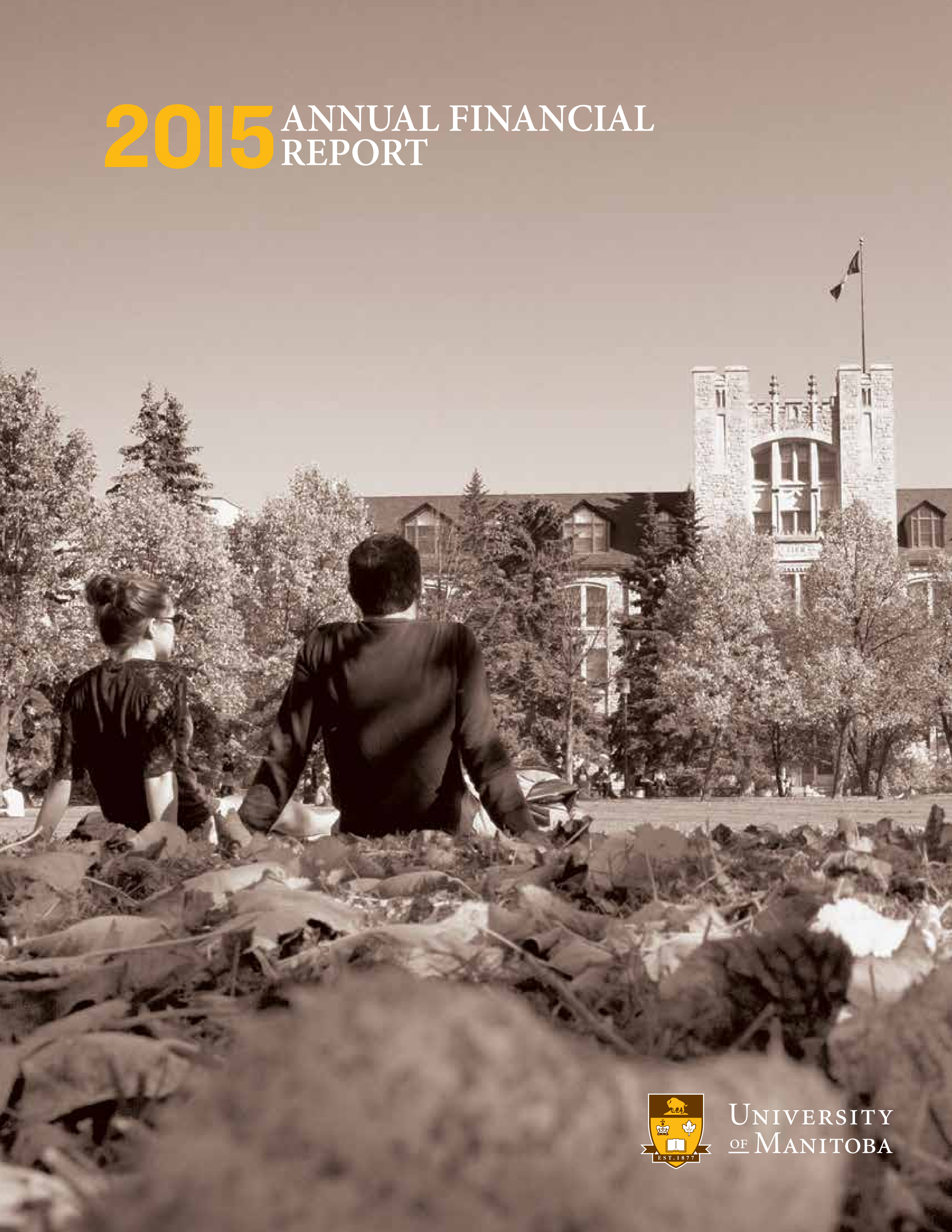
2015 ANNUAL FINANCIAL REPORT



UNIVERSITY OF MANITOBA

EST. 1877

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(Additional information is available at www.umanitoba.ca/admin/financial_services/)

MISSION:

To create, preserve, communicate and apply knowledge, contributing to the cultural, social and economic well-being of the people of Manitoba, Canada and the world.

VISION:

To take our place among leading universities through a commitment to transformative research and scholarship and innovative teaching and learning, uniquely strengthened by Indigenous knowledge and perspectives.

VALUES:

To achieve our vision, we require a commitment to a common set of ideals. The University of Manitoba values:

- Academic Freedom
- Accountability
- Collegiality
- Equity and Inclusion
- Excellence
- Innovation
- Integrity
- Respect
- Sustainability

To the Minister of Education and Advanced Learning, Manitoba

In Compliance with Section 22(1) of *The University of Manitoba Act*, the Annual Report on the financial affairs of the University for the year ended March 31, 2015 is herewith submitted to the Minister of Education and Advanced Learning. In this report, we set forth in detail –

(a) the receipts and expenditures for the next preceding fiscal year,

(b) the investments as they stood at the end of the year, and

(c) other particulars which may be of interest to the Minister of Education and Advanced Learning.

Included with this Report are the Report of the Vice-President (Administration), the Statement of Management Responsibility for Financial Reporting and the Report of the Auditor General of the Province of Manitoba on the audit of the accounts of the University.

RECEIPTS AND EXPENDITURES: SUMMARY OF GENERAL OPERATING FUND RESULTS
(in thousands of dollars)

	Year Ended March 31	
	2015	**2014**
Revenues and Other Additions	$ 602,326	$ 590,828
Expenditures and Other Deductions	533,968	547,528
Net Revenues	68,358	43,300
Net Appropriated To Specific Provisions	(20,346)	(8,913)
Inter-Fund Transfers	(48,003)	(34,380)
Net Increase to Fund Balance from Operating Activities	9	7
Net Remeasurement Gains (Losses)	923	(5)
Net Increase To Fund Balances	**$ 932**	**$ 2**

Revenues exceeded expenses by $68,358,000 for the current fiscal year. Net appropriations of $20,346,000 were made to specific provisions and an amount of $48,003,000 was transferred to other funds. The resulting net surplus of $932,000 has been added to the general operating balance in the General Operating Fund, increasing it to a balance of $3,238,000 as at March 31, 2015.

INVESTMENTS: INVESTMENT HOLDINGS AT MARCH 31, 2015 WERE AS FOLLOWS (AT FAIR VALUE):
(in thousands of dollars)

Canadian Bonds and Other Fixed Income	$ 173,975
Canadian Equities	186,476
U.S. Equities	166,417
International Equities	100,862
Preferred Shares	15,936
Pooled Real Estate	85,745
Bankers Acceptances, Guaranteed Investment Certificates and Cash	62,833
Other	1,603
	$ 793,847

REPORT OF THE BOARD OF GOVERNORS

MEMBERS OF THE BOARD OF GOVERNORS:

At March 31, 2015 the members of the Board of Governors were as follows:

Chair
Patricia Bovey, B.A., FRSA

Vice-Chair
Michael Robertson, B.A., M.A., MAA, MRAIC

Chancellor
Harvey Secter, B.Comm, LL.B., LL.M., LL.D.

President and Vice-Chancellor
David T. Barnard, B.Sc., M.Sc., Ph.D (Toronto), Dip.C.S. (UBC)

Appointed by the Lieutenant-Governor-in-Council:
Aaron Berg, B.A. (Hons.), LL.B.
Ted Bock, B.A., LL.B.
Patricia Bovey, B.A., FRSA
Shelley Jesseau
Ritika Khatkar, B.Sc.
Janice Lederman, B.A., LL.B.
Bev Passey, FCGA
Michael Robertson, B.A., M.A., MAA, MRAIC
Stacy Senkbeil, B.A.
Ryan Sherbo
Anastasia Sych-Yereniuk, B.A., B.Ed., M.Ed.

Elected by Senate
Joanne Embree, M.D., FRCPC
Norman Halden, B.Sc. (Hons.), Ph.D.
Jeffery Taylor, Ph.D.

Elected by Graduates
Romel Dhalla, B.A., B.Comm. (Hons.)
Heather Reichert, B.Comm. (Hons.), FCA
Rennie Zegalski, B.Comm. (Hons.)

Appointed by the University of Manitoba Students Union
Rebecca Kunzman
Laura Rempel, B.Env.D.
Al Turnbull

University Secretary
Jeff M. Leclerc, B.Ed., M.Ed., C.Dir.

Respectfully submitted,
The Board of Governors,
The University of Manitoba.

Original signed by
Patricia Bovey, Chair.

REPORT OF THE VICE–PRESIDENT (ADMINISTRATION)

Our planning decisions in fiscal 2015 were guided by the Strategic Planning Framework approved and implemented in 2009. The University's approach has been to allocate a small portion through the budget process to areas which, if enhanced, will lead to institutional benefits such as increased enrolment, reputational improvements and connections to Manitoba priorities.

The 2014-15 provincial budget provided for an operating grant increase of two and one half per cent. Tuition increases were limited to 2.4%, the rate of inflation. Course-related fee increases were limited to 2.2% except where permission was granted by the Council on Post-Secondary Education to exceed this amount. In order to balance the general operating budget and make strategic investments, variable reductions averaging 1.7% were applied to unit budgets.

The 2014-15 general operating budget approved by the Board of Governors allowed us to invest in the transformation of organizational infrastructure and the strategic planning framework pillars as follows:

- **Academic Enhancement**
  - Research support
    - Enhanced bridge funding
    - Enhanced research start-up funding
    - Post-doctoral fellow support
    - Truth and Reconciliation National Research Centre operations support
  - Support for teaching and learning
    - Centre for the Advancement of Teaching and Learning (CATL) staff positions
    - Service teaching support
- **Indigenous Achievement**
  - Indigenous graduate student advisor
- **Student Experience**
  - Enhanced graduate student support
  - Undergraduate student scholarships
  - Student Affairs counsellor
- **Transform Organizational Infrastructure**
  - Integrated planning and financial analysis support
  - Enhanced wireless and classroom technology
  - Human Resources consulting support
  - Teaching laboratory renewal
  - Student awards establishment support
  - Campus master plan "Visionary (re)Generation" support

In the last six successive budgets, $32.5 million in ongoing funding was allocated to planning framework priorities. One-time funding of $16.1 million was also earmarked to assist with the launching of new programs, enhance information technology and seed new initiatives.

In November 2014, "Taking our Place: University of Manitoba Strategic Plan 2015-2020" was approved by Senate and the Board of Governors. This new plan was developed by the University community, and will be implemented with pride, energy and innovation in the pursuit of the University's mission: to create, preserve, communicate and apply knowledge, contributing to the cultural, social and economic well-being of the people of Manitoba, Canada and the world.

FINANCIAL HEALTH

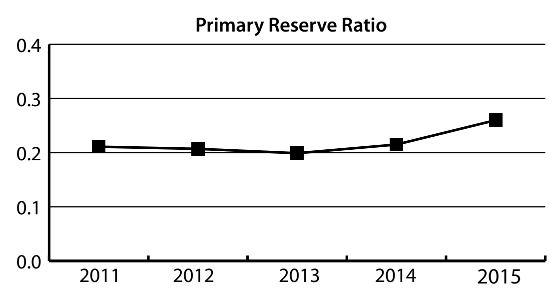
Measuring the financial results of a university is challenging. Universities are involved in the undertaking of a wide variety of services and objectives. These include the teaching of its students, conducting research, constructing and maintaining facilities, raising funds through external donors, providing student aid and offering services to students, staff and the public for parking, bookstore, residences and other ancillary activities. In order to ensure transparency and accountability to our funders and diverse stakeholders, the University follows restricted fund accounting to record the inflow and outflow of these activities separately. Measuring the Financial Performance of any university becomes complex because of such activities. Operating funds received mainly from government grants and tuition are intended to be spent within the fiscal year on the primary mission of educating students. In the case of Operating funds, the primary goal is to break even which demands careful management of funds to ensure deficits are not incurred.

Restricted funds received for research projects often span more than one fiscal year and for this reason, a break even position at year-end is not the key measure. Funds spent on developing and creating new facilities, or the furniture and equipment needed to run a complex institution, are recorded as assets and only the amortization of these assets are reported as an expenditure on the Statement of Operations and Changes in Fund Balances.

Similarly, endowed gifts from our generous donors are reported as revenue when received, but are never reported as expenditures as only the investment income from these gifts can be spent.

As a result of these complex funding arrangements and the complex accounting standards that must be followed, the financial statements can be difficult to interpret as there is no single measure of financial performance or condition. So instead, some universities have started considering other measures. Universities in the United States have and continue to measure performance through a variety of financial ratios and even a single ratio known as the Composite Financial Index.[1] Only a few institutions in Canada have considered such measures and in doing so, have modified ratios used in the U.S. to ratios which are better suited to the Canadian funding structure. The University of Manitoba has recently reviewed the use of financial ratios as a measure of financial performance, and presents them here to be used in conjunction with the other data being presented in this annual financial report.

Primary Reserve Ratio

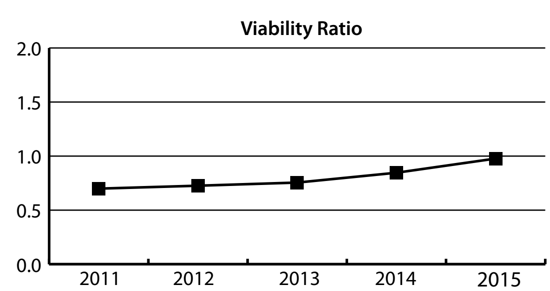


Does the University have sufficient financial flexibility?

The University relies heavily on provincial operating grants (56% of 2015 Operating revenues) and tuition (24.7% of 2015 Operating revenues) to funds its Operating activities. The majority of costs are salaries and benefits (77.1% of Operating Expenditures). The Primary reserve measures the University's ability to continue operations in the event of a financial down turn or crisis.

A target score of 0.4 is considered sufficient financial flexibility as it allows the institution to continue its operations for 40% of the year or approximately 4-5 months. The University score is 0.26.

Viability Ratio



Can the University settle its debt?

The viability ratio is the availability of sufficient resources (unrestricted net assets) to cover the University's debt load should it need to do so.

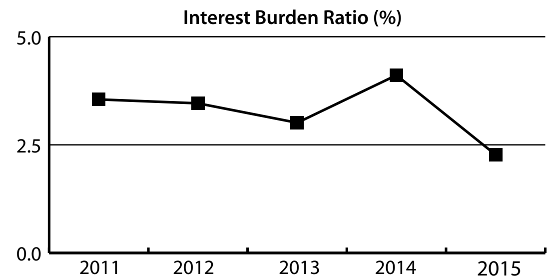
The University has significant amounts of debt related to Investors Group Field, however this debt is completely offset by a Loan Receivable from Triple B Stadium. The requirement to

1 **The CFI Methodology** was developed by KPMG, Prager, Sealy & Co., LLC, and Bearing Point, Inc. (see Prager, F. J., Cowen, C. J., Beare, J., Mezzina, L., Salluzzo, R. E., Lipnick, J. & Tahey, P. (2005). Strategic Financial Analysis for Higher Education. (6th ed.): KPMG, Prager, Sealy & Co., LLC, and BearingPoint, Inc.).

repay the debt is limited to the amounts received from Triple B against the loan receivable. This ratio, and the interest burden ratio have been calculated excluding the impact of this debt.

The target score for viability is 1.0 or better, as it indicates the institution has sufficient available resources to pay off all of its outstanding debt should it be required to do so. The University's score has been trending upward and is now almost at target.

Interest Burden Ratio

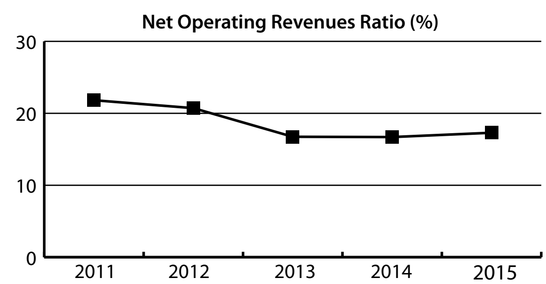


Is the University spending too much on interest and additional mandatory pension contributions?

While institutions have taken on considerable debt in the past number of years to address demands for more student residences and aging infrastructure, it is important to ensure an institution does not spend too much of its operating budget to pay interest on that debt. Note, the burden ratio includes special pension payments that universities have been required to make to fund pension deficits. For this ratio, pension deficits are treated the same as external debt. As noted above, this ratio excludes interest on the debt related to Investors Group Field as this debt is completely offset by a Loan Receivable from Triple B Stadium.

An ideal score for the interest burden ratio is that no more than 7% of an institution's resources should be spent on interest. The University's score is well below the 7% threshold at 2.3%. The variability between this ratio in 2014 and 2015 is due in large part to special pension contributions which varied significantly due to changing pension valuations.

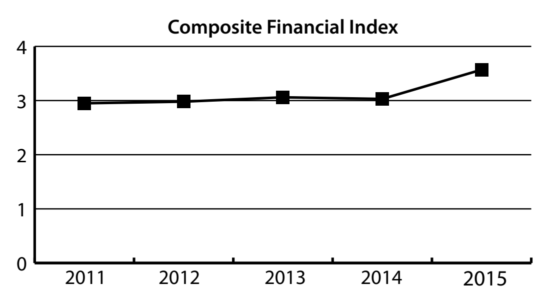
Net Operating Revenue Ratio



Did the University generate a positive or negative cash flow?

The net operating revenue ratio, calculated by dividing net cash generated by operating activities as per the Statement of Cash Flow by total revenues, indicates whether total activities resulted in income or a deficit. The University scores very high at over 17% where the threshold value is a score of 4%. This ratio is impacted by the Endowment fund which has revenue and no expense, and the Capital fund which may record large revenues in one year to be offset over a longer period by the amortization of assets.

Composite Financial Index



The Composite Financial Index or CFI is a single measure of financial health at single point in time. In Canada, some universities are taking the above four scores, applying weighting factors and combining these into a single measure called CFI. CFI is more broadly used in the U.S., but the components vary. As indicated at the outset, due to the differences in funding models, the calculations of CFI in Canada have been modified.

The strength factors and CFI score fall along a scale of -4 to +10. A CFI score of 3 is the threshold of institutional financial health. A score of less than 3 indicates a need for attention to the institution's financial condition. A score of greater than 3 indicates an opportunity for strategic use of resources to achieve the University's objectives. A score of 1 indicates little financial health, while a score of 10 is the high benchmark. A score of 3.0 or above is preferred.

Although the University's CFI is above 3.0, the score itself is skewed by the favorable positive cash flow from operating activities. It is also important to note that this is the score for 2015 and is not necessarily indicative of the future financial health.

The University's net available assets can only sustain operations for a 2-3 month period, which is below the standard of almost 5 months. The viability ratio or ability to repay all of the debt is below the standard of 1.0, although the interest burden ratio is well below the standard of 5-7%.

The University will continue to strategically manage its resources and apply sound financial stewardship as it continues to respond to economic challenges.

FINANCIAL VARIANCE ANALYSIS – STATEMENT OF FINANCIAL POSITION

Over the past number of years resources have become more constrained. In this environment there has been increased interest in the financial condition and performance of the University. This document has been expanded to provide more information. The section above presented summary level indicators of financial health of the University. The following sections walk through the financial statements by highlighting areas of note and larger financial variances.

Assets

Cash balances at the end of the year were higher than the previous year. Cash is comprised of $80.8 million of cash in bank and additional cash equivalents or short-term investments of $65 million. Many of the University's revenue sources are structured in a cash positive manner where payment is secured prior to providing the related service. The University invests some operating cash balances into short-term and mid-term securities with three investment objectives: the preservation of capital; the ability to meet the liquidity requirements of day-to-day operations; and to maximize yield. The first objective is the overriding objective, and thus it affects the income earned on any security.

The University has negotiated a favorable rate on cash balances in the bank, rendering many 30-90 days cash equivalent instruments not suitable as their rates do not warrant investment. Short-term operating investments of $65 million are comprised of $49.3 million in guaranteed investment certificates with the Bank of Montreal yielding 1.40%, and $15.7 million in Manitoba Hydro Bonds yielding 1.75%.

Mid-term operating investments of $109.4 million are comprised of $93.5 million in Bank of Montreal bonds with an average duration of 4 years, and an average yield of 2.40%. These bonds are highly rated at AA, and provide the University with additional yield in a very challenging fixed income market. There is also $15.9 million in preferred shares of three major banks: Royal Bank, CIBC, and TD Bank. The average yield on these investments is 3.60%, and the average duration is just under 5 years. Preferred shares were added to the portfolio in 2015 for their attractive yields and security of investment. Only preferred shares of Canadian Chartered banks are allowable investments, and the overall weighting is fixed at a maximum of $30 million.

Accounts Receivable declined $11.7 million to $58.0 million. The most significant changes were $2.5 million collected from the City of Winnipeg for the Active Living Centre, $3.8 million collected from Western Economic Diversification for capital projects and a $6.6 million reduction related to various research projects. Also, the Province changed their practice from paying grants periodically to paying them up front. In addition we had a reduction in Canada Foundation for Innovation funding this year which resulted in a lower receivable from CFI and the Provincial matching amount.

The Loan Receivable represents amounts due from Triple B. All but the $1.4 million current portion of this receivable is completely offset by Long Term Debt due to the Province. The $1.4 million is guaranteed by the Province. The balance increase reflects accrued interest.

Investments increased $56.9 million to $793.8 million, primarily due to an increase of $63 million in the Trust and Endowment investments as the University Investment Trust grew with $12.3 million in new donations and an annual return of 13.6%. This is offset by payment of scholarships and transfers to Operating and other funds. Please see a detailed discussion of Trust and Endowment performance later in this report. The Investments balance also includes mid-term operating investments of $109.4 million discussed above.

Changes in Capital Assets are discussed later in this report in the Investment in Capital, Infrastructure, and Technology section.

Liabilities

Accounts Payable increased by $4.6 million to $62.4 million. This increase is primarily due to more days of accrued payroll and higher payables related to amounts received from funding agencies in advance of all the internal research approvals being satisfied.

Bank Loans of $11.0 million at the end of the prior year were transferred to long term debt for the Active Living Centre.

Long Term Debt increased during the year as the Active Living Centre debt was fully drawn ($25 million). It also includes accrued interest on Triple B debt which is fully offset by a Loan Receivable as explained above, and normal debt repayments during the year.

Fund Balances

Fund Balances represent the accumulated balance in each fund at the end of the year. Notably, the unrestricted fund balance of $72 million is a negative balance due to the Expenses Funded by Future Revenues Fund which records the amount of non-vesting sick leave benefits and unpaid vacation pay for staff which will be funded from future revenues. It also records the actuarially determined expense for employee future benefits and change in pension liability.

FINANCIAL VARIANCE ANALYSIS – STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Revenues

Total University Revenue for the fiscal year 2014-15 was $865 million, an increase of $14.2 million over 2013-14. The more significant year over year variances are detailed below.

Tuition and Related Fees were impacted by a variety of influences during the year. Overall, tuition fees increased by 2.4% as allowed by the Province effective in September. Although there were fewer credit hours during the year, there was a higher proportion of international student credit hours which increased revenue. Also, the new Active Living Centre student fees were previously generated as sales revenue. Note that the Active Living Centre fees covered only the last two months of the year, so the impact will be even greater next year.

Donations increased $2.9 million as we near the launch of the new campaign. Large donations in the year included $2 million for the Obstetrics and Gynecology Trust Fund, a $1 million donation to the Derek Riley Bursary, $0.5 million received from the Province for Internal Medicine, and $0.5 million for Graduate Fellowships.

Non-Government Grants increased from $44.4 million to $59.3 million in the current year, primarily due to funding received in the Faculty of Health Sciences. This included $10.5 million of grant funding received for the Centre for Global Public Health from the Bill and Melinda Gates Foundation, World Health Organization and World Renew. There was also an additional $1.5 million for the Libyan, Saudi Arabian, and UAE Student Trainee and Community Health Science program in the Northern Medical Unit.

Net Investment Income increased from $50.2 million a year ago to $56.1 this year. The increase in investment income was largely due to investment managers realizing gains on the appreciation of securities after a couple of years of strong growth in stock valuations. In the Endowment fund, equities were sold during the year, resulting in total gains of $27.9 million, compared to $20.0 million last year. Refer to the Trust and Endowment section later in this report for more detailed discussion of investment returns.

Miscellaneous Income decreased $7.6 million this year as we have wound down the Duff Roblin fire insurance claim. In addition, in 2013-14 we received almost $2 million in health insurance experience gains while this year's amount was $0.2 million.

Education and Advanced Learning (EAL) grant revenue increased to $344.4 million, of which the majority represents the Provincial operating grant.

Other Province of Manitoba revenues are down $1.8 million with the completion of the funding for the Tache Hall redevelopment and the Active Living Centre. Partially offsetting the decline was $4.8 million that went to Triple B for stadium improvements.

Government of Canada revenues declined $8.8 million. During the year $2.5 million was received for demolition of the Agriculture Canada Buildings, while we saw a decrease of $12.2 million in federal funding for capital projects. Prior year funding included amounts for the Active Living Centre and the Materials in Manufacturing facility.

City of Winnipeg revenue in the prior year represented one-time funding for the Active Living Centre.

Sales of Goods and Services declined $2 million or 6%. These revenues represent efforts across most faculties and units in a variety of endeavours. The sale of memberships to our athletic facilities declined $0.4 million when the new Active Living Centre opened and students no longer paid a membership, but instead were assessed a fee through their tuition. This change will be more pronounced in 2015-16 with a full year of this revenue being recorded as tuition. Sales of utilities (sale of steam) declined $0.6 million due to the closing of the Federal Cereal Research Centre and the reduction in selling prices mirroring reduced costs of natural gas.

Expenses

The disclosure of expenses has been adjusted this year to provide more detailed information in more logical groupings. Within the body of the statements the expenses are categorized by type. A new note has been added (Note 22) which also discloses expenses by function.

Total Expenses for 2014-15 were $779.6 million compared to $771.6 million in 2013-14, an increase of 1.0%. The more significant year over year variances are detailed below.

Salaries experienced the budgeted increase of 2.7% this year to $381.9 million.

Staff Benefits and Pay Levy declined $15.3 million to $76.5 million due to the reduction in Special Pension Payments of $13.3 million. We experienced a positive change in the actuarial valuation for the Pension Liability and Employee Future Benefit liabilities of $2.8 million and $0.5 million respectively. Other benefits increased $1.3 million due to the increase in salaries and the increase in the Health Care Spending account.

Materials, Supplies and Services increased $10.2 million to $105.9 million. Spending on U.S. Research grants (Bill & Melinda Gates Foundation) increased $9.5 million and Research Foundation Grant funds increased $0.9 million. Included in this amount is $4.8 million provided from the Province to Triple B for stadium improvements.

Professional Consulting and Externally Contracted Services increased 9.1% or $3.2 million to $38.3 million in 2014-15. This additional spending occurred in the Special fund ($1.2 million), in NMU and in the Operating fund ($1.9 million). The Operating fund spending occurred throughout various projects in IST, but primarily for their Transformation Projects. The increased spending in NMU was due to increased hours of physicians for the Northern Remote Residency Program.

Within Utilities, Municipal Taxes, and Insurance, a decline of $2.5 million in utilities was experienced this year. This decline relates primarily to the higher than usual costs experienced last year. During the year, we changed fuel classes from Interruptible to High Volume Firm in order to stabilize our gas prices for the winter and future years. In addition, gas use was down considerably this year compared to last year due to the milder winter.

Maintenance and Repairs declined $1.7 million from a year ago to $8.6 million. Last year included $3.4 million for the construction of a neurosciences laboratory in the Kleyson Institute for Advanced Medicine, which is in a building owned by the Winnipeg Regional Health Authority and therefore is not a capital asset of the University. There was also an increase this year of $2.2 million due to the spending on demolition of the Agriculture Canada Buildings, which is being fully funded by revenues from the Federal government.

Expenses By Function

As indicated above, Note 22 has been added to the financial statements this year to disclose expenses by function to better inform readers about expenses incurred during the year.

The reduction in pension costs in all areas offset much of the salary cost and other expense increases in most areas. The total special pension payments in 2013-14 were $19.2 million compared to $5.9 million this fiscal year. Higher payments during the early months of calendar 2014 reduced the amount required to be paid in later months based on the calendar year actuarial report. The more significant variances are detailed below.

Administration and General expenses increased by $4.2 million or 11% as $4.8 million was received from the Province and provided to Triple B for stadium improvements. This expense is included in the Special Funds, a component of Restricted Funds.

Other Academic and Research Support increased by $2.6 million or 14.6%. This increase was primarily in the Restricted funds and represented additional support from Mitacs and the CIHR channeled through the VP (Research and International) Office. An increase in the Operating fund of $0.9 million was for the newly created National Research Centre for Truth and Reconciliation.

Change in Pension Liability reflects the actuarial valuation which reduced the Pension Liability.

Inter-fund Transfers

The University uses the restricted fund method of accounting and classifies resources and their use into separate Funds which correspond to our major activities and objectives. A large example of inter-fund transfers is the transfer of resources from the Operating and Research funds to the Capital fund to reflect purchases of equipment, furniture, and library books. Other examples will include transfers from the Operating fund to the Trust fund of amounts to be used for scholarships and bursaries and transfers back and forth between the Operating fund and the Provisions fund for Carryover set aside at the end of the year and moved back into Operating at the start of the next year.

Inter-fund transfers are detailed in Note 13. The more significant transfers to and from the Operating fund are described below.

- A total of $39,342 was transferred to the Capital fund, which includes $21,079 representing purchases of capitalized equipment and furnishings in Faculties and Units, as well as library acquisitions. An additional $14,329 was transferred from the Operating fund to the Capital fund for strategic priorities. This included $3.8 million for deferred maintenance, $4.4 million for teaching labs, $2.3 million for Canada First Research Excellence projects, $1.0 million for Science renovations (Buller and Parker), and $1.3 million for various other faculty renovation projects. Faculties and units initiated transfers of $3,934 for current capital projects. Some examples of these projects are $0.3 million from the Faculty of Architecture for renovations to studio space in the Education Building, $0.5 million from the Faculty of Arts for classroom renovations, $0.2 million from the Faculty of Science for Parker Lab renovations, and $0.4 million from Risk Management and Security Services for CCTV renewal. Ancillaries transferred $1.3 million to the provision fund for future capital projects.
- Total transfers for Debt funding of $14,174 was transferred from the Operating fund to the Capital fund. This included $5.1 million in Unit funded transfers for Ancillary Services and Active Living Centre debt and $5.1 million for debt repayment under an arrangement structured to allow for debt servicing on long-term Provincial debt. An additional $3.2 million was collected as tuition and transferred to the Capital fund to service debt related to technology improvements. The remaining $0.8 million represents the transfer of facility rental income that is being designated for debt retirement.
- A total of $7,200 was transferred from Operating to Trust and Endowment for the payment of scholarships, bursaries and prizes. Faculties and units funded student awards totalling $1.3 million were transferred to the Trust fund for disbursement. The majority of student awards are generated by Trust and Endowment and our practice is to disburse all awards from this fund for operational efficiency. In addition $5.9 million was transferred from the Operating fund to Trust and Endowment for student awards as planned in the opening budget and included undergraduate scholarships ($2.3 million), international graduate student support ($1.3 million), Graduate Enhancement of Tri-Council Stipends (GETS) of $0.9 million, needs based bursaries ($0.5 million), and emergency student aid ($0.2 million).
- Transfers to the Specific Provisions fund for special projects totalled $24,688 as Units and Faculties transferred $12,754 including Ancillary Services future parking lot improvements ($1.7 million), School of Art improvements related to the move to the new building ($0.3 million), Northern Medical Unit establishing a protection against sudden revenue declines ($0.7 million), Faculty of Nursing future computer and equipment renewal ($0.2 million), and External Affairs provision to allow Alumni Relations a degree of protection from future income swings ($0.2 million). Also included is $8.9 million in transfers back to Provisions for IST related projects which were deferred. Centrally funded transfers to the Specific Provision Fund of $11,934 included $4.3 million for pension plan funding, $3.0 million for the Voluntary Retirement Program, $2.0 million in funds left in the utilities budget to the utilities provision, and $1.2 million for the Learning Commons.
- Also, $2,000 was transferred from the Staff Benefits fund to the Specific Provisions to support the Voluntary Retirement Program.

- $2,967 was transferred from the Operating fund to the Staff Benefits fund representing University support for staff benefit premiums.
- Students, as part of their tuition, provide amounts that support improvements to the University and contribute to trust funds. During the year, $1,043 was transferred to the Trust and Endowment funds as instructed by students through various referenda.
- Overhead of $5,558 earned by research projects was transferred from the Research fund to the Operating fund to contribute to the costs of supporting research.
- A total of $23,202 was transferred into the Operating fund from all other funds. Faculties and units initiated transfers of $10.4 million into the Operating fund from all Restricted funds which includes $8.3 million from the Trust fund for operating expenses as supported by the terms and conditions of the various trust funds. The remaining $2.1 million was transferred in from the Capital and Research funds to the Operating fund. Typically these amounts would be related to unused funds no longer needed and being returned to the source (Operating fund). This year also includes a transfer of some longstanding funds that were reviewed and determined not to be research funds. A total of $12.8 million was transferred to the Operating fund from the Specific Provision fund for various operating projects and equipment purchases. The most significant transfer was $9.8 million to fund IST projects, $0.9 million related to the termination of a print management contract and $0.2 million for equipment in Physical Plant.
- The net carryover transfer of $6,800 from the Operating fund to the Specific Provision fund increased the carryover provision to $40.0 million. These amounts are in support of one-time expenses or planned expenditures for which the funds were allocated but not expended in 2013-14.
- $3,526 was transferred from Operating to the Research fund representing research start-up for new faculty members, deans and department heads.
- Transfers between Operating, Restricted funds and Future Revenues of $6,517 and $2,794 represent funding for the net change in the employee future benefits liability and pension liability.

STUDENTS

Overall enrolment in Fall Term 2014 was 29,657 students, including 25,298 undergraduate students and 3,719 graduate students. Increases were evident in International and Indigenous student enrolment.

International enrolment was 4,464 students, representing an increase of 15.4% from Fall Term 2013. The international student population now comprises 15.1% of the total student population.

Indigenous enrolment was 2,168 students. Indigenous students comprise 7.9% of undergraduate students, 4.2% of graduate students, and 7.3% of the total student population.

Table 1, Selected Statistics, provides information on undergraduate and graduate student enrolment, self-declared Indigenous students, undergraduate student credit hours and degrees, diplomas, and certificates conferred on our graduates.

STAFF

The University continues to be an outstanding workplace – one that recognizes the significant contributions of its faculty and support staff and provides challenging and enjoyable opportunities for its staff members. A total of 5,401 full-time equivalent staff were employed during the year, comprised of 2,405 faculty, 2,467 administrative staff and 169 staff in Ancillary Services.

People drive the success of the University of Manitoba – faculty and staff are committed to providing students with the exceptional education that they expect and deserve. The experience in the classroom and research laboratory is paramount to students' future success and contribution to society. Attracting and retaining the best faculty and staff requires that we compete globally by offering fair compensation packages, modern facilities in which to teach and conduct research, and state-of-the-art equipment in classrooms and laboratories.

Faculty achievements throughout the University community this past year were many and varied and are too numerous to detail in this report. To name a few:

- Distinguished Professor Frank Plummer (Medical Microbiology) was awarded the Killam Prize in Health Sciences by the Canada Council for the Arts. Plummer is credited with decades of work in the field of infectious diseases, specifically HIV/AIDS. His efforts have saved countless lives. The Killam Program offers five awards every year to outstanding Canadian scholars working in the humanities, social sciences, natural sciences, health sciences and engineering. The $100,000 Killam prize is among Canada's most distinguished research awards;

TABLE 1: SELECTED STATISTICS

	2014	2013	2012	2011	2010
Fall Term Enrolment					
Total Students[1,2]	29,657	29,759	29,181	28,430	27,751
Undergraduate students	25,298	25,363	24,996	24,347	23,929
% Annual Change	-0.3	1.5	2.7	1.7	1.2
Full-Time	20,889	20,819	20,363	19,876	19,522
Part-Time	4,409	4,544	4,633	4,471	4,407
Graduate students	3,719	3,748	3,580	3,501	3,333
% Annual Change	-0.8	4.7	2.3	5.0	0.0
Full-Time	3,057	3,042	2,843	2,720	2,560
Part-Time	662	706	737	781	773
Post-Graduate Medical Educ. Students	640	648	605	582	489
Summer Enrolment	11,267	11,070	10,469	10,157	10,121
% Annual Change	1.8	5.7	3.1	0.4	5.0
Total Enrolment	40,924	40,829	39,650	38,587	37,872
Full-Time Equivalent Students[1,3]	29,254	29,172	28,336	27,581	26,943
International Students	4,464	3,869	3,266	2,738	2,354
Self Declared Aboriginal Students[4,5]	2,168	2,140	2,084	2,021	1,912
Undergraduate students	1,997	1,973	1,930	1,876	1,771
% Total undergraduate students	7.9	7.8	7.7	7.7	7.4
% Total University 1	9.3	9.6	9.1	8.4	8.4
Graduate	158	158	147	139	133
% of Total Graduate	4.2	4.2	4.1	4.0	4.0
Post-Graduate Medical Educ.	13	9	7	6	8
% of Total PGME	2.0	1.4	1.2	1.0	1.6
Undergraduate Student Credit Hours[6]					
Fall and Winter	520,258	524,993	521,345	512,849	509,309
Summer	55,091	55,963	53,366	53,617	53,910
On-load[7]	7,666	6,625	6,074	6,156	6,084
Degrees, Diplomas, Certificates Conferred					
Undergraduate	4,148	4,309	4,045	4,139	4,120
Graduate	940	797	815	779	778

1. As at November 1st.
2. Includes B.Sc.(Dentistry), B.Sc.(Medicine) and Joint Master's Program students based on workload calculations.
3. Full-Time Equivalent Students = Full-time + (Part-time / 3.5). Includes all terms.
4. Indigenous identity is a voluntary self-declaration made on the Admission form. Therefore, the numbers reported are less than the total population of Canadian Indigenous students on campus.
5. Self-declared Indigenous Student figures for 2012 and onward reflect Canadian students only. Comparisons with previous years should be made with caution.
6. Credit hours for 2012 and onward exclude courses at or above the 6000 level, as these are associated with graduate programs. Comparisons with previous years should be made with caution.
7. Courses taught during Summer term as part of Fall and Winter teaching load.

- The Canadian Academy of Health Sciences inducted three University of Manitoba professors as Fellows in 2014: Dr. Cheryl Rockman Greenberg (Pediatrics & Child Health/Winnipeg Regional Health Authority), Distinguished Professor Dr. Patricia Martens (Community Health Sciences/Manitoba Centre for Health Policy), and Dr. Pawan Singal (Physiology/Institute of Cardiovascular Sciences, St-Boniface Hospital Research). Fellows are chosen by their peers based on their demonstrated leadership, creativity, distinctive competencies and commitment to advancing academic health sciences;
- Two esteemed engineering faculty members of the University of Manitoba were elected new Fellows of the Canadian Academy of Engineering (CAE) in 2014: Dean of Engineering Jonathan Beddoes and Professor Douglas A. Buchanan. Fellows are nominated and elected by their peers for their distinguished achievements and career-long service to the engineering profession;
- The Women's Executive Network named two U of M women among Canada's Most Powerful Women Top 100 for 2014: Zahra Moussavi (Engineering) and Tracy Dahl (Desautels Faculty of Music). These awards celebrate the professional achievements of strong female leaders across the country in the private, public and not-for-profit sectors. Dahl was recognized in the BMO Arts and Communications category and Moussavi in the SunLife Financial Trailblazers and Trendsetters category;
- Distinguished Professor and Canada Research Chair in Globalization and Culture, Dr. Diana Brydon, English, Film and Theatre, was named the 2014 recipient of the Dr. John M. Bowman Memorial Winnipeg Rh Institute Foundation Award for outstanding research by established University faculty;
- Distinguished Professor Harvey Max Chochinov (Psychiatry) was named an Officer of the Order of Canada in June 2014. Chochinov holds a Canada Research Chair in Palliative Care and is Director of the Manitoba Palliative Care Research Unit, CancerCare Manitoba. Chochinov was recognized for his dedication to improving end-of-life care for Canadians; and,
- The Royal Society of Canada (RSC), the country's most esteemed association of scholars, artists and scientists, awarded professor emeritus Dr. Gerald Friesen the J.B. Tyrrell Historical Medal. This peer-elected award is given to people who have made remarkable contributions to history and Canadian public life. The RSC also elected three professors to the inaugural cohort of scholars to the College of New Scholars: Drs. Esyllt Jones (History), Kiera Ladner (Political Studies) and Laura Loewen (Music). The College is Canada's first national multidisciplinary recognition system, which honours emerging and productive academics for their contributions to society, with an emphasis on those who take interdisciplinary approaches to their research.

OUTSTANDING WORKPLACE INITIATIVE

The Outstanding Workplace Initiative, previously identified as a time-limited project, has shifted into a more permanent pillar of strategic planning. It has become a philosophy or way of life on the University of Manitoba campus, and represents an ongoing program of continuous improvement. While the goals remain the same – *to be an employer of first choice, offering and expecting respect for all staff and faculty, providing opportunities for leadership, growth and development, and recognizing the contributions made at all levels of the organization* – the efforts to create these capacities across campus have evolved.

The six key commitments identified to help achieve this goal remain unchanged:

- To increase connectedness as a community.
- To foster exemplary leadership and management practices.
- To enhance a respectful, equitable, and inclusive work environment.
- To enhance career and professional development supports.
- To increase organizational effectiveness by reducing red-tape and bureaucracy.
- To continue to identify, build on, and communicate our workplace strengths.

Within the Human Resources department and its partners across campus, work is progressing in all areas to promote an outstanding working environment. In this past year, the University was again named one of Manitoba's Top 25 Employers.

Other significant activities included:

- Increased engagement with the internal and external community. This has included development of a Human Resources Network page within *UM Today* and an expanded social media presence to not only drive current staff engagement, but promote the UofM brand to external job-seekers.
- Successful completion of 2 cohorts within the Leadership Development pilot program.
- Reinvigoration and redesign of employee recognition programs.
- The launch of the President's Advisory Committee on Respect.
- Moving from development into implementation of the campus Mental Health Strategy.
- Creation of a Childcare Initiative.
- Development of two cost-saving and employee recognition measures through the Voluntary Early Retirement Program and Voluntary Days Off Program.
- Increased quality, efficiency and transparency in the job classification process.

CONTINUOUS IMPROVEMENT

In 2014, the Office of Continuous Improvement and the Change Management Office were reorganized to create two new units: Project Management Office – Information Technology (PMO-IT) and the Change Management and Project Services (CMaPS) office. The PMO-IT is focused on providing IT project management services and managing the portfolio of IT projects, while CMaPS is focused on providing process improvement, project/program delivery, and change support throughout the University. PMO-IT and CMaPS have partnered to continue jointly building a mature and consistent practice of project management with the aim of ensuring that a common approach evolves.

Throughout 2014, CMaPS has built a foundation for process improvement and change management across the institution through the use of standard methodologies and training. Lean/Six Sigma continuous improvement projects were completed to create initial awareness of Lean/Six Sigma and to provide green or yellow belt training to 13 staff. ProSci change management training was delivered to 118 staff in 2014. The unit has also directly supported project management, process improvement and change management with regard to a number of important initiatives, and these services continue to be in high demand.

WORLD CLASS RESEARCH

The University currently holds 41 Canada Research Chairs (CRC) and one Canada Excellence Research Chair, is an active participant in nine of Canada's National Networks of Centres of Excellence and is leading the TREKK Knowledge Mobilization NCE. The University is also home to, or a partner in, 50 research centres, institutes and shared facilities that foster collaborative research and scholarship in a wide variety of fields.

In 2014-15, the CRC program announced one new CRC and one renewal at the University, bringing our total to 41 CRCs. The new CRC is Dr. Carl Ho (Electrical and Computer Engineering) chair in Efficient Utilization of Electric Power. The renewed chair is Dr. Zahra Moussavi (Electrical and Computer Engineering) chair in Biomedical Engineering. The new and renewed chairs funding combined for a total of $1 million.

In 2014-15, research at the University continued its strength, with investment in a number of key areas. University researchers received $130.1 million in sponsored or assisted research support through grants or contracts from the federal and provincial governments, various foundations, business and industry, and individuals. This funding is an increase of 13.8% compared to the amount received in 2013-14.

Table 2, Research Expenses by Faculty or Support Unit, illustrates the level of research investment, as measured by the level of spending, in faculties and schools 2014-15. Research investment was highest in the Faculty of Health Sciences, at a level of $69.2 million in 2014-15. The second-highest was the Faculty of Agricultural and Food Sciences at $15.5 million, followed by the Faculty of Science, the Faculty of Engineering and, the Clayton H. Riddell Faculty of Environment, Earth and Resources, at $11.7, $8.9, and $7.7 million respectively. In 2014-15, a total of $126.3 million was spent on sponsored or assisted research activities at the University of Manitoba.

REPORT OF THE VICE–PRESIDENT (ADMINISTRATION)

In 2014-15, the Social Sciences and Humanities Research Council (SSHRC) announced $395,293 in funding for two partnership development projects. One team is led by Professor Shirley Thompson (Natural Resources Institute) to work with community organizations researching solutions to food insecurity and underdevelopment in northern Manitoba Aboriginal communities. The other team is led by Professor Andrew Woolford (Sociology), with Adam Muller and Struan Sinclair (English, Film and Theatre) undertaking the Embodying Empathy project, which will use leading-edge technologies to create a prototype virtual Indian Residential School in partnership with Survivors, Indigenous commemorative and educational agencies, archivists, scholars and technology experts. In addition to the two partnership projects, SSHRC also announced $1.391 million in funding to 39 projects being undertaken by graduate students and postdoctoral fellows through CGS masters and doctoral scholarships.

CIHR announced funding to two University professors in 2014-15: Dr. Annette Schultz (Nursing; Psychosocial Oncology & Cancer Nursing Research, St-Boniface Hospital Research) and Dr. Jonathan McGavock (Pediatrics & Child Health/Children's Hospital Research Institute of Manitoba). Schultz was awarded $709,987 to work in collaboration with Karen Throndson (Health Sciences Centre), a team of eight researchers, and several First Nations and health care community collaborators to further their research on First Nation Peoples heart health. McGavock was jointly awarded $925,000 from CIHR and the Public Health Agency of Canada for an Applied Public Health Chair in Resilience and Childhood Obesity. His research will focus on promotion of healthier lifestyles to combat obesity and type 2 diabetes in First Nations youth.

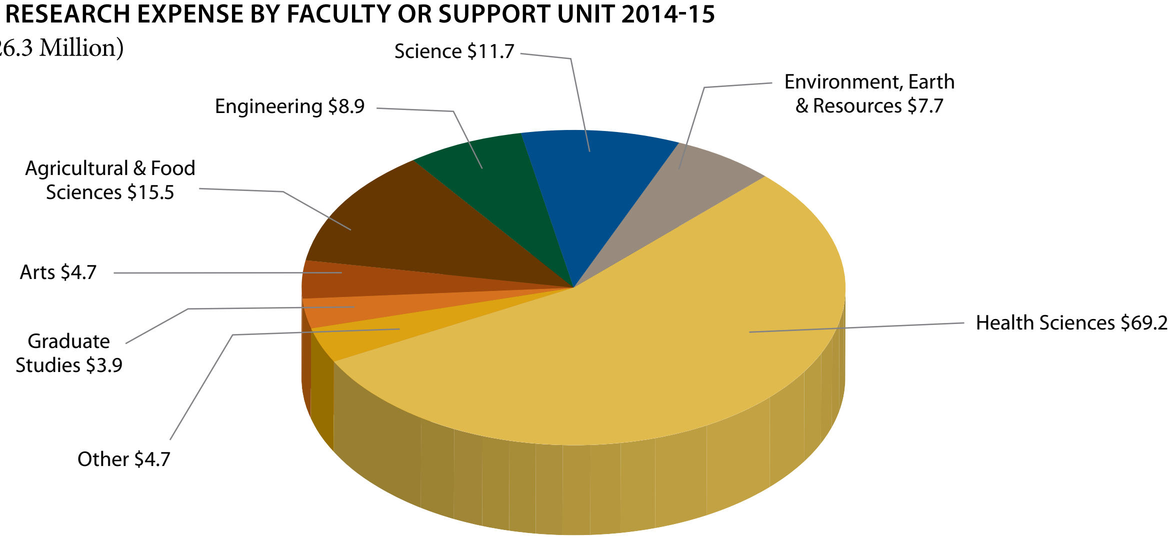
On June 26, 2014, the Natural Sciences and Engineering Research Council of Canada (NSERC) awarded $8,868,529 in new funding for grants and scholarships to 57 professors and 21 students at the masters, doctoral, or postdoctoral levels. Their research will further discoveries in a full range of fields in science, technology, engineering and mathematics.

A new non-governmental organization was formed and launched in 2014 by the University: Partners for Health and Development in Africa (PHDA). It is a non-profit organization registered in Kenya, working in the health and development fields in Kenya and elsewhere in Africa. The creation of this organization builds on a 30 year legacy of successful HIV/AIDS research, prevention and care programs that have been implemented by a collaborative group of scientists and public health professionals from the University of Manitoba, the University of Nairobi, the Government of Kenya and other partners. PHDA works closely with governments, scientists, and partners in key related thematic areas. PHDA's mission is to increase access to health for disadvantaged communities in Africa through systems strengthening, research, program development and partnerships.

Funding from the CFI, Research Manitoba/MRIF, and matching contributions from industry, along with the corresponding expenditures, are reflected in the Capital Asset fund. In 2014-15, total contributions from these sources were $2.7 million. The new funding supports research in four faculties, including projects such as: organometallic catalysis and solar fuels lab (Chemistry, Science), protein folding intermediates lab (Chemistry, Science), microwave imaging infrastructure (Engineering), mobile hydrobiogeochemical lab (Geological Sciences, Environment), hydrocarbon fingerprinting infrastructure (Geological Sciences, Environment), and landscape and biodiversity diagnostic facility (Entomology, Agricultural and Food Sciences). When combined with sponsored or assisted research funding of $130.1 million, University of Manitoba researchers received $132.8 million in funding in 2014-15.

TABLE 2: RESEARCH EXPENSE BY FACULTY OR SUPPORT UNIT 2014-15

(Total $126.3 Million)



TRUST AND ENDOWMENT FUND

The University Investment Trust (UIT) had a market value of $576.8 million as at March 31, 2015, compared to $510.6 million in 2014. The growth in the UIT was primarily due to $12.3 million in new donations, and an annual return of 13.6%. Although, on an absolute basis, the return met the objectives of funding the spending and investment management expenses of the fund, as well as adding to the purchasing power of the fund by covering these expenses plus inflation, on a relative basis the fund's return did lag. The benchmark return for the fund was 15.3%, and most of the underperformance was due to our Canadian equity portfolio returning 2.3% for the year, versus the S&P/TSX index return of 6.9%. This one-year return is not concerning, as the Canadian equity portfolio still has very strong mid-term and long-term returns, and the underperformance over the past 12 months is attributable to the investment manager's style and industry allocation, which is in alignment with the very same beliefs and processes that make them successful.

The UIT generated a spending allocation of $18.4 million for the upcoming fiscal year, up from last year's distribution of $17.0 million. This allocation provides funding for student support, faculty and researchers, various programs and initiatives, chairs and professorships, and additions to library resources. The continuing growth of both the UIT and the income it distributes is a testament to the generosity of the University's many donors which will allow the fund to help support current students as well as future generations of students.

At the end of the year, the Specific Trust funds were worth $55.2 million, up from last year's total of $44.9 million. The bulk of these funds are:

- gifts and funding for capital projects such as Tache Hall, and
- trust funds directed toward financing construction costs and servicing the long-term debt undertaken to fund capital projects.

Tables 3.1 and **3.2 Donor Pledges** summarize pledges received by type of donor and the purpose for which the gift was pledged.

TABLE 3.1: DONOR PLEDGES BY TYPE OF GIFT 2014-15
(Total $37.0 Million)

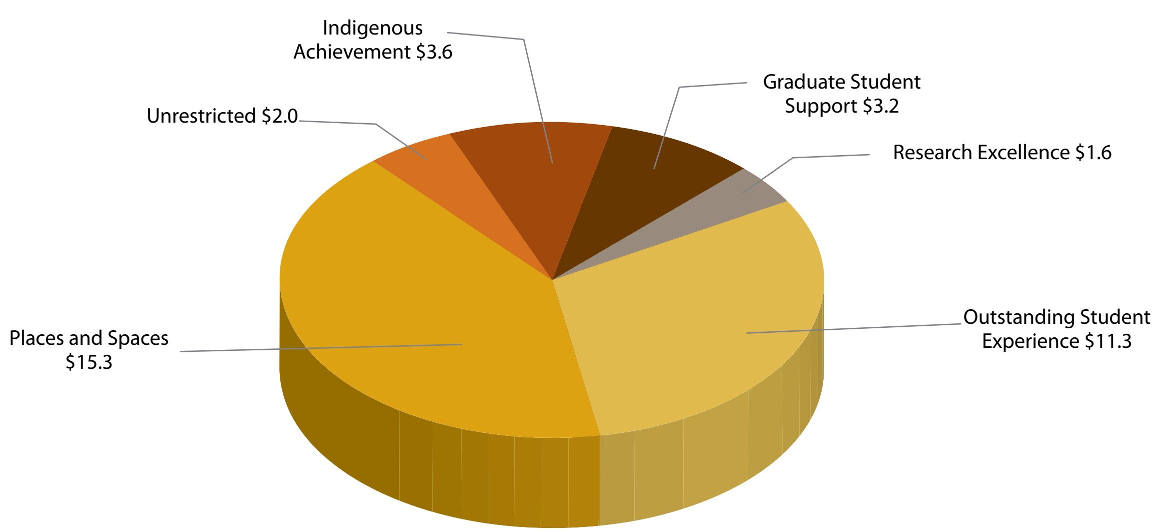
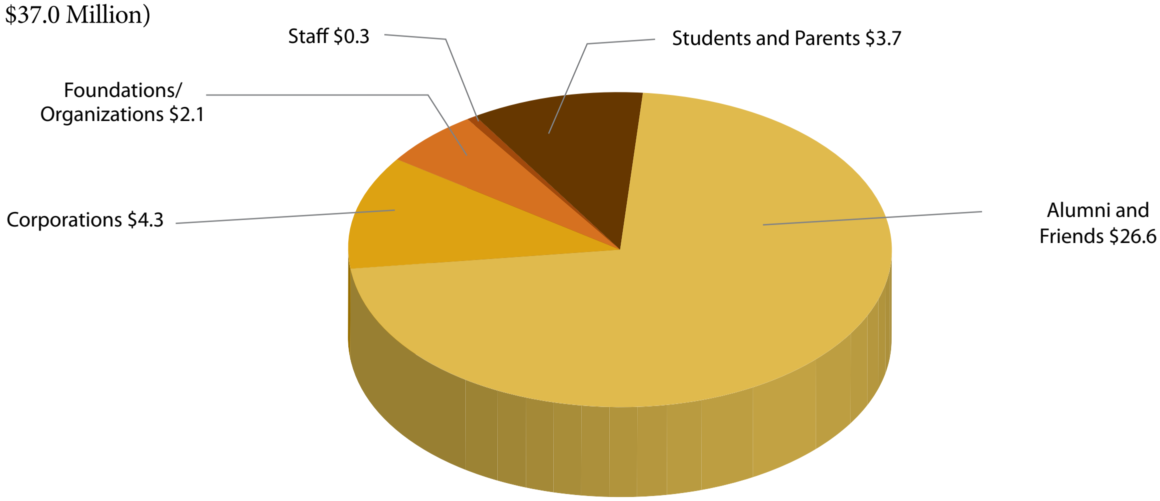


TABLE 3.2: DONOR PLEDGES BY CONSTITUENCY 2014-15
(Total $37.0 Million)



INVESTMENT IN CAPITAL, INFRASTRUCTURE, AND TECHNOLOGY

In 2014-15, the University invested $110.4 million in capital assets as follows:

- $81.4 million for the construction of buildings, infrastructure renewal and land improvements;
- $12.8 million for the acquisition of furniture, equipment and vehicles;
- $4.6 million for computer equipment and technological improvements such as wireless expansion and upgrades; and
- $11.6 million for library acquisitions and works of art.

In addition, debt servicing costs of $23.9 million were incurred, primarily relating to the Provincial Debt, the Arthur V. Mauro Student Residence, Pembina Hall Student Residence, Active Living Centre and Triple B Stadium interest. The Triple B interest expense is offset by Triple B interest income.

Capital funding for the year includes internal sources plus $7.1 million from EAL, $11.4 million from other Provincial departments, $2.0 million from the Federal Government, $4.4 million from private donors and $12.7 million from other income.

A number of projects were completed during the fiscal year, including the Active Living Centre ($18.4 million), Fort Garry campus domestic water upgrade – phase 1, ($2.5 million), upgrades to the I. H. Asper School of Business, which include student services, classroom and facility renovations ($1.1 million) and the Truth & Reconciliation Research Centre ($0.3 million).

Construction of the George and Fay Yee Centre for Healthcare Innovation (CHI), which will be housed in the Chown Building, commenced this fiscal year. The CHI will provide academic leadership in healthcare system design and quality in a continual drive to improve patient care and safety in Manitoba and beyond. The CHI will bring together healthcare expertise from the College of Medicine, experts in quality improvement from the I. H. Asper School of Business, systems and process design engineers from the Faculty of Engineering, computer and measurement scientists from the Faculty of Science, and health informatics experts.

The Central Energy Plant Boiler #3, which was over 50 years old, was replaced during the fiscal year with two 75,000 lbs/hr boilers. The boilers generate steam (along with three other boilers) which heats buildings on the Fort Garry campus.

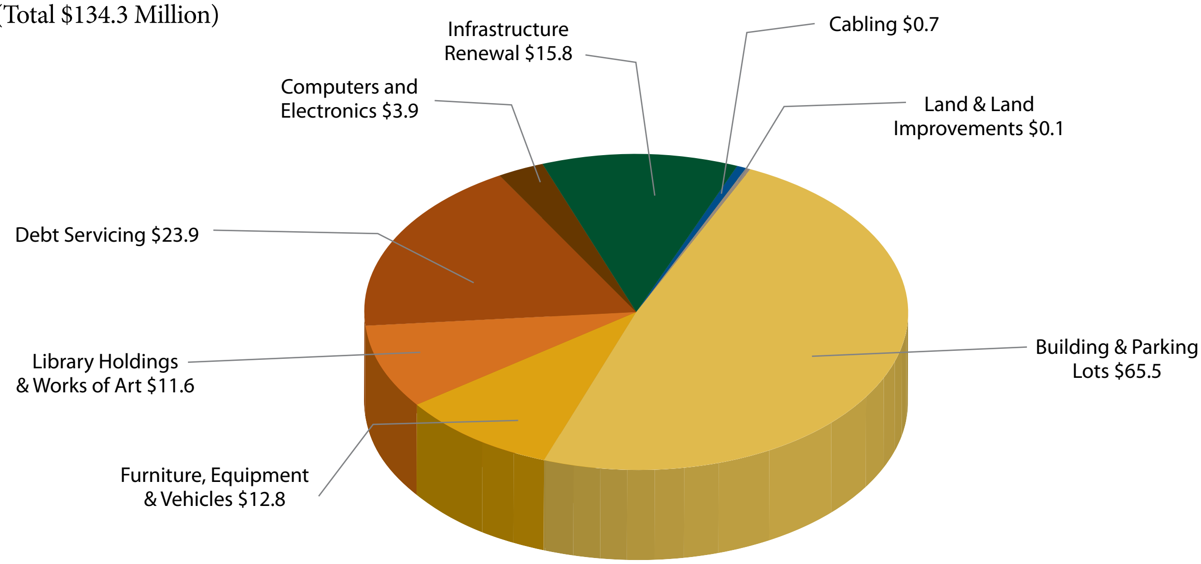
Construction continued on the Taché Hall Project Domino renovation ($23.2 million) and the Manitoba Electron Microscopy Facility for Composite and Materials Characterization ($1.4 million).

Infrastructure renewal projects undertaken in 2014-2015 included fire and safety ($2.9 million), sewer & water ($2.6 million), asbestos remediation ($2.2 million), Bannatyne electrical reservicing ($2.1 million) and window replacements ($0.9 million). These projects were funded by the EAL capital grants, Deferred Maintenance funding from the Province, and the Provincial Debt.

Table 4, Capital Fund Expenditures provides a more detailed breakdown of the $110.4 million in capital asset expenditures and debt servicing costs of $23.9 million during 2014-15.

TABLE 4: CAPITAL FUND EXPENDITURES 2014-15

(Total $134.3 Million)



SUSTAINABILITY

The University's mission reflects an abiding commitment to sustainability. It speaks to balance between social, cultural, and economic development (all of which is predicated on a sustainable natural environment – reflected in the University's values) and to balancing the local, regional and global perspectives. The very business of the University – creating, preserving and communicating knowledge for well-being – is integral to sustainable development. We build capacity so that students and their communities (and our larger community of Earth) can have big futures. Our work contributes to human development, and our values guide us to pursue this work in a way that manages the impacts we have on our planet.

In 2014-15 the University, led by the Office of Sustainability and with shared community commitment and involvement from students and staff, worked to enhance the culture of sustainability at the University through integrated planning, education and awareness initiatives and research into improved processes and programs.

The University actively researches, pilots and implements initiatives that improve social and environmental outcomes, while also delivering financial benefits to the University:

- A major step in the University's stewardship efforts was the 1997 Energy Performance Contract which invested over $12 million in utility saving initiatives and has yielded more than $62.2 million in savings to date. Those original measures continue to generate savings which have been reinvested in additional energy saving measures. As a result, $5.2 million in utility costs were avoided in 2014-15; representing an approximately 35% reduction in total annual utility expenditures ($15.8 million was spent on utilities in 2014-15).
- The University continues to strive for a 5% year-over-year utility savings. Since 1990-91 the Fort Garry campus has reduced its natural gas consumption by more than 43% per square foot and electricity consumption by more than 30% per square foot.
- Water consumption is more than 56% less compared to 1990 levels, generating estimated savings of $1.67 million in annual water billing for the University in 2014-15. Water metering technologies have been implemented providing Physical Plant with the capacity to monitor actual campus water usage. This information results in an estimated savings of an additional $500,000 per year.
- A variety of custodial system enhancements have been implemented recently that reduce the need for disposable cleaning supplies and for cleaning chemicals. These changes are associated with social, environmental and financial benefits and include:

  - Energy efficient and hygienic hand dryers in high use washrooms run for just 12 seconds per use and reduce paper use.
  - Mats that remove dirt and grit before it enters the building, thereby minimizing the use of cleaning chemicals.
  - Reusable microfibre cleaning cloths.
  - Chemical-free floor cleaning machines that use up to 75% less water than traditional floor cleaning methods.
  - EcoTraction grit for snow and ice control to reduce the amount of chemical treated sand and salt previously used.
- A comprehensive waste prevention program that includes a Re-Shop that supports reuse of office equipment and furniture and a Really, Really Free Market that reduces waste-to-landfill (and costs) associated with residence move out.
- Continued support for active transportation which is space efficient, promotes wellness and has been shown to reduce time lost to illness: installation of self-serve bike repair stations at Bannatyne and Fort Garry Campuses and introduction of a shower-only gym membership for active commuters.
- Supporting participation and creating buy-in for programs and services by integrating sustainability into student orientation, new staff orientation and outreach materials.

CAMPUS PLAN

Visionary (re)Generation

The Visionary (re)Generation planning process is well underway. The project team is composed of Janet Rosenberg & Studio, Dialog, Cibinel Architects, MMM Group, and Arup. The proposed Campus Master Plan concept reflects a new vision for the Fort Garry campus, resulting from strategies and ideas generated through a collaborative engagement process between the University, the project team, and the community. The planning process has included over 800 people and close to 60 different consultation meetings and events. The Plan will continue to evolve and be refined in this consultative manner, reflecting a complete campus community development that is unique, diverse, welcoming, vibrant, accessible, inclusive, and sustainable.

The design concept is built on five key systems: open space structure, pedestrian connections, street configurations, cycling routes, and rapid transit possibilities. The greenspace framework is the basis for design, allowing the landscape to inform the design plan. Quality, connected pedestrian and cycling networks ensure the future Fort Garry campus will be human scaled, promoting active, healthy and efficient transportation choices. Phase II Rapid Transit will pass through Southwood lands, providing the foundation for future transit oriented development. The street network focuses development along main corridors, creating "high streets" with a village like feel. These streets will be "complete", meaning they are accessible by a diversity of transportation modes including high quality transit service. All of these systems are working together to create an all-inclusive design that aims to be home to a diverse population in a mixed-use environment.

The planning work has incorporated market analysis of development potential and financial pro-forma scenarios from Urbanics Consultants. The collaboration between Urbanics and the project team will result in a plan that demonstrates quality design and economic feasibility. This collaboration has informed the most recent design configurations and forms the basis of the phasing development plan.

The phasing strategy focuses early development directly adjacent to the academic campus, capitalizing on the energy and critical mass of the University. Phase I development will create a dynamic, walkable environment on Sifton Street, with 4-6 story mixed use buildings, at grade retail and an exceptional public realm. Phase I development is anticipated to occur over a 10 year period, consisting of approximately 1,200-1,800 residential units and 600,000-800,000 sq. ft. of non-residential development.

Bannatyne Campus Plan

The Bannatyne Campus Plan has been approved and in effect for over one year. The focus now is to ensure growth and development of the Bannatyne campus align with the plan to ensure our collective vision is realized.

The first project of the implementation phase is in progress. ECS Consultants have been engaged to develop a detailed building program for a new academic building. The project includes space needs for the Faculty of Nursing, an interprofessional clinic, campus amenities, student life opportunities, and departments displaced by the future decommissioning of the old Basic Science (T-Building).

Fort Garry Campus and Bannatyne Campus Space Master Plans

The Fort Garry Campus and Bannatyne Campus Space Master Plans have recently been completed. The plans consist of a comprehensive space inventory and needs analysis. Going forward, the Space Master Plans will provide crucial information needed to optimize space utilization on campus. Information provided in the Space Master Plan will further inform the implementation and development associated with the Visionary (re)Generation campus planning process. The implementation phase of the Space Master Plans is now underway, focusing on priority needs identified in each plan.

General findings of the Space Master Plans include:

- The University does not have a significant space shortage, but does need reallocation to balance space needs amongst faculties;
- There is surplus instructional lab and classroom space;
- There is a space deficit for student life, student services, learner support and food services; and
- Despite meeting overall quantitative space requirements, many spaces are qualitatively deficient. The plan identifies spaces that have a poor functional fit, lack of flexibility, poor quality (technology, environment), and poor co-location for inter-disciplinary work.

AN ASSET TO OUR COMMUNITY

In addition to being successful at providing a quality university education to our students and conducting world class research with global implications, the University reaches out to the community in many other ways through continuing education, collaborative efforts with business and industry, and through the provision of specialized services not readily available locally.

More than $1.8 billion in Province-wide economic activity is stimulated by the University, according to a study released in December 2009. The University of Manitoba Economic Impact Analysis, produced by PricewaterhouseCoopers and commissioned by the University, shows that the University has a far-reaching effect upon all Manitobans. As illustrated above, the University does more than stimulate the economy in the short term: it is successful in the delivery of education, research, and community service which translates into major long term economic, social, and cultural benefits for the people of Manitoba.

CONCLUSION

Increased investment in the University is the right choice for Manitoba and will not only result in sustaining the capacity of the University to support learning, innovation in research, community service and global influence, but also ensure that Manitobans will prosper.

The University acknowledges with gratitude the continuing support of the Province, as well as the support of our students, staff, alumni, and community stakeholders.

Respectfully submitted,

Original signed by
Paul Kochan
Vice-President (Administration)

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The University is responsible for the preparation of the financial statements and has prepared them in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Chartered Professional Accountants Canada, including the standards for government not for profit organizations. The University believes the financial statements present fairly the University's financial position as at March 31, 2015 and the results of its operations for the year ending March 31, 2015.

The University's Board of Governors is responsible for overseeing the business affairs of the University and also has the responsibility to approve the financial statements. The Board has delegated certain responsibilities to its Audit and Risk Management Committee, including the responsibility for reviewing the annual financial statements and meeting with management and the Auditor General of Manitoba on matters relating to the financial reporting. The Auditor General has full access to the Audit and Risk Management Committee with or without the presence of management. The Board has approved the financial statements.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the University has developed and maintains a system of internal controls designed to provide reasonable assurance that University assets are safeguarded from loss and that accounting records are a reliable basis for the preparation of financial statements. The integrity of internal controls is reviewed on an ongoing basis by the Audit and Risk Management Committee, and Audit Services.

The financial statements for the year ended March 31, 2015 have been reported on by the Auditor General of Manitoba, the auditor appointed under *The University of Manitoba Act*. The Auditor's Report outlines the scope of his examination and provides his opinion on the fairness of presentation of the financial statements.

Original signed by
Paul Kochan
Vice-President (Administration)

Winnipeg, Manitoba
June 23, 2015

UNIVERSITY OF MANITOBA
FINANCIAL STATEMENTS
2015

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Lieutenant Governor-in-Council
To the Legislative Assembly of Manitoba
To the Board of Governors of the University of Manitoba

We have audited the accompanying financial statements of the University of Manitoba, which comprise the statement of financial position as at March 31, 2015, and the statements of operations and changes in fund balances, remeasurement gains and losses, and cash flows for the year then ended, and 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 public sector accounting standards 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.

Auditor's 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 the auditor's 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, the auditor considers 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 Manitoba as at March 31, 2015, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

Original document signed by
Norm Ricard

June 23, 2015
Winnipeg, Manitoba

Norm Ricard, CA
Auditor General

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
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UNIVERSITY OF MANITOBA
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015
(in thousands of dollars)

	2015	2014
Assets		
Current Assets		
Cash and Cash Equivalents	$ 145,869	$ 111,763
Accounts Receivable *(Note 3)*	57,964	69,672
Inventories	3,447	3,452
Prepaid Expenses	940	1,103
Current Portion Loan Receivable *(Note 4)*	1,436	
	209,656	**185,990**
Long Term Assets		
Loan Receivable *(Note 4)*	186,722	178,447
Investments *(Note 5)*	793,847	736,981
Capital Assets, Net of Accumulated Amortization *(Note 7)*	1,062,857	1,006,522
	2,043,426	1,921,950
	$ 2,253,082	**$ 2,107,940**
Liabilities		
Current Liabilities		
Accounts Payable	$ 62,442	$ 57,823
Unearned Revenue	9,133	8,809
Vacation and Sick Leave Liability	14,134	13,766
Loan		11,000
Current Portion of Capital Lease Obligations *(Note 8)*	6	70
Current Portion of Long Term Debt *(Note 9)*	5,713	4,818
	91,428	**96,286**
Long Term Liabilities		
Other Long Term Liabilities *(Note 10)*	6,633	4,573
Capital Lease Obligations *(Note 8)*		6
Long Term Debt *(Note 9)*	385,840	358,583
Employee Future Benefits *(Note 11)*	76,519	70,002
Pension Liability *(Note 15)*	31,087	33,881
	500,079	**467,045**
Fund Balances *(Note 16)*		
Unrestricted	(72,445)	(75,930)
Restricted	398,383	363,462
Invested in Capital Assets	939,971	915,149
Endowed	395,666	341,928
	1,661,575	**1,544,609**
	$ 2,253,082	**$ 2,107,940**

Contractual Obligations and Contingencies *(Note 20)*

Original signed by

Patricia Bovey – Chair   Michael Robertson – Vice-Chair

(The accompanying Notes form an integral part of the Financial Statements)

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2015
(in thousands of dollars)

	General Funds *(Note 2D)*	Restricted Funds *(Note 2E)*	Endowment Fund *(Note 2F)*	2015 Total Funds	2014 Total Funds
Revenue:					
Tuition and Related Fees	$ 148,768	$	$	$ 148,768	$ 142,879
Donations	1,728	11,556	9,785	23,069	20,210
Non-Government Grants	3,212	56,098		59,310	44,354
Net Investment Income *(Note 17)*	4,400	51,751		56,151	50,198
Miscellaneous Income	7,271	8,875		16,146	23,724
Government Grants:					
Education and Advanced Learning	337,276	7,136		344,412	336,773
Other Province of Manitoba	20,512	48,043		68,555	70,440
Government of Canada	10,745	68,517		79,262	88,106
City of Winnipeg	51			51	2,551
Sales of Goods and Services	31,378	907		32,285	34,360
Ancillary Services	36,985			36,985	37,182
	602,326	252,883	9,785	864,994	850,777
Expense:					
Salaries	342,967	38,938		381,905	371,922
Staff Benefits and Pay Levy	68,961	7,558		76,519	91,839
Materials, Supplies and Services	53,585	52,275		105,860	95,654
Amortization of Capital Assets		54,075		54,075	52,546
Student Assistance	12,954	38,392		51,346	49,378
Professional Consulting and Externally Contracted Services	15,009	23,306		38,315	35,105
Travel and Conferences	12,261	11,772		24,033	24,033
Utilities, Municipal Taxes, and Insurance	20,253	36		20,289	22,744
Interest		18,682		18,682	18,120
Maintenance and Repairs	7,978	579		8,557	10,292
	533,968	245,613		779,581	771,633
Net Revenue from Operating Activities	68,358	7,270	9,785	85,413	79,144
Inter-Fund Transfers *(Note 13)*	(43,860)	42,052	1,808		
Net Increase to Fund Balances from Operating Activities	24,498	49,322	11,593	85,413	79,144
Fund Balances from Operating Activities Beginning of the Year	1,074	1,171,989	270,107	1,443,170	1,364,026
Fund Balances from Operating Activities End of the Year	25,572	1,221,311	281,700	1,528,583	1,443,170
Accumulated Remeasurement Gains End of Year	957	18,069	113,966	132,992	101,439
Fund Balances End of Year *(Note 16)*	**$ 26,529**	**$ 1,239,380**	**$ 395,666**	**$1,661,575**	**$ 1,544,609**

(The accompanying Notes form an integral part of the Financial Statements)

STATEMENT OF REMEASUREMENT GAINS AND LOSSES
FOR THE YEAR ENDED MARCH 31, 2015
(in thousands of dollars)

	General Funds	Restricted Funds	Endowment Fund	2015 Total Funds	2014 Total Funds
Accumulated Remeasurement Gains Beginning of Year	$ 34	$ 29,584	$ 71,821	$ 101,439	$ 46,246
Unrealized Gains (Losses) Attributed to:					
Derivatives		(2,060)		(2,060)	1,391
Foreign Exchange	957	1,171		2,128	511
Portfolio Investments		18,251	42,145	60,396	79,551
Amounts Reclassified to the Statement of Operations and Changes in Fund Balances					
Foreign Exchange	(34)	(516)		(550)	
Portfolio Investments		(28,361)		(28,361)	(26,260)
Net Remeasurement Gains (Losses) for the Year	923	(11,515)	42,145	31,553	55,193
Accumulated Remeasurement Gains End of Year	**$ 957**	**$ 18,069**	**$ 113,966**	**$ 132,992**	**$ 101,439**

(The accompanying Notes form an integral part of the Financial Statements)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015
(in thousands of dollars)

	General Funds	Restricted Funds	Endowment Fund	2015 Total Funds	2014 Total Funds
Operating Activities:					
Net Revenue	$ 68,358	$ 7,270	$ 9,785	$ 85,413	$ 79,144
Amortization of Capital Assets		54,075		54,075	52,546
	68,358	61,345	9,785	139,488	131,690
Net Change in Non-Cash Working Capital Items	(62,229)	66,980		4,751	4,817
Net Change in Other Long Term Liabilities		2,060		2,060	(1,391)
Net Change in Pension Obligation	(2,794)			(2,794)	34
Net Change in Employee Future Benefits	52	6,465		6,517	6,930
Net Cash generated through Operating Activities	3,387	136,850	9,785	150,022	142,080
Investing Activities:					
Increase in Loan Receivable		(8,275)		(8,275)	(7,909)
Net Remeasurement Gains (Losses)	923	(11,515)	42,145	31,553	55,193
Increase in Long Term Investments	24,064	(27,192)	(53,738)	(56,866)	(100,107)
Net Cash generated through (used in) Investing Activities	24,987	(46,982)	(11,593)	(33,588)	(52,823)
Capital Activities:					
Purchase of Capital Assets		(110,410)		(110,410)	(98,314)
Net Cash used in Capital Activities		(110,410)		(110,410)	(98,314)
Financing Activities:					
Proceeds from Long Term Debt		25,000		25,000	
Contractual Interest Added to Loan Principal		8,275		8,275	7,909
Principal Repayment on Capital Lease Obligations		(70)		(70)	(124)
Principal Repayment on Long Term Debt		(5,123)		(5,123)	(4,568)
Net Cash generated through Financing Activities		28,082		28,082	3,217
Net Increase (Decrease) in Cash	28,374	7,540	(1,808)	34,106	(5,840)
Inter-Fund Transfers	(43,860)	42,052	1,808		
Cash Beginning of Year	26,195	85,568		111,763	117,603
Cash End of Year	**$ 10,709**	**$ 135,160**	**$**	**$ 145,869**	**$ 111,763**
Cash is defined as:					
Cash and Cash Equivalents	$ 10,709	$ 135,160	$	$ 145,869	$ 111,763
Supplementary cash flow information:					
Interest Received	$ 4,400	$ 11,417	$	$ 15,817	$ 15,929
Interest Paid	$	$ 10,405	$	$ 10,405	$ 10,207

(The accompanying Notes form an integral part of the Financial Statements)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015
(in thousands of dollars)

1. AUTHORITY AND PURPOSE

The University of Manitoba was established in 1877. It is governed by a Board of Governors acting under the authority of *The University of Manitoba Act*, R.S.M. 1987, c. U60. The University of Manitoba is a registered charity and is exempt from income taxes under Section 149 of *The Income Tax Act*.

The University of Manitoba, as the largest and most comprehensive institution of higher learning in Manitoba, plays a distinctive role within the Province. In addition to offering an undergraduate liberal education in arts, science and education, the University of Manitoba provides programs in a broad range of professional studies, applied sciences and the fine and performing arts and is responsible for the vast majority of graduate education and research in Manitoba. The University of Manitoba reaches out to a variety of constituencies in order to enhance the health, cultural, social and economic life of Manitobans and to provide lifelong learning opportunities for them. Through community service, the University makes its expertise available to all Manitobans.

2. SIGNIFICANT ACCOUNTING POLICIES

A. GENERAL

These financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Chartered Professional Accountants Canada, including the standards for government not-for-profit organizations. The University has adopted the restricted fund method of accounting for contributions.

The University controls Partners for Health and Development in Africa (PHDA), but does not consolidate the accounts of PHDA (Note 19).

B. FUND ACCOUNTING

The University classifies resources used for various purposes into separate Funds which correspond to its major activities and objectives. The Statement of Financial Position combines the assets and liabilities of all Funds.

The University maintains its Funds under three fund categories, categories: General, Restricted Endowment Funds. The General Funds include the Funds for General Operating, Specific Provisions and Expenses Funded from Future Revenues. The Restricted Funds include the Capital Asset, Research and Special, Staff Benefits and Trust Funds. The Endowment Fund includes endowed funds of the University.

C. ACCOUNTING ESTIMATES

Accounting estimates are included in financial statements to approximate the effect of past revenue or expense transactions or events, or to approximate the present status of an asset or liability. Examples include accruals for salaries and benefits, the estimated useful life of an asset and certain actuarial assumptions used in determining employee future benefits. It is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates.

D. GENERAL FUNDS

General Operating Fund:

The General Operating Fund includes the academic, administrative, operational and ancillary costs that are funded by tuition and related fees, government grants, investment income and miscellaneous income, sales of goods and services to external parties and ancillary income. As such, this Fund reports unrestricted resources and restricted resources earmarked for general operating purposes.

All funds received or accrued by the University for general operating purposes and for equipment and renovation expenses not meeting the University's capitalization criteria are included in the General Operating Fund. The net cost of operating units is determined by including internal cost allocations for certain centrally administered services, such as the telephone system in the units' expenses, and by deducting these expenses as internal cost recoveries from the total expenses incurred by the unit administering these services.

The University BookStore, Parking, Student Residences, Pharmacy/Post Office, and Smartpark are classified as Ancillary Services and are budgeted on a break even basis. Any surpluses or deficits are transferred to/from the Specific Provisions Fund. Overhead costs have been allocated to all ancillary operations. Amortization of ancillary capital assets and interest expense is recorded in the Capital Asset Fund.

Specific Provisions Fund:

The Specific Provisions Fund records appropriations made from (to) the General Operating, Capital Asset and Research and Special Funds.

These appropriations are made to provide future funding for the replacement, improvement or emergency maintenance of capital assets, unit carryover, a fiscal stabilization provision to offset potential spending in excess of future budgets and other matters. Such appropriations are shown as inter-fund transfers on the Statement of Operations and Changes in Fund Balances.

Expenses Funded From Future Revenues:

Expenses Funded from Future Revenues records the amount of non-vesting sick leave benefits and unpaid vacation pay for staff which will be funded from future revenues. It also records the actuarially determined expense for employee future benefits and change in pension liability.

E. RESTRICTED FUNDS

Capital Asset Fund:

The Capital Asset Fund consists of restricted contributions resulting from capital asset co-funding arrangements with external parties, contributed capital assets and government grants, restricted for the purpose of acquiring capital assets and retiring capital advances. Funding agreements, using promissory notes as a vehicle, entered into with the Provincial Government, for the construction or acquisition of capital assets, which will be repaid from future funding provided by the Provincial Government through Education and Advancement Learning (EAL) are recorded as capital grants. These capital grants, under the restricted fund method of accounting, are reflected as revenue in the Statement of Operations and Changes in Fund Balances. The interest expense and the related future funding from EAL over the terms of the promissory notes, to offset the interest expense and principal payments, are both excluded from the Statement of Operations and Changes in Fund Balances. Expenses include interest on debt relating to the acquisition or construction of capital assets, amortization and gains or losses on disposal of capital assets, including write-downs resulting from obsolescence.

Research and Special Fund:

The Research and Special Fund consists of contributions specifically restricted for research or other special activities. Contributions are provided from both Federal and Provincial granting agencies and other public and private sources. These funds are spent in accordance with the conditions stipulated in the governing contracts and agreements.

Staff Benefits Fund:

The Staff Benefits Fund is divided into Fund Accounts for the Pension Reserve, and for the Self-Insured Plans, which are the Long Term Disability Income Plan and the Dental Plan, the revenues of which are restricted.

Trust Fund:

The Trust Fund records gifts and bequests received which may be used in their entirety along with net investment income earned on these funds, according to donor restrictions. The majority of these funds are used for scholarships, bursaries, awards, loans, and other scholarly activities.

F. ENDOWMENT FUND

The Endowment Fund records gifts and bequests received with the stipulation that these funds be invested in perpetuity and investment income earned be utilized for designated purposes. The Fund balance also reflects the change in fair value of Endowment Fund investments, which is recorded in the Statement of Remeasurement Gains and Losses.

G. REVENUE RECOGNITION

Restricted contributions are recognized as revenue of the appropriate Fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions, including sales of goods and services and ancillary revenues, are recognized as revenue of the General Operating Fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment purposes are recognized as revenue in the Endowment Fund in the year received. Investment income earned on endowments is recorded in the appropriate Trust Fund depending on the restrictions imposed by the original donor.

Investment income, including realized gains or losses, is recorded in the Statement of Operations and Changes in Fund Balances. Investment income earned on temporary surplus funds is recorded in the appropriate Fund depending on the restrictions imposed. Investment income on unrestricted surplus funds is recorded as unrestricted income in the General Operating Fund.

The change in fair value (unrealized gains or losses) of investments is recorded in the Statement of Remeasurement Gains and Losses until the investments are sold.

H. CONTRIBUTED MATERIALS AND SERVICES

Gifts-in-kind are recorded in the financial statements to the extent that they are eligible for an official donation receipt, since this results in the capture of the information in the University's financial records.

Because of the difficulty involved in tracking and recording contributed services, the market value of these services is not recognized in the financial statements. Contributed services include activities such as membership on the University's Board of Governors and its various committees, lecturing services and volunteer services at fund raising or sporting events, all of which are performed by staff, students and the community at no charge to the University. These services, although not recognized in the financial statements, are critical to the successful functioning of the University.

I. INVESTMENTS

The University invests in equity and fixed income financial instruments and a pooled real estate fund. Investments held in restricted funds are carried at fair value except for those held in research and special funds, which are carried at modified equity. Fair value of investments is determined based on year end quoted market prices.

J. PLEDGES RECEIVABLE

The University does not record pledges receivable in its financial statements. Revenue from gifts, bequests and donations is recognized on a cash basis because of the uncertainty surrounding collection and in some instances because of the difficulty in determining the valuation of pledges receivable. The University recognizes gifts and donations to be received through the University of Manitoba Foundation U.S.A. Inc. only when the Board of Directors of the Foundation have formalized the transfer with a resolution, collectability is reasonably assured and the valuation of these gifts and donations can be reasonably determined.

K. INVENTORIES

Inventories have been valued at the lower of cost and net realizable value.

L. CAPITAL ASSETS

Purchased capital assets are recorded at cost. Capital assets which are constructed by the University are recorded as Construction in Progress until the capital asset is put into use. Contributed capital assets are recorded at market value at the date of contribution. Intangibles such as patents and copyrights are recorded at a nominal amount of one dollar in the year the patent or copyright is obtained.

Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Buildings and Major Renovations	15-50 years
Computer Hardware and Electronics	5-10 years
Furniture and Equipment	10 years
Library Books	10 years
Parking Lots	20 years
Vehicles	5 years

Equipment acquired under a capital lease is amortized over the useful life of the asset. Works of art, treasures, rare books and manuscripts are not amortized.

M. COLLECTIONS

The University holds a number of collections which have been donated to its libraries, faculties and schools over the years. The library, faculty or school receiving the donation assumes responsibility for safeguarding and preserving the collection. The University seldom, if ever, disposes of its collections or of individual pieces in its collections. The University policy is to use proceeds generated from deaccessioned works of art to augment the University art collection.

The University's policy with regard to its collections is to fund maintenance expenses from the General Operating Fund, if monies are not available for such purposes in a Restricted Fund. The cost of maintenance is not tracked and is therefore not determinable.

N. PENSION COSTS

The University sponsors three pension plans for its employees and retirees: The University of Manitoba Pension Plan (1970), The University of Manitoba Pension Plan (1993) and The University of Manitoba GFT Pension Plan (1986). The 1970 Plan and 1986 Plan are defined contribution plans and as a result the pension costs are based on contributions required by those plans.

The Pension Costs for the 1993 Plan are determined actuarially using the projected unit credit actuarial cost method, pro-rated on service and management's best estimate expectations of the discount rate for liabilities, the expected return on assets, salary escalation, retirement ages of employees and member mortality. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the active employees, commencing in the year following the year the respective annual actuarial gains or losses arise.

The funded position of the 1993 plan is disclosed in Note 15.

O. FINANCIAL INSTRUMENTS

The financial instruments of the University consist of cash and cash equivalents, accounts receivable, loan receivable, investments, accounts payable, vacation and sick leave liability, loans, other long term liabilities, and long term debt.

All financial instruments are recognized at cost or amortized cost, or fair value. Financial instruments recognized at fair value include derivatives, portfolio investments in equity instruments that are quoted in an active market, and financial instruments designated to the fair value category.

Cash and cash equivalents are recognized at cost. Accounts receivable, loan receivable, fixed income investments held in the general funds, accounts payable, loans, vacation and sick leave liability, other long term liabilities (excluding derivative financial instruments), and long term debt are recognized at amortized cost.

The University's investments include portfolio investments in equity instruments that are quoted in an active market and are recognized at fair value. Pooled funds are valued by the fund managers. The University has designated all other investments except for those held in the General funds and Research and Special Funds to the fair value category based on the evaluation and management of the portfolio. Derivative financial liabilities are also recognized at fair value. Unrealized gains and losses from the change in fair value of these financial instruments are reflected in the Statement of Remeasurement Gains and Losses until disposition.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations and Changes in Fund Balances. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured at cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

P. OTHER EMPLOYEE FUTURE BENEFITS

The University accrues its obligations for other employee future benefit plans relating to health, dental, sick leave, long term disability, and group life insurance. The cost of non-vesting sick leave benefits has been determined using management's best estimates. The cost of the long term disability plan for employees and the cost of non-pension and post-retirement benefits for retired employees are actuarially determined using the projected benefit method pro-rated on service, management's best estimates for the discount rate for liabilities, the expected rate of return on assets, retirement ages and expected future cost trends. For current active employees, the cost of other employee future benefit plans relating to health, dental, and group life insurance is the premiums charged under the plans to the University.

The University also accrues its obligations relating to post retirement adjustments to pensions for specifically entitled employees who retired prior to 1993. The cost of such post retirement pension adjustments is actuarially determined using the accrued benefit method and management's best estimate for the discount rate for liabilities and the expected rate of return on assets. Any increase in such adjustments is recognized in the year that it occurs.

Actuarial gains and losses on post retirement adjustments are amortized on a straight-line basis over the life expectancy of the group, commencing in the year following the year the respective annual actuarial gains or losses arise.

Actuarial gains and losses of other benefit plans are amortized on a straight-line basis over the expected average remaining service life of the active employees, commencing in the year following the year the respective annual actuarial gains or losses arise.

Q. FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities and investments at fair value, denominated in foreign currencies, are translated at the year-end exchange rate. The unrealized foreign currency translation gains or losses of these financial instruments are reflected in the Statement of Remeasurement Gains and Losses. Revenues and expenses are translated at exchange rates on the transaction dates. Realized gains or losses arising from these translations are included in the Statement of Operations and Changes in Fund Balances.

R. DERIVATIVE FINANCIAL INSTRUMENTS

From time to time, the University uses derivative financial instruments, including interest rate swap agreements, in its management of exposures to fluctuations in interest rates. An interest rate swap is a derivative financial contract between two parties who agree to exchange fixed rate interest payments for floating rate payments on a predetermined notional amount and term. Derivatives are recorded at fair value and in determining the fair value, the credit risk of both counterparties is considered.

3. ACCOUNTS RECEIVABLE

	2015	2014
Business, Industry and Foundations	$ 19,227	$ 20,493
Federal Government	10,414	17,097
Other	11,347	10,346
Provincial Government	14,294	18,813
Students	2,682	2,923
	$ 57,964	$ 69,672

4. LOAN RECEIVABLE

The University has a loan agreement with Triple B Stadium Inc. (Triple B) related to the construction of a stadium at the Fort Garry campus. The loan agreement is divided into a first phase and a second phase for a combined amount not to exceed $160 million. The first phase is not to exceed $75 million while the second phase is not to exceed $85 million. The interest rate on the first phase of the loan is 4.65% and the first phase of the loan receivable is due and payable in full on June 1, 2038. The interest rate on the second phase is 4.65% until June 1, 2053 and is due and payable in full on November 24, 2058.

Any amounts received by Triple B in the form of insurance proceeds entitled to be retained by Triple B by reason of the destruction of all or part of the stadium, where such insurance proceeds are not being applied to restore, reconstruct and repair the stadium in accordance with the ground lease, shall be paid to the University and be applied to the repayment of the loan, firstly to the accrued interest and secondly to principal outstanding, for both phases of the loan, on a pro-rata basis.

Payment terms of the first phase and second phase of the loan receivable are as follows:

FIRST PHASE:
Triple B is required to make payments to the University equivalent to the aggregate of:

- Any amounts received by Triple B in respect of the stadium development from the City of Winnipeg pursuant to *The Community Revitalization Tax Increment Financing Act*.
- Any amounts received by Triple B from any party which were designated by the party for application to the loan.

Payments are applied firstly to accrued interest and secondly to the principal outstanding. Unpaid interest is added to the principal of the first phase of the loan and compounded annually.

SECOND PHASE:
Interest will be calculated annually, and unpaid interest until December 15, 2017 shall be added to the first phase of the loan. Any unpaid interest after December 15, 2017 shall be added to the second phase of the loan and compounded annually. Payments in respect of principal shall be made in amounts determined by Triple B, on or before each of:

i) December 15, 2015;
ii) December 15, 2016; and
iii) December 15, 2017

Annual payments of principal and interest over the remainder of the second phase loan term are to be paid on or before December 15 of each calendar year commencing on December 15, 2018 based on the amortization of the loan following the December 15, 2017 payment.

INVESTORS GROUP FIELD LOAN:
The University has a loan receivable from Triple B of $1.425 million. The interest rate on the loan is 3% and the loan is due and payable in full on March 31, 2016. The Province of Manitoba has guaranteed the repayment of the loan, including interest, up to $1.5 million. The guarantee expires April 30, 2016.

	2015	2014
First Phase interest and principal outstanding	$ 101,722	$ 93,447
Second Phase principal outstanding	85,000	85,000
Loan Receivable	1,436	
	188,158	178,447
Less Current Portion	(1,436)	
	$ 186,722	$ 178,447

The First and Second Phase loans have an equal long term debt loan payable to the Province of Manitoba (Note 9).

5. INVESTMENTS

	2015	2014
General Funds at Amortized Cost		
Corporate Bonds and Other Fixed Income Securities	$ 93,505	$ 133,505
Preferred Shares	15,936	
	109,441	133,505
Trust & Endowment at Fair Value		
Bankers Acceptances, Guaranteed Investment Certificates and Cash	20,599	33,415
Bonds and Other Fixed Income Securities:		
Government of Canada	22,610	26,152
Province of Manitoba	2,599	3,804
Other Provincial	29,025	23,808
Corporate	659	1,668
Other	28	37
Municipal	8,893	6,320
	63,814	61,789
Equities:		
Canadian Equities	171,315	159,495
US Equities	159,902	124,245
International Equities	94,844	82,473
	426,061	366,213
Pooled Real Estate Fund	80,686	66,690
	591,160	528,107
Capital at Fair Value		
Bankers Acceptances, Guaranteed Investment Certificates and Cash	39,084	28,472
Staff Benefits at Fair Value		
Money Market Funds and Cash	3,150	45,188
Bonds	10,094	
Equities:		
Canadian Equities	15,161	
US Equities	6,515	
International Equities	6,018	
	27,694	
Pooled Real Estate Fund	5,059	
Mortgage Fund	6,562	
	52,559	45,188
Research & Special at Modified Equity		
Other Investments	1,603	1,709
Total Investments	**$ 793,847**	**$ 736,981**

The University's investment in real estate consists of units of a pooled real estate investment in the Great-West Life Assurance Company Canadian Real Estate Investment Fund No. 1.

The fair value of investments held for General Funds is $110,946 (2014, $135,355).

6. RISK EXPOSURE AND MANAGEMENT

The University uses a disciplined, fundamental approach in its investment selection and management, which consists of an intensive and ongoing research process of investment opportunities across a broad range of investment vehicles in various types of issuers (government, corporate or financial). As a result, the University is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The University, through the work of its investment committees and treasury office, has formal policies and procedures in place governing asset mix, permitted investments, diversification, and minimum credit quality. The most important risks relate to market risk: other price risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. These risks and the related risk management practices employed by the University are detailed below.

OTHER PRICE RISK

Other price risk represents the potential loss that can be caused by a change in the fair value of the financial instrument. The University's investments are subject to normal market fluctuations and the risks inherent in investment in the capital markets. Investments held to meet short term obligations focus on credit quality and liquidity to minimize the effect of other price risk on fair value, however the majority of investments are held for the long term to support the endowment fund. These investments are primarily equities, bonds, and pooled funds, and are subject to other price risk given their nature and the long term holding periods. Other price risk is managed through diversification provided by the endowment's asset allocation strategy, which emphasizes the importance of managing other price risk by maintaining appropriate levels of risk required to achieve consistent long term investment returns that meet the objectives of the endowment fund.

INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The University is subjected to this risk when it invests in interest-bearing financial instruments, or when it borrows funds using derivative financial instruments. Both investments and financial derivatives are exposed to the risk that their fair value will fluctuate due to changes in the prevailing levels of market interest rates.

The tables below summarize the University's exposure to interest rate risk related to the financial instruments recorded at fair value, categorized by maturity dates.

INTEREST RATE EXPOSURE AS AT MARCH 31, 2015

	Less than 90 days	90 days to 1 year	1 year to 5 years	5 years to 10 years	Greater than 10 years	Total
Investments	12.6%	18.9%	49.3%	14.7%	4.5%	100%
Financial Derivatives			29.1%	70.9%		100%

INTEREST RATE EXPOSURE AS AT MARCH 31, 2014

	Less than 90 days	90 days to 1 year	1 year to 5 years	5 years to 10 years	Greater than 10 years	Total
Investments	42.5%	13.8%	30.0%	11.3%	2.4%	100%
Financial Derivatives			24.2%	75.8%		100%

	March 31, 2015		March 31, 2014	
	Interest bearing instruments	Non-interest bearing instruments	Interest bearing instruments	Non-interest bearing instruments
Investments	$ 143,275	$ 539,500	$ 123,639	$ 432,903
Financial Derivatives	$ 6,287	$	$ 4,227	$

As at March 31, 2015, a 0.5% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of fixed income instruments of $3,076 (2014, $4,750) and the interest rate swaps of $1,258 (2014, $1,234).

FOREIGN CURRENCY RISK

The University has receivables and payables denominated in foreign currencies and holds investments in foreign currency equity markets in both the trust and endowment funds, and the staff benefits fund. The income from these investments is used to meet financial liabilities denominated in Canadian dollars. The University does not actively manage foreign exchange risk.

The University's exposure in cash and investments to foreign currencies reported in Canadian dollars is shown below:

	2015		2014	
	$	%	$	%
Canadian	$ 668,410	71.13	$ 645,433	76.04
US Dollar	171,138	18.21	125,488	14.78
Euro	33,165	3.53	26,746	3.15
Japanese Yen	27,246	2.90	19,612	2.31
British Pound Sterling	15,600	1.66	15,076	1.78
Swiss Franc	11,569	1.23	8,800	1.04
Other	12,588	1.34	7,629	0.90
Total	$ 939,716	100.00	$ 848,784	100.00

CREDIT RISK

Credit risk represents the potential loss that the University would incur if its counterparties failed to perform in accordance with the terms of their obligations. The University invests in financial assets that have an investment grade as rated primarily by DBRS. Should DBRS not rate an issuer, the University may use Standards & Poor's, followed by the Moody's equivalent. Ratings for securities which subject the University to credit risk are noted below:

	% of Total Interest Bearing Investments	
Investment Rating	**March 31, 2015**	**March 31, 2014**
R-1High	16.4%	35.9%
R-1Mid	0.7%	0.8%
R-1Low	7.9%	0.3%
AAA	12.0%	9.8%
AA	46.4%	48.2%
A	15.1%	5.0%
BBB	1.4%	
BB	0.1%	
Total	100.0%	100.0%

The University manages credit risk related to fixed income investments by focusing on high credit quality. General Fund investments are held by counterparties with a minimum rating of R-1High (cash equivalents) and AA (bonds). Cash is held in Canadian Chartered banks. Trust and Endowment and Capital Fund investments are held in diverse portfolios of investments with counterparties considered to be of high quality.

The University also has credit risk related to accounts receivable and loan receivable. A significant portion of the University's accounts receivable is related to Restricted Funds and is from the federal and provincial governments, not-for-profit organizations, corporations, the US government, and other universities. The University also has accounts receivable from students and staff. The credit risk on these receivables is minimal. The remaining accounts receivable are due from a diverse group of customers and are subject to normal credit risks. The credit risk related to the loan receivable is offset by a loan payable to the Province of Manitoba with matching terms of repayment.

LIQUIDITY RISK

The University aims to retain sufficient cash and cash equivalents to maintain liquidity and meet short term obligations. Most of the University's investments are considered readily realizable and liquid, thus liquidity risk is considered minimal. Investments that are not as liquid, such as the investment in the real estate pooled fund, are considered to be held for long term periods in conjunction with the investment objectives, risk tolerance and time horizon of the endowment fund.

7. CAPITAL ASSETS, NET OF ACCUMULATED AMORTIZATION

	2015		2014	
	Accumulated Cost	Accumulated Amortization	Cost	Amortization
Assets Under Capital Lease	$ 3,060	$ 3,060	$ 3,286	$ 3,286
Buildings and Major Renovations	1,061,996	262,607	994,709	240,852
Computer Hardware, Software and Electronics	102,828	92,059	101,155	88,924
Construction in Progress	76,593		62,569	
Furniture and Equipment	265,111	188,035	255,558	174,863
Land	30,593		30,496	
Library Books	201,434	149,985	192,574	142,115
Parking Lots	9,666	3,960	9,359	3,485
Rare Books and Manuscripts	6,434		6,280	
Vehicles	8,606	7,308	8,519	7,169
Works of Art	3,550		2,711	
	1,769,871	707,014	1,667,216	660,694
Less Accumulated Amortization	707,014		660,694	
Net Book Value	$ 1,062,857		$ 1,006,522	

8. CAPITAL LEASE OBLIGATIONS

Minimum lease payments, which include principal and interest under the capital lease obligations, are as follows:

2016	$ 6
Less: Current Portion	(6)
	$

9. LONG TERM DEBT

	2015	2014
Province of Manitoba:		
Promissory Note, 5.23% blended monthly payments $413 due March 1, 2035	$ 61,425	$ 63,123
Promissory Note, 5.55% blended monthly payments $428 due April 1, 2036	63,774	65,326
Promissory Note, 3.75% blended monthly payments $129 due September 30, 2039	24,695	
Promissory Note, 5.35% blended monthly payments $173 due February 1, 2040	28,560	29,093
Loan, First Phase, 4.65% due June 1, 2038	101,722	93,447
Loan, Second Phase, 4.65% until June 1, 2053, due November 24, 2058	85,000	85,000
	365,176	335,989

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Term loans (with floating interest rates based on Bankers' Acceptance rates plus stamping fees):		
Multi Tenant Facility, due February 28, 2019	7,904	8,118
Multi Tenant Facility, due November 30, 2022	6,322	6,576
Arthur V. Mauro Student Residence, due October 1, 2023	12,151	12,718
	26,377	27,412
	391,553	363,401
Total Stadium Long Term Debt	186,722	178,447
Total Other Long Term Debt	204,831	184,954
	391,553	363,401
Less Current Portion:		
Province of Manitoba	(4,619)	(3,783)
Term Loans	(1,094)	(1,035)
	(5,713)	(4,818)
	$ 385,840	$ 358,583

The effective interest rate on each of the term loans is the fixed interest rate based on an interest rate swap agreement plus a stamping fee (Note 10).

Interest expense on long term debt was $18,523 (2014, $17,944).

The University entered into a loan agreement with the Province of Manitoba related to the construction of Investors Group Field. Any amounts received by the University in the form of insurance proceeds received and entitled to be retained by the University by reason of the destruction of all or part of the stadium, where such insurance proceeds are not being applied to restore, reconstruct and repair the stadium in accordance with the ground lease are also to be applied to the repayment of the loan, firstly to the accrued interest and secondly to the principal outstanding, for both phases of the loan, on a pro-rata basis.

Additional terms of repayment of the loan are as follows:

LOAN, FIRST PHASE:

The amount of the annual payment of principal and interest on the loan is equivalent to the aggregate of:

- any amounts paid by Triple B Stadium Inc. (Triple B) to the University in respect of the Triple B loan receivable;
- any amounts received by the University in respect of the stadium development from The City of Winnipeg pursuant to *The Community Revitalization Tax Increment Financing Act*; and
- any amounts received by the University from any party which were designated by the party for application to the loan.

Payments are applied firstly to accrued interest and secondly to the principal outstanding. Unpaid interest is added to the principal of the First Phase of the loan and compounded annually. Any accrued interest and principal outstanding on the First Phase of the loan as at June 1, 2038 is due and payable in full, subject to receipt of the accrued interest and principal outstanding from Triple B, unless the parties agree otherwise in writing.

LOAN, SECOND PHASE:

Interest will be calculated annually and unpaid interest until December 31, 2017 shall be added to the first phase of the loan. Any unpaid interest after December 31, 2017 shall be added to the second phase of the loan and compounded annually. Payments in respect of principal shall be made in amounts as received from Triple B, on or before each of:

i) December 31, 2015;

ii) December 31, 2016; and

iii) December 31, 2017.

Annual payments of principal and interest over the remainder of the second phase loan term are to be paid on or before December 31 of each calendar year commencing on December 31, 2018, based on the amortization of the loan following the December 31, 2017 payment. Payments are applied firstly to accrued interest after December 31, 2017 and secondly to principal outstanding.

Any accrued interest and principal outstanding on the second phase of the loan as at November 24, 2058 is due and payable in full, subject to receipt of accrued interest and principal outstanding from Triple B, unless the parties agree otherwise in writing.

Principal and interest outstanding at March 31 are:

	2015	2014
Loan, First Phase	$ 75,000	$ 75,000
Loan, First Phase Accrued Interest	14,801	10,467
Loan, Second Phase Accrued Interest	11,921	7,980
	101,722	93,447
Loan, Second Phase	85,000	85,000
	$ 186,722	$ 178,447

Principal repayments on long term debt payable over the next five years are as follows:

	Province of Manitoba	Term Loans	Total
2016	$ 4,619	$ 1,094	$ 5,713
2017	4,863	1,152	6,015
2018	5,120	1,217	6,337
2019	5,391	1,282	6,673
2020	5,676	1,355	7,031
Thereafter	339,507	20,277	359,784
	$ 365,176	$ 26,377	$ 391,553

10. OTHER LONG TERM LIABILITIES

Amounts included in other long term liabilities are as follows:

	2015	2014
Refundable Deposit	$ 346	$ 346
Fair Value of Financial Derivatives	6,287	4,227
	$ 6,633	$ 4,573

DERIVATIVE FINANCIAL LIABILITIES

The University has entered into separate interest rate swap agreements for three term loans. Each loan has a stamping fee and a floating interest rate based on Bankers' Acceptance rates. The floating interest rate has been swapped to a fixed rate as follows:

The interest rate swap agreement for the loan for the Arthur V. Mauro Student Residence has a fixed interest rate of 5.62% that is committed until September 1, 2028. The notional principal underlying this swap agreement was $12,151 as at March 31, 2015 (2014, $12,718).

The interest rate swap agreement for the loan for the development of the multi-tenant facility at 150 Innovation Drive has a fixed interest rate of 4.07% that is committed until February 13, 2032. The notional principal underlying this swap agreement as at March 31, 2015 was $6,322 (2014, $6,576).

The interest rate swap agreement for the loan for the addition to the multi-tenant facility at 900 – One Research Road has a fixed interest rate of 4.4%, that is committed until August 5, 2035. The notional principal underlying this swap agreement was $7,904 as at March 31, 2015 (2014, $8,118).

Under the terms of the agreements, the respective monthly interest and principal repayments are required similar to a conventional amortizing loan over a 25 year period.

11. EMPLOYEE FUTURE BENEFITS

The University of Manitoba provides certain health, dental and group life benefits for its retired employees who have met the eligibility criteria and long term disability benefits for current employees. Post retirement pension benefits are also provided for specifically entitled retirees.

Health, dental and group life benefits are provided to employees who retired prior to July 1, 2004 on a non-contributory basis. The group life benefits are indexed post retirement. For eligible employees retiring on or after July 1, 2004, no group life benefit is available, and retired employees share in the cost of the health and dental benefits.

The long term disability income benefit is provided on a contributory basis.

Post retirement pension benefits are provided to specifically entitled employees who retired prior to 1993. The adjustments for a year are determined as the lesser of the amounts that can be provided by a weighted average percentage salary increase at the University, or the excess interest approach provided under the University of Manitoba Pension Plan (1993). One hundred percent of the adjustments are paid by the University.

The University measures the fair value of assets and the accrued benefit obligations for the non-pension and post retirement pension adjustments as of March 31. A firm of consulting actuaries prepared an actuarial valuation for the post-retirement adjustments plan as at March 31, 2015. They also prepared extrapolations to March 31, 2015 of the 2014 actuarial valuations for the non-pension benefit plans. The actuarial gains and losses are amortized over nine years commencing in the year following the year the respective annual actuarial gains or losses arise.

The Accrued Benefit Obligations for the non-pension benefit plans and the post retirement adjustments are reported in the University's Statement of Financial Position under Long Term Liabilities.

Information about the University's non-pension benefit plans and post-retirement adjustments as at March 31 is as follows:

	Non-Pension Benefit Plans		Post-Retirement Adjustments		Total	Total
	2015	2014	2015	2014	2015	2014
Accrued Benefit Obligations	$ 67,962	$ 64,573	$ 2,615	$ 2,927	$ 70,577	$ 67,500
Unamortized Actuarial (Losses) Gains	5,770	2,396	172	106	5,942	2,502
Employee Future Benefits Liability	$ 73,732	$ 66,969	$ 2,787	$ 3,033	$ 76,519	$ 70,002
Benefit Cost	$ 4,866	$ 5,458	$ 86	$ 105	$ 4,952	$ 5,563
Plan Assets	47,405	39,022	1,084	1,186	48,489	40,208
Employer Contribution	6,486	6,220			6,486	6,220
Employees' Contributions	4,425	4,107			4,425	4,107
Benefits Paid	7,077	7,539	460	506	7,537	8,045

Plan assets consist of:	Non-Pension Benefit Plans 2015	Non-Pension Benefit Plans 2014	Post-Retirement Adjustments 2015	Post-Retirement Adjustments 2014
Money Market Funds and Cash	6%	100%	6%	100%
Equities	53%		53%	
Fixed Income	19%		19%	
Pooled Real Estate	10%		10%	
Mortgage Fund	12%		12%	
Total	100%	100%	100%	100%

	Non-Pension Benefit Plans 2015	Non-Pension Benefit Plans 2014	Post-Retirement Adjustments 2015	Post-Retirement Adjustments 2014
Accrued benefit obligation at March 31:				
Discount rate	6.00%	6.00%	6.00%	6.00%
Benefit Cost for year ended March 31:				
Discount rate	6.00%	5.75%	6.00%	5.75%
Expected rate of return on assets	6.00%	5.75%	6.00%	5.75%
Health Care Cost Trend Rates at March 31:				
Initial rate	8.00%	8.00%		
Ultimate rate	6.00%	6.00%		
Year ultimate rate reached	2024	2024		
Dental Care Cost Trend Rates at March 31:	4.00%	4.00%		

12. INTER-FUND ADVANCES AND LOANS

As at March 31, 2015, the General Funds owed the Restricted Funds $2,611 (2014, $64,338).

13. INTER-FUND TRANSFERS

Inter-Fund Transfers for the years ended March 31 are as follows:

	General Operating	Specific Provisions	Expenses Funded From Future Revenues	Total General Fund	Total Restricted Fund	Endowment Fund
Funding of Capital Asset Additions:						
Current Year Acquisitions	(21,079)			(21,079)	21,079	
Other Funded Projects	(14,329)			(14,329)	14,329	
Faculty and Unit Funded Projects	(5,241)	1,307		(3,934)	3,934	
Total Funding of Capital Asset Additions	(40,649)	1,307		(39,342)	39,342	
Debt Funding						
Ancillary Services	(4,793)			(4,793)	4,793	
Faculties	(257)			(257)	257	
Unit Capital Development Assessment	(5,087)			(5,087)	5,087	
Student Contributions for Technology	(3,232)			(3,232)	3,232	
Other	(805)			(805)	805	
Total Debt Funding	(14,174)			(14,174)	14,174	

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Scholarships, Bursaries & Prizes						
Faculty and Unit Funded	(1,263)	(52)		(1,315)	1,215	100
Centrally Funded	(5,937)			(5,937)	5,885	52
Total Scholarships, Bursaries & Prizes	(7,200)	(52)		(7,252)	7,100	152
Transfers to Provisions for Specific Projects						
Faculty and Unit Funded	(12,754)	12,754				
Centrally Funded	(11,934)	13,934		2,000	(2,000)	
Total Transfers to Provisions for Specific Projects	(24,688)	26,688		2,000	(2,000)	
Benefit Premiums Net of Employer Contributions for Staff Benefits	(2,967)			(2,967)	2,967	
Student Contribution to University Development Fund	(1,043)			(1,043)	199	844
Overhead Recoveries	5,558			5,558	(5,558)	
Funding of General Operating Expenses	23,202	(12,806)		10,396	(10,396)	
Net Change in Unit Carryover	(6,800)	6,800				
Funding of Research Projects	(3,526)			(3,526)	3,526	
Employee Future Benefits	6,517		(52)	6,465	(6,465)	
Pension Liability	(2,794)		2,794			
Vacation and Sick Leave Liability	190		(190)			
Other Net Transfers	25			25	(837)	812
March 31, 2015	$ (68,349)	$ 21,937	$ 2,552	$ (43,860)	$ 42,052	$ 1,808
March 31, 2014	**$ (43,294)**	**$ (5,659)**	**$ (510)**	**$ (49,463)**	**$ 45,714**	**$ 3,749**

14. CONTRIBUTED CAPITAL ASSETS

Contributions recognized in the Capital Asset Fund include contributed building, capital equipment, library books and artwork of $2,170 (2014, $1,089).

15. PENSION PLANS

The University is the sponsor of three pension plans, The University of Manitoba Pension Plan (1970), The University of Manitoba GFT Pension Plan (1986), and The University of Manitoba Pension Plan (1993).

The University has separate Pension Committees to act as Plan Administrator for each of the 1993 and 1986 Plans. The University is the Plan Administrator for the 1970 Plan.

Each of the 1993 Pension Committee and 1986 Pension Committee has the following responsibilities for their respective plans:

- monitor the operation of the plan;
- take responsibility for the plan's administration;
- ensure that the plan is in compliance with all applicable legislation; and
- act in an advisory capacity to the University Board of Governors, making recommendations as required.

All three pension plans issue their own financial statements, none of which form part of the University's financial statements. The University's pension liability for the 1993 Plan is the net of pension obligations less plan assets and adjusted for any unamortized actuarial gains or losses. For the 1986 Plan, the University has no pension liability as pension obligations equal plan assets. The University has no pension liability for the 1970 Plan.

1993 PLAN

The University of Manitoba Pension Plan (1993) is a money purchase plan with a defined benefit minimum. The following is a summary of the Plan:

Staff members of the University of Manitoba, other than those eligible for membership in The University of Manitoba GFT Pension Plan (1986), are eligible for membership in The University of Manitoba Pension Plan (1993). The Plan members contributed at the rate of 9.0% of salary less an adjustment for the Canada Pension Plan during 2014. The University matches these contributions. If an actuarial valuation reveals a deficiency in the fund, *The Pension Benefits Act* of the Province of Manitoba requires that the University make additional contributions to fund the deficiency.

The Plan provides for full and immediate vesting on termination of employment, subject to the provisions of *The Pension Benefits Act* of the Province of Manitoba.

At retirement, the Plan provides that the Member's Contribution Account and University Contribution Account are applied to establish retirement income known as a plan annuity. This annuity is determined using a pension factor established by the Actuary and is paid from the Plan. The Plan provides that if the defined benefit pension based on a formula involving the member's years of service and highest average earnings exceeds the plan annuity, the difference (known as a supplementary pension) is paid from the Plan.

The Plan provides for retirement benefits paid from the Plan to be increased using an excess interest approach, provided such increase can be afforded by the Plan as confirmed by the Actuary.

At the December 31, 2014 valuation of the Plan, there were 5,192 active member accounts with an average salary weighted age of 51.8 for academic staff, 47.0 for support staff, and 1,241 annuitant and other recipients.

The actuarial method used to value the liabilities is the projected unit credit method, prorated on services. An actuarial valuation for accounting purposes was prepared by a firm of consulting actuaries as at December 31, 2013 and extrapolated to December 31, 2014.

The University uses a December 31 measurement date for reporting plan assets and obligations.

Accrued Benefit Obligations	**2014**	**2013**
Actuarial present value of accrued pension benefits, at the beginning of year	$ 1,077,300	$ 1,045,489
Interest accrued on defined benefits	23,827	24,896
Interest accrued on member accounts	56,227	80,971
Benefits accrued	53,212	54,461
Benefits paid	(89,337)	(87,645)
Plan amendment	1,521	
Actuarial gains	(1,404)	(16,284)
Change in actuarial assumptions	(11,121)	(24,588)
Actuarial present value of accrued pension benefits, at end of year	$ 1,110,225	$ 1,077,300
Plan Assets		
Fair value, at beginning of year	$ 1,031,244	$ 922,963
Actual return on plan assets	91,154	128,835
Employer contributions calendar year	33,303	42,890
Employee contributions	24,747	23,731
Transfer from other plans	321	470
Benefits paid	(89,337)	(87,645)
Fair value, at end of year	$ 1,091,432	$ 1,031,244

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Reconciliation of Pension Liability		
Accrued benefit obligation	$ 1,110,225	$ 1,077,300
Plan assets	(1,091,432)	(1,031,244)
Plan deficit	18,793	46,056
Contributions during fiscal year in excess of calendar year	(7,327)	(10,848)
Adjusted plan deficit	11,466	35,208
Unamortized net actuarial gains (losses)	19,621	(1,327)
Pension liability	$ 31,087	$ 33,881
Net Benefit Plan Expense		
Current service cost, net of employee contributions	$ 28,144	$ 30,260
Interest costs at discount rate	64,722	59,092
Expected return on plan assets	(66,025)	(54,761)
Amortization of net actuarial losses	(1,374)	8,687
Prior period cost	1,521	
Net benefit plan expense	$ 26,988	$ 43,278
Reconciliation of Unamortized Gains/(Losses)		
Expected average remaining service life	9.00	9.00
Net unamortized gain (loss), beginning of year	$ (1,327)	$ (78,185)
New net gain (loss) for current year	22,322	68,171
Amortization for current year	147	8,687
Immediate recognition to offset prior period cost	(1,521)	
Net unamortized gain (loss), end of year	$ 19,621	$ (1,327)
The Plan assets measured at fair value consist of:		
Cash and Other	$ 27,272	$ 28,356
Bonds and debentures	352,563	395,952
Canadian equities	398,837	381,834
Mortgages	61,758	
Foreign equities	251,002	225,102
	$ 1,091,432	$ 1,031,244
Significant Long-term Actuarial Assumptions		
Discount rate	6.00%	6.00%
Expected rate of return on assets	6.5%	6.5%
Rate of general salary increase	2.0% to 2018, 3% thereafter	3.5%
Interest assumption for converting member accumulations to annuities	4.25%	4.5%
Mortality	Canadian Pensioners' Mortality 2014 Public Sector Table, adjusted for plan experience.	Uninsured Pensioner 1994, projected to 2015 with Improvement Scale AA adjusted for plan experience.
Mortality improvements	Projected generationally from 2014 with CPM Improvement Scale B.	Projected generationally from 2003 using CPM Improvement Scale B.

Pension Fund Assets are valued at market values. The expected rate of return on plan assets net of expenses is 6.5%. The actual return on pension funds assets in 2014 was 8.97%.

In 2009, the Manitoba Pension Commission advised that the University was required to begin to make additional payments with respect to current service costs in excess of matching contributions of active members and the University. The additional annual current service cost payments required are based on a percentage (changes annually) of employee contributions. This total payment for fiscal 2015 was $2.6 million (2014, $6.8 million).

The unamortized net actuarial gains/(losses) shown above, which were determined on the basis of the 2013 actuarial valuation and the 2014 extrapolation for accounting purposes, are being amortized over a period of nine years (expected average remaining service life) starting in the year following the year the respective annual actuarial gains or losses arise. However, cash funding for the pension plan is based on the going concern funding valuation as described below.

The going concern deficit that results from these and other sources of loss, as they apply to the valuation for funding purposes filed with the pension regulators, is being funded under *The Pension Benefits Act* over the maximum of 15 years. The payments are $5.1 million annually until the going concern deficit is eliminated, based on the December 2013 funding valuation. This total payment for fiscal 2015 was $3.3 million (2014, $12.4 million).

In 2009, as permitted under the University Pension Plans Exemption Regulation, the University filed an election for an exemption to the solvency deficiency funding requirements under *The Pension Benefits Act* for the 1993 Plan. However, the Plan will continue to be subject to the going concern funding provisions of the *The Pension Benefits Act* and the funding deficit payments are being paid by the University over the maximum of 15 years as indicated above.

1986 PLAN

For the 1986 Plan, which is a money purchase plan for active members, the University recorded contributions of $2,018 (2014, $1,938) and this is included in the Statement of Operations and Changes in Fund Balances as an expense.

1970 PLAN

There were no university employees earning pension entitlements in 2015 in the 1970 Plan. As a result, the University made no contributions to the Plan during the year.

16. FUND BALANCE

	Internally Restricted	Externally Restricted	Total Restricted	Endowed	Invested in Capital Assets	Unrestricted	2015 Total
General Funds							
General Operating	$	$	$	$	$	$ 3,239	$ 3,239
Specific Provisions	98,974		98,974				98,974
Expenses Funded from							
Future Revenues						(75,684)	(75,684)
	98,974		98,974			(72,445)	26,529
Restricted Funds							
Capital Asset					939,971		939,971
Research and Special	8,438	93,630	102,068				102,068
Staff Benefits	2,284	3,469	5,753				5,753
Trust	54,674	136,914	191,588				191,588
	65,396	234,013	299,409		939,971		1,239,380
Endowment Fund				395,666			395,666
Total 2015	$ 164,370	$ 234,013	$ 398,383	$ 395,666	$ 939,971	$ (72,445)	$ 1,661,575
Total 2014	$ 137,887	$ 225,575	$ 363,462	$ 341,928	$ 915,149	$ (75,930)	$ 1,544,609

17. NET INVESTMENT INCOME

	General Funds	Restricted Funds	Total 2015	Total 2014
Net Investment Income:				
Interest	$ 4,400	$ 11,417	$ 15,817	$ 15,929
Dividends		11,973	11,973	8,009
Net gains on sale of investments		28,361	28,361	26,260
Total	$ 4,400	$ 51,751	$ 56,151	$ 50,198

18. INTEREST IN RELATED ENTITIES

THE UNIVERSITY OF MANITOBA FOUNDATION U.S.A. INC.

The University has an economic interest in the University of Manitoba Foundation U.S.A. Inc. (the Foundation) which is an Illinois Not-For-Profit Corporation incorporated in December 1989. The Foundation's purpose is exclusively charitable, literary, scientific and educational and its activities include the promotion, encouragement, aid and advancement of higher education, research and training in the Province of Manitoba, in Canada and elsewhere. The Foundation is exempt from U.S.A. Federal Income Tax under Subsection 501(c)(3) of the Internal Revenue Code.

The Board of Directors of the Foundation is an independent board whose members direct and guide the Foundation's actions. Members of the Board include, among others, certain senior staff of the University of Manitoba. The University of Manitoba, however, is one of many entities eligible to receive aid from the Foundation. The University must make application to the Foundation's Board of Directors to request funds, which may or may not be granted. The University's economic interest therefore is beneficial, as gifts and donations which are solicited by the Foundation may be transferred to the University of Manitoba from time to time.

TRIUMF

The University has a 9.09% interest in TRIUMF, a joint venture which operates a national laboratory for particle and nuclear physics. The University uses the modified equity method of accounting to record its interest in TRIUMF.

Available financial information in respect of TRIUMF is disclosed below:

Statement of Financial Position:	**March 31, 2014**	**U of M's Proportionate Share**	**March 31, 2013**	**U of M's Proportionate Share**
Statement of Financial Position:				
Assets	$ 25,501	$ 2,318	$ 28,601	$ 2,600
Liabilities	7,868	715	9,806	891
Net Assets	**$ 17,633**	**$ 1,603**	**$ 18,795**	**$ 1,709**
Statement of Operations:				
Revenue	$ 81,032	$ 7,366	$ 87,856	$ 7,986
Expenses	82,195	$ 7,472	88,150	8,013
Surplus (deficit) for the year	**$ (1,163)**	**$ (106)**	**$ (294)**	**$ (27)**
Statement Cash Flows:				
Cash Provided by (used in):				
Operating Activities	$ (2,988)	$ (272)	$ 2,942	$ 267
Investing Activities	(132)	$ (12)	$ (10,284)	(934)
Decrease in Cash	**$ (3,120)**	**$ (284)**	**$ (7,342)**	**$ (667)**

TRIUMF's financial statements have been prepared in accordance with section 11B of the TRIUMF joint venture agreement. TRIUMF has adopted Canadian Public Sector Accounting Standards (PSAS), including accounting standards that apply to government not-for-profit organizations, except that all property, plant and equipment purchased or constructed for use at TRIUMF and related decommissioning costs (if any) are expensed in the period in which the costs are incurred. The financial statements for the year ended March 31, 2015 are not available.

TRIUMF follows the restricted fund method of accounting for contributions.

19. OTHER RELATED PARTY TRANSACTIONS

The University has significant influence in Triple B Stadium Inc. (Triple B). Triple B is a not-for-profit corporation established to develop, own and operate a stadium as a venue for professional and university football and community athletics. The sole members of Triple B are the City of Winnipeg, the University of Manitoba and the Winnipeg Football Club. Activities of Triple B are managed by the directors comprised of the University, City of Winnipeg, Province of Manitoba and the Winnipeg Football Club. The University has an economic interest in Triple B related to the use of the stadium for university football games and events at nil charge.

As at March 31, 2015 and for year then ended, the related party transactions pertaining to Investors Group Field, with Triple B and the Province of Manitoba are as follows:

	2015	2014
Current Loan Receivable	$ 1,436	
Loans Receivable, including accrued interest	$ 186,722	$ 178,447
Loan Payable, including accrued interest	$ 186,722	$ 178,447
Loan Guarantee from the Province of Manitoba	$ 1,436	
Revenue and Expenses:		
Investment Income	$ 8,286	$ 7,909
Interest Expense	$ 8,275	$ 7,909

The Province of Manitoba also provided $4.8 million to the University in fiscal 2015 to provide capital funding to Triple B. These amounts have been included in Research and Special Fund revenue and expenses.

All transactions with Triple B and the Province of Manitoba are recorded at exchange amounts.

The University controls Partners for Health and Development in Africa (PHDA), a non profit, non-governmental organization registered in Kenya. PHDA has a March 31 year end. Its main purpose is to promote health and economic development in Kenya and Africa, including promotion of health and economic services in HIV/AIDS and population and reproductive health. There were no transactions in PHDA prior to 2014-15. PHDA follows International Public Sector Accounting Standards (IPSAS).

The University funds the operations of PHDA by the transfer of research grants. PHDA is not permitted under local government restrictions to transfer any assets back to the University. Total transfers to PHDA in 2015 were $3,644.

20. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The University of Manitoba is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE). CURIE pools the property damage and public liability insurance risks of its members. All members pay annual deposit premiums, which are actuarially determined and are subject to further assessment in the event members' premiums and reserves are insufficient to cover losses and expenses. No additional assessment was necessary for the current year.

Contractual obligations relating to Construction in Progress amount to $23,094 (2014, $51,176). The contractual obligations relating to service contracts is $16,383 (2014, $10,000).

The University of Manitoba is named as a defendant in litigations where action has commenced or is anticipated. While the ultimate outcome of these proceedings cannot be predicted at this time, management and its legal counsel are of the opinion that the outcome will not have a material effect on the financial position of the University. No provision has been made in the financial statements in respect of these claims as of March 31, 2015.

The members of the TRIUMF joint venture and the Canadian Nuclear Safety Commission (CNSC) approved a decommissioning plan which requires all members to be severally responsible for their share of the decommissioning costs, which were estimated at $44.2 million as of November 2011, as well as provide financial covenants to the CNSC for the amount of these costs. While there are no current intentions to decommission the facilities, and the facilities are estimated to have an indefinite useful life, the University's share of the unfunded decommissioning costs, as at March 31, 2014, is estimated at $3.1 million. The March 31, 2015 figures are not available. TRIUMF has put in place a plan for funding the cost of decommissioning which does not require any payments from the joint venture partners.

21. FAIR VALUE DISCLOSURES

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, dealing at arm's length and motivated by normal business considerations. Financial instruments are classified using a fair value hierarchy that reflects the significance of inputs to valuation techniques used to measure fair value. The fair value hierarchy used has the following levels:

Level 1 – Inputs that reflect unadjusted publicly quoted prices in active markets for identical assets or liabilities that the University has the ability to access at the measurement date.

Level 2 – Inputs other than publicly quoted prices that are either directly or indirectly observable for the asset or liability.

Level 3 – Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.

The following fair value hierarchy table presents information about the University's financial instruments measured at fair value at March 31:

Financial Assets at fair value as at March 31, 2015

	Level 1	Level 2	Level 3	Total
Investments 2015				
Bankers Acceptances, Guaranteed Investment Certificates and Cash		62,833		62,833
Canadian Equities	171,315			171,315
US Equities	159,902			159,902
Pooled Bond Fund		10,094		10,094
Pooled Canadian Equities Fund		15,161		15,161
Pooled US Equities Fund		6,515		6,515
Pooled International Equities Fund		100,862		100,862
Pooled Real Estate Fund		85,745		85,745
Pooled Mortgage Fund		6,562		6,562
Bonds and Other Fixed Income Securities		63,786		63,786
Total	$ 331,217	$ 351,558		$ 682,775

Investments 2014				
Bankers Acceptances, Guaranteed Investment Certificates and Cash		107,075		107,075
Canadian Equities	159,495			159,495
US Equities	124,245			124,245
Pooled International Equities Fund		82,473		82,473
Pooled Real Estate Fund		66,690		66,690
Bonds and Other Fixed Income Securities		61,752		61,752
Total	$ 283,740	$ 317,990		$ 601,730

Financial Liabilities at fair value as at March 31, 2015

	Level 1	Level 2	Level 3	Total
Financial Derivatives 2015	$	$	$ 6,287	$ 6,287
Financial Derivatives 2014	$	$	$ 4,227	$ 4,227

	2015	2014
Fair value of Financial Derivatives beginning of year	$ 4,227	$ 5,618
Unrealized gain (loss) reported in the Statement of Remeasurement Gains and Losses	2,060	(1,391)
Fair Value of Financial Derivatives end of year	$ 6,287	$ 4,227

As of March 31, 2015 and March 31, 2014 there were no transfers of investments between levels 1, 2 or 3.

22. EXPENSE BY FUNCTION

	General Funds	Restricted Funds	2015 Total Funds	2014 Total Funds
Expense:				
Instruction	$ 330,020	$ 118,021	$ 448,041	$ 445,351
Amortization		54,075	54,075	52,546
Student Support	12,954	38,392	51,346	49,378
Plant Maintenance	47,405	13	47,418	48,008
Administration & General	30,003	11,773	41,776	37,623
Ancillary Services	28,007		28,007	28,762
Computing and Communications	25,609		25,609	24,704
Other Academic & Research Support	15,717	4,649	20,366	17,763
Student Services	19,818		19,818	20,666
Interest		18,682	18,682	18,120
Libraries	17,159	8	17,167	17,678
External Relations	11,607		11,607	11,612
Actuarially Determined Employee Future Benefits	6,517		6,517	6,930
Change in Pension Liability	(2,794)		(2,794)	34
Staff Benefits Contra	(8,054)		(8,054)	(7,542)
Total	$ 533,968	$ 245,613	$ 779,581	$ 771,633

23. COMPARATIVE FIGURES

Comparative figures for the year ended March 31, 2014 have been reclassified, where appropriate, to conform with the presentation adopted for the year ended March 31, 2015.

University of Manitoba

Additional information is available at **www.umanitoba.ca/admin/financial_services/**