



THE UNIVERSITY OF WINNIPEG FOUNDATION INC.

AUDITED

FINANCIAL STATEMENTS  
AND RELATED SCHEDULES

FOR THE FISCAL ENDED MARCH 31, 2021

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# Independent auditor's report

Board of Dire

Those charged with governance are responsible for overseeing the Foundation'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.

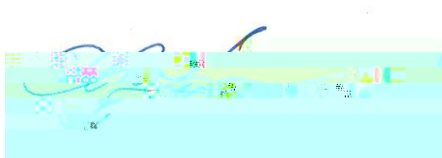
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- x 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.
- x 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 Foundation's internal control.
- x Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- x 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 Foundation'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



THE UNIVERSITY OF WINNIPEG FOUNDATION INC.  
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 As at March 31, 2021, with comparative figures for March 31, 2020

	Foundation Operating <u>Fund</u>	Unrestricted <u>Fund</u>	Building and Program <u>Fund</u>	Endowment Fund <u>Reserve</u>	Endowment <u>Fund</u>	Investment in <u>Capital Assets</u>	March 31, 2021 <u>Total</u>	March 31, 2020 <u>Total</u> (note 14)
ASSETS								
Current Assets								





THE UNIVERSITY OF WINNIPEG FOUNDATION INC.  
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES  
Year ended March 31, 2021, with comparative figures for the year ended March 31, 2020

	2021		2020
Accumulated remeasurement gains/(losses) beginning of year	(5,584,913)	\$	625,320
	226,942		(102,914)
Unrealized gains/(losses) on long term investment	9,855,202		(6,107,319)
Remeasurement gains/(losses)	10,082,144		(6,210,233)
Accumulated remeasurement gains/(losses) - end of year	4,497,231	\$	(5,584,913)

THE UNIVERSITY OF WINNIPEG FOUNDATION INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31, 2021, with comparative figures for the year ended March 31, 2020

	2021	2020 (note 14)
OPERATING ACTIVITIES:		
Increase in Funds (page 4)	\$ 839,830	\$ 1,803,954
Items not involving a current outlay of cash		
Amortization	48,801	26,922
	888,631	1,830,876
Net change in non-cash working capital balances		
Accounts receivable	4,924	(93,231)
Prepaid expenses	(36)	538
Accounts payable and accrued liabilities	(20,474)	104,040
Due to other charities	4,553	4,553
Insurance policies	(10,355)	(25,546)
	867,243	1,821,230
CAPITAL ACTIVITIES:		
Purchase of capital assets	(60,378)	(207,587)
	(60,378)	(207,587)
INVESTING ACTIVITIES:		
Increase in short term investments, net	(702)	(2,228)
Purchase of long term investments at cost, net	(2,709,414)	(1,891,625)
	(2,710,116)	(1,893,853)
FINANCING ACTIVITIES:		
Due to (from) The University of Winnipeg	(185,535)	(417,505)
(DECREASE) INCREASE IN CASH	(2,088,786)	(697,715)
CASH, BEGINNING OF YEAR	2,770,433	3,468,148
CASH, END OF YEAR	\$ 681,647	\$ 2,770,433

The accompanying notes are an integral part of these financial statements



1. AUTHORITY AND PURPOSE

The establishment of the University of Winnipeg Foundation Inc. (the Foundation) resulted from a desire and decision in 2002 by the Board of Regents of the University of Winnipeg (the University) to create an effective vehicle to provide a private funding source for the University.

The Foundation was incorporated on August 2, 2002 under Part XXII of the Corporations Act (Manitoba). The Foundation is a not-for-profit registered charitable organization and is designated as a Public Foundation, as defined under the Income Tax Act (Canada) and, as such, is exempt from income taxes and is registered to issue donation receipts for income tax purposes.

The Foundation's intended purpose is to act as a fundraising body for the benefit of the University. The Foundation receives funding and support from the University and exists for the sole purpose of supporting the University.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) for government not-for-profit organizations (GNFPOs), including the 4200 series of standards, as issued by the Public Sector Accounting Board.

b) Principles of Consolidation

The consolidated financial statements include the assets, liabilities and results of operations of The University of Winnipeg Foundation Inc. and its controlled entity, the University of Winnipeg Foundation USA, Inc.

In preparing the consolidated financial statements, all intra-group balances and transactions between the entities in the consolidated group have been eliminated.

c) Accounting Estimates and Assumptions

The preparation of the Foundation's financial statements in conformity with PSAS for GNFPOs requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known. Actual results could differ from these estimates.

d) Cash

Cash is comprised of cash on hand and deposits with banks.

e) Tangible Capital Assets

Capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives. The half-year rule applies in the year of acquisition:

Computer equipment	5 years
Furniture and fixtures	10 years
Donor database	5 years

THE UNIVERSITY OF WINNIPEG FOUNDATION INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2021

f)

h) Fund Accounting

The Foundation follows the restricted fund method of accounting for contributions. The Foundation maintains separate funds within its accounts and follows the principles of fund accounting to record the day-to-day transactions.

Restricted funds represent gifts from donors which have been or will be designated for a specific purpose, such as for a named scholarship fund. Investment income earned is reported in the fund it relates to and investment income on the Endowment Fund is recorded in the Endowment Fund Reserve. Expenses are recorded on the accrual basis of accounting.

The purpose of the funds are as follows:

- i) The Operating Fund reflects the administrative and overhead costs of undertaking the Foundation's activities. These costs are funded from an operating grant from the University; and administration fee charged on the Endowment Fund; unrestricted bequests; a portion of unrestricted donations received; a portion of interest earned on current and capital gifts; and an administration fee on certain current, capital and endowed gifts.
- ii) The Unrestricted Fund records the receipt of donations received in the year that are identified by the donor to go to the area of greatest need.
- iii) The Building and Program Fund records the receipt of all donations intended for the University's capital projects and for scholarships, bursaries, awards and other programs that are intended for disbursement upon receipt. The monies received for capital purposes are to be used over time for various University priorities as per donor direction. The current monies received for scholarship, bursaries, awards and other programs are gifted to the University in the month following receipt.
- iv) The Endowment Reserve Fund reports the investment income and expenses related to the endowment fund including the gift to the University. The investment income that is earned on the endowments has no externally imposed restrictions that require it to be maintained permanently.
- v) The Endowment Fund reports the receipt of funds established from gifts by donors and any applicable matching funds which are designated to remain under the Foundation's management in perpetuity for endowment purposes. In addition as part of the Endowment Agreement, any gifts received by the University from the Foundation that are not expended by the University in the fiscal year received or the following fiscal year, the University shall gift the amount back to the Foundation prior to the end of the subsequent fiscal year, in which event the amount returned shall be added back to the Endowment Fund to be maintained in perpetuity.
- vi) Investment in Capital Assets represents monies used to purchase capital assets utilized in the administration of the Foundation less accumulated amortization.

THE UNIVERSITY OF WINNIPEG FOUNDATION INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 March 31, 2021

i) Fund Transfers

The Foundation transfers monies from various funds to the Operating Fund to support its ongoing operations as follows:

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current and capital gifts.

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Other fund transfers include:

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3. INVESTMENT RISK MANAGEMENT

# THE UNIVERSITY OF WINNIPEG FOUNDATION INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

The Foundation manages the credit risk related to these items by maintaining its cash, investments and long term investments with highly rated financial institutions. Accounts Receivable are due from the government and investment sources where collection is considered very likely. Due from the University of Winnipeg are funds due where collection is considered very likely. Long term investments include fixed income securities. Credit exposure on fixed income securities arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. To mitigate the risk of credit default, the minimum quality standard for individual bonds and debentures at time of purchase is BBB, as rated by an established bond rating service. To further mitigate this risk, bonds with a BBB rating are limited to a maximum of 15% (currently 1%) of an individual investment manager's portfolio. The balance of the portfolio should be invested in bonds with a minimum rating of A or higher.

### Foreign Exchange Risk Management

The Foundation has certain investments denominated in foreign currencies, which exposes the Foundation to foreign currency risk. During this fiscal year the Foundation did not undertake hedging strategies for the currency risk of foreign investments. While currency fluctuations influenced short term returns, these fluctuations are not expected to affect the long term position of the investment portfolio. The Foundation has exposure to non-Canadian dollars, with foreign holdings of \$33,401,797 CAD (market value) or 43.0% of the portfolio (2020 - \$27,906,596 or 43.1%).

### Interest Rate Management

The Foundation is exposed to interest rate risk to the extent that the fair value of a financial instrument fluctuates due to changes in market interest rates.

### Fair Value Disclosure

The fair values of accounts receivable, accounts payable and accrued liabilities, and due to/from the University of Winnipeg approximate their carrying values due to their short term nature. The fair value of due to other charities is not determinable as it is based on underlying life insurance policies as discussed in Note 7.

Cash, short term investments and long term investments have been categorized based upon a fair value hierarchy. See note 2(g) for a discussion of the Foundation's policies regarding this hierarchy. The following tables present information about the Foundation's financial assets measured at their fair value. There have been no transfers between levels during the year.

Investments at Fair Value as at March 31, 2021					
	Level 1	Level 2	Level 3	Total	
Cash	\$ 681,647	\$ -	\$ -	\$ 681,647	
Short term investments	140,435	-	-	140,435	
Long term investments	56,381,478	21,215,892	-	77,597,370	
	<u>\$ 57,203,560</u>	<u>\$ 21,215,892</u>	<u>\$ -</u>	<u>\$ 78,419,452</u>	
Investments at Fair Value as at March 31, 2020					
	Level 1	Level 2	Level 3	Total	
Cash (note 14)	\$ 2,770,433	\$ -	\$ -	\$ 2,770,433	
Short term investments	139,733	-	-	139,733	
Long term investments	47,354,255	17,451,557	-	64,805,812	
	<u>\$ 50,264,421</u>	<u>\$ 17,451,557</u>	<u>\$ -</u>	<u>\$ 67,715,978</u>	

There has been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

THE UNIVERSITY OF WINNIPEG FOUNDATION INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 March 31, 2021

4. CASH AND CASH EQUIVALENTS

	2021	2020 (note 14)
Operating Fund - bank account	\$ 371,424	\$ 1,695,276
Restricted Funds - bank accounts	310,223	1,075,157
	\$ 681,647	\$ 2,770,433

5. SHORT TERM INVESTMENTS

The investments are valued at market value. These investments are managed by RBC Dominion Securities within the investment guidelines set forth by the Foundation's Investment Committee.

	2021	2020
Mutual Funds	\$ 140,435	\$ 139,733

6. INSURANCE POLICIES

The Foundation is the beneficiary of a number of life insurance policies, some of which provide for a cash surrender value.

One of the life insurance policies where the Foundation is named as beneficiary, includes a provision for a 45% distribution to three other charities. The liability for this distribution is recorded as due to other charities and the expense is recorded as gifts to other charities.

7. CAPITAL ASSETS

	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 60,420	\$ 44,117	\$ 50,042	\$ 42,635
Donor database	289,737	71,059	239,737	27,200



THE UNIVERSITY OF WINNIPEG FOUNDATION INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2021

12. RELATED PARTY TRANSACTIONS



THE UNIVERSITY OF WINNIPEG FOUNDATION INC.  
OPERATIONS

Schedule 1

Year ended March 31, 2021, with comparative figures for the year ended March 31, 2020

The Foundation activities are identified in three separate segments including Core Operating expenses, Development expenses, and Campaign expenses. Core Operating Expenses include all administrative expenses relating to the CEO/President, Finance and other general expenses. Development expenses include expenses relating to fundraising activities and related staff. Campaign expenses include expenses related to the campaigns identified.

	2021	2020
Core operating expenses:		
Salaries & benefits	\$ 265,158	\$ 387,284
Contracted services	65,587	107,573
University of Winnipeg operating support ( <b>note 12</b> )	180,000	180,000
Office & administration	102,333	39,076
Business meetings	59	634
Board expenses	4,950	7,701
Travel & development	4,482	23,905
Total core operating expenses	<u>622,569</u>	<u>746,173</u>
Development expenses:		
Donor stewardship	188,114	158,086
Planned giving	78,767	73,614
Leadership giving	173,149	138,174
Individual giving/Call centre	143,954	168,512
Total development expenses	<u>583,984</u>	<u>538,386</u>
Campaign expenses:		
Capital campaign	49,680	-
Campus campaign	691	1,375
Total campaign expenses	<u>50,371</u>	<u>1,375</u>
Total expenses	<u>\$ 1,256,924</u>	<u>\$ 1,285,934</u>