



University
of Manitoba

2021 ANNUAL FINANCIAL REPORT



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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 to 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, and Sustainability.

REPORT OF THE BOARD OF GOVERNORS

To the Minister of Advanced Education, Skills and Immigration

In Compliance with Section 9.4(1) of *Advanced Education Administration Act*, the Annual Report on the financial affairs of the University for the year ended March 31, 2021 is herewith submitted to the Minister of Advanced Education, Skills and Immigration.

The following are included with this Report:

- Management Discussion and Analysis
- Statement of Management Responsibility for Financial Reporting
- Independent Auditor's Report
- Financial Statements

REPORT OF THE BOARD OF GOVERNORS

MEMBERS OF THE BOARD OF GOVERNORS:

At March 31, 2021 the members of the Board of Governors were as follows:

Chair

Jeff Lieberman, B.A., B. Comm. (Hons.)

Vice-Chair

Laurel Hyde, B.S.A.

Chancellor

Anne Mahon, B.H. Ecol.

President and Vice-Chancellor

Michael Benarroch, Ph.D.

Appointed by the Lieutenant-Governor-in-Council:

Carson Andrusiak

Daniella Archer

Juanita DeSouza-Huletey, B.A. (Hons.),
M.A., PMP, ALEP

Laurel Hyde, B.S.A.

Kathryn Lee, B. Comm. (Hons.), CPA

Lynette Magnus, B. Comm. (Hons.)

Tracey Matthews, B.A., B.Ed., M.Ed.

Chibueze Onyebuchi

Kimber Osiowy, B.Sc. (C.E.), M.Sc.

Laura Reimer, B.A., MPA, Ph.D.

Elected by Senate

John Anderson, B.Sc., M.Sc., Ph.D.

Susan Prentice, B.A., M.E.S., Ph.D.

Jeffery Taylor, B.A., M.A., Ph.D.

Elected by Graduates

Carla Loewen, B.Ed., B.A., M.Ed.

Jeff Lieberman, B.A., B.Comm. (Hons.)

Nora Murdock, B.A., Cert.Ed., M.Ed., Ph.D.

Appointed by the University of Manitoba Students Union

Jelynn Dela Cruz

Kristin Smith

Silvia Sekander, M.Sc.

University Secretary

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

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

Original signed by

Jeff Lieberman, Chair.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

THE UNIVERSITY OF MANITOBA: PERSEVERANCE THROUGH UNCERTAINTY

The University of Manitoba is taking its place among leading Canadian universities through a commitment to transformative research and scholarship, and to innovative teaching and learning – uniquely strengthened by Indigenous knowledge and perspectives.

We remain committed to our mission, vision and values, even in the context of a global pandemic. While the University continued to achieve strong enrolment, the 2020-21 fiscal year presented unprecedented challenges and widespread impacts to operations.

As we look forward, we anticipate that COVID-19 will continue to affect students, faculty and staff, as well as University operations, but the full impact is not yet known. Current year implications of COVID-19 are included in the MD&A.

Despite these uncertainties, the University continues to support the economic, social and cultural success of our province and beyond. We have worked to strategically adjust our operations and help ensure the health and safety of our community. We continue to support the success of our students, faculty and staff, and ensure long-term financial sustainability.

FINANCIAL OVERVIEW

A university is a complex organization that undertakes several activities. These activities include teaching, conducting research, community service, and providing ancillary services such as student residences, parking services, and bookstore operations. In addition, a university must maintain its own infrastructure including buildings, IT infrastructure, research equipment, office furnishings, roadways, and parking lots.

The financial statements of the University are prepared using Public Sector Accounting Standards (PSAS) and, as a result, reports all financial resources within a single category. However, for the purpose of financial transparency, this report will comment on the University's financial resources as it relates to its ongoing activities. These activities have been categorized as follows:

Operating Activities

Operating activities include, but are not exclusive to: the instruction and ongoing support of our students; the operation and maintenance of our facilities; the support of our academic and research endeavors; the operation of our libraries; the operation of our bookstores, student residences, parking facilities and dining services; and our activities that support the relationship between the University and the community. These activities are supported by funding sources such as tuition fees, the operating grant from the Province of Manitoba, and revenue generated from ancillary services (e.g. student residences, parking services, and bookstore operations). Costs associated with the University's operating activities include the salaries and benefits of faculty and staff, materials and supplies, utilities, buildings and ground maintenance, libraries, student services and other support services.

Research Activities

Research activities include research projects undertaken by the University in order to produce specific research outcomes. Funding received in support of research activities is restricted for this purpose by external sponsors of research, and must be used in accordance with the associated contracts and agreements between the University and these sponsors. This funding cannot be used to support operating activities.

Capital Activities

Capital activities include, but are not exclusive to: the purchase or building of new facilities or infrastructure; the renovation or replacement of existing facilities and infrastructure; and the purchase of major equipment, including scientific equipment, vehicles, and information technology infrastructure. These items are acquired or built with the expectation that they will be used for a number of years to help deliver the University's mandate. These activities are supported by funding sources such as grants from the Province of Manitoba and the Government of Canada, and donations from our benefactors. Funding received for capital activities is restricted for this purpose by external funders.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

At times, the University may also borrow funds to finance large capital projects. As such, costs associated with capital activities include debt repayment and interest costs associated with holding debt, as well as amortization costs.

Special Purpose and Trust Activities

Special purpose and trust activities include, but are not exclusive to: the undertaking of externally-assigned mandates, such as the provision of health care services in northern communities; the administration of employee staff benefit plans; and the administration of our trust activities, which include the support of faculties and schools, students, professorships, chairs, research, libraries and athletic programs, to name a few. Funding for these activities comes from a variety of sources, including grants from the Province of Manitoba, Government of Canada, and other Canadian provinces; foreign governments; employee contributions to our benefit plans; and donations from our benefactors and investment income earned on those donations. Funding received for these activities is restricted by collective bargaining agreements, external funders and donors.

Endowment Activities

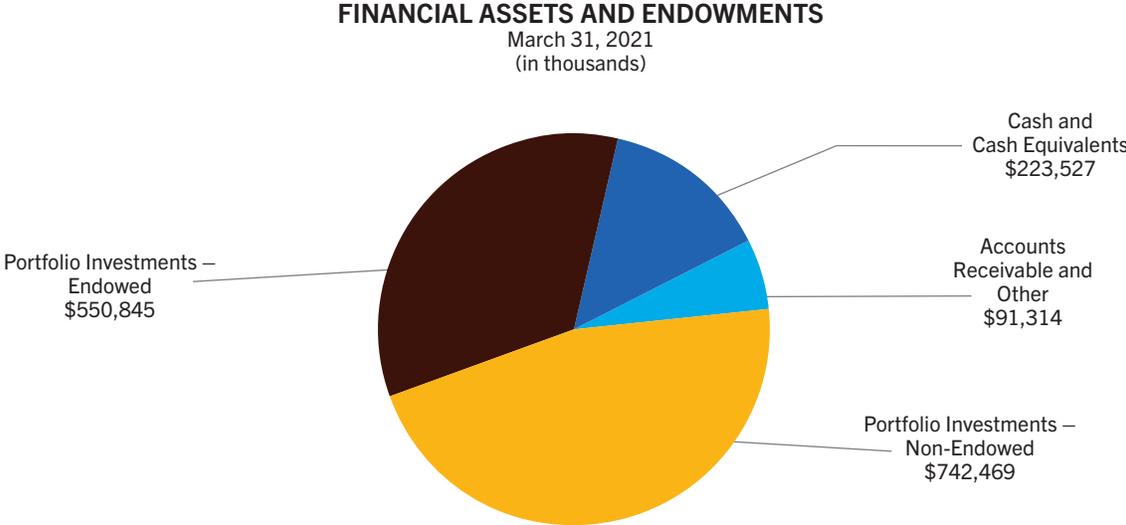
Endowment activities involve the receipt of resources that have been gifted or bequeathed to the University under the condition that they be held in perpetuity to support the future of the University. However, the income earned from investing these gifts and the spending of such is considered to be a trust activity, as it can be used only for specific purposes as previously outlined.

Net Financial Assets

Net financial assets are comprised of the University’s financial assets, liabilities and endowments. The University’s net financial assets at March 31, 2021 were \$758.5 million, composed of financial assets of \$1.1 billion and endowments of \$550.8 million, offset by \$849.7 million of liabilities.

Financial Assets

Including portfolio investments associated with endowed donations, the University’s financial assets at March 31, 2021 were \$1.6 billion. Details of the University’s financial assets, including endowed donations, are depicted below.



Cash and Cash Equivalents held by the University at any time is a result of timing differences between when revenue is received and expenditures are incurred. This is particularly true of research and capital activities, where often revenue is received in one year and the research or capital activities continue over multiple fiscal years. As the University constantly has multiple initiatives underway, it must manage its working capital appropriately to ensure that resources are available when they are needed. To enhance operational efficiency and reduce costs, cash is managed on a pooled basis, and depending on cash flow requirements may at times be invested in order to earn income.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

At March 31, 2021, the University had a Cash and Cash Equivalents balance of \$223.5 million, comprised of \$170.9 million of cash in bank and cash equivalents of \$52.6 million. Cash Equivalents consisted of Guaranteed Investment Certificates (GICs), all with maturity of ninety days or less.

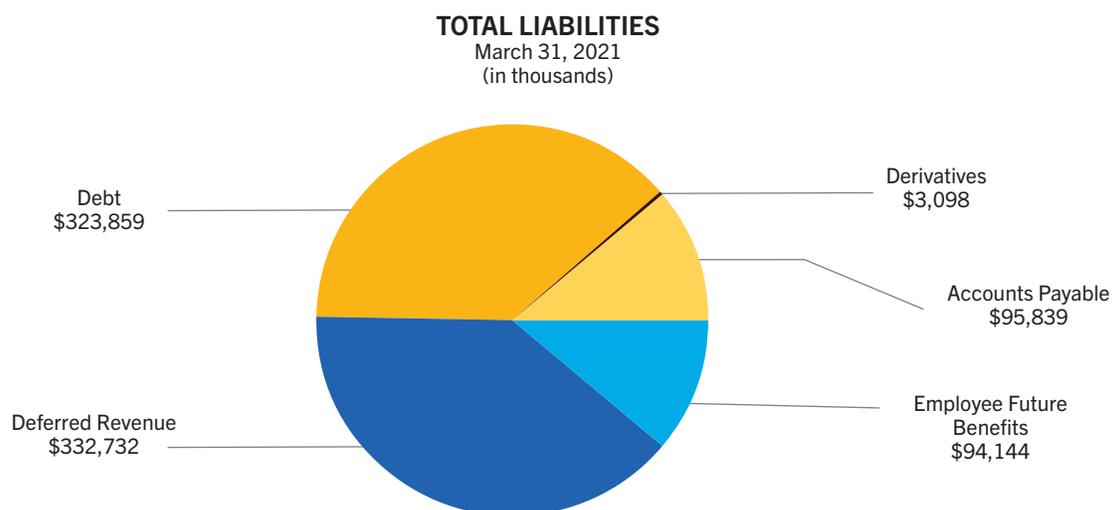
The majority of investments held were related to resources entrusted to the University by donors for specific activities and initiatives. Non-endowed portfolio investments consisted of designated or held resources specifically for certain activities, whether by management decision or because external funders and donors required it. Endowed portfolio investments consist of donations that have been directed by benefactors to be held in perpetuity for the benefit of future generations, these donations cannot be used to support general operations.

Non-endowed portfolio investments held by the University on March 31, 2021 totaled \$742.4 million and endowed investments totaled \$550.8 million.

The balance of cash and investments related to donations and related investment income was \$917.1 million or 61%. The remaining \$599.7 million balance related to all other activities including research, capital, staff benefits, and funds which have been designated for multi-year initiatives to support future operations and to support future projects and other specific requirements. Research funding is often received in advance while spending occurs over multiple years and similarly capital and other projects often take years to complete and require funding to be set aside before projects commence.

Liabilities

The University's total liabilities at March 31, 2021 were \$849.7 million. Details of the University's liabilities at March 31, 2021 are depicted below.



Debt includes loans made to the University for such initiatives as the construction of the Active Living Centre, student residences and other buildings, and to fund infrastructure and deferred maintenance projects. Of the \$323.9 million of debt outstanding, \$158.2 million consists of funding received from the Province of Manitoba for the construction and acquisition of tangible capital assets, for which the monthly principal and interest repayments of this debt are funded by grants provided by the Province of Manitoba.

Deferred revenue includes unearned revenue received through operating activities (\$23.3 million) and funding received and entrusted to the University specifically for research, capital, and special purpose and trust activities (\$309.4 million) that had not been spent as at March 31, 2021. Under PSAS, any restricted revenues received from non-government sources is deferred until spent. Restricted government grants are recognized when received unless a liability exists. This difference in timing of when restricted grants are received and when they are subsequently recognized as revenue creates the potential for large surpluses at the end of a fiscal year as often projects and initiatives span multiple fiscal years.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Non-Financial Assets

Non-financial assets are comprised of assets that are not readily convertible to cash to meet the University's obligations. The University's non-financial assets at March 31, 2021 were \$1.2 billion and consisted primarily of tangible capital assets. The University's buildings, which number over one hundred and cover more than six million square feet, comprise the majority of its tangible capital assets and provide space for teaching, learning, administration, and recreational facilities.

Accumulated Surplus

Accumulated surplus is composed of net financial assets and non-financial assets. It does not necessarily represent expendable resources as a large part of the balance is comprised of tangible capital assets and endowed donations that cannot be readily converted to cash. The University's accumulated surplus at March 31, 2021, excluding accumulated remeasurement gains, was \$1.7 billion.

The following table is a summary of the changes to the University's accumulated surplus that occurred in 2020-21.

SUMMARY OF CHANGES TO ACCUMULATED SURPLUS 2020-21

(in thousands)	Total
Accumulated Surplus Beginning of Year	\$ 1,630,276
Operating Activities	720
Multi-Year Initiatives and Other Specific Requirements	25,070
Research, Capital, Trust and Other Activities	68,316
Endowments	13,628
Annual Surplus	107,734
Accumulated Surplus End of Year	\$ 1,738,010

The change to accumulated surplus results from revenue less expenses, net of allocations to support other University activities. Details on the University's revenue and expenses in 2020-21 are found later in this report.

At March 31, 2021, \$25.1 million of funding remained of which faculties and units designated \$15.7 million to support multi-year initiatives as well as \$8.0 million towards specific projects such as IT technology upgrades that support hybrid learning and network segmentation in support of cybersecurity initiatives.

Research, capital, trust and other activities contributed a further \$68.3 million to the accumulated surplus balance at March 31, 2021. Included in this is \$16.6 million which has been designated as matching funds for capital projects. This increase pertained primarily to research funding recognized as revenue that was unspent at March 31, 2021.

Thanks to our generous benefactors, endowed donations received in 2020-21 totaled \$13.5 million. Each year, through a referendum, students choose to designate a portion of their tuition fees as a contribution to the University's endowments, and reallocate unspent investment income generated using the endowment fund. This amount totaled \$0.1 million in 2020-21, for a total increase of \$13.6 million in endowments.

Accumulated Remeasurement Gains

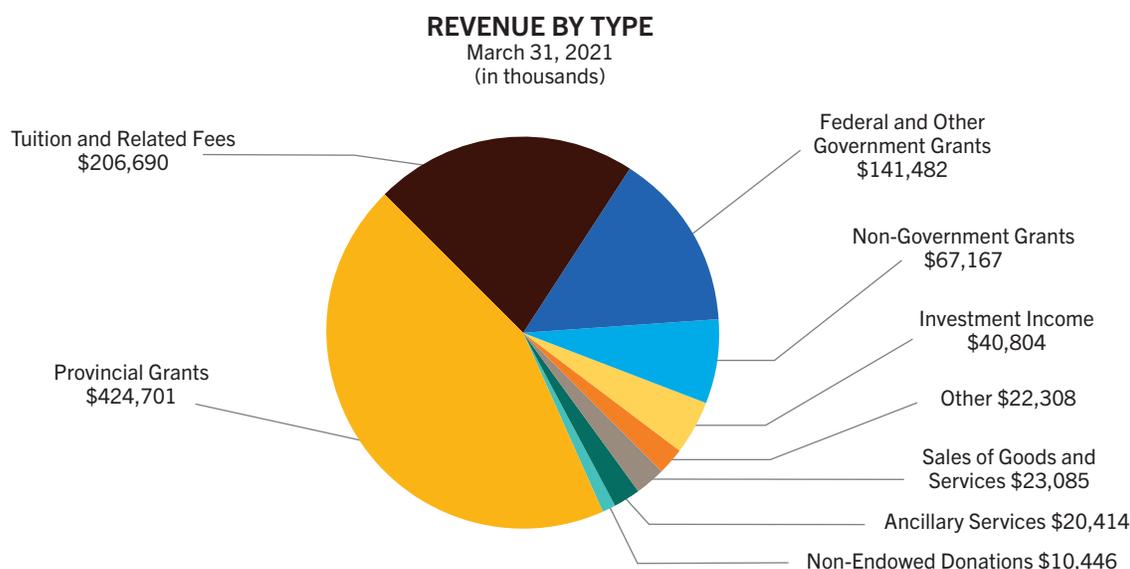
Accumulated remeasurement gains represent the accumulation of net unrealized gains and losses primarily on the investments held in the University Investment Trust, which is composed of endowed assets and trust-related assets. During the year, the University recorded \$122.6 million in net remeasurement gains, comprised primarily of net unrealized gains experienced as equity valuations increased in the University Investment Trust (\$110.6 million) and the investments associated with the University's staff benefits plans (\$11.1 million). The equity valuation increases were primarily attributed to global market recovery. Further details on the University Investment Trust are found later in this report.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Revenue

The University of Manitoba earns revenue from a variety of sources. In 2020-21, the University recognized \$957.1 million of revenue, which increased \$3.7 million from the previous year. This was comprised of a \$43.3 million increase in Research and Special Funds, offset by a decline of \$15.7 million in Capital, Trust and other activities, and a \$21.7 million net decrease in Operating revenues.

The types of revenue recognized in 2020-21 were as follows:



In addition to the above, the University received \$13.5 million in endowed gifts. Under PSAS, endowed donations are not reported as revenue.

The University's most significant funder was the Province of Manitoba. In 2020-21, grants from provincial departments and reporting entities totaled \$424.7 million or 44.3% of total revenues. Of the grants from the Province of Manitoba, \$346.2 million was provided as funding in support of operating activities; \$21.0 million was provided for infrastructure renewal and funding for specific capital projects; \$21.7 million was provided specifically for special projects, including the provision of health care services in northern Manitoba; and \$11.4 million was provided specifically for research activities. Provincial grants increased by \$1.4 million from the prior year due to a number of offsetting factors. The University had planned for a 1% operating grant reduction (\$3.5 million) and was mandated to take a further 4.0% reduction (\$13.8 million), as the Province reallocated funding COVID-19-related initiatives in Spring 2020. This resulted in unanticipated budget reductions to faculties and units in order for the University to balance its own budget. This was later partially offset when the Province provided \$14.5 million in relief related to the pandemic's impact on the University's operations.

The University's second largest source of revenue was Tuition and Related Fees, which in 2020-21 totaled \$206.7 million and was 21.6% of the University's total revenue. This was an increase of \$10.9 million from the prior year. The increase in Tuition and Related Fee revenue was primarily attributed to the average tuition and course-related fee increase of 3.75% as allowed by the Province of Manitoba and incremental international differential fees associated with a 5.9% increase in international students enrollment, along with an increase in part-time degree course enrolment by 12.6%, and full-time enrolment by 0.7% over the prior year. Despite the overall tuition revenue increase, the University's non-degree tuition fee decreased by \$4.7 million from the prior year due to the cancellation of short-term courses, and English language programs due to the COVID-19 restrictions.

The fall term saw the enrolment of 31,020 students who represented over 100 countries. International student enrolment now represents 20.6% of all students enrolled in 2020-21.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

In 2020-21, support from the Government of Canada and other government bodies resulted in the University receiving \$141.5 million in federal and other government grant funding, which was 14.8% of the University's total revenue. Of this amount, \$129.3 million was received from the Government of Canada, \$6.6 million was received from other Canadian provinces, and \$5.6 million was received from foreign and municipal governments. This was an increase of \$33.9 million from the prior year, which was primarily due to an increase in research-related funding (\$29.5 million) and special purposes funding (\$10.9 million) offset by a decrease in capital project funding (\$5.4 million). The significant increase in research-related funding was due to the COVID-19 supplement and Canada Research Continuity Emergency Fund (CRCEF) (\$12.6 million) from Tri-Agency, and new funding from Tri-Agency for COVID-19 research projects and new awards (\$12.5 million). CRCEF and supplement funding were critical to prevent layoffs of highly skilled research personnel, research students, research technicians and postdoctoral fellows.

Reported investment income declined \$4.2 million which is a result of the decline in interest rates.

Other income increased as the University received insurance proceeds related to the University Centre fire.

Sales of Goods and Services revenues decreased \$13.4 million or 36.7% from the prior year. The most significant decline came from Kinesiology & Recreation Management, which posted a \$6.3 million decrease from the prior year due to the cancellation of Mini-U programs, Junior Bison programs, and Recreation Services and the loss of facility rental revenue. During the year, the public health order mandated the faculty suspend all sport and recreation activities on both campuses over two extended periods: March 2020 through July 2020 and November 2020 through to February 2021. Similarly, Dentistry sales decreased by \$2.2 million due to various clinic closures and capacity constraints.

The \$9.0 million decline in non-endowed donations was a reflection of spending, rather than gifts received. Actual non-endowed gifts received were \$24.7 million compared to \$23.8 million the prior year, however, under PSAS these are recognized when donor stipulations are met.

Ancillary Services revenue decreased \$18.4 million or 47.5% from the prior year due to facility closures and restrictions arising from COVID-19 public health orders. Parking revenue decreased by \$7.1 million, which was an 86.8% decline. With the move to online learning and remote work, parking fees were waived for both staff and students for the majority of the year. Student residence revenue decreased by \$5.9 million which was a 63.3% decline as two of the four University residences were vacated since they are dorm-style and were unable to provide accommodations in line with public health directives. Furthermore, demand for the student residences was down due to the transition of students to remote learning. Bookstore revenue decreased by \$4.4 million or 29.4% from the prior year which was mainly due to the closure of both campus bookstores. While the Fort Garry location eventually opened its doors to the public, the Bannatyne bookstore remains closed.

Expenses

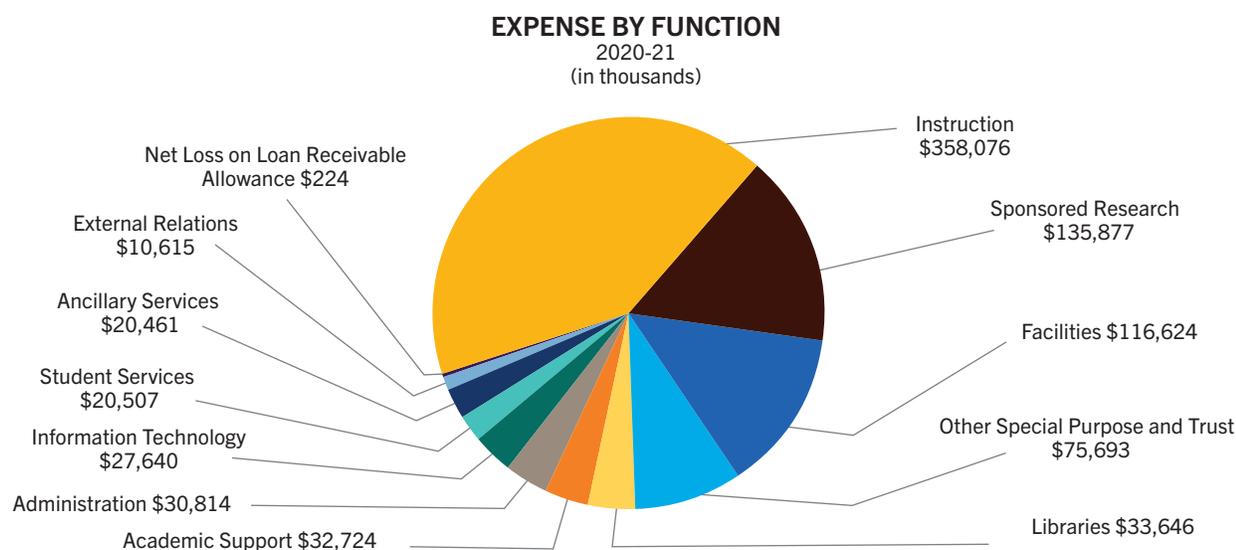
In response to the pandemic, reduced operating grants and anticipation of a potential decline in enrolment, the University took several measures to support financial stability including vacancy management, vacation purchase plan and the reduction of discretionary spending. These measures affected spending in all areas of the University.

In 2020-21, the University incurred \$862.9 million of expenses for all activities and across all functional lines of service. This was a decrease of \$8.3 million from the previous year. The most significant factor for the lower expenses in 2020-21 is the COVID-19 restrictions. Units such as Ancillary Services, Recreation Services and Dentistry, which incurred significant declines in revenue, were able to partially mitigate these losses with expenditure reductions totaling \$13.7 million. Travel restrictions due to COVID-19 resulted in further savings of \$18.7 million. These decreases were offset by increased student assistance (\$5.7 million) in response to the impact of the pandemic on students, an increase in maintenance and repair expenses due to restoration services resulting from a fire in University Centre (\$6.9 million), and professional consulting and external contracted services (\$6.7 million) due to COVID-19-related international clinical trials, and support provided to Manitoba's northern communities.

For the purposes of the financial statements, expenses are classified based on the functional lines of service provided by the University.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Expenses incurred by function in 2020-21 were as follows:



Instruction

Instruction included the costs of all activities associated with direct educational delivery and academic functions within the University. Instruction expenses accounted for 41.5% of total expenses incurred in 2020-21. Instruction expense decreased by 3.6% over the prior year primarily due to decreased travel and materials and supplies. With the uncertainty about the duration of the pandemic and the potential impact on enrolment, faculties were cautious in their spending ensuring they could adapt to potential revenue declines.

Sponsored Research

Sponsored Research included the costs associated with all activities funded by grants and contracts received from external organizations and undertaken within the University to produce specific research outcomes. Sponsored research expenses accounted for 15.7% of total expenses incurred in 2020-21 and increased by \$2.4 million from the prior year. The COVID-19 pandemic had a detrimental impact on research activities conducted at the University and its affiliates. Research activities fully ceased for approximately 12 weeks in Spring 2020 and have continued at significantly reduced levels following provincial health and University requirements.

Facilities

Facilities included the costs associated with all activities pertaining to the ongoing operation and maintenance of the grounds, buildings and facilities of the University. It also included amortization expense and debt servicing costs. Facilities expenses accounted for 13.5% of total expenses incurred in 2020-21. Facilities expenses increased by \$5.7 million from the prior year, primarily due to the cost relating to the University Centre fire restoration (\$6.9 million) and offset by general decreases in all expenses.

Student Services

Student Services included the costs associated with all activities that directly support students, including recreation services. The University continued to provide student services/support to the students throughout the pandemic. The overall decrease was due to the closure and limited operations of Recreation Services relating to COVID-19 restrictions.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Ancillary Services

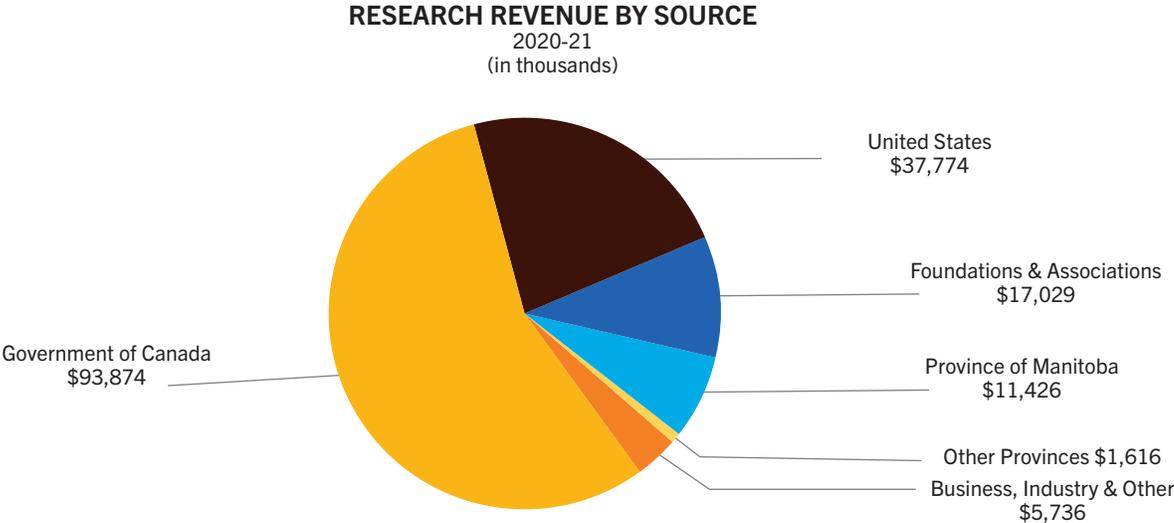
Ancillary Services included the costs associated with the operations of Residences, Parking Services, Bookstore, Food Services and management of the University’s Smartpark. Ancillary Services expenses accounted for 2.4% of total expenses incurred in 2020-21. Expenditures decreased by \$5.3 million from the prior year, primarily due to the campus closure and COVID-19 restriction.

Details on the categorization of expenses in each of the functional lines of service can be found in Note 2(D).

RESEARCH

Research activities fully ceased for approximately 12 weeks in spring 2020, and have continued at significantly reduced levels since, in compliance with provincial and University guidelines. Many clinical trials were put on hold, shipments of equipment and chemicals were delayed, and new experiments were suspended. Research staff were required to work remotely with limited access to labs, resulting in limited collaboration, data sharing and technical skills among researchers. During this period of interruption, the University received relief support from the Federal Government (CRCEF, Tri-Agency supplemental) which was critical in preventing layoffs of highly skilled research personnel, research students, technicians and postdoctoral fellows. Despite the disruption caused by COVID-19, the University was able to plan and implement successful monitored screening processes, which enabled safe entry of personnel to research sites and ultimately resulted in maintaining its research integrity. In total, research-related revenue in 2020-21 was \$167.5 million, which was an increase of \$28.3 million from the prior year.

Funding of the University’s research activities comes from a variety of sources. The following diagram illustrates the sources of the research-related revenue recognized during 2020-21.



The University’s largest funder of research was the Government of Canada, which in 2020-21 provided 56.1% of research-related revenue through the issuance of grants and contracts. The majority of these grants and contracts were provided by the Tri-Agency, which is comprised of the Canadian Institutes of Health Research (\$38.0 million) the Natural Sciences and Engineering Research Council of Canada (\$24.8 million), and the Social Sciences and Humanities Research Council of Canada (\$14.8 million). Funding was also received from a variety of other federal government departments. Funding from the federal government increased \$27.1 million or 40.6% from the previous year, primarily due to Tri-Agency COVID-19 supplemental and CRCEF funding (\$12.6 million), Tri-Agency COVID-19 research related awards (\$7.5 million), increase of non-COVID-19 related Tri-Agency awards (\$5.0 million) and new CIRNAC (Crown-Indigenous Relations and Northern Affairs Canada) funding (\$1.5 million).

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

The second largest source of research-related revenue in 2020-21 was from sources in the United States, which provided \$37.8 million or 22.6% of research-related revenues. The largest funder of research from the United States was the Bill and Melinda Gates Foundation, which provided \$31.4 million of revenue in 2020-21, an increase of \$1.8 million from the prior year. These funds were directed to the University's Centre for Global Public Health for ongoing projects primarily related to reproductive, maternal, neonatal and child health in India, Kenya and elsewhere.

The third largest source of research-related funding in 2020-21 was foundations and associations, and from over 100 individual entities, the University recognized a total of \$17.0 million or 10.2% of its research-related revenue.

The Province of Manitoba provided the University with \$11.4 million in funding in 2020-21, or 6.8% of its research-related revenues, which was a slight decrease from the prior year. Departments and other reporting entities that contributed to the University's research included Research Manitoba (\$6.5 million), Manitoba Agriculture and Resource Development (\$2.1 million) and Manitoba Hydro (\$0.8 million).

In 2020-21, research-related expenses were \$136.0 million, which was an increase of \$2.4 million from the prior year. Typically, there is a correlation between research-related revenue and expenses, as the University does not undertake research activities without the support of external funders. However, at times research funding is received at the commencement of a research project and may not all be spent during a particular fiscal year, as research projects often span multiple fiscal years. This often results in a differential between research revenues and research expenses, which can vary from year to year. As previously indicated, research activities ceased for 12 weeks at the start of the pandemic which resulted in reduced spending.

Expenses incurred to conduct research included, but are not exclusive to direct compensation costs and all other costs required in order to produce research outcomes. In 2020-21 research funding also provided \$27.5 million in support of students who participated in University research activities, which amounted to 36.7% of all assistance provided to students by the University in 2020-21. This support enabled students to work with experienced researchers while they continued their studies and developed their own research activities. Research-related funding agreements and contracts provided the University with \$6.8 million in indirect cost funding which was used to support research and defray some of the indirect costs associated with research activities. Research-related funding also enabled the investment of \$2.8 million in tangible capital assets, which included \$2.4 million for scientific and research equipment.

Research investment was highest in the Rady Faculty of Health Sciences, amounting to \$95.9 million in 2020-21. It was followed by the Faculty of Agricultural and Food Sciences (\$15.8 million), the Faculty of Science (\$13.5 million), the Clayton H. Riddell Faculty of Environment, Earth and Resources (\$10.9 million), and the Price Faculty of Engineering (\$10.3 million). In 2020-21, these five faculties accounted for 87.5% of the University's investment in research.

CAPITAL

The University carefully plans its capital activities, and identifies and prioritizes deferred maintenance, infrastructure renewal requirements and major capital projects. The University's Visionary (re)Generation master plan guides the design and development of the University of Manitoba campuses over the next 30 years, and it is a resource for the entire campus community.

Investment in Capital, Infrastructure and Technology

During 2020-21, the University invested \$69.2 million in capital assets, an increase of \$3.4 million from the previous year. This included \$49.9 million for the construction of buildings, infrastructure renewal, parking lot upgrades and land improvements; \$13.5 million for the acquisition of furniture, equipment and vehicles; and \$5.8 million for IT infrastructure and other technological improvements.

The project to build the Churchill Marine Observatory commenced in fiscal 2015-16, and the construction of Phase I and Phase II are continuing. The University incurred costs of \$5.6 million in 2020-21.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

To enhance the teaching and learning experience, the University has been investing in classrooms, learning spaces and labs upgrades. In 2020-21, \$3.6 million was spent on these projects, and the upgrades are ongoing. The University also invested in the redevelopment and upgrading to the Drake Centre (\$2.3 million), an addition to the RTDS Technologies Research Facility building (\$2.1 million), Apotex Learning Space (\$1.6 million), Pathology renovation (\$1.2 million), and designs for the Desautels Concert Hall (\$0.7 million).

The University invested \$20.8 million in infrastructure renewal projects in 2020-21. Investments in infrastructure included road and sidewalk repair (\$5.4 million), fire and safety upgrades (\$4.6 million), building envelope repair (\$3.5 million), sewer and water line upgrades (\$2.4 million), asbestos remediation (\$1.0 million), and various other infrastructure renewal projects (\$3.9 million). Infrastructure renewal projects were funded by the Province of Manitoba and other sources.

The University's investment in capital assets is highly dependent on the funding it receives from the federal and provincial governments and its donors. As such, the University's investment in capital assets fluctuates from year to year.

TRUST AND ENDOWMENT FUNDS

The University's Trust and Endowment Funds are an integral source of funding for our students, faculties, professorships and chairs, research activities, capital projects, library acquisitions, athletic programs, and many other undertakings. The net investment income earned in these funds, as well as donations received that can be used in their entirety, support our activities as directed by our donors. Gifts and bequests received in our Endowment Fund must be held in perpetuity; however, each year a portion of the net investment income earned from investing these gifts is used to support current year endeavors, and the rest is reinvested to provide financial security for beneficiaries in the future.

Gifts to the University

The Front and Centre Capital Campaign came to a successful conclusion last fiscal year; however, donations related to the campaign will be received for years to come. In 2020-21 the Endowment fund received \$13.5 million in new gifts, while the Trust fund received an additional \$18.2 million, of which \$14.3 million was deferred.

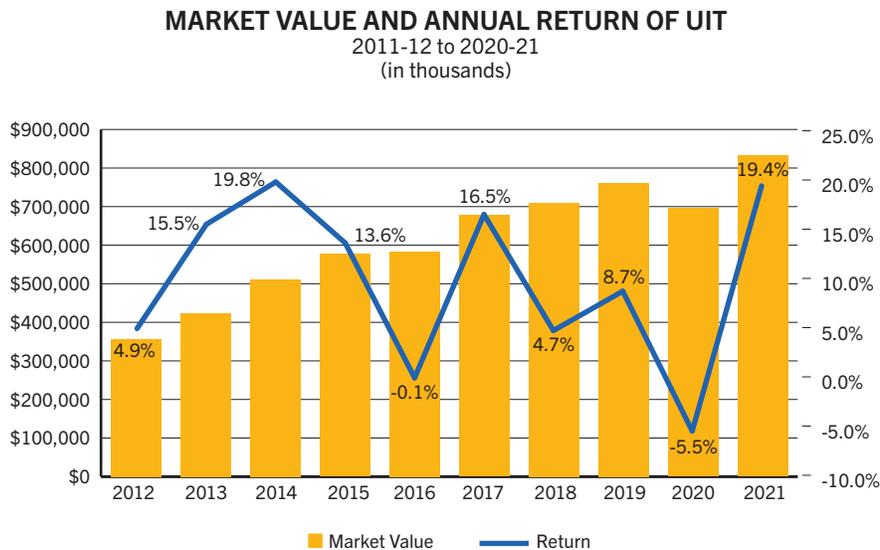
University Investment Trust

All endowed assets and most trust-related assets are together known as the University Investment Trust (UIT).

The UIT ended fiscal year 2020-21 with a market value of \$831.9 million, a significant increase from the \$695.5 million at the end of last fiscal year, which coincided with the COVID-19 outbreak and a severe downturn in the investment markets. Since that time, the global equity markets have not only recovered, most stock market indices have reached all-time highs. The UIT returned 19.4% over this 12-month period, with most of that return related to equities. The UIT's Canadian equity portfolios returned 39.0%, U.S. equities 36.1%, and International equities 21.0%. The other portfolios, bonds, real estate and infrastructure had flat or slightly negative returns, offsetting the robust equity performance. At the end of the fiscal year 2020-21, the asset mix of the UIT investment portfolio was at 64.4% equities, 16.1% real estate, 9.4% government bonds, 9.6% infrastructure, and 0.5% cash equivalents.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

The following graph demonstrates the growth of the market value of the UIT and annual returns over the past 10 years.



The Trust Investment Committee, responsible for providing governance and oversight of the UIT, reviews the asset mix of the UIT on a regular basis to evaluate how the UIT will perform over full market cycles, and to assess the likelihood of the UIT meeting its primary objective of achieving a real return that supports the spending payout to beneficiaries. The UIT's spending policy is currently based on a 4.5% payout of the average market value of the UIT over a rolling 48-month period. This distribution rate balances the needs of current beneficiaries with those of future beneficiaries by ensuring the purchasing power of the UIT remains intact for future generations while providing for today's students. In order to achieve this, the UIT's long-term returns have to exceed the spending payout, the investment management fees of the UIT, and the rate of inflation. In 2020-21, the UIT generated enough investment income to support an allocation of \$33.8 million to support our students, faculty, and other activities, and over the past 5 years the spending payout to beneficiaries has totaled \$141.8 million.

CONCLUSION

The University of Manitoba is a highly complex, decentralized organization with wide-ranging activities at multiple locations. We are proud of the many ways in which faculties, administrative units and our stakeholders partner together and engage with the broader community to advance our collective priorities. Without the engagement of our students, faculty, staff, benefactors and funders, we would not have achieved the success we have today at influencing our community and beyond. Through continued commitment to excellence in teaching, research, scholarly work and other innovative activities, the University promotes a sustainable community that will be of benefit for years to come. Despite a reduction in our operating grant, uncertainty surrounding our future financial support from the Province of Manitoba, and the yet unknown final impact of the COVID-19 pandemic on the University's operations and financial condition, we will continue to persevere and seek investment in the University to increase our capacity to inspire and support the cultural, social and economic well-being of Manitoba, Canada and, indeed, our world.

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, 2021 and the results of its operations for the years ending March 31, 2021.

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, 2021 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

Michael Benarroch, Ph.D.
President and Vice-Chancellor

Winnipeg, Manitoba
June 22, 2021



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

Opinion

We have audited the consolidated financial statements of the University of Manitoba (the University), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statement of operations, the consolidated statement of remeasurement gains and losses, the consolidated statement of change in net financial assets, and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as at March 31, 2021, and the consolidated results of its operations, its consolidated remeasurement gains and losses, consolidated changes in its net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Financial Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Annual Financial Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate the University or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit 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 University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Original document signed by
Tyson Shtykalo**

Winnipeg, Manitoba
June 22, 2021

Tyson Shtykalo, CPA, CA
Auditor General

CONSOLIDATED FINANCIAL STATEMENTS

UNIVERSITY OF MANITOBA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021
(in thousands of dollars)

	2021	2020
Financial Assets		
Cash and Cash Equivalents (Note 3)	\$ 223,527	\$ 196,827
Accounts Receivable (Note 4)	89,441	69,946
Inventories Held for Sale	2,979	3,661
Portfolio Investments – Non-Endowed (Note 6)	742,469	651,326
Investment in Government Business Enterprise (Note 7)	(1,106)	
	1,057,310	921,760
Liabilities		
Accounts Payable (Note 8)	95,839	105,164
Employee Future Benefits (Note 9)	94,144	89,233
Deferred Revenue (Note 10)	332,732	307,214
Debt (Note 11)	323,859	335,748
Derivatives (Note 12)	3,098	4,619
	849,672	841,978
Net Financial Assets Excluding Portfolio Investments – Endowed	207,638	79,782
Portfolio Investments – Endowed (Note 6)	550,845	471,167
Net Financial Assets	758,483	550,949
Non-Financial Assets		
Tangible Capital Assets (Note 13)	1,188,445	1,167,382
Prepaid Expenses	12,702	10,935
Inventories Held for Use	51	83
	1,201,198	1,178,400
Accumulated Surplus	\$ 1,959,681	\$ 1,729,349
Accumulated Surplus is comprised of:		
Accumulated Surplus	\$ 1,738,010	\$ 1,630,276
Accumulated Remeasurement Gains	221,671	99,073
	\$ 1,959,681	\$ 1,729,349

Contractual Obligations and Contingencies (Note 21)

Original signed by

Original signed by

Jeff Lieberman – Chair

Laurel Hyde – Vice-Chair

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

CONSOLIDATED FINANCIAL STATEMENTS

UNIVERSITY OF MANITOBA CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2021

(in thousands of dollars)

	Budget (Note 2M)	2021	2020
Revenue			
Provincial Grants (Note 18)	\$ 421,025	\$ 424,701	\$ 423,333
Tuition and Related Fees	195,230	206,690	195,743
Federal and Other Government Grants (Note 18)	88,600	141,482	107,597
Non-Government Grants	60,813	67,167	65,741
Investment Income (Note 19)	41,838	40,804	44,974
Other Income	11,612	23,190	17,472
Sales of Goods and Services	34,377	23,085	36,474
Ancillary Services	40,227	20,414	38,852
Non-Endowed Donations	10,861	10,446	19,479
Net Gain on Debt		224	3,772
Investment Loss on Government Business Enterprise		(1,106)	
	904,583	957,097	953,437
Expense			
Instruction	399,977	358,076	371,513
Sponsored Research	130,960	135,877	133,607
Facilities	121,167	116,624	110,958
Special Purpose and Trust	65,726	75,693	64,212
Libraries	33,544	33,646	30,981
Academic and Research Support	35,953	32,724	32,463
Administration	33,503	30,814	29,584
Information Technology	30,439	27,640	26,640
Student Services	32,009	20,507	28,656
Ancillary Services	25,924	20,461	25,728
External Relations	13,650	10,615	13,121
Net Loss on Loan Receivable Allowance		224	3,772
	922,852	862,901	871,235
	(18,269)	94,196	82,202
Endowed Donations	14,681	13,538	15,874
Annual Surplus	(3,588)	107,734	98,076
Accumulated Surplus Beginning of Year		1,630,276	1,532,200
Accumulated Surplus End of Year	\$	\$ 1,738,010	\$ 1,630,276

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

CONSOLIDATED FINANCIAL STATEMENTS

UNIVERSITY OF MANITOBA CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES FOR THE YEAR ENDED MARCH 31, 2021

(in thousands of dollars)

	2021	2020
Accumulated Remeasurement Gains		
Beginning of Year	\$ 99,073	\$ 157,605
Unrealized Gains (Losses) Attributed to:		
Derivatives	1,521	(852)
Foreign Exchange	(1,769)	(3,967)
Portfolio Investments	75,632	(73,959)
Designated Fair Value Investments	54,310	13,795
Amounts Reclassified to the Consolidated Statement of Operations:		
Foreign Exchange	1,519	2,605
Portfolio Investments	2,026	6,363
Designated Fair Value Investments	(10,641)	(2,517)
Net Remeasurement Gains (Losses) for the Year	122,598	(58,532)
Accumulated Remeasurement Gains		
End of Year	\$ 221,671	\$ 99,073

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

CONSOLIDATED FINANCIAL STATEMENTS

UNIVERSITY OF MANITOBA
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2021
(in thousands of dollars)

	Budget (Note 2M)	2021	2020
Annual Surplus (Deficit)	\$ (3,588)	\$ 107,734	\$ 98,076
Purchase of Tangible Capital Assets	(68,548)	(69,885)	(65,772)
Amortization	53,731	48,073	47,093
Proceeds on Sale of Tangible Capital Assets		820	
Loss (Gain) on Disposal of Tangible Capital Assets		(71)	
	(14,817)	(21,063)	(18,679)
Decrease (Increase) in Inventories Held for Use		32	(22)
Decrease (Increase) in Prepaid Expenses		(1,767)	(1,859)
		(1,735)	(1,881)
Net Remeasurement Gains (Losses)	19,200	122,598	(58,532)
Increase (Decrease) in Net Financial Assets	795	207,534	18,984
Net Financial Assets Beginning of Year		550,949	531,965
Net Financial Assets End of Year	\$	\$ 758,483	\$ 550,949

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

CONSOLIDATED FINANCIAL STATEMENTS

UNIVERSITY OF MANITOBA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

(in thousands of dollars)

	2021	2020
Operating Activities:		
Net Excess of Revenue Over Expenses Before Interest	\$ 111,927	\$ 99,709
Interest Received	11,273	14,465
Interest Paid	(15,466)	(16,098)
Annual Surplus	107,734	98,076
Amortization of Tangible Capital Assets	48,073	47,093
Loss (Gain) on Disposal of Tangible Capital Assets	(71)	
	155,736	145,169
Net Change in Non-Cash Operating Balances:		
Accounts Receivable	(19,495)	12,453
Inventories	714	(111)
Accounts Payable	(9,325)	16,983
Employee Future Benefits	4,911	(16,067)
Deferred Revenue	25,518	(33,013)
Derivatives	(1,521)	852
Gain on Debt	(224)	(3,772)
Loss on Loan Receivable Allowance	224	3,772
Prepaid Expenses	(1,767)	(1,859)
<i>Net Cash Generated through Operating Activities</i>	154,771	124,407
Investing Activities:		
Decrease (Increase) in Investment in Government Business Enterprise	1,106	
Decrease (Increase) in Portfolio Investments	(48,223)	14,253
<i>Net Cash Generated through (used in) Investing Activities</i>	(47,117)	14,253
Capital Activities:		
Purchase of Tangible Capital Assets	(69,885)	(65,772)
Proceeds on Sale of Tangible Capital Assets	820	
<i>Net Cash used in Capital Activities</i>	(69,065)	(65,772)
Financing Activities:		
Proceeds from Debt		662
Principal Repayment on Debt	(11,889)	(11,464)
<i>Net Cash Generated through (used in) Financing Activities</i>	(11,889)	(10,802)
Net Increase (Decrease) in Cash and Cash Equivalents	26,700	62,086
<i>Cash and Cash Equivalents Beginning of Year</i>	196,827	134,741
Cash and Cash Equivalents End of Year	\$ 223,527	\$ 196,827

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(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*.

2. SIGNIFICANT ACCOUNTING POLICIES

A. GENERAL AND USE OF ACCOUNTING ESTIMATES

The consolidated financial statements have been prepared in accordance with Public Sector Accounting Standards.

Accounting estimates are included in the consolidated 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 loan allowances, accruals for salaries and benefits, the estimated useful life of an asset and certain actuarial assumptions used in determining employee future benefits. Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements and actual results could differ from these estimates.

B. BASIS OF CONSOLIDATION

i. Consolidated Entities

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of organizations which are controlled by the University. Controlled organizations are consolidated except for government business enterprises which are accounted for using the modified equity method. Inter-organizational transactions, balances, and activities have been eliminated upon consolidation. The University controls Partners for Health and Development in Africa (PHDA), a non-profit, non-governmental organization registered in Kenya to promote health and development in Africa. The University consolidated PHDA using their March 31, 2020 financial statements.

ii. Investment in Government Business Enterprises

Government business enterprises, owned or controlled by the University but not dependent on the University for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the University. Thus, the University's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post-acquisition earnings and decreased by post-acquisition losses and distributions received. UM Properties Limited Partnership is controlled by the University and is accounted for by the modified equity method.

iii. Investment in Government Partnership

Government partnerships that are not business partnerships are accounted for using the proportionate consolidation method. The University accounts for its share of the partnership on a line-by-line basis in the consolidated financial statements and eliminates any inter-organizational transactions and balances. The University has a 7.14% (2020, 7.14%) interest in TRIUMF, a joint venture which operates a national laboratory for particle and nuclear physics (Note 15).

CONSOLIDATED FINANCIAL STATEMENTS

C. REVENUE RECOGNITION

All revenue is reported using the accrual basis of accounting.

i. Government Grants

For the purposes of these consolidated financial statements, government transfers are referred to as government grants. Government grants without stipulations are recognized as revenue when the transfer is authorized and the University is eligible to receive the funds. Government grants with stipulations are recognized as revenue when the transfer is authorized and the University is eligible to receive the funds, except when the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recognized as revenue when the liability is settled.

ii. Non-Government Grants and Non-Endowed Donations

Non-government grants and non-endowed donations without terms for use are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Non-government grants and non-endowed donations with external restrictions are deferred and recognized as revenue when the restrictions imposed by the contributors on the use of the funding are satisfied.

iii. Endowed Donations

Endowed donations are recognized in the year in which they are received. Endowed donations are required by donors to be maintained in perpetuity.

iv. Investment Income

Investment income, including dividends, interest income and realized gains or losses on the sale of unrestricted portfolio investments, is recognized as revenue when received or receivable.

Investment income earned on externally restricted investments is deferred and recognized when the related expenditure is made or stipulations are met.

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

v. Pledges, Gifts-In-Kind and Contributed Services

The University does not record pledges receivable in its consolidated financial statements.

Gifts-in-kind are recorded in the consolidated financial statements to the extent that they are eligible for an official donation receipt. Contributed services are not recorded in the consolidated financial statements.

vi. Tuition and Other Revenue

Tuition, sales of other goods and services and other revenue are recognized in the period in which the goods are provided or services substantially rendered and collection is reasonably assured.

D. FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses in the Consolidated Statement of Operations have been classified based upon functional lines of service provided by the University. An outline of services provided by each function is as follows:

Instruction: All activities associated with direct educational delivery and academic functions within the University. Costs associated with this function include those incurred by faculties, excluding research.

Sponsored Research: All activities funded by grants and contracts from external organizations and undertaken within the University to produce specific research outcomes. Costs associated with this function are directly related to research activities.

Facilities: All activities associated with the ongoing operation and maintenance of the grounds, buildings and facilities of the University. Costs associated with this function include building, equipment and infrastructure maintenance;

utilities; facilities administration; campus planning; custodial services; landscaping and grounds keeping; powerhouse maintenance; repairs and renovations; security services; administration of infrastructure development; amortization expense; and debt servicing costs related to the entire University.

Special Purpose and Trust: All activities related to externally restricted funding not intended for research activities. Costs associated with this function relate to activities such as externally assigned mandates; the administration of employee staff benefit plans; and the administration of trust and endowment funding.

Academic and Research Support: All activities that directly support the academic and research functions of the University. Costs associated with this function relate to activities that directly or indirectly support innovative learning, programming, teaching, and research, and include research administration; animal care; ethics board activities; international services; indigenous achievement; and the advancement of teaching and learning.

Libraries: All library, archival and special collection services provided to students and faculty across the University.

Student Services: Activities that directly support students. Costs associated with this function are for student service administration; counseling and chaplaincy; career services; recreation services; financial aid administration; enrolment services; and student health care services.

Administration: Activities that support the University as a whole. Costs associated with this function relate to the Board of Governors and Senate; financial, purchasing and internal audit services; human resources; institutional analysis; legal and regulatory obligations; and other centralized institution-wide general administrative activities.

Information Technology: Activities associated with central computing, networking, communications and other information technology functions that support the University as a whole.

Ancillary Services: Secondary services and products available to the University community and to external individuals and organizations. Costs associated with this function are related to the University's bookstores, dining services, student residences, parking and conference services.

External Relations: Activities that support the relationship between the University and the community. Costs associated with this function relate to advancement and development; alumni relations; marketing and communications; and public and government relations.

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and investments that are used to meet short-term operating needs. Investments are readily convertible to cash and mature within three months from acquisition. Any cash or other investments maturing within three months that are held by portfolio managers are classified as portfolio investments and are recorded at fair value or designated to fair value. Portfolio managers maintain a cash balance within investment portfolios as part of their overall long-term mandate, as well as to facilitate trades and the rebalancing of assets.

F. INVENTORIES HELD FOR SALE

Inventories held for sale, including books, merchandise and food are recorded at the lower of cost or net realizable value. Cost includes the original purchase cost, plus shipping and applicable duties. Net realizable value is the estimated selling price less any costs to sell.

G. NON-FINANCIAL ASSETS

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

i. Tangible 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. The University does not capitalize interest. Contributed capital assets are recorded at market value at the date of contribution.

CONSOLIDATED FINANCIAL STATEMENTS

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

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

Intangible assets, works of art, rare books and manuscripts, museum specimens and other archival material, and items inherited by right of the Crown, such as mineral resources, are expensed when acquired and not recognized in the University's Consolidated Statement of Financial Position as assets.

ii. Leased Tangible Capital Assets

Leases which transfer substantially all of the benefits and risks of ownership acquired under a capital lease are amortized over the useful life of the asset.

iii. Inventories Held for Use

Inventories held for use are recorded at cost. Cost includes the original purchase cost, plus shipping and applicable duties.

H. EMPLOYEE FUTURE BENEFITS

i. Pensions

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

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 estimates 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 over the expected average remaining service life of the active employees, commencing in the year following the year the respective actuarial gains or losses arise.

ii. Non-Pension Benefit Plans

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 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 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.

Actuarial gains and losses of non-pension 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 actuarial gains or losses arise.

iii. Post-Retirement Adjustments

The University 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 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 actuarial gains or losses arise.

iv. University of Manitoba Faculty Association Retirement Allowance

The University provides a retirement allowance to eligible University of Manitoba Faculty Association (UMFA) members in exchange for their voluntary and irrevocable agreement to retire. The allowance is dependent upon the UMFA member's age and the number of advance years of notice given to the University prior to retirement. To be eligible, the member must be at least fifty-five years of age and have at least fifteen years of service at the University on a date they have chosen as their retirement date. UMFA members must retire within three years of their enrolment. The University's policy is to record the estimated liability once members enrol. The cost of such allowance has been determined using management's best estimates.

v. Vacation and Sick Leave

The University accrues a liability for vacation pay and accumulating, non-vesting sick leave benefits. The cost of non-vesting sick leave has been determined using management's best estimates.

I. FINANCIAL INSTRUMENTS

The financial instruments of the University consist of cash and cash equivalents, accounts receivable, portfolio investments, accounts payable, and debt. All financial instruments are recognized at cost or amortized cost, or fair value.

Cash and cash equivalents are recognized at cost. Accounts receivable, inventories held for sale, accounts payable and debt (excluding derivative financial instruments) are recognized at amortized cost.

Loans receivable are recorded at amortized cost net of impairment allowances. Subsequent amounts received against loans that have been allowed for are recorded as revenue in the year received. Interest is accrued on loans receivable to the extent it is deemed collectable.

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.

Financial instruments recognized at fair value include Canadian, U.S. and international equities and derivatives. Bonds and other fixed income securities and pooled funds have been designated to fair value other than corporate bonds and preferred shares which are recognized at cost. The values of private investments, comprised of infrastructure assets, are determined based on the latest valuations provided by the external investment managers of the fund (typically December 31), adjusted for subsequent cash receipts and distributions from the fund, and cash disbursements to the fund through March 31. Pooled funds are valued by the fund managers.

Unrealized gains and losses from the change in fair value of these financial instruments are reflected in the Consolidated Statement of Remeasurement Gains and Losses until disposition.

Transaction costs are expensed for financial instruments measured at fair value.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Consolidated Statement of Operations. Future recoveries of impaired assets are recorded in the Consolidated Statement of Operations when received. Interest is not recorded on financial assets that are deemed to be impaired. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

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.

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.

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

Level 3 – Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

J. FOREIGN CURRENCY TRANSLATION

Monetary assets, 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 Consolidated 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 Consolidated Statement of Operations.

K. ENDOWMENTS

Endowments consist of:

Externally restricted donations received by the university and internal allocations, the principal of which is required to be maintained in perpetuity.

Investment income earned by the endowments in excess of the amount required for spending allocation, reinvested to maintain and grow the real value of the endowments. The University sets an annual spending allocation, currently at 4.50% of the average market value over a rolling four-year period. This spending amount is set to help ensure that the economic value of the endowments are protected by limiting the amount of income that may be expended and by reinvesting unexpended income. In any year, if the investment income earned on endowments is insufficient to fund the spending allocation, the spending allocation is funded from the accumulated investment income.

L. FUTURE ACCOUNTING CHANGES

In August 2018, the Public Sector Accounting Board issued PS 3280 *Asset Retirement Obligations*. This accounting standard is effective for fiscal years starting on or after April 1, 2022. *Asset Retirement Obligations* provides guidance on how to account for and report a liability for the retirement of a tangible capital asset.

In November 2018, the Public Sector Accounting Board issued PS 3400 *Revenue*. This accounting standard is effective for fiscal years starting on or after April 1, 2023. *Revenue* provides guidance on how to account for and report on revenue, specifically addressing revenue arising from exchange transactions and unilateral transactions.

Management is currently assessing the impact of these new standards on the consolidated financial statements.

M. BUDGETS AND FIGURES

The 2020-21 budget was approved by the Board of Governors on May 19, 2020.

3. CASH AND CASH EQUIVALENTS

	2021	2020
Cash	\$ 170,883	\$ 196,827
Guaranteed Investment Certificates	52,644	
	\$ 223,527	\$ 196,827

4. ACCOUNTS RECEIVABLE

	2021	2020
Business, Industry and Foundations	\$ 30,749	\$ 18,037
Federal Government	17,908	9,760
Provincial Government	15,173	14,845
External Sales and Cost Recoveries	12,716	9,952
Students	6,144	4,399
Investment Income	3,289	10,538
Advances	1,502	1,592
Government Business Enterprise	1,354	588
Other	606	235
	\$ 89,441	\$ 69,946

5. LOAN RECEIVABLE

The University has a loan agreement with Triple B Stadium Inc. (Triple B) related to the construction of IG Field 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 and 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.

IG FIELD LOAN:

	2021	2020
First Phase	\$ 118,682	\$ 118,682
Second Phase	79,784	79,784
	198,466	198,466
Allowance	(198,466)	(198,466)
	\$	\$

The First and Second Phase loans have an equal long-term debt loan payable to the Province of Manitoba (Note 11).

The University has concluded there will be insufficient amounts available to repay the First and Second Phase loan receivable, including accrued interest. As a result, the University has established an allowance.

Since the long-term debt can only be repaid when the University receives these payments from Triple B, the University has established an allowance for the loan payable in an equal amount (Note 11).

These allowances have been recorded in the Consolidated Statement of Operations as both revenue and expense.

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6. PORTFOLIO INVESTMENTS

Portfolio investments include both non-endowed and endowed investments. Non-endowed investments consist of funds received in advance for future expenditures. Endowed investments consist of donations held in perpetuity.

	2021	2020
Portfolio Investments – Non-Endowed	\$ 742,469	\$ 651,326
Portfolio Investments – Endowed	550,845	471,167
	\$ 1,293,314	\$ 1,122,493

The composition of portfolio investments measured at fair value is as follows:

	2021				2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investments Held at Fair Value:								
Cash and Money Market Funds	\$ 255,745	\$	\$	\$ 255,745	\$ 210,229	\$	\$	\$ 210,229
Canadian Equities	2,752			2,752	68,497			68,497
U.S. Equities	214,844			214,844	159,772			159,772
International Equities	2,539			2,539	1,918			1,918
	475,880			475,880	440,416			440,416
Investments Designated to Fair Value:								
Cash and Money Market Funds		2,900		2,900		3,961		3,961
Bonds and Other Fixed								
Income Securities		78,127		78,127		78,726		78,726
Pooled Bond Fund		22,320		22,320		18,322		18,322
Pooled Canadian Equities		223,577		223,577		76,537		76,537
Pooled U.S. Equities		6,943		6,943		6,817		6,817
Pooled International Equities		128,561		128,561		112,318		112,318
Pooled Real Estate Fund		141,733		141,733		138,642		138,642
Pooled Mortgage Fund		11,287		11,287		9,764		9,764
Infrastructure Private Fund			79,794	79,794			82,737	82,737
		615,448	79,794	695,242		445,087	82,737	527,824
Investments Held at Amortized Cost:								
Corporate Bonds				76,257				103,042
Preferred Shares				45,935				51,211
				122,192				154,253
	\$ 475,880	\$ 615,448	\$ 79,794	\$ 1,293,314	\$ 440,416	\$ 445,087	\$ 82,737	\$ 1,122,493

The fair value of investments held at amortized cost is \$119,624 (2020, \$132,273).

During the years ended March 31, 2021 and March 31, 2020, there were no transfers of investments between levels 1, 2 or 3.

The University's investment in real estate consists of units of a pooled real estate investment in the Canada Life Real Estate Fund.

On March 20, 2020 Canada Life placed a suspension on redemptions and transfers of units of the Fund. Effective January 11, 2021 Canada Life disclosed that the suspension will be lifted, however, withdrawal requests will be based on the amount of cash available in the fund, so unit holders requesting withdrawals may receive only a portion of their redemption request.

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The changes in fair value of level 3 investments designated to fair value are as follows:

	2021	2020
Balance Beginning of Year	\$ 82,737	\$ 21,330
Purchases		54,427
Distributions Reinvested	3,670	999
Unrealized Gains (Losses)	(6,613)	5,981
Balance End of Year	\$ 79,794	\$ 82,737

7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE

In 2008, the University purchased approximately 120 acres of land from the Southwood Golf and Country Club (Southwood lands). The University is pursuing the development of the Southwood lands through UM Properties Limited Partnership (the Partnership) which was created in 2016-17.

The Partnership is responsible for the planning and development of the infrastructure and roadways of the Southwood lands and will negotiate with builders/developers for the construction of residential and commercial buildings. It is the intent of the University to transfer an interest in the lands to the Partnership by selling its fee simple interest, or by entering into a long-term lease.

The Partnership has a sole general partner and a sole limited partner. UM Properties GP Inc. is the general partner and a wholly owned subsidiary of the University. UM Properties Trust (the Trust) is a legal trust and is the limited partner.

UM Properties Holdings Inc. (the Corporate Trustee) is a wholly owned subsidiary of the University, and is the sole trustee of the Trust. Income will flow from the Partnership to the Trust. The Corporate Trustee is responsible to allocate the taxable income of the Trust in any given year. The University and the J.W. Dafoe Foundation are the beneficiaries of the Trust.

The Trust is taxable on any taxable income that is not allocated to the beneficiaries.

The Partnership is classified as a government business enterprise and accounted for by the modified equity basis utilizing the annual audited financial statements of the Partnership prepared as at December 31.

The continuity of the University's investment is as follows:

	2021
Investment Beginning of the Year	\$
Investment Loss on Government Business Enterprise	(1,106)
Investment End of Year	\$ (1,106)

Condensed financial information of the Partnership is as follows:

	December 31, 2020	December 31, 2019
Statement of Financial Position:		
Assets	\$ 137	\$ 53
Liabilities	1,243	379
Net Assets (Liability)	\$ (1,106)	\$ (326)
Statement of Operations:		
Revenue	\$ 1	\$ 271
Expenses	781	271
Annual Surplus (Deficit)	\$ (780)	\$ (271)

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The Partnership recognizes revenue from sales of 99-year leases when the contract has been entered into and all performance obligations have been met including the transfer of control and the prepaid lease. The University defers these revenues in its Consolidated Statement of Operations over the duration of the leases.

8. ACCOUNTS PAYABLE

	2021	2020
Trade Accounts Payable	\$ 33,375	\$ 31,387
Accrued Vacation and Sick Leave	19,419	17,917
Grants Payable	18,425	10,697
Salaries and Benefits	14,770	35,031
Retirement Allowance	8,495	8,228
Other	1,355	1,904
	\$ 95,839	\$ 105,164

9. EMPLOYEE FUTURE BENEFITS

	2021	2020
Non-Pension Benefit Plans	\$ 90,532	\$ 80,271
1993 Pension Plan	2,296	7,442
Post-Retirement Adjustments	1,316	1,520
	\$ 94,144	\$ 89,233

Accrued Benefit Obligations	2021			2020		
	1993 Plan	Non-Pension Benefit Plan	Post-Retirement Adjustments	1993 Plan	Non-Pension Benefit Plan	Post-Retirement Adjustments
Actuarial Accrued Benefits						
Beginning of Year	\$ 1,302,804	\$ 75,288	\$ 1,409	\$ 1,218,520	\$ 73,076	\$ 1,655
Interest Costs	73,156	3,727	64	121,907	3,879	82
Benefits Accrued	60,638	7,469		59,138	5,710	
Benefits Paid	(103,864)	(8,973)	(249)	(105,148)	(8,620)	(287)
Actuarial Gains (Losses)	2,530	(2,581)	(13)	(22,575)	(704)	(66)
Change In Actuarial Assumptions	27,780			30,962	1,947	25
Actuarial Accrued Benefits						
End of Year	\$ 1,363,044	\$ 74,930	\$ 1,211	\$ 1,302,804	\$ 75,288	\$ 1,409

Plan Assets	2021			2020		
	1993 Plan	Non-Pension Benefit Plan	Post-Retirement Adjustments	1993 Plan	Non-Pension Benefit Plan	Post-Retirement Adjustments
Fair Value Beginning of Year	\$ 1,304,375	\$ 62,398	\$	\$ 1,181,099	\$ 62,661	\$ 507
Actual Return on Plan Assets	80,845	11,715		158,625	(859)	51
Employer Contributions	32,549	5,492	249	42,088	5,574	287
Employee Contributions	27,749	3,588		26,961	3,642	
Transfers From (to) Other Plans	67			750		(558)
Benefits Paid	(103,864)	(8,973)	(249)	(105,148)	(8,620)	(287)
Fair Value End of Year	\$ 1,341,721	\$ 74,220	\$	\$ 1,304,375	\$ 62,398	\$

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Plan Assets Measured at Fair Value Consist of:	2021	2020
Foreign Equities	\$ 538,787	\$ 537,456
Canadian Equities	245,081	243,902
Bonds and Debentures	241,215	172,221
Mortgages	146,022	178,098
Real Estate	132,971	135,797
Cash and Other	37,645	36,901
	\$ 1,341,721	\$ 1,304,375

	2021			2020		
	1993 Plan	Non-Pension Benefit Plan	Post-Retirement Adjustments	1993 Plan	Non-Pension Benefit Plan	Post-Retirement Adjustments
Accrued Benefit Obligations						
Plan Surplus (Deficit)	\$ 21,323	\$ 710	\$ 1,211	\$ (1,571)	\$ 12,890	\$ 1,409
Contributed During Fiscal Year in Excess of Calendar Year	(6,731)			(7,109)		
Unamortized Actuarial Gains (Losses)	(12,296)	15,602	105	16,122	4,983	111
Add Back Assets Reported Separately		74,220			62,398	
Accrued Benefit Liability	\$ 2,296	\$ 90,532	\$ 1,316	\$ 7,442	\$ 80,271	\$ 1,520
Net Benefit Expenses						
Current Service Cost	\$ 32,822	\$ 3,881	\$	\$ 31,427	\$ 2,068	\$
Interest Costs	66,538	3,727	64	61,922	3,879	82
Expected Return on Plan Assets	(70,544)	(3,123)		(63,659)	(3,400)	(27)
Amortization of Actuarial (Gains) Losses	(1,791)	(554)	(19)	1,309	(1,310)	(8)
Plan Expenses						1
Net Benefit Expenses	\$ 27,025	\$ 3,931	\$ 45	\$ 30,999	\$ 1,237	\$ 48

Reconciliation of Unamortized Gains (Losses)

Net Unamortized Gains (Losses)							
Beginning of Year	\$ 16,122	\$ 4,983	\$ 111	\$ (11,781)	\$ 11,795	\$ 53	
Net Gain (Loss) Current Year	(26,627)	11,173	13	26,594	(5,502)	66	
Amortization of Actuarial (Gains) Losses	(1,791)	(554)	(19)	1,309	(1,310)	(8)	
Net Unamortized Gross Losses End of Year	\$ (12,296)	\$ 15,602	\$ 105	\$ 16,122	\$ 4,983	\$ 111	

Significant Actuarial Assumptions

Discount rate	5.5%	5.0%	5.0%	5.5%	5.0%	5.0%
Expected rate of return on assets	5.5%	5.0%	n/a	5.5%	5.0%	n/a
Actual return on assets	6.4%		n/a	13.7%		n/a
Rate of general salary increase:						
2020	1.0%	n/a	n/a	1.0%	n/a	n/a
2021	2.5%	n/a	n/a	2.5%	n/a	n/a
Thereafter	2.5%	n/a	n/a	2.5%	n/a	n/a

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Health Care Cost Trend Rates:

Initial Rate	n/a	7.1%	n/a	n/a	7.3%	n/a
Ultimate Rate	n/a	4.5%	n/a	n/a	4.5%	n/a
Year Ultimate Rate Reached	n/a	2033	n/a	n/a	2033	n/a
Dental Care Trend Rates	n/a	4.5%	n/a	n/a	4.5%	n/a
Estimated Average Remaining Service Life (years)	9.00	9.00	6.00	9.00	9.00	6.00

PENSION PLANS

The University is the sponsor of two pension plans, The University of Manitoba GFT Pension Plan (1986 Plan) and The University of Manitoba Pension Plan (1993 Plan). The University has separate Pension Committees to act as Plan Administrator for each of the 1986 and 1993 Plans. Both Pension Plans issue their own financial statements, none of which forms part of the University's consolidated financial statements.

1986 PLAN

The 1986 Plan is a defined contribution plan; thus, the University has no pension liability as pension obligation equals plan assets. It is a money purchase plan for active members, the University recorded contributions of \$2,413 (2020, \$2,380) and this is included in the Consolidated Statement of Operations as an expense.

1993 PLAN

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

Staff members of the University, other than those eligible for membership in the University of Manitoba GFT Pension Plan (1986 Plan), are eligible for membership in the University of Manitoba Pension Plan (1993 Plan). The 1993 Plan members contributed at the rate of 9.0% of salary less an adjustment for the Canada Pension Plan during the year. 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 1993 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 1993 Plan. The 1993 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 1993 Plan.

The Plan provides for retirement benefits paid from the 1993 Plan to be increased using an excess interest approach, provided such increase can be afforded by the 1993 Plan as confirmed by the actuary.

At the December 31, 2019 valuation of the 1993 Plan, there were 4,801 active member accounts with an average salary weighted age of 52.0 for academic staff and 46.8 for support staff, and 1,931 annuitants 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, 2019 and extrapolated to December 31, 2020.

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

The contribution made by employees for fiscal 2021 was \$27,749 (2020, \$26,961). The employer contribution made by the University for fiscal 2021 was \$32,549 (2020, \$42,088). It includes \$5,018 (2020, \$3,152) in additional contributions as advised by the Manitoba Pension Commission with respect to current service costs in excess of matching contribution of active members and the University.

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NON-PENSION BENEFITS

The University provides health, dental and group life benefits 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. An actuarial valuation of these benefits was prepared for March 31, 2019 and extrapolated to March 31, 2021. The internally designated plan assets are included in the total Portfolio Investments (Note 6) and reflect contributions made by employees and the university which have been designated for non-pension benefits.

POST-RETIREMENT ADJUSTMENTS

The University provides post-retirement pension benefits 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 1993 Plan. One hundred percent of the adjustments are paid by the University. An actuarial valuation of this benefit was prepared for March 31, 2021.

10. DEFERRED REVENUE

Deferred revenue represents unspent externally restricted grants, non-endowed donations, and investment income.

	2021	2020
Unearned Revenue	\$ 23,330	\$ 18,307
Deferred Revenue	309,402	288,907
	\$ 332,732	\$ 307,214

	2021	2020
Non-Government Grants	\$ 45,857	\$ 36,331
Non-Endowed Donations	111,940	97,679
Investment Income	151,605	154,897
	\$ 309,402	\$ 288,907

	2021			
	Research	Capital	Special Purpose & Trust	Total
Deferred Revenue Beginning of Year	\$ 37,741	\$ 22,539	\$ 228,627	\$ 288,907
Grants, Non-Endowed Donations, and Investment Income Recognized as Revenue	66,949	5,319	47,735	120,003
	(58,123)	(5,361)	(36,024)	(99,508)
Deferred Revenue End of Year	\$ 46,567	\$ 22,497	\$ 240,338	\$ 309,402

	2020			
	Research	Capital	Special Purpose & Trust	Total
Deferred Revenue Beginning of Year	\$ 59,220	\$ 23,180	\$ 240,088	\$ 322,488
Grants, Non-Endowed Donations, and Investment Income Recognized as Revenue	36,640	7,937	29,014	73,591
	(58,119)	(8,578)	(40,475)	(107,172)
Deferred Revenue End of Year	\$ 37,741	\$ 22,539	\$ 228,627	\$ 288,907

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11. DEBT

	2021	2020
Province of Manitoba:		
Promissory Note, 5.23% due March 1, 2035	\$ 49,149	\$ 51,471
Promissory Note, 5.55% due April 1, 2036	52,422	54,585
Promissory Note, 3.75% due September 30, 2039	20,555	21,312
Promissory Note, 5.35% due February 1, 2040	24,683	25,418
Province of Manitoba¹:		
Promissory Note, 5.70% due February 1, 2049	4,690	4,858
Promissory Note, 5.45% due December 1, 2049	5,726	5,806
Promissory Note, 4.10% due July 30, 2050	23,006	23,791
Promissory Note, 4.10% due July 30, 2050	3,642	3,766
Promissory Note, 4.10% due July 30, 2050	9,665	9,995
Promissory Note, 4.85% due November 30, 2050	5,796	5,991
Promissory Note, 4.90% due December 31, 2050	1,882	1,945
Promissory Note, 3.85% due February 29, 2052	3,797	3,920
Promissory Note, 3.85% due February 29, 2052	2,861	2,954
Promissory Note, 4.65% due September 30, 2052	19,358	19,623
Promissory Note, 3.85% due January 31, 2053	9,238	9,528
Promissory Note, 4.00% due March 31, 2053	2,800	2,887
Promissory Note, 4.625% due December 31, 2053	2,649	2,730
Promissory Note, 4.375% due March 31, 2054	5,050	5,203
Promissory Note, 4.375% due March 31, 2054	5,375	5,538
Promissory Note, 4.125% due August 31, 2054	1,400	1,442
Promissory Note, 3.75% due December 31, 2054	5,822	5,994
Promissory Note, 4.00% due November 30, 2055	1,823	1,875
Promissory Note, 3.875% due February 29, 2056	7,420	7,632
Promissory Note, 3.90% due March 31, 2056	5,087	5,233
Promissory Note, 4.00% due April 30, 2056	17,542	18,042
Promissory Note, 4.00% due October 31, 2056	1,190	1,224
Promissory Note, 3.50% due March 31, 2059	8,550	8,775
Promissory Note, 3.25% due July 31, 2059	3,833	3,933
Term Loans (with floating interest rates based on Bankers' Acceptance rates plus stamping fees):		
Royal Bank of Canada, due November 30, 2022	4,555	4,880
Royal Bank of Canada, due February 28, 2023	6,363	6,653
Royal Bank of Canada, due October 1, 2023	7,930	8,744
	\$ 323,859	\$ 335,748

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 12).

Interest expense on debt was \$15,466 (2020, \$16,098), included in the Consolidated Statement of Operations under Facilities.

¹ The University receives funding from the Province of Manitoba for the construction or acquisition of tangible capital assets which is included in Debt. The monthly interest and principal repayments are to be funded by future grants provided by the Province of Manitoba.

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Principal repayments, made monthly, on debt payable over the next five years are as follows:

	Province of Manitoba	Province of Manitoba ¹	Term Loans	Total
2022	\$ 6,293	\$ 4,500	\$ 1,507	\$ 12,300
2023	6,627	4,518	1,592	12,737
2024	6,979	4,537	1,679	13,195
2025	7,349	4,556	1,773	13,678
2026	7,740	4,587	1,871	14,198
Thereafter	111,821	135,504	10,426	257,751
	\$ 146,809	\$ 158,202	\$ 18,848	\$ 323,859

IG FIELD

The University entered into a loan agreement with the Province of Manitoba related to the construction of IG 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:

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. 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.

¹ The University receives funding from the Province of Manitoba for the construction or acquisition of tangible capital assets which is included in Debt. The monthly interest and principal repayments are to be funded by future grants provided by the Province of Manitoba.

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Principal and interest outstanding at March 31 were:

	2021	2020
Loan, First Phase	\$ 75,000	\$ 75,000
Loan, First Phase Accrued Interest	21,104	21,104
Loan, Second Phase Accrued Interest	22,578	22,578
	118,682	118,682
Loan, Second Phase	78,853	78,853
Loan, Second Phase Accrued Interest	931	931
	198,466	198,466
Allowance	(198,466)	(198,466)
	\$	\$

12. DERIVATIVES

	2021	2020
Fair Value of Financial Derivatives Beginning of Year	\$ 4,619	\$ 3,767
Unrealized (Gain) Loss	(1,521)	852
Fair Value of Financial Derivatives End of Year	\$ 3,098	\$ 4,619

Financial Derivatives are classified as Level 3.

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 \$7,930 (2020, \$8,744) loan has a fixed interest rate of 5.62% that is committed until September 1, 2028.
- The interest rate swap agreement for the \$4,555 (2020, \$4,880) loan has a fixed interest rate of 4.07% that is committed until February 13, 2032.
- The interest rate swap agreement for the \$6,363 (2020, \$6,653) loan has a fixed interest rate of 4.4% that is committed until August 5, 2035.

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.

13. TANGIBLE CAPITAL ASSETS

Cost	Balance at March 31, 2020	Additions	Disposals	Balance at March 31, 2021
Assets Under Capital Lease	\$ 2,477	\$	\$	\$ 2,477
Buildings and Major Renovations	1,399,348	28,475	(1,179)	1,426,644
Computer Hardware	106,021	5,807	(3,422)	108,406
Construction in Progress	47,991	20,983		68,974
Furniture and Equipment	314,518	13,193	(3,054)	324,657
Land	29,931	664		30,595
Parking Lots	10,437	469		10,906
Vehicles	10,137	294	(111)	10,320
	\$ 1,920,860	\$ 69,885	\$ (7,766)	\$ 1,982,979

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Accumulated Amortization	Balance at March 31, 2020	Additions	Disposals	Balance at March 31, 2021
Assets Under Capital Lease	\$ 2,477	\$	\$	\$ 2,477
Buildings and Major Renovations	390,863	28,987	(430)	419,420
Computer Hardware	98,602	3,628	(3,422)	98,808
Furniture and Equipment	246,561	14,336	(3,054)	257,843
Parking Lots	6,471	526		6,997
Vehicles	8,504	596	(111)	8,989
	\$ 753,478	\$ 48,073	\$ (7,017)	\$ 794,534
Net Book Value			2021	2020
Buildings and Major Renovations			\$ 1,007,224	\$ 1,008,485
Computer Hardware			9,598	7,419
Construction in Progress			68,974	47,991
Furniture and Equipment			66,814	67,957
Land			30,595	29,931
Parking Lots			3,909	3,966
Vehicles			1,331	1,633
			\$1,188,445	\$ 1,167,382

14. 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 of 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 an investment policy statement 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 a 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. The majority of investments which are held for the long term within endowment are equities, bonds, infrastructure, segregated funds 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 endowment asset allocation strategy, which emphasizes the importance of managing other price risk by maintaining appropriate levels of risk required to achieve consistent long term returns that meet the investment objectives of the endowment.

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 financial instruments categorized by maturity dates.

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INTEREST RATE EXPOSURE AS AT MARCH 31, 2021

	Less than 90 days	90 days to 1 year	1 year to 5 years	5 years to 10 years	Greater than 10 years	Total
Cash Equivalents and Investments	17.6%	40.9%	25.3%	12.6%	3.6%	100.0%
Financial Derivatives			100.0%			100.0%

INTEREST RATE EXPOSURE AS AT MARCH 31, 2020

	Less than 90 days	90 days to 1 year	1 year to 5 years	5 years to 10 years	Greater than 10 years	Total
Cash Equivalents and Investments	18.4%	34.6%	25.7%	17.2%	4.1%	100.0%
Financial Derivatives			100.0%			100.0%

	March 31, 2021		March 31, 2020	
	Interest Bearing Instruments	Non-interest Bearing Instruments	Interest Bearing Instruments	Non-interest Bearing Instruments
Cash Equivalents and Investments	\$ 437,605	\$ 855,709	\$ 407,019	\$ 715,474
Financial Derivatives	\$ 3,098	\$	\$ 4,619	\$

As at March 31, 2021, a 0.5% fluctuation in interest rates, with all other variables held constant, would have an estimated impact as follows:

	2021	2020
Fair Value of Fixed Income Instruments	\$ 4,432	\$ 5,365
Interest Rate Swaps	\$ 561	\$ 710
Net Investment Income	\$ 3,180	\$ 2,833

FOREIGN CURRENCY RISK

The University has cash and cash equivalents, receivables and payables denominated in foreign currencies and holds investments in foreign currency infrastructure and equity markets. 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 is shown below:

	2021		2020	
Canadian Dollar	\$ 1,077,359	71.0%	\$ 942,783	71.4%
U.S. Dollar	310,922	20.5%	266,349	20.2%
Euro	37,078	2.4%	27,406	2.1%
Japanese Yen	32,739	2.2%	32,259	2.5%
British Pound Sterling	25,461	1.7%	19,348	1.5%
Swiss Franc	24,295	1.6%	21,015	1.6%
Other	8,987	0.6%	10,160	0.7%
	\$ 1,516,841	100.0%	\$ 1,319,320	100.0%

As at March 31, 2021, an appreciation of 10% in the Canadian dollar versus foreign currencies exchange rates would decrease investments and net remeasurement gains by approximately \$43,948 (2020, \$37,654), while a depreciation of 10% would increase investments and net remeasurement gains by approximately \$43,948 (2020, \$37,654).

CONSOLIDATED FINANCIAL STATEMENTS

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 Standard & Poor's, followed by the Moody's equivalent. Ratings for securities which subject the University to credit risk are noted below:

	2021		2020	
R-1High	\$ 189,490	43.3%	\$ 136,655	33.6%
R-1Mid	125		150	
AAA	60,400	13.8%	45,554	11.2%
AA	105,324	24.1%	139,638	34.3%
A	9,421	2.2%	16,514	4.1%
BBB	10,487	2.4%	8,237	2.0%
BB	80			
CC			197	
Not Rated	62,278	14.2%	60,074	14.8%
	\$ 437,605	100.0%	\$ 407,019	100.0%

The University manages credit risk related to fixed income investments by focusing on high credit quality. Cash and cash equivalents are held in Canadian Chartered banks and Manitoba credit unions.

The University also has credit risk related to accounts receivable and loan receivable. A significant portion of the University's accounts receivable is from the federal and provincial governments, not-for-profit organizations, corporations, the U.S. government, and other universities. The University also has accounts receivable from students and staff. The University manages these accounts proactively and has leverage to stop further enrolment until payment is made. 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 pooled real estate fund and infrastructure, are considered to be held for long term periods in conjunction with the investment objectives and risk tolerance.

15. INVESTMENTS IN GOVERNMENT PARTNERSHIPS

The University has a 7.14% (2020, 7.14%) interest in TRIUMF, a joint venture which operates a national laboratory for particle and nuclear physics. The facility is funded by the Federal Government, and the University makes no direct financial contributions.

CONSOLIDATED FINANCIAL STATEMENTS

The proportionate amounts included in the University's consolidated financial statements are as follows:

	March 31, 2021	U of M's Proportionate Share	March 31, 2020	U of M's Proportionate Share
Statement of Financial Position:				
Financial Assets	\$ 55,433	\$ 3,958	\$ 54,767	\$ 3,910
Liabilities	8,202	586	8,823	630
Net Assets	\$ 47,231	\$ 3,372	\$ 45,944	\$ 3,280
Statement of Operations:				
Revenue	\$ 88,346	\$ 6,308	\$ 85,605	\$ 6,112
Expenses	86,369	6,167	85,144	6,079
Annual Surplus	\$ 1,997	\$ 141	\$ 461	\$ 33

16. RELATED PARTY TRANSACTIONS

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

The University of Manitoba Foundation U.S.A. Inc. (the Foundation) 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. The University of Manitoba however, is one of many entities eligible to receive aid from the Foundation. The University must make an application to the Foundation's Board of Directors to request funds, which may or may not be granted. The gifts received in fiscal 2021 were \$1,536 (2020, \$222).

TRIPLE B STADIUM INC.

Triple B Stadium Inc. (Triple B) is a for-profit corporation established to develop, own and operate a stadium as a venue for professional and university football and community athletics. The 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 use of the stadium for university football games and events at nil charge and Triple B leases land from the University for one dollar per year.

As at March 31, 2021 and for the year then ended, the related party transactions pertaining to IG Field, with Triple B and the Province of Manitoba were as follows:

	2021	2020
Revenue and Expenses:		
Gain on Debt	\$ 224	\$ 3,772
Loss on Loan Receivable Allowance	\$ 224	\$ 3,772

The University is related to all Province of Manitoba departments, agencies and Crown corporations in terms of common ownership and control. The University enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

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17. EXPENSE BY OBJECT

	2021	2020
Salaries and Benefits	\$ 502,752	\$ 500,249
Materials, Supplies and Services	122,011	129,404
Student Assistance	74,948	69,260
Professional and Other Services	54,097	47,404
Amortization	48,073	47,093
Utilities, Municipal Taxes and Insurance	20,852	21,117
Interest	15,466	16,098
Maintenances and Repairs	14,989	8,639
Travel and Conferences	9,489	28,199
Net Loss on Loan Receivable Allowance	224	3,772
	\$ 862,901	\$ 871,235

18. GOVERNMENT TRANSFERS

	2021				
	Operating Activities	Research Activities	Capital Activities	Special & Trust Activities	Total
Provincial Grants:					
Advanced Education, Skills and Immigration	\$ 346,188	\$	\$ 7,120	\$	\$ 353,308
Other	24,305	11,426	13,955	21,707	71,393
	\$ 370,493	\$ 11,426	\$ 21,075	\$ 21,707	\$ 424,701
Federal and Other Government Grants:					
Government of Canada	\$ 10,962	\$ 98,957	\$ 3,669	\$ 15,682	\$ 129,270
Other Government					
Foreign		2,769		2,164	4,933
United States		351			351
Other Provinces	(64)	1,691		4,968	6,595
Municipal	46	287			333
	\$ 10,944	\$ 104,055	\$ 3,669	\$ 22,814	\$ 141,482

CONSOLIDATED FINANCIAL STATEMENTS

	2020				
	Operating Activities	Research Activities	Capital Activities	Special & Trust Activities	Total
Provincial Grants:					
Advanced Education, Skills and Immigration	\$ 349,418	\$	\$ 7,120	\$	\$ 356,538
Other	22,808	12,186	12,650	19,151	66,795
	\$ 372,226	\$ 12,186	\$ 19,770	\$ 19,151	\$ 423,333
Federal and Other Government Grants:					
Government of Canada	\$ 11,068	\$ 71,647	\$ 9,057	\$ 6,498	\$ 98,270
Other Government					
Foreign		18		2,540	2,558
United States		50			50
Other Provinces	1,232	2,503		2,918	6,653
Municipal	51	15			66
	\$ 12,351	\$ 74,233	\$ 9,057	\$ 11,956	\$ 107,597

19. INVESTMENT INCOME

	2021	2020
Non-Portfolio Interest Income	\$ 1,474	\$ 2,701
Portfolio Investments:		
Dividends	14,025	15,272
Interest	9,799	11,764
Net Gains (Losses) on Sale of Investments	8,615	(2,055)
Distributions – Infrastructure	3,599	999
Net Change in Deferred Investment Income	3,292	16,293
	39,330	42,273
	\$ 40,804	\$ 44,974

20. CONTRACTUAL RIGHTS

As part of its operations, the University enters into agreements with varying expiry dates for which it is entitled to receive revenues in the form of rental agreements. Total amounts outstanding from these agreements are as follows:

2022	\$ 3,938
2023	3,166
2024	2,687
2025	2,411
2026	2,064
Thereafter	13,629
	\$ 27,895

21. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The University 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 amounted to \$19,192 (2020, \$28,763). The contractual obligations relating to service contracts was \$33,098 (2020, \$31,013).

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 \$60,700 as of March 31, 2021, 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, 2021 is estimated at \$3,462 (2020, \$3,496). TRIUMF has put in place a plan for funding the cost of decommissioning which does not require any payments from the joint venture partners.

The University is a defendant in a number of legal proceedings arising in the normal course of business. While the ultimate outcome and liability of these proceedings cannot be reasonably estimated at this time, the University believes that any settlement will not have a material adverse effect on the financial position or the results of operations of the University. Liabilities are recognized when the outcome becomes reasonably determinable.

22. ECONOMIC DEPENDENCE

The University received \$353, 36.9% (2020, \$357, 37.4%) of its total revenues from the Province of Manitoba's Department of Advanced Education, Skills and Immigration.

23. COVID-19 PANDEMIC

On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. Since that time, the University implemented remote learning for students with a small number of courses offered in person. Staff continue working from home other than those performing essential duties required on campus. In 2020-21, the University had decreased revenue from its ancillary operations and other areas that were required to close as a result of public health orders. In addition, the Provincial Operating Grant was reduced by \$13,784 or 4.0%. Subsequent to the operating grant reduction, the Province provided \$14,476 through its Transitional Support Fund, which was established to address the financial challenges experienced by post-secondary institutions stemming from the COVID-19 pandemic. Overall enrolment for the first day of classes increased by 3.7%.

The pandemic continues to have an effect on cash flows and the valuation of assets and liabilities. The increased volatility observed in the financial markets, due in part to the COVID-19 pandemic, has resulted in additional measurement uncertainty for the fair value estimate of the University's portfolio investments (Note 6) and related investments held to fund the Employee Future Benefits liability (Note 9).

24. COMPARATIVE FIGURES

Comparative figures for the year ended March 31, 2020 have been reclassified, where appropriate, to conform with the presentation adopted for the year ended March 31, 2021.

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25. SUBSEQUENT EVENT

Subsequent to March 31, 2021, The Manitoba government proposed a new agreement between the province, Triple B Stadium Inc., and the Winnipeg Football Club in order to protect and sustain the viability of IG Field. As part of this new agreement, the City of Winnipeg is being asked to modify the legal obligations of Triple B so the entertainment funding taxes and facility fees on tickets sold can be applied for purposes other than the construction loan-related payments.

The city is also asked to agree that, going forward, the entertainment taxes and facility fees charged by the Winnipeg Football Club on tickets to events can be retained by the Winnipeg Football Club for, among other things, IG Field capital fund contributions and stadium operations.

Repayment terms between Triple B and the University and the University and the Province will be amended accordingly.



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