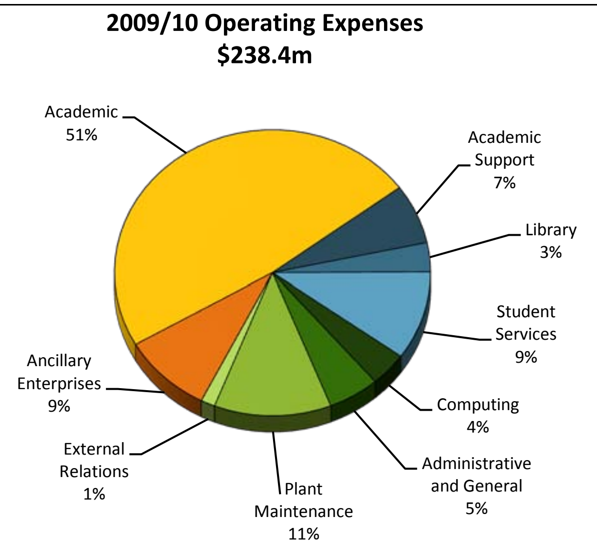
Strategic Deployment of Resources

- Total consolidated expenses are relatively consistent in 2009/10, an increase of $6.8m or 2.3%.



Strategic Deployment of Resources

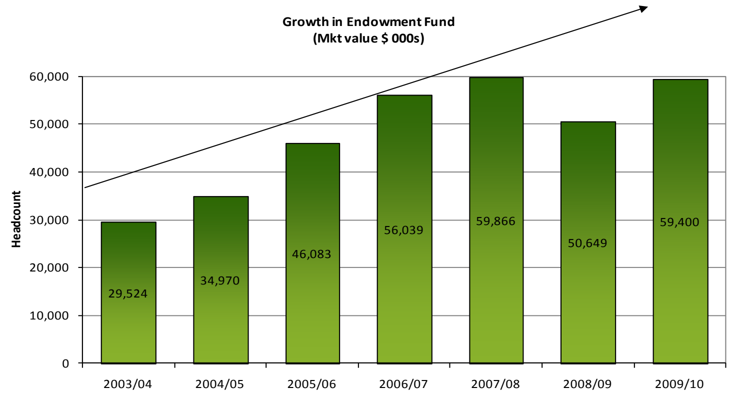
- 67% of operating expenses were invested into academic, academic support, and student service areas.



2. 2009/10 Key Financial Highlights (cont'd)

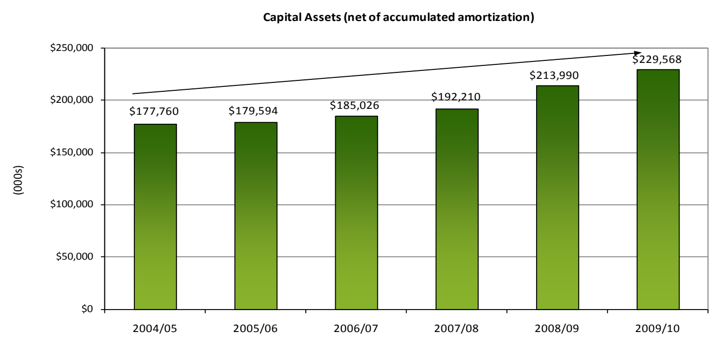
Growth in endowment funds

- At April 30, 2010, the market value of all endowment funds was $59.4m, an increase of 17% from 2008/09.
- Endowment per FTE student of $3,445 is up by 16%.



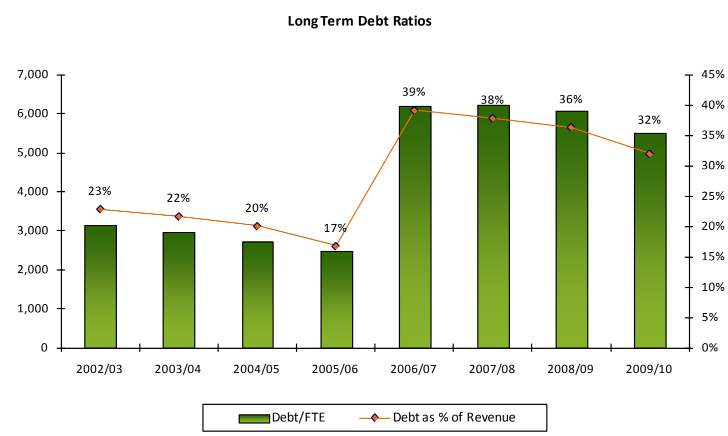
Continued growth in capital assets

- At April 30, 2010, capital assets increased by $15.6m over 2008/09 as the University continues to invest in capital infrastructure.
- Significant capital investments were made in the construction of the Centre for Engineering Innovation (CEI).
- Significant capital expansion will continue in the following years with the construction of the $112m CEI project.



Strategic increase in long-term

- In June 2006, the University issued $108.3m of unsecured debentures to support capital expansion on campus and established a trusteed sinking fund to fully fund the repayment of the $108.3m.
- Long-term debt per student of $5,517 (2008/09 - $6,080) has declined due to the repayment of long term debt scheduled in 2010/11.



3. SUMMARY OF CONSOLIDATED OPERATIONS FOR THE FISCAL YEAR 2009/10

The following is a summary of the comparative consolidated financial results for the years ended April 30, 2010 and April 30, 2009 ($000's). For the purposes of this table, Operations includes the operating activities of the institution, namely the Operating Fund, Ancillary Operations, Expendable Trust funds, and Research. The following sections highlight the significant activities in each of these areas.

	Operations	Capital	2010	2009
REVENUE				
Grants and Contracts	$ 138,533	$ 102	$ 138,635	$ 143,193
Student Fees	105,701	-	105,701	101,275
Other	45,167	7,676	52,843	41,389
Total Revenue	$ 289,401	$ 7,778	$ 297,179	$ 285,857
EXPENSES				
Salaries and Benefits	$ 198,125	115	$ 198,240	$ 185,184
Scholarships and bursaries	16,127	0	16,127	16,707
Materials, supplies and services	29,689	101	29,790	29,348
Loan Interest	5	7,010	7,015	7,625
Amortization	-	16,957	16,957	18,586
Other	29,568	0	29,568	33,420
Total Expenses	$ 273,514	$ 24,183	$ 297,697	$ 290,870
EXCESS OF REVENUE OVER EXPENSES	$ 15,887	$ (16,405)	$ (518)	$ (5,013)
Endowment Changes			8,329	(9,649)
Change in accounting policies				8,222
NET CHANGE IN NET ASSETS			$ 7,811	$ (6,440)
Net Assets, beginning of year			$ 100,671	$ 107,111
Net Assets, end of year			$ 108,482	$ 100,671

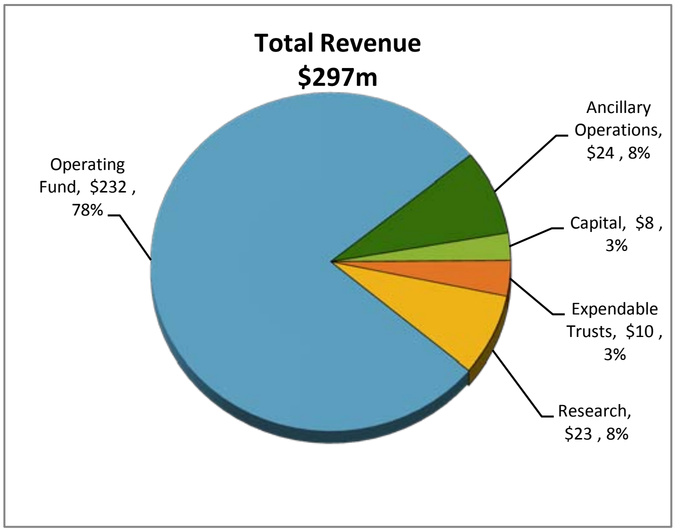
University net assets as of April 30, 2010 total $108m, an increase of $8m over 2008/09. The net increase in assets is attributable to the following increases (decreases):

- Increase in Unfunded Operations $ (4,567,000)
- Increase in Internally restricted reserves $ 3,671,000
- Increase in Endowment funds $ 8,707,000

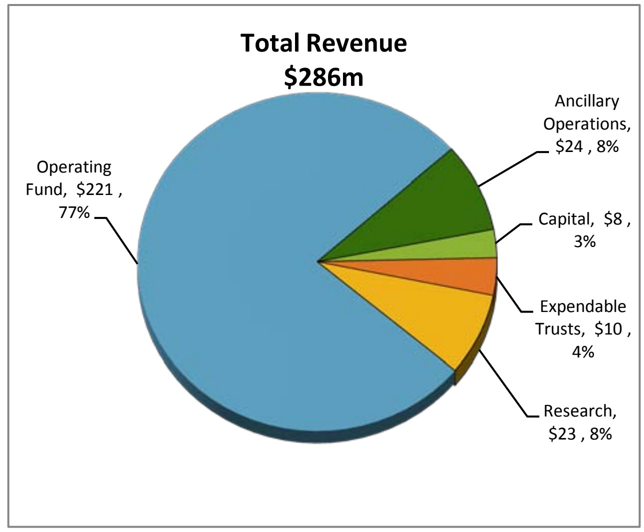
3. Summary of Consolidated Operations for the Fiscal Year 2009/10 (cont'd)

Total revenue for the year ended April 30, 2010 totals $297m, an increase of $11m over 2008/09 as restated. The following chart illustrates revenue by main activity:

<u>2009/10 ($m)</u>

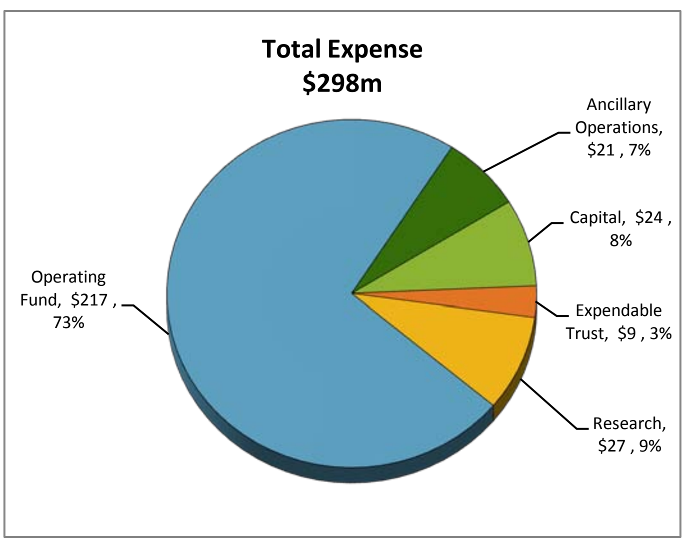


<u>2008/09 ($m)</u>

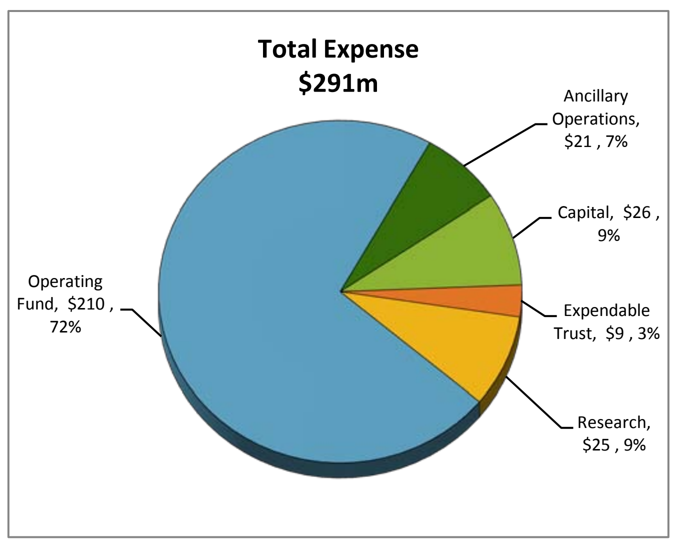


Total expenses for the year ended April 30, 2010 total $298m, an increase of $7m over 2008/09. The following chart illustrates expenses by main activity:

<u>2009/10 ($m)</u>



<u>2008/09 ($m)</u>



II. Highlights of Operations

The following is a summary of the financial results of funded and unfunded Operations, which includes the Current Operating Fund including Ancillary operations, Expendable trust activities, and Research activities (in $000's):

	Operating Funds *	Expendable Trust Funds	Research Funds	2010 Total	2009 Total
REVENUE					
Grants and contracts	$ 110,934	$ 4,727	$ 22,872	$ 138,533	$ 143,193
Student fees	105,149	552	-	105,701	101,275
Sales and services	23,903	-	-	23,903	24,219
Investment income	6,118	2,905	21	9,044	4,204
Donations	100	1,306	-	1,406	1,078
Deferral of Contributions	-	(1,441)	352	(1,089)	(7,444)
Other revenue	9,816	2,087	-	11,903	11,589
TOTAL REVENUE	$ 256,020	$ 10,136	$ 23,245	$ 289,401	$ 278,114
EXPENSES	$ 238,382	$ 8,573	$ 26,559	$ 273,514	$ 265,243
EXCESS OF REVENUE OVER EXPENSES	$ 17,638	$ 1,563	$ (3,314)	$ 15,887	$ 12,871
Transfer to Operating Reserves	(4,645)			(4,645)	(863)
Contribution to Investment in Capital Assets	(18,274)	(1,293)	4,136	(15,431)	(14,160)
Transfer to Endowment		(378)		(378)	(432)
NET CHANGE IN NET ASSETS	$ (5,281)	$ (108)	$ 822	$ (4,567)	$ (2,584)
NET CHANGE IN NET ASSETS REPRESENTS:					
Operating Fund Shortfall for the Year				$ -	$ -
Unfunded:					
Increase in Employee Benefits				(5,091)	(2,013)
Unrealized gain (loss) on interest rate swap				$ 524	(571)
				$ (4,567)	$ (2,584)

* includes ancillaries

Unfunded net assets represent liabilities that are not currently funded and are funded as actual costs are incurred. Unfunded liabilities have increased by $4,567,000 over 2008/09. Unfunded net assets primarily represent $36m for accrued non-pension employee future benefits as determined by actuarial valuation at April 30, 2010.

1. OPERATING FUND

A. 2009/10 OPERATING BUDGET

The University of Windsor, like all universities in Ontario, faces a budgetary challenge which is structural in nature: operating revenues are not keeping pace with the increases in operating expenditures and an operating shortfall has resulted. This challenge facing Ontario universities has been clearly presented to the Government by the COU on behalf of the university sector. The University's realignment process should not erode the University's competitive position and financial decisions must support the maintenance of the long term focus of the University.

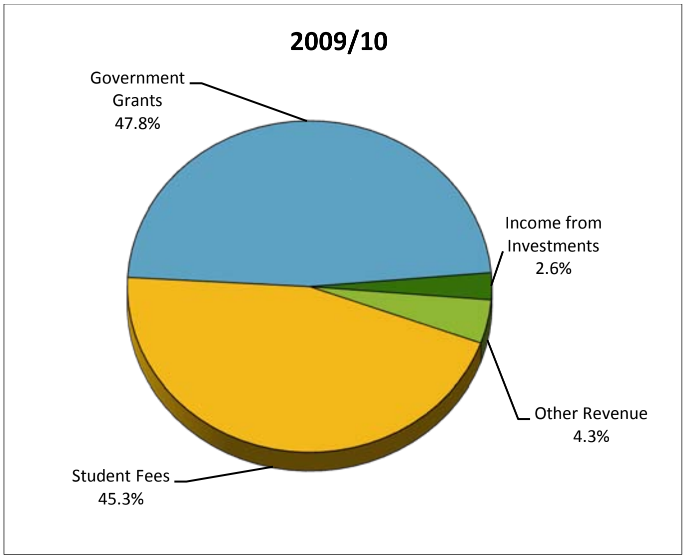
A revised multi-year financial strategy was approved by the Board of Governors in November 2008. This revised strategy allowed for a 3 year planning period to restore the University to a balanced base budget position in 2011/12.

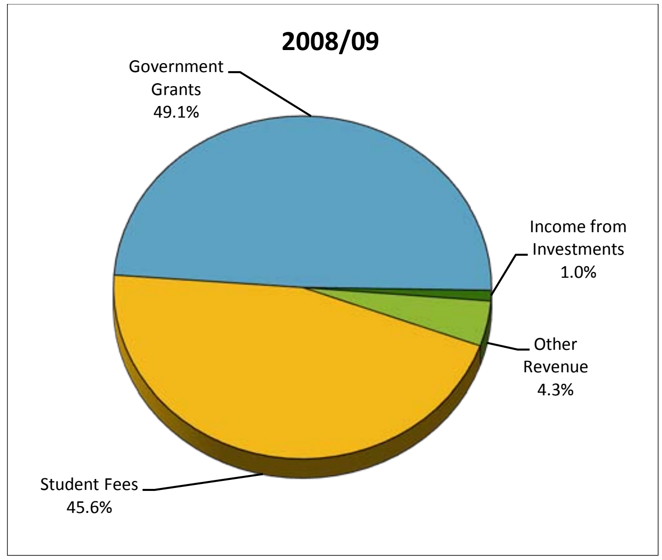
The approved 2009/10 operating budget was the first year of the new 3 year planning cycle. The budget included a base realignment of approximately $8.0m. The resulting base shortfall for 2009/10 was $4.78m. One-time measures have been presented to fund this base shortfall during 2009/10, allowing the University to move into 2010/11 with no accumulated shortfalls. The continuation of strong prudent fiscal management through this planning period will be a priority to ensure that the long term financial strategy will be achieved.

The final fiscal position for the fiscal year ended April 30, 2010 was within the fiscal strategy. The operating shortfall was fully funded by the *Positioning Fund*.

B. OPERATING FUND REVENUE

Total operating fund revenue has increased $10.9m or 4.9% over last year. This increase is primarily attributable to increased government grants, student fees, and investment income. Government grants and student fees represent 93.1% of operating revenues. The following graphs illustrate the percentage of revenue for each of the individual components of operating budget:





(a) Student Fees

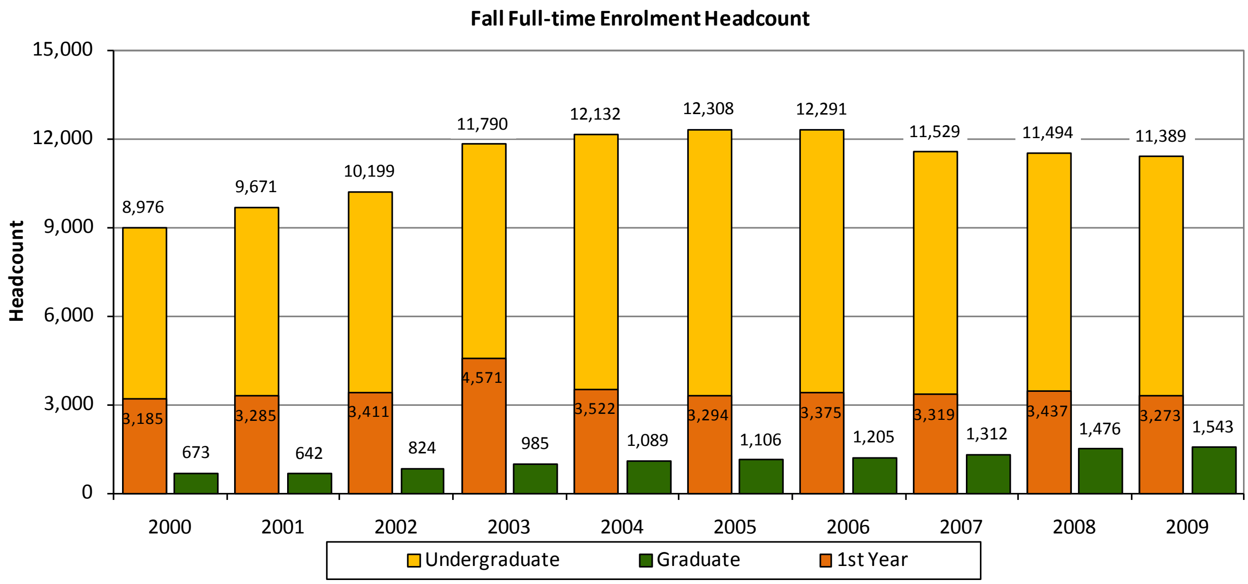
Fall full-time first year enrolment decreased from 3,437 in 2008/09 to 3,273 in 2009/10, or 4.78%. Total undergraduate enrolment for Fall 2009 full-time students was 11,389, an increase of 166 over the budgeted enrolment of 11,223.

Full-time graduate enrolment increased by 67 students to 1,543 from the Fall 2008 enrolment, meeting the budgeted graduate enrolment for Fall 2009.

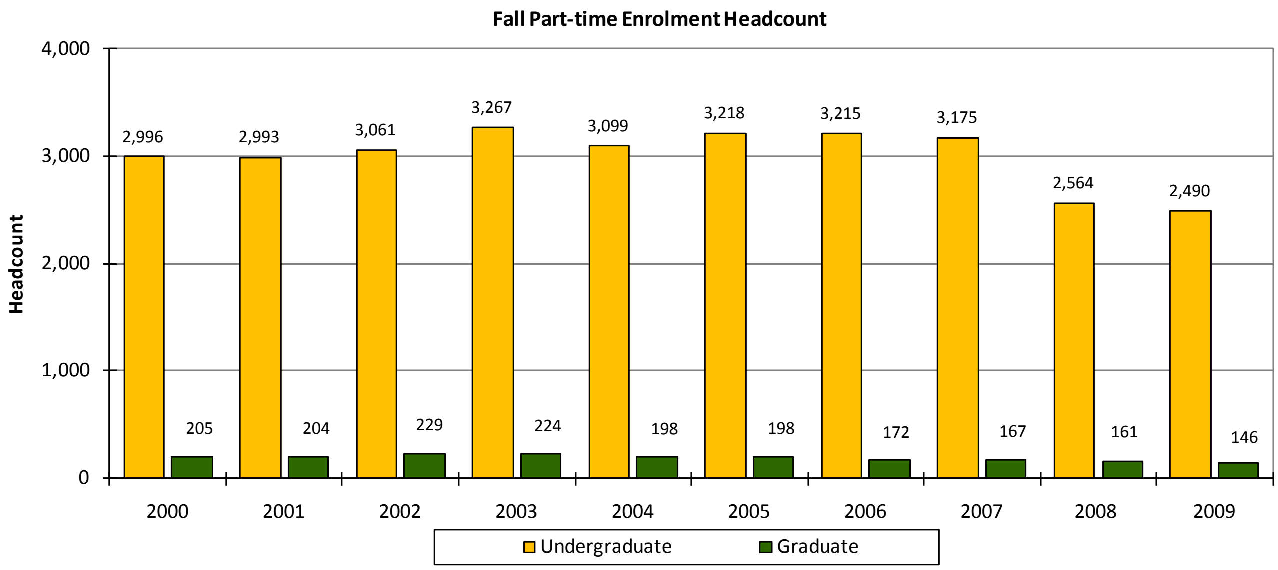
Part-time undergraduate enrolment decreased by 74 students to a level of 2,490, short of the budgeted part-time undergraduate enrolment of 2,800 for Fall 2009. Graduate part-time enrolment was relatively stable at 146 in 2009/10.

(a) Student Fees (cont'd)

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



The following chart illustrates the 10 year history of Fall Part-time Undergraduate and Graduate Enrolments:



(b) Government Grants and Contracts

Operating government grants totalled $110.8m for the year, an increase of $2.3m over 2008/09 or 2.1%. The following table illustrates the comparative provincial government operating grant revenue for the years ended April 30, 2010 and April 30, 2009 ($000):

	2010	**2009**
Operating Grants		
Basic Operating Grants	$89,221	$88,224
Graduate Expansion Fund	2,380	1,998
	$91,601	$90,222
Quality Improvement Fund	4,852	3,521
Nursing Funding	4,966	4,573
Performance Fund	532	514
Provincial - One time monies	2,054	2,088
Other Provincial Grants	3,560	4,262
Federal Grants - Indirect Cost of Research	3,217	3,291
TOTAL OPERATING GRANTS	$110,782	$108,471

The following provides a brief description of the major provincial funding envelopes:

Basic Operating Grant – In 2008/09, the Ministry rolled a number of funding envelopes into the Basic Operating Grant. The following envelopes are now included in the Basic Operating Grant:

- Undergraduate Accessibility Fund
- Graduate Accessibility and Grad Expansion
- Quality Improvement Fund – Per Student Funding
- Quality Assurance Fund
- Grant in Lieu of Tuition Freeze

Graduate Expansion Envelope - The Ministry committed to funding 12,000 new eligible graduate spaces over 2004 enrolment up to the allocated targets for all Ontario universities. Nursing growth was excluded at the time as it had been funded separately. Each university was provided individual targets, with Windsor being allocated 191 growth in Masters and 25 in PhD, to be achieved by April 30, 2008, at which time the Ministry would re-evaluate Graduate Expansion funding. The Ministry decided to allocate an additional 3,298 graduate spaces in Ontario to support additional graduate growth in the province. The Ministry confirmed that Windsor would maintain its original allocation of 191 Masters' spaces. In addition, Windsor was allocated 4 additional PhD spaces through this process, representing the 4 PhD spaces actually achieved in 2008/09. For 2009/10, the Ministry funded the growth at $12,955 for each additional Masters and $27,345 for each additional PhD.

(b) Government Grants and Contracts (cont'd)

Quality Improvement Fund – In 2005/06, the Ministry announced that it would flow $211m to Ontario postsecondary education through a new Quality Improvement Fund. Originally the fund consisted of three components: Advancing Quality Fund, Supporting Excellence Fund and the Change Fund. The government subsequently consolidated this funding and the fund now represents funding for Quality. This envelope is allocated based on system shares.

Nursing Funding – The special Nursing envelope, based on enrolment, funds the Collaborative Nursing programs with St. Clair College and Lambton College.

Performance Fund – The Performance Fund is distributed according to institutional performance on three indicators: graduation rate, placement rate six months after graduation, and placement rate two years after graduation. A benchmark is set at 10% below the system average and institutions at or above the benchmark will be allocated funding in proportion to their actual performance relative to the benchmark and their size.

Other provincial grants – Included in this category are the municipal tax grant, aboriginal and disability grants.

As part of the government's strategic commitment to postsecondary education as announced in the 2010 Provincial budget, the Ministry announced that an additional one-time grant would be made available to universities immediately in the 2009/10 fiscal year. Windsor was allocated $2.054m; these monies are reported in 2009/10 revenue and have been appropriated to the *Positioning Fund* earmarked to fund the 2010/11 operating shortfall.

C. OPERATING FUND EXPENSES

Operating fund expenses, including ancillaries for fiscal 2009/10 totalled $238.4m, an increase of $7.3 over 2008/09, representing a 3.2% increase. The following table summarizes the operating expenses ($000's) by the functional area of responsibility at the University:

	2009/10	2008/09	CHANGE ($)
EXPENSES			
Academic	$121,289	$111,374	$9,915
Academic Support	15,678	15,653	25
Library	7,992	7,616	376
Student Services	22,520	23,044	(524)
Computing	8,640	8,863	(223)
Administration and General	12,833	12,106	727
Plant Maintenance	25,156	27,732	(2,576)
External Relations	3,221	3,358	(137)
Ancillary Enterprises	21,053	21,334	(281)
TOTAL EXPENSES	$238,382	$231,080	$7,302

The graph in *Appendix C* summarizes the relative percentage of operating expenses by the functional areas of responsibility of the University for the year ended April 30, 2010.

The 2009/10 Operating Budget was another step in a multi-year strategy to position the University for the future and for the required realignment of both revenue and expense base budgets that will ensure a long term financially-viable institution and a balanced operating budget for 2011/12.

The approved 2009/10 Operating Budget included an operating shortfall of $4.8m after a $8m base budget realignment. During the year, additional revenues of $3.6m were identified to fund additional spending of $1.8m. Ultimately, costs were slightly less than planned leaving an operating deficit of $2.6m which was funded by the *Positioning Fund*. The operating shortfall was fully funded allowing the University to maintain a balanced position with no cumulative deficits.

Appendix B highlights the Current Operating Fund Expenses by Type for the University for the years ended April 30, 2010 and April 30, 2009. The graph illustrates the relative percentages of the respective expenses for the years presented. Salaries, wages and benefits have increased $12m to 75.5% of total operating expenses. Utilities savings of 1.0m were enjoyed.

2. ANCILLARY OPERATIONS

Ancillary operations represent the business enterprises of the University. These units provide goods and services to the University community and are expected to break even after covering the full cost of operating expenses. A number of ancillaries contribute to the operating budget of the University.

Ancillary gross revenue amounted to $24.1m in 2009/2010, a decrease of $0.2m from 2008/09. The following comparative table summarizes the gross revenue by ancillary:

	2009/10	2008/09	CHANGE ($)
Residence	$ 7,625	$ 7,640	$ (15)
Food & Catering Services	6,959	7,196	(237)
Bookstore	7,821	7,927	(106)
Parking	1,581	1,388	193
Rental	1	39	(38)
Uwin CARD	79	86	(7)
	$ 24,066	$ 24,276	$ (210)

Residence Services experienced a decrease from the prior year, due to lower enrolment of students coming from outside Windsor/Essex County. To address this reduction, the Department conducted a targeted marketing campaign to continue its efforts to attract current students to return to on-campus residences beyond their first year and offered more single bed accommodations. On a regular basis, Residence Services works closely with campus partners to ensure that residence life programming supports students' academic and social development outside of the classroom. Despite the decrease in revenues, Residence Services was able to contribute $220,000 toward its prior years' deficit and contribute to the Operating Budget. With some vacant rooms, the Department once again was able to offer a "casual stay program" in Laurier Hall to support commuter students during the December and April exam period.

The Food Services and Catering Department's gross revenues were down from the previous year. The major contributing factors were a decline in meal plan revenues from a decreased number of residence students and a decline in cash sales that can be attributed to the depressed economic times facing the local community. In addition, the Department continues to be challenged with labour costs that are higher than industry standards. As a result of the decline in revenue and increased labour rates, the Department ended the year with a $300,000 shortfall. Highlights during the year included renovations to the Crocodile Grill, hosting 800 delegates for the 2009 Ontario Summer Games for Special Olympians and being awarded, for the second year in a row, the Critics Choice Award at the Big Brothers/Big Sisters Battle of the Hors d'Oeuvres.

2. ANCILLARY OPERATIONS (CONT'D)

The University Bookstore's revenues continued to decline this year, resulting in a year end shortfall of $200,000. This result is attributed to the impact of economic conditions, an increase of competitors and a high rate of turnover in key positions due to campus restructuring. The reduced revenue fell mainly with textbook sales. Consequently, the Bookstore will continue to strive for new initiatives to combat lost sales due to on-line competitors, improve staffing proficiency, as well as continuing to offer added value incentives for students. The Bookstore will focus strongly on faculty relations and best practices that serve both faculty and student needs. Marketing initiatives will also be a high priority in the upcoming year. Revenues from supplies, software and hardware increased this year as a result of the Bookstore acquiring the Campus Preferred Vendor contract for Apple computer products. Further growth is expected for the 2010/2011 fiscal year in this area.

Parking Services continued with the strategy that will, over a period of the next three or four years, see parking permit fees at the University be adjusted to the median level of permit fee costs for universities within the province. Differential Rates were established in 2009/10 distinguishing between student and faculty/staff rates for the first time. An overhead contribution was made towards the University's operating budget of nearly $500,000. Holding to the current strategy will allow the University to appropriately maintain its parking assets, plan for future development, and provide support to the operating budget. As part of Parking Services commitment to the Green Initiative, a Bike Shelter will be erected to house approximately 30 bikes in a secure, covered shelter. The shelter will be centrally located on campus, encouraging our faculty, staff and students to consider alternatives to bringing a motor vehicle to campus.

The UwinCARD (Student Card) Office continues to add and seek out new opportunities to expand services and card uses. During its third year of operation the UwinCARD office rolled out the real-time, on-line deposit system. This compliments the other information available for students on-line (current balances, transaction history, deactivating cards if lost). Students deposited almost $50,000 during last year to UwinCASH accounts and this amount is expected to continue to increase. At the end of this past year, in conjunction with Residence Services, the Office launched the LaundryView service which allows students to check for availability of washers and dryers in their residence buildings. The system shows time remaining on laundry machines and can be set to notify students via email when their machine cycle is completed. Based on the feedback of its convenience, the expectation is that residence students will take full advantage of this feature during the upcoming year. The Bookstore and the UwinCARD Office have created an interface between the two systems to expand and speed up services. This interface has allowed staff and faculty with a Payroll Deduction Uwin Account to make purchases at the Bookstore and have them automatically deducted from their payroll. Although the decrease in residence students and its increased contribution to the Operating Budget have strained its budget, the department continues to increase the UwinCARD's value through finding new and innovative ways and venues for its use.

3. EXPENDABLE TRUST FUND ACTIVITIES

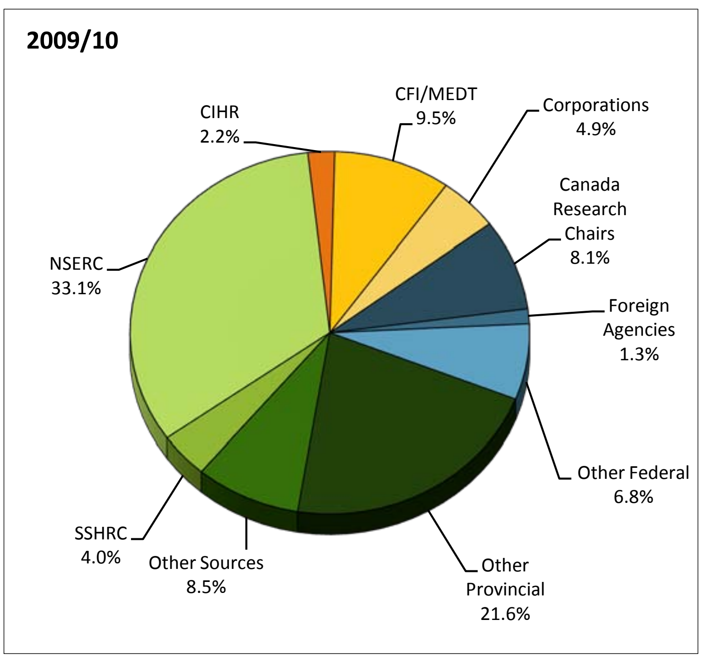
Expendable trust fund activities include revenue and expense activities related to the expendable portion of the endowment and other expendable trust funds. Revenue in the Expendable trust fund has increased by $144,000. The increase is mainly due to increase in investment income of $1,028,000 and government grants of $658,000 in fiscal 2009/10 and is offset by an increase in deferred revenue.

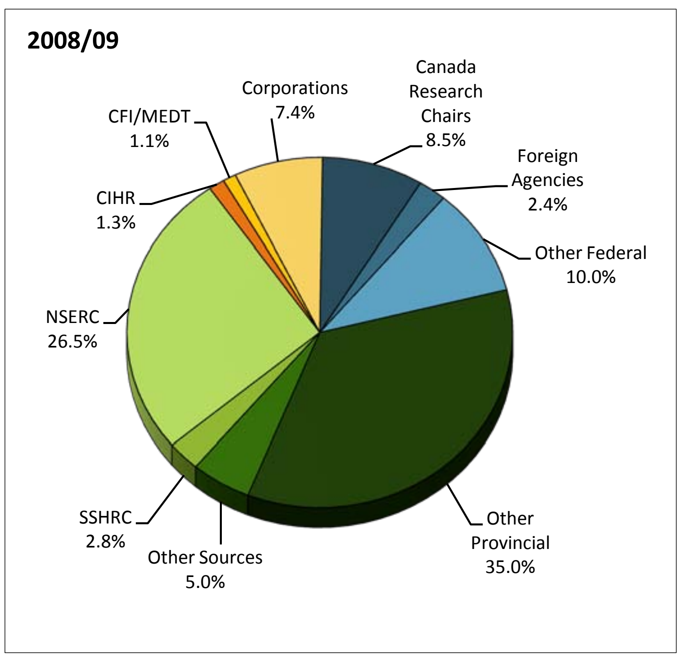
Scholarship and financial aid support, funded from the Endowment, has remained unchanged at $4.97m. A ten year comparison is included in the Highlights of Endowment (page 21). Other expenses are down slightly to $3.6m.

4. RESEARCH ACTIVITIES

Research activities for the University are also reported in Funded Operations of the University. Research revenue totalled $23.2m, an increase of $600,000 over 2008/09. As noted on the graph below, the sources of research grant funding are fairly steady and rely heavily on Tri-Council funding, being NSERC, SSHRC, and CIHR. Other sources of research funding reflect increases in CFI (Canadian Foundation for Innovation) and other sources offset by reductions in corporate and Canada Research Chairs.

The following graph illustrates the relative percentages of the various sources of research grant funding for the years ended April 30, 2010 and April 30, 2009. For 2009/10, Tri-Council grant funding totalled $9.4m or 39% of total research funding (2008/09 - $9.6m or 31%). The diversification of research revenue, to sources beyond Tri-Council funding, is clearly evident in these percentages.

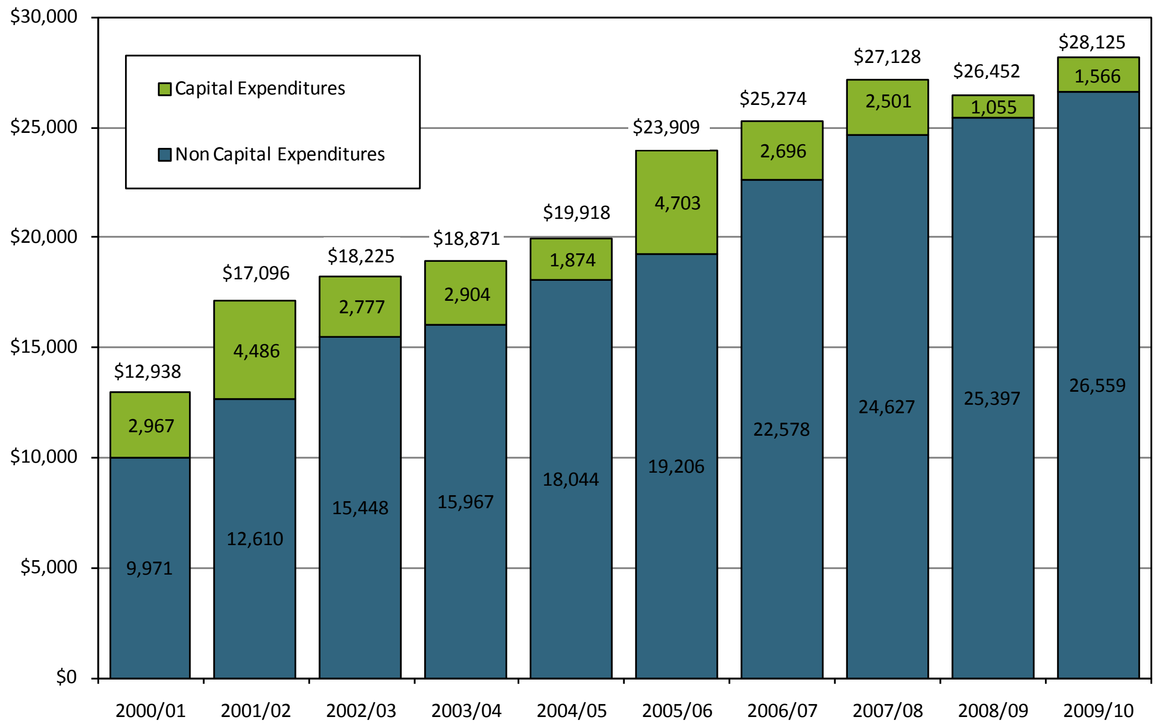




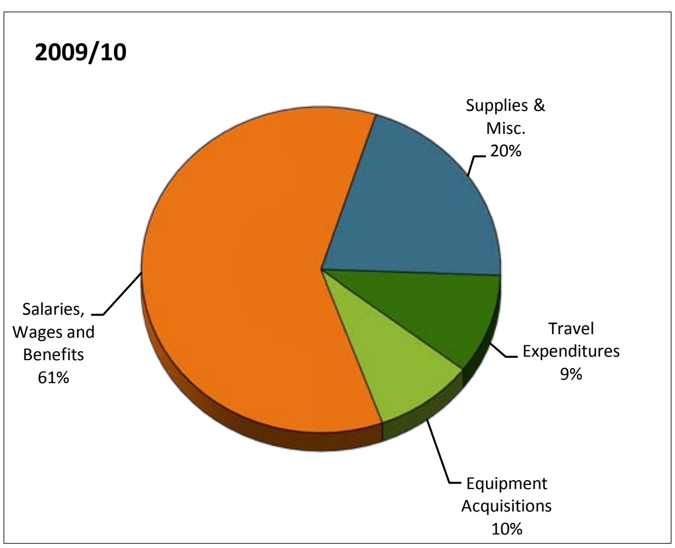
4. Research Activities (cont'd)

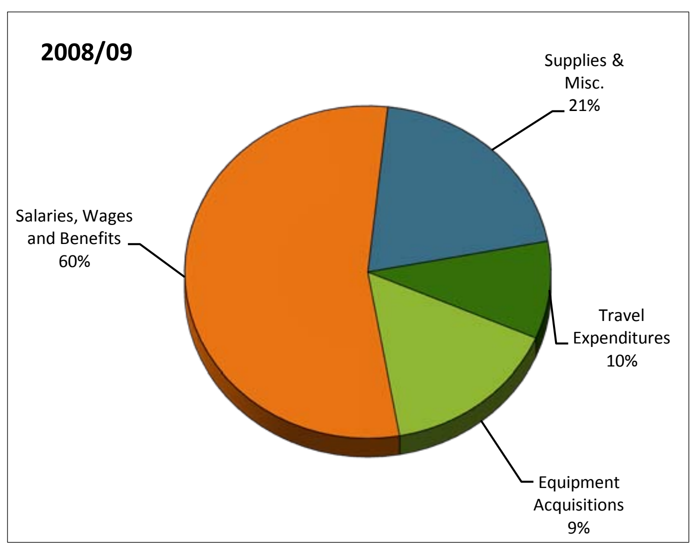
Total research expenditures show a steady increase over recent years as noted in the following graph. Total research expenditures increased to $28.1m in 2009/10. A consistent increase in non-capital research expenditures of $1.2m or 5% was noted while capital expenditures increased $.5m to $1.6m.

The following chart illustrates the continual increase in research expenditures on campus over a 10-year period:



Salaries, wages and benefits paid in support of research activity to graduate and undergraduate students, post doctoral fellows, and research associates in support of research continue to represent the largest portion of research expenditures. The following graph illustrates comparative graphs of research expenditures by type:





III. Highlights of Operating Reserves

Operating Reserves, referred to as Unexpended Operating Funds in the financial statements, totalled $29.2m for the year ended April 30, 2010, an increase of $3.9m.

The following highlights the significant changes to these reserves:

- *Purchase orders and special projects* increased by $4.0m.
- *Budget carryforward for operating expenses* increased by $500,000. This reserve includes amounts of carryforwards generated by self-supporting academic programs, i.e., MEng and the Masters of Management programs. These carryforward amounts support their respective programs in future years.
- *Positioning fund* was created initially with funding received by the Ministry in late 2006/07. This fund has been used to help fund operating shortfalls in recent years and some one-time initiatives. Additional funding was received by the Ministry in late 2009/10. The fund represents the one-time monies plus funding not required for the 2009/10 operating shortfall. This reserve will be carried forward in support of the 2010/11 operating budget.
- *Other specific purposes* represents an unchanged self insurance fund.
- *Ancillary enterprises* declined by $442,000. This reserve maintains the net surplus (shortfall) position of ancillaries on campus.
- *Financial planning* has not changed from prior years.
- *Working capital investment reserve* was established during 2007/08 with an initial value of $500,000. This reserve was approved by the Board of Governors as recommended by the Investment Committee. With the introduction of Canadian equities as an allowable investment of the University's working capital, this reserve was used in 2008/09. The $500,000 has been reinstated from investment income earned during the year.
- *Payroll Pensions* reflects a slight decrease of $46,000 for the year and represents funds available to the institution to fund pension payments outside of the registered pension plans.

Operating Reserves, referred to as Unexpended Restricted Funds in the financial statements, totalled $9.8m for the year ended April 30, 2010, an increase of $700,000. These funds represent unexpended funds for departmental research and trust.

IV. HIGHLIGHTS OF CAPITAL PROJECTS

The net decrease in the amount invested in Capital Assets totalled $974,000 for the year ended April 30, 2010. The University continues to make substantial investments in the campus infrastructure. Investments have been made to support both new construction and deferred maintenance through a number of funding sources.

The increase in capital assets, net of disposals, totals $30.1m and represents the following investments in the year:

• Land, buildings and parking lots	$20,520,000
• Equipment	$ 5,712,000
• Library and books	$ 4,810,000
• Capital in progress	($897,000)

The major Capital in progress projects at year end are:

	Amount Approved	Amount Spent
Centre for Engineering Innovation	$112,000,000	$17,926,000
Animal Care	3,500,000	1,943,000
ECC Boiler Replacement	2,400,000	1,942,000
University Computer Center Accessibility Elevator	1,563,000	1,259,000
	$119,463,000	$23,070,000

Centre for Engineering Innovation (CEI) Building:
Construction of the Centre has been a major highlight on campus this year. Phase I of this significant project includes the construction of research areas and an industrial courtyard by March 2011. Under the federal Knowledge Infrastructure Program, $40m was allocated for this project. Phase II will include lecture halls, classrooms, and offices and is scheduled for completion by summer of 2012. The Province of Ontario has contributed $40m towards this project.

Medical Education Building (3rd Floor):
The University was awarded $4.2m from the Province to complete the third floor of the Medical building. The firm of DiMaio Design/Diamond Schmitt was approved as the architectural team for the design.

Deferred Maintenance Strategy:
The Board of Governors approved a 5-year Deferred Maintenance Strategy totalling $17m during 2009/10. The funding for this strategy is from various sources: Facilities Renewal Program (FRP), base operating budget for deferred maintenance and the accessibility improvements, Ministry Capital Expansion Grant and financing. As at April 30, 2010 the University has approved projects totalling $2.4m towards this strategy.

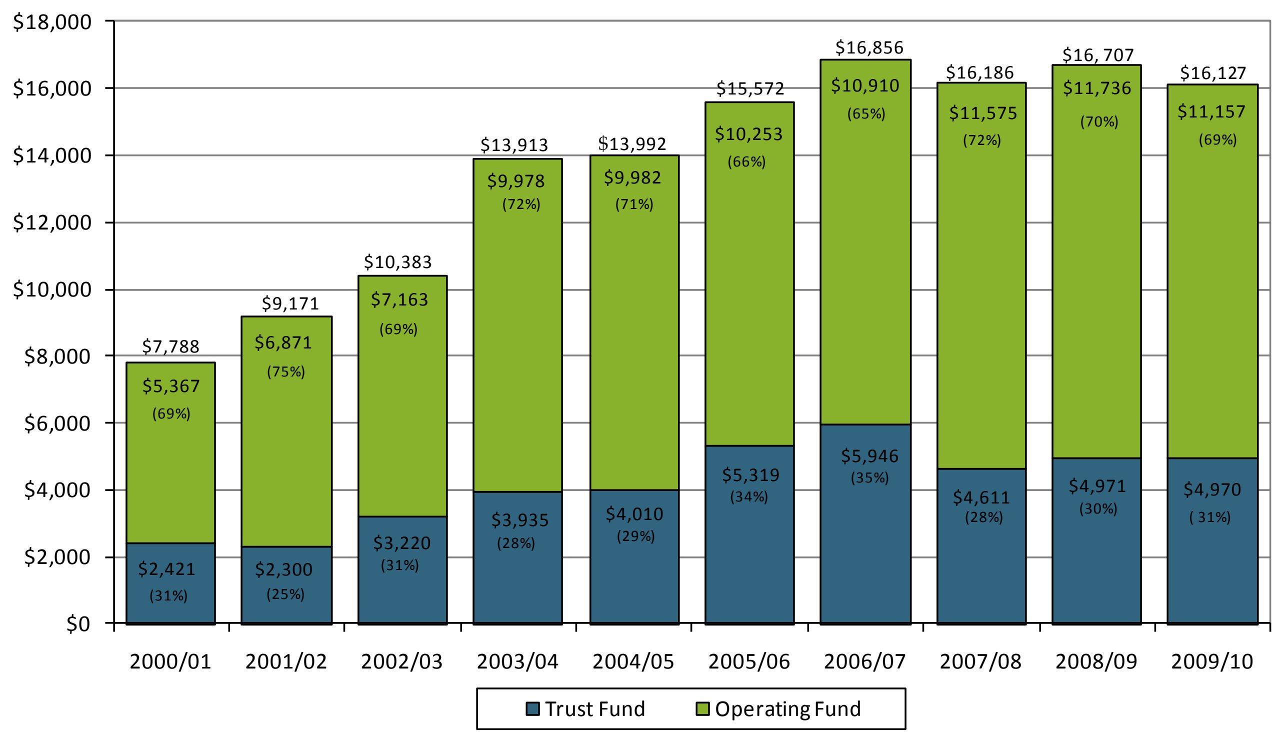
V. HIGHLIGHTS OF ENDOWMENT

In 2009/10, the Endowment increased by $8.7m, or 17%, to a market value of $59.4m. The increase is due to the following significant factors:

• Donations and other income	$1,217,000
• Ontario Trust for Student Support-matching funds	$1,594,000
• Investment income	$5,517,000
• Recapitalization of expendable trusts	$ 378,000

The Endowment fund is managed by two external managers, Foyston, Gordon & Payne and McLean Budden. The Investment committee of the Board oversees the management of these funds.

Scholarships and financial aid support funded out of the Endowment and other expendable trust funds totalled $4.9m during 2009/10. The following graph illustrates the 10-year history of continual investment in scholarships and bursaries funded by both the Operating Fund and the Trust Fund ($000's):

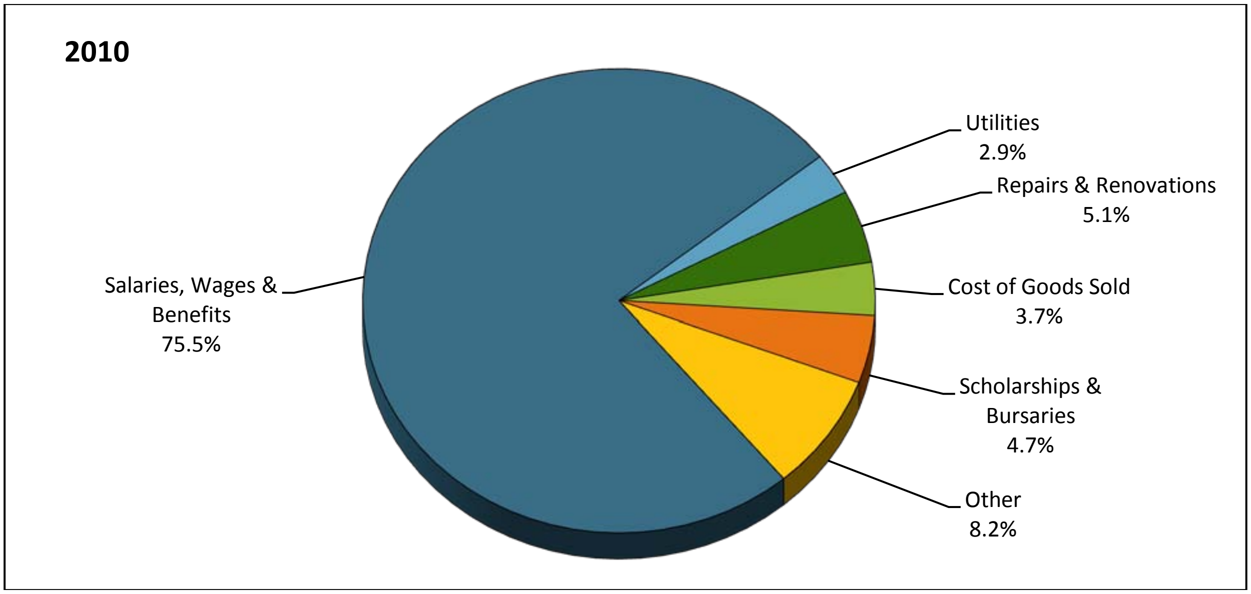


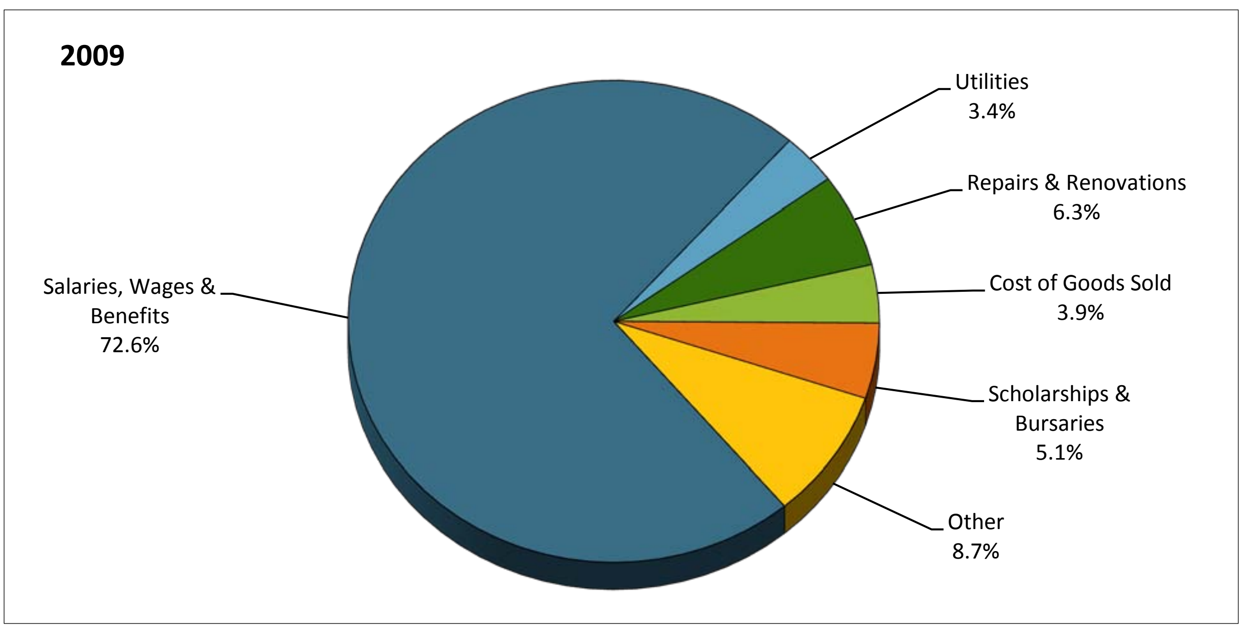
APPENDIX A: EXPENSES OF CONSOLIDATED OPERATIONS ($000'S)

	Operating Fund	Ancillary Operations	Capital	Expendable Trust	Research	**2010**	**2009**
EXPENSES							
Salaries and benefits	$ 173,173	$ 6,715	$ 115	$ 806	$ 17,431	$ 198,240	$ 182,049
Materials, supplies and services	15,797	3,686	101	2,303	7,903	29,790	30,274
Repairs and renovations	11,510	614		494	1,225	13,843	15,554
Cost of goods sold	583	8,196				8,779	9,711
Utilities	5,104	1,842				6,946	8,011
Interest on long-term debt and retirement costs	5		7,010			7,015	7,241
Scholarships and bursaries	11,157			4,970		16,127	16,186
Amortization of capital assets			16,957			16,957	17,663
Total expenses - 2010	**$ 217,329**	**$ 21,053**	**$ 24,183**	**$ 8,573**	**$ 26,559**	**$ 297,697**	
Total expenses - 2009	$ 209,746	$ 21,334	$ 25,627	$ 8,766	$ 25,397		**$ 290,870**

APPENDIX B: OPERATING FUND EXPENSES BY TYPE ($000'S)

	2010	2009	CHANGE ($)	CHANGE (%)
EXPENSES				
Salaries, Wages & Benefits	$179,888	$167,823	$12,065	7.2%
Utilities	6,946	7,945	(999)	-12.6%
Repairs & Renovations	12,124	14,444	(2,320)	-16.1%
Cost of Goods Sold	8,779	9,025	(246)	-2.7%
Scholarships & Bursaries	11,157	11,736	(579)	-4.9%
Other	19,488	20,107	(619)	-3.1%
Total Expenses	$238,382	$231,080	$7,302	3.2%





APPENDIX C: OPERATING FUND EXPENSES BY FUNCTION