

Financial Statements of

UNIVERSITY OF WINDSOR

And Independent Auditor's Report thereon

Year ended April 30, 2023

Statement of Administrative Responsibility

The Administration of the University is responsible for the preparation of the financial statements, the notes and all other financial information contained in this annual report.

The Administration has prepared the financial statements in accordance with Canadian accounting standards for not-for-profit organizations. In order to achieve the objective of fair presentation in all material respects, reasonable estimates and judgments were employed. The Administration believes that the financial statements present fairly the University's financial position as at April 30, 2023 and the results of its operations for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the Administration has developed and maintains a system of internal control designed to provide reasonable assurance that University assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements.

The Board of Governors is responsible for ensuring that the Administration fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Governors carries out its responsibility for review of the financial statements principally through the Audit Committee. The members of the Audit Committee are not officers or employees of the University. The Audit Committee meets with the Administration, as well as the external auditors, to discuss the results of audit examinations and financial reporting matters and to satisfy itself that each party is properly discharging its responsibilities. The auditors have full access to the Audit Committee with and without the presence of the Administration.

The financial statements for the year ended April 30, 2023, have been reported on by KPMG LLP, Chartered Professional Accountants, the external auditors appointed by the Board of Governors. The independent auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

Dr. Robert Gordon
President & Vice-Chancellor

Ms. Gillian Heisz
Vice-President, Finance and Operations



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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of the University of Windsor

Opinion

We have audited the financial statements of the University of Windsor (the University), which comprise:

- the statement of financial position as at April 30, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the University as at April 30, 2023, and its results of operations and changes in fund balances and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-profit Organizations.

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 Financial Statements***" section of our auditor's report.

We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the 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.



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 management either intends to liquidate the University or to cease operations, or has 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the 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 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.



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- 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada
October 18, 2023

UNIVERSITY OF WINDSOR**Statement of Financial Position**

(in thousands of dollars)

As at April 30, 2023, with comparative financial information for 2022

		2023	2022
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		41,570	58,347
Short-term investments	note 2	136,977	73,420
Accounts receivable		23,353	26,057
Inventories, prepaid expenses and other assets		11,263	10,764
Total current assets		213,163	168,588
Investments	note 2	207,412	230,358
Capital assets, net	note 3	457,287	447,487
		877,862	846,433
LIABILITIES and DEFERRED CONTRIBUTIONS			
Current			
Accounts payable and accrued liabilities	note 11	69,840	68,580
Deferred revenue		31,224	30,897
Current portion of deferred contributions	note 4	55,726	54,329
Current portion of long-term debt	note 7	2,302	2,534
Total current liabilities		159,092	156,340
Deferred capital contributions	note 5	169,375	172,531
Employee future benefits	note 6	131,305	109,357
Deferred contributions	note 4	3,333	-
Long-term debt	note 7	226,282	230,200
		689,387	668,428
NET ASSETS			
Unrestricted			
Funded operations		(774)	-
Unfunded operations		(124,012)	(106,510)
Total unrestricted		(124,786)	(106,510)
Internally restricted	note 8	173,495	144,029
Endowment	note 9	139,766	140,486
		188,475	178,005
Commitments and contingencies	note 14		
		877,862	846,433

See accompanying notes

UNIVERSITY OF WINDSOR**Statement of Operations**

(in thousands of dollars)

Year ended April 30, 2023, with comparative financial information for 2022

	2023	2022
	\$	\$
REVENUE		
Grants and contracts	140,233	144,902
Student fees	251,004	222,289
Sales and services	13,946	12,023
Investment income (loss)	16,083	(1,675)
Donations, non-endowment	2,084	1,796
Amortization of deferred capital contributions	9,270	8,818
Other revenue	13,455	13,525
	446,075	401,678
EXPENSES		
Salaries and benefits	282,990	265,743
Materials, supplies and services	52,803	41,276
Repairs, renovations and facilities	23,818	19,031
Cost of goods sold	1,666	2,659
Utilities and related taxes	7,366	7,896
Interest on long-term debt	10,867	10,963
Scholarships and bursaries	22,230	20,901
Amortization of capital assets	24,868	25,341
Change in fair value of interest rate swaps	11	(6,751)
	426,619	387,059
Surplus of revenue over expenses	19,456	14,619

See accompanying notes

UNIVERSITY OF WINDSOR

Statement of Changes in Net Assets

(in thousands of dollars)

Year ended April 30, 2023, with comparative financial information for 2022

					2023	2022
	Unrestricted		Internally Restricted (note 8)	Endowment (note 9)	Total	Total
	Funded Operations	Unfunded Operations				
	\$	\$	\$	\$	\$	\$
Net assets, beginning of year	-	(106,510)	144,029	140,486	178,005	198,560
Surplus (deficiency) of revenue over expenses	24,567	(5,111)	-	-	19,456	14,619
Change in unexpended operating and restricted funds	(13,194)	-	13,194	-	-	-
Net contribution to investment in capital assets	(7,413)	-	7,413	-	-	-
Related party transaction (note 15)	(666)	-	907	-	241	6,015
Investment income (loss) allocated	-	-	-	8,267	8,267	(3,888)
Allocation for spending from accumulated investment returns	-	-	-	(7,167)	(7,167)	(6,137)
Employee future benefit remeasurement costs (note 6)	-	(12,391)	-	-	(12,391)	(36,135)
Contributed assets	-	-	-	-	-	5
Transfers and internal endowment contributions	(4,068)	-	-	4,068	-	-
Transfer to internally restricted net assets (note 8)	-	-	7,952	(7,952)	-	-
External contributions	-	-	-	2,064	2,064	4,966
Net assets, end of year	(774)	(124,012)	173,495	139,766	188,475	178,005

See accompanying notes

UNIVERSITY OF WINDSOR**Statement of Cash Flows**

(in thousands of dollars)

Year ended April 30, 2023, with comparative financial information for 2022

	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Surplus of revenue over expenses	19,456	14,619
Add (deduct) non-cash items:		
Deferred contributions, net	4,730	9,669
Amortization of deferred capital contributions, net of loss on disposal	(9,270)	(8,818)
Amortization of capital assets, net of loss on disposal	24,359	23,402
Employee future benefits	9,557	3,688
Interest rate swaps	11	(6,751)
Related party transaction	241	6,015
Amortization of debt transaction costs	65	67
Net change in non-cash working capital	3,781	12,674
Cash provided by operating activities	52,930	54,565
FINANCING ACTIVITIES		
Repayments of long-term debt	(2,534)	(2,439)
Trusted sinking fund	(1,681)	(1,600)
Contributions deferred for capital purposes	6,114	7,797
Investment income (loss) allocated to endowments	8,267	(3,888)
Endowment investment income for spending	(7,167)	(6,137)
External endowment contributions	2,064	4,966
Cash provided by (used in) financing activities	5,063	(1,301)
INVESTING ACTIVITIES		
Net change in investments	(40,611)	(19,614)
Net purchase of capital assets	(34,159)	(39,033)
Cash used in investing activities	(74,770)	(58,647)
Net decrease in cash and cash equivalents	(16,777)	(5,383)
Cash and cash equivalents, beginning of year	58,347	63,730
Cash and cash equivalents, end of year	41,570	58,347

See accompanying notes

UNIVERSITY OF WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars, unless otherwise noted)
APRIL 30, 2023

AUTHORITY

The University of Windsor (the “University”) is a mid-sized comprehensive research and teaching university. The University operates under the authority of the University of Windsor Act, 1962-63 which defines the authority and responsibilities of the Board of Governors and the Senate. The University is a registered charity and therefore is, under Section 149(1)(f) of the Income Tax Act (Canada), exempt from payment of income tax.

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements have been prepared in accordance with Part III of the Chartered Professional Accountants (CPA) of Canada Handbook – Accounting, which sets out generally accepted accounting principles for not-for-profit organizations in Canada.

The significant accounting policies of the University are summarized below:

(a) Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and investments with a maturity of approximately three months or less at the date of purchase, unless they are held for investment rather than liquidity purposes, in which case they are classified as investments.

(b) Financial Instruments

Financial instruments are recorded at fair value upon initial recognition. Investments in pooled funds and derivative instruments are subsequently measured at fair value. All other financial instruments are measured initially at fair value, and subsequently at amortized cost.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair market value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and are amortized using the straight-line method.

(c) Investments and investment income

Investments reported at fair value consist of cash, money market funds, term notes, treasury bills, real assets (including infrastructure investments) and equity instruments as well as pooled fund investments, derivative contracts and any investments in fixed income securities that the University designates upon purchase to be measured at fair value. Fair value amounts represent estimates of the consideration that would be agreed upon by knowledgeable, willing parties who are under no compulsion to act. It is best evidenced by a quoted market price, if one exists. The calculation of estimated fair value is based upon market conditions at a specific point in time and may not be reflective of future fair values.

Common share investments in related parties are measured according to the equity method. All other investments held by the University are subsequently recorded at amortized cost.

UNIVERSITY OF WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars, unless otherwise noted)
APRIL 30, 2023

NOTE 1

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

Investment income and losses, which consist of interest, dividends, income distributed from pooled funds, realized and unrealized capital gains and losses and realized and unrealized currency gains and losses, net of applicable transaction costs are recorded as investment income in the Statement of Operations except for the investment income designated for endowments.

The amount made available for spending against externally restricted endowments is recorded as investment income and any restricted amounts available for spending that remain unspent at year-end are deferred and categorized as deferred contributions. Investment income on externally restricted endowments in excess of the amount made available for spending, losses on externally restricted endowments, and deficiency of investment income compared to the amount available for spending are recorded as direct increases (decreases) to endowments.

(d) Derivative financial instruments

In order to manage its interest rate risk, the University has entered into interest rate swap agreements to convert variable rate interest on bankers' acceptances term loans to a fixed rate. The University does not designate interest rate swap agreements as hedges for accounting purposes. Accordingly, the interest rate swap contracts are marked to market based on the fair value provided by the financial institution, which is counterparty to these contracts, with changes in fair value recorded in the Statement of Operations.

(e) Inventories

Inventories are valued at lower of cost and net realizable value.

(f) Capital assets

Capital assets are recorded at cost. Contributed assets including land are recorded at fair market value at the date of contribution are reported in the Statement of Changes in Net Assets. Amortization is provided on a straight-line basis using the following rates:

Land improvements	20 Years
Buildings	40 Years
Parking lots	15 Years
Building and Plant Equipment	20 Years
Equipment	5 Years
Library and books	5 Years
Computing systems	15 Years
Leasehold improvements	Term of lease
Collections (Works of Art and Rare books)	not amortized
Capital in progress	not amortized

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the University's ability to provide services. Any impairment results in a write-down of the capital asset and an expense in the statement of operations. An impairment loss is not reversed if the fair value of the related capital asset subsequently increases.

UNIVERSITY OF WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars, unless otherwise noted)
APRIL 30, 2023

NOTE 1

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

(g) Revenue recognition

The University follows the deferral method of accounting for contributions which include donations and government grants.

Unrestricted contributions are recognized as revenue when received or receivable. The operating grant from the Province of Ontario is considered unrestricted and is recorded in the period to which the operating funds relate.

Externally restricted contributions, other than endowments, are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred, and when expended, are amortized into revenue, at a rate corresponding with the amortization rate for the related capital assets. External endowment contributions and income preserved as capital protection on externally restricted endowments are recognized as direct increase in net assets in the year in which they are received. Income preserved as capital protection on internally restricted endowments is recorded as unrestricted revenue and transferred to internal endowments.

Donations of assets are recorded at fair value when a fair value can be reasonably estimated. Pledges receivable are not recorded as an asset in the accompanying financial statements. Endowment contributions are recognized as direct increases in net assets.

Tuition fees which relate to academic terms or parts thereof occurring after April 30 are recorded as deferred revenue.

Revenue from student fees and from the sale of services and products is recognized at the time the products are delivered or the services provided. All ancillary revenues from student fees and sale of goods and services are included in sales and services on the Statement of Operations.

Externally restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

(h) Employee future benefits

The University of Windsor Employees' Retirement Plan (Employee Plan) is a defined benefit plan, fully cost shared with its members. The University of Windsor Retirement Plan for Faculty and Certain Other Employees (Faculty Plan) is a money purchase plan with a defined benefit component that provides a minimum level of pension benefits. Under this hybrid Faculty Plan, the University and employees are required to make contributions based on a specified percentage of the employee's pensionable earnings. The amount of pension benefits provided to employees is based upon the accumulation of contributions and investment earnings thereon, when the employee retires, subject to a guaranteed minimum benefit amount.

The University has approved supplemental plans for certain retirees to provide them with benefits that are in excess of limitations within a Registered Plan.

UNIVERSITY OF WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars, unless otherwise noted)
APRIL 30, 2023

NOTE 1

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

Additionally, certain faculty are members of the Teachers' Superannuation Fund and employees who are members of CUPE 1001 are members of the CUPE 1001 Pension Plan. Both plans are multi-employer plans and as such, the University records the cost of providing these benefits equal to its requirement to make contributions on an annual basis.

The University provides other post-employment employee benefits such as medical, dental and life insurance to eligible employees and retirees. The University's other post-employment employee benefits have been measured using an accounting valuation on a prospective basis.

The University accounts for the Employee and Faculty pension plans using the immediate recognition approach. The University recognizes the amount of the accrued benefit obligation net of the fair value of plan assets, adjusted for any valuation allowance, in the Statement of Financial Position. Current service and finance costs are expensed during the year, while remeasurements and other items, representing the total of the difference between actual and expected return on plan assets, actuarial gains and losses, adjustments to the valuation allowance including the impact on finance costs, and past service costs, are recognized as a direct increase or decrease in net assets.

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

(i) Unrestricted unfunded operations

The changes in unfunded employee future benefits, the fair value of interest rate swaps and the unfunded portion of the LSRC Corp. investment are included in unrestricted unfunded operations.

(j) Internally restricted net assets

University policy permits Faculties and other departments to carry forward certain unexpended budget allocations for future purposes. These amounts are provided for by transfers to internally restricted net assets. Also included are amounts restricted for the purpose of investment in capital assets and repair projects, contingency reserves, employee benefits reserves, funds held for strategic initiatives and unexpended departmental internally restricted funds.

(k) Contributed services

Volunteers contribute an indeterminable number of hours per year to assist the University in carrying out its service delivery activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

UNIVERSITY OF WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars, unless otherwise noted)
APRIL 30, 2023

NOTE 1

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

(l) Use of estimates

The preparation of financial statements requires Administration to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, valuation allowance for accounts receivable, valuation of investments and assets and obligations related to pension and employee future benefits. Actual results could differ from those estimates.

(m) Agency obligations

The University acts as an agent which holds resources and makes disbursements on behalf of various unrelated individuals and groups. The University has no discretion over such agency transactions. Resources received in connection with such agency transactions are reported as liabilities, and subsequent distributions are reported as decreases to these liabilities.

NOTE 2

INVESTMENTS

	2023	2022
	\$	\$
Deposits, money market funds, term notes and treasury bills	139,516	73,468
Government and corporate bonds	61,157	99,411
Real assets	17,573	14,771
Canadian equities	41,476	47,598
Global equities	62,754	47,995
Investment in LSRC Corp. (note 15)	21,913	20,535
	344,389	303,778
Less amounts reported as:		
Short-term investments	136,977	73,420
	207,412	230,358

UNIVERSITY OF WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars, unless otherwise noted)
APRIL 30, 2023

NOTE 3
CAPITAL ASSETS

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
	\$	\$	\$	\$
Land	17,085	-	17,085	17,085
Land improvements	9,346	3,067	6,279	6,746
Buildings and plant equipment	567,090	237,571	329,519	340,703
Parking lots	2,994	2,931	63	102
Equipment	227,345	200,476	26,869	23,403
Library and books	144,329	137,102	7,227	7,562
Computing systems	25,963	7,344	18,619	19,850
Leasehold improvements	1,227	919	308	216
Collections	2,248	-	2,248	2,242
Capital in progress	49,070	-	49,070	29,578
	1,046,697	589,410	457,287	447,487

In the year, amortization of capital assets totaled \$24,868 (2022 - \$25,341) including net write downs or loss on disposals for 2023 of \$509 (2022 - \$1,939).

NOTE 4
DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted grants, donations, contributions, and investment income. Changes in deferred contributions are as follows:

	2023 \$	2022 \$
Balance, beginning of year	54,329	44,660
Grants, contributions, donations, and investment income	54,735	55,315
Recognized to revenue	(50,005)	(45,646)
	59,059	54,329
Less amounts reported as:		
Current portion of deferred contributions	(55,726)	(54,329)
Deferred contributions	3,333	-

UNIVERSITY OF WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars, unless otherwise noted)
APRIL 30, 2023

NOTE 5
DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unspent and unamortized amount of donations and grants received for the purchase of capital assets. Changes in deferred capital contributions are as follows:

	2023	2022
	\$	\$
Balance, beginning of year	172,531	173,552
Additions for capital purchases	6,114	7,797
Amortization of deferred capital contributions	(9,270)	(8,818)
Balance, end of year	169,375	172,531

There were no write downs for 2023 (2022 - \$0).

NOTE 6
EMPLOYEE FUTURE BENEFITS

Defined benefit plans

The University measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at April 30 of each year. The latest actuarial valuations for funding purposes were completed as of July 1, 2021 for both the Faculty Plan and the Employee Plan. The next valuations are required to be completed as of July 1, 2024. Valuation results report a going concern surplus for the Faculty Plan and a going concern surplus for the Employee Plan.

The assets of the funded plans are managed by external investment managers, are held by an independent custodian, and are completely separate and apart from the assets of the University.

The University also provides for other non-pension post-employment employee benefits. The University measures its accrued non-pension employee future benefits for funding purposes as of April 30. The latest actuarial valuation for funding purposes was completed as of April 30, 2023.

UNIVERSITY OF WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars, unless otherwise noted)
APRIL 30, 2023

NOTE 6
EMPLOYEE FUTURE BENEFITS (cont'd)

Information about the University's benefit plans as at April 30 is as follows:

(a) Reconciliation of the funded status of the defined benefit plans to the accrued benefit liability:

	2023			
	Pension		Other	Totals
	Faculty	Employee		
	\$	\$	\$	\$
Accrued benefit obligation	699,974	273,241	58,433	1,031,648
Fair value of plan assets	627,102	287,008	-	914,110
Valuation allowance	-	(13,767)	-	(13,767)
Plan deficit	(72,872)	-	(58,433)	(131,305)

	2022			
	Pension		Other	Totals
	Faculty	Employee		
	\$	\$	\$	\$
Accrued benefit obligation	666,085	261,008	55,669	982,762
Fair value of plan assets	612,397	281,489	-	893,886
Valuation allowance	-	(20,481)	-	(20,481)
Plan deficit	(53,688)	-	(55,669)	(109,357)

In addition to the Plan assets, the University has invested \$371 (2022 - \$534) at April 30, 2023 related to its supplemental retirement arrangement obligations. The liability associated with this obligation is included in the accrued benefit obligation for the Employee Plan.

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

	2023			
	Pension			Other
	Faculty	Employee	Multi-employer	
	\$	\$	\$	\$
Employer contributions	10,718	4,074	541	1,816
Employee contributions	8,898	4,074	541	-
Benefits paid	29,811	13,925	n/a	1,816

UNIVERSITY OF WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars, unless otherwise noted)
APRIL 30, 2023

NOTE 6
EMPLOYEE FUTURE BENEFITS (cont'd)

	2022			Other \$
	Pension			
	Faculty \$	Employee \$	Multi-employer \$	
Employer contributions	13,112	4,095	539	2,098
Employee contributions	8,800	4,095	535	-
Benefits paid	30,777	9,671	n/a	2,098

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

	2023		
	Pension \$	Other \$	Total \$
Difference between actual and expected return on plan assets	12,521	-	12,521
Actuarial (gains) losses	8,027	(316)	7,711
Decrease in valuation allowance and impact on finance cost	(7,841)	-	(7,841)
Remeasurements and other items	12,707	(316)	12,391

	2022		
	Pension \$	Other \$	Total \$
Difference between actual and expected return on plan assets	114,796	-	114,796
Actuarial gains	(10,951)	(18,046)	(28,997)
Decrease in valuation allowance and impact on finance cost	(49,664)	-	(49,664)
Remeasurements and other items	54,181	(18,046)	36,135

Included in the salaries and benefits expense on the Statement of Operations, are the current service costs and finance costs of \$26,326 (2022 - \$23,170).

UNIVERSITY OF WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
(in thousands of dollars, unless otherwise noted)
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NOTE 6
EMPLOYEE FUTURE BENEFITS (cont'd)

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

	2023		
	Pension		Other
	Faculty	Employee	
Accrued Benefit Obligation:			
Discount rate	5.40%	5.50%	4.84%
Rate of compensation increase	3.00%	1.75%	n/a
Initial weighted average health care trend rate	n/a	n/a	5.75%
Ultimate weighted average health care trend rate	n/a	n/a	4.00%
Year ultimate rate reached	n/a	n/a	2040
Benefit Cost:			
Discount rate	5.40%	5.50%	4.94%
Rate of compensation increase	3.00%	1.75%	n/a
2022			
	Pension		Other
	Faculty	Employee	
Accrued Benefit Obligation:			
Discount rate	5.40%	5.50%	4.94%
Rate of compensation increase	3.00%	1.75%	n/a
Initial weighted average health care trend rate	n/a	n/a	5.82%
Ultimate weighted average health care trend rate	n/a	n/a	4.00%
Year ultimate rate reached	n/a	n/a	2040
Benefit Cost:			
Discount rate	5.25%	5.30%	5.58%
Rate of compensation increase	2.00%	1.20%	n/a

UNIVERSITY OF WINDSOR
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NOTE 7
LONG-TERM DEBT

Details of the long-term debt are as follows:

	Maturity	Interest Rate	2023 Principal Outstanding \$	2022 Principal Outstanding \$
Series A Senior Unsecured Debentures	June 2046	5.37%	108,300	108,300
Less: Trusteed Sinking Fund			(34,336)	(32,655)
Transaction costs			(917)	(956)
			73,047	74,689
Series B Senior Unsecured Debentures	July 2057	3.745%	40,000	40,000
Less: Transaction costs			(444)	(457)
			39,556	39,543
Series C Senior Unsecured Debentures	September 2060	2.786%	60,000	60,000
Less: Transaction costs			(501)	(514)
			59,499	59,486
TD Bank, Tranche 1	January 2043	3.03%	21,642	22,432
TD Bank, Tranche 2	June 2044	3.13%	34,520	35,651
Bank of Montreal	October 2023	6.425%	320	933
			228,584	232,734
Current portion of long-term debt			(2,302)	(2,534)
			226,282	230,200

The University has hedged until maturity the TD Bank credit facilities (Tranche 1 and 2) with interest rate swaps to lock in effective rates of 3.03% and 3.13%, respectively. The University has hedged the Bank of Montreal loan with an interest rate swap to lock in an effective rate of 6.425% until maturity. All of the credit facilities are unsecured.

The fair value of the interest rate swaps of \$2,988 (2022 – \$2,999) is recorded on the Statement of Financial Position (Net Assets, Unfunded Operations). The change in fair value of the interest rate swaps of \$11 (2022 – \$6,751) is recorded in the Statement of Operations.

UNIVERSITY OF WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 7
LONG-TERM DEBT (cont'd)

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

<u>Fiscal Year</u>	<u>Principal</u>
2024	\$2,302
2025	\$2,044
2026	\$2,108
2027	\$2,174
2028	\$2,242

NOTE 8
INTERNALLY RESTRICTED NET ASSETS

Details of the internally restricted net assets are as follows:

	2023	2022
	\$	\$
Invested in capital assets	105,320	97,000
Board of Governors restricted funds for debt repayment	7,952	-
Unexpended operating funds		
Internally financed capital or repair projects	(22,814)	(25,146)
Departmental carryforward for operations	25,517	22,495
Contingency reserves	18,460	16,073
Employee benefits reserves	3,788	1,934
Earmarked for capital and repair projects	3,275	3,216
Fund held for strategic initiatives	9,056	6,948
	37,282	25,520
Unexpended restricted funds		
Unspent departmental research funds	15,320	12,134
Unspent departmental trust funds	6,955	4,919
Other internally restricted funds	666	4,456
	22,941	21,509
Total unexpended operating and restricted funds	60,223	47,029
Total internally restricted net assets	173,495	144,029

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NOTE 9
ENDOWMENT

Contributions restricted for endowment consist of restricted donations received by the University and contributions internally endowed by the Board of Governors. The investment income generated from endowments must be used in accordance with the various purposes established by the donors or the Board of Governors.

Investment income on endowments that is available for spending at the discretion of the University or is available for spending as conditions have been met, has been recorded in the Statement of Operations.

Under University policy, only a portion of the income is spent, and the balance is reinvested with the objective of protecting the real value of the endowment against inflation and fluctuations in market returns. In any particular year, should net investment income be insufficient to fund the amount to be made available for spending, or if the investment return is negative, the amount that is made available for spending is funded from accumulated reinvested income.

	Externally Endowed \$	Internally Endowed \$	2023 Total Endowed \$	2022 Total Endowed \$
Endowment, beginning of year	118,856	21,630	140,486	142,414
Internal contributions	2,712	1,356	4,068	3,131
External contributions	1,701	363	2,064	4,966
Transfer to internally restricted net assets		(7,952)	(7,952)	-
Investment income (loss) allocated	8,267	-	8,267	(3,888)
Allocation for spending from accumulated investment returns	(7,167)	-	(7,167)	(6,137)
Endowment, end of year	124,369	15,397	139,766	140,486

UNIVERSITY OF WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 10

ONTARIO STUDENT OPPORTUNITY TRUST FUND (OSOTF) AND ONTARIO TRUST FOR STUDENT SUPPORT (OTSS)

Externally restricted endowments include monies provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund and Ontario Trust for Student Support matching programs to award student aid as a result of raising an equal amount of endowed donations.

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

	2023	2022
Endowment Funds:	\$	\$
Balance, beginning of year	9,416	10,290
Investment income (loss)	45	(351)
Preservation (loss) of capital	171	(523)
Balance, end of year	<u>9,632</u>	<u>9,416</u>
Expendable Funds:		
Balance, beginning of year	657	506
Investment income	545	25
Bursaries awarded (2023 - 233; 2022 - 236)	(445)	(412)
Transfer from Endowment	(162)	538
Balance, end of year	<u>595</u>	<u>657</u>

Transfer from Endowment figures in 2023 include transfers out of unused expendable funds and into the preservation of capital in the endowment funds to ensure the capital is maximizing interest earned.

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

	2023	2022
Endowment Funds:	\$	\$
Balance, beginning of year	3,480	3,303
Preservation of capital	103	177
Balance, end of year	<u>3,583</u>	<u>3,480</u>
Expendable Funds:		
Balance, beginning of year	222	176
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	103	159
Bursaries awarded (2023 - 190; 2022 - 193)	(148)	(113)
Balance, end of year	<u>177</u>	<u>222</u>

The market value of the endowment as at April 30, 2023 is \$4,040 (2022 - \$3,976).

UNIVERSITY OF WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 10

ONTARIO STUDENT OPPORTUNITY TRUST FUND (OSOTF) AND ONTARIO TRUST FOR STUDENT SUPPORT (OTSS)

The University has recorded the following amounts under the OTSS program:

	2023	2022
	\$	\$
Endowment Funds:		
Balance, beginning of year	33,874	31,659
Donations	78	182
Preservation capital	81	2,033
Balance, end of year	<u>34,033</u>	<u>33,874</u>
Expendable Funds:		
Balance, beginning of year	1,765	1,485
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	810	1,200
Bursaries awarded (2023 – 628; 2022 - 630)	(881)	(920)
Balance, end of year	<u>1,694</u>	<u>1,765</u>

The market value of the endowment as at April 30, 2023 is \$38,775 (2022 - \$37,629).

NOTE 11

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities, are government remittances payable of \$2,293 (2022 - \$3,009) which includes amounts payable for HST and payroll related taxes.

NOTE 12

FINANCIAL INSTRUMENTS

The University's financial instruments have been recognized and measured as disclosed in note 1. There has been no change in risk from the prior year. The University manages certain risks associated with its financial instruments as follows:

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The University is subject to interest rate cash flow risk with respect to its floating rate debts. The University has addressed this risk by entering into interest rate swaps that fix the interest rates for the terms of the loans. All other debts of the University have fixed rates and are therefore not exposed to cash flow interest rate risk.

The University's short-term and portfolio investments are subject to interest rate fluctuations as maturing investments are reinvested at new rates of interest. The market value of investments in Government and Corporate bonds will fluctuate due to changes in market interest rates.

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(b) Currency risk

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates. The University receives some research revenues in non-Canadian currencies and does not mitigate the potential for loss in revenues that could result due to a fall in value of the foreign currency between invoicing of such amounts and the time of receipt of funds. A portion of the University's investments for Endowment is invested outside of Canada. A reduction in the value of that foreign currency would have an adverse effect on the value of these investments. This risk is monitored through its investment managers.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause another party to incur a financial loss. Accounts receivable are recorded net of an allowance for doubtful accounts of \$4,903 (2022 - \$4,968). The University does not expect other counterparties to fail to meet their obligations given their high credit ratings. The University has established policies and minimum credit rating requirements for such investments.

NOTE 13

STATEMENT OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

	2023	2022
	\$	\$
Accounts receivable	2,704	(4,647)
Inventories, prepaid expenses, and other assets	(499)	(3,202)
Accounts payable and accrued liabilities, net of impact of swaps	1,249	20,581
Deferred revenue	327	(58)
Net change in non-cash working capital balances	3,781	12,674

NOTE 14

COMMITMENTS AND CONTINGENT LIABILITIES

At April 30, 2023, commitments for future construction and renovations amounted to approximately \$12,922 (2022 - \$25,844). These projects will be financed by grants, internal funds, external borrowings and fundraising. Commitments for operations are reported in Note 8.

The University is a member of the Canadian University Reciprocal Insurance Exchange (CURIE). CURIE insures general liability, property and certain other risks. Annual premiums paid by the University will be determined by an Advisory Committee on the advice of the Actuary. There is provision under the agreement for assessments to the University if these premiums are not sufficient to cover any losses of CURIE.

The University has been named as a defendant or co-defendant in several actions for damages. The outcome and the amount of the losses, if any, are not determinable at this time and accordingly, no provision for losses has been made in the financial statements. The amount will be accounted for in the period when and if such losses are determined.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 15
RELATED PARTY TRANSACTIONS

The University is a 25% shareholder of LSRC Corp (“LSRC Corp.”). LSRC Corp. is a special purpose project company for the purposes of constructing, financing, and maintaining the Toldo Lancer Centre (“TLC”). LSRC Corp. was incorporated on April 25, 2019 and is a taxable corporation established under the Ontario Business Corporations Act. The year end for LSRC Corp. is June 30. LSRC Corp. has issued common shares held equally by four shareholder groups. No one party has a controlling interest in the corporation. The Common Shares are voting shares which allow each of the Shareholders to elect an equal number of the Board of Directors of the corporation.

At April 30, 2023, LSRC Corp. recognized a net loss of \$681 (2022 - \$41 income). As a result of the University’s 25% share in LSRC Corp., the University recorded an investment loss of \$170 (2022 - \$9 income) at April 30, 2023. Total investment cumulative loss incurred at April 30, 2023 is \$238 (2022 - \$152).

In 2023, the University obtained an additional \$1,629 (2022 - \$1,432) preferred shares in LSRC Corp. Total preferred shares owned by the University at April 30, 2023 was \$22,316 (2022 - \$20,687). This was in exchange for the University’s financial contribution to the LSRC Corp. at April 30, 2023. These transactions have been recorded at the carrying value. The University has no Other Assets related to LSRC Corp. as at April 30, 2023 (2022 - \$131).

Total investment in LSRC related to Note 2:

	2023	2022
	\$	\$
Balance, beginning of year	20,535	19,093
Investment in Preferred Shares	1,629	1,432
Investment income (loss) in Common Shares	(251)	10
Balance, end of year	<u>21,913</u>	<u>20,535</u>

NOTE 16
COMPARATIVE FIGURES

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