

ANNUAL REPORT 2011-12



Darke Hall, College Avenue Campus

University
of Regina

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Message from the Board of Governors

On behalf of the Board of Governors of the University of Regina, I am pleased to submit the annual report and audited financial statements for the fiscal year ending April 30, 2012.

The University of Regina continues to realize the goals set forth in our Strategic Plan, *mâdawohkamâtowin: Our Work, Our People, Our Communities*, by working toward and responding to the needs and aspirations of our students, our people and our communities. The Board approved a new performance measurement framework to support the achievement of the goals set out in the strategic plan. We are pleased to report that

the University of Regina is on track to meet or exceed all of the targets outlined in the framework.

The province of Saskatchewan has a population now exceeding one million, the fastest growing economy and the only balanced budget of the 13 Canadian provinces and territories. To sustain this growth and momentum, the province needs well-educated young people. The University of Regina is in a strong position to support this growth through the approved campus master plan that would increase residence and daycare space on campus and address parking and space utilization.

Governments across Canada have renewed their focus on the need to improve the quality of health care while controlling costs. This will require a workforce comprising of professionals fully aware of the latest research, best practices from other jurisdictions, and a relentless commitment to better patient care. To meet these demands, the University of Regina, in partnership with SIAST, launched the Saskatchewan Collaborative Bachelor of Science in Nursing program in the fall of 2011. The Faculty of Nursing had 272 enrolments and 72 continuing students for its first intake in the 2011 semester and received 1,368 applications. Fall 2012 enrolment is anticipated to be at capacity with 345 available seats with over 1,250 applications received to date in a new competitive entry process.

The University Leadership Team has embarked on an ambitious journey to visit communities around the province with the goal to increase enrolment numbers from outside Regina. In 2011-2012, the University of Regina visited the communities of Moose Jaw, Prince Albert, Melfort, Humboldt, Saskatoon and Swift Current. Student enrolments outside of Regina have increased 16 per cent in the past year.

The Board is pleased to extend Dr. Vianne Timmons in her role as President and Vice-Chancellor of the University of Regina for an additional five years commencing July 1, 2012. Last year, Dr. Thomas Chase joined the University as Provost and Vice-President (Academic) and Dr. Dennis Fitzpatrick was named Vice-President (Research). These additions are a tremendous complement to the existing skills of the Executive Team.

In 2012-2013, we look forward to a future of open engagement and diversification, and to strengthening our partnerships locally, nationally and globally.

A handwritten signature in black ink, appearing to read 'Paul McLellan', written over a horizontal line.

Paul McLellan
Chair, Board of Governors



Message from the President

The 2011-2012 year was significant at the University of Regina for many reasons, but it was especially meaningful because it marked the centennial of Regina College – the predecessor of our University. Celebrating a century of excellence in education on our campus provided the opportunity not just to reflect on our history, but to plan for a future that holds so much promise. Activities took place throughout the year to honour the legacy of Regina College.

As we honoured our past, we also planned for the future by implementing key aspects of our strategic plan, *mâmahowkamâtowin: Our Work, Our People, Our Communities*.

Focusing on student success, we created approximately \$1 million in new student awards through the Centennial Matching Scholarship Fund, an initiative which received strong support from the provincial community. In addition, we launched Building Knowledge: The College Avenue Campus Renewal Project, an ambitious fundraising campaign that, through University, community, government and private support will make our historic College Avenue campus a dynamic learning environment going into the next century.

With student enrolment having increased for the third consecutive year, we renewed our commitment to make the most of the resources at our disposal. As part of those efforts, we created a Sustainable Campus policy, and formed a President's Advisory Committee on Sustainability which is examining ways in which we can operate more efficiently and responsibly.

Students of Aboriginal ancestry now represent approximately 10 per cent of our 13,000 students, and initiatives like the Aboriginal Advisory Circle will continue to make the University of Regina and its federated colleges a welcoming place for Aboriginal students. Likewise, students from other countries also comprise 10 per cent of our student body, enriching our campus community and our province in so many ways. In conjunction with the 30-year anniversary of our first Chinese partnership agreement, we created the Confucius Institute this past year, and with the signing of new partnership agreements in countries such as South Korea, India and Peru, we continue to extend our global reach.

As we move into 2012-2013, the University of Regina does so with a great deal of optimism. Our faculty members are making a tremendous impact across our province and beyond through their teaching and research and our students are receiving national recognition for their work. Our relationship with the provincial community is strong. By fulfilling our academic mission together we are realizing the vision of the founders of Regina College who sought to make the world a better place through the education of their original 27 students.

It is an honour for me to be President of a university founded on such noble ideals and with such an inspiring motto: "As One Who Serves."

Dr. Vianne Timmons
President and Vice-Chancellor

Introduction

The University of Regina's Board of Governors set the direction for the University by introducing a five-year strategic plan entitled *mâmahohkamâtowin: Our Work, Our People, Our Communities* in July 2009. Since that time, the Board has approved a performance measurement framework to monitor and report on progress toward achieving the vision, mission and goals expressed in the strategic plan.

This annual report highlights the activities and accomplishments of the University of Regina for the 2011-2012 fiscal year, which ran from May 1, 2011 to April 30, 2012. The performance measurement framework uses measures and targets toward achieving the University's long-term goals, thereby enhancing the University's accountability to government, its partners, and its communities.

Vision

The University of Regina is a welcoming, student-focused institution that combines deep-rooted values with innovative thinking, classroom theory with real-world practice, and global ideas with regional needs. We aspire to be one of Canada's best comprehensive universities.

Mission

The University of Regina:

- Provides high quality, accessible education that prepares learners for productive and creative lives.
- Produces innovative research and scholarship to expand human knowledge and support social, environmental, and economic development.
- Embraces diversity.
- Responds to the needs of Saskatchewan peoples, particularly First Nations and Métis peoples.
- Engages with and serves communities, locally, provincially, and beyond.

Highlights 2011 – 2012

- ◆ The University of Regina received \$1 million in support of the planning for a 600-bed residence, childcare facility and parking from the Province of Saskatchewan.
- ◆ Researchers from the University of Regina's Faculty of Engineering and Applied Science received the 2012 Paragon Award for Innovation for their revolutionary research and development in hydrogen production.
- ◆ The University of Regina Cheer Team won gold in the Collegiate Coed Division at the Sea to Sky International Cheerleading and Dance Championship in Vancouver. Two members of the team were selected for Team Canada.
- ◆ SaskPower announced an investment of \$3.5 million to the University of Regina to further research in clean energy technology.
- ◆ The University of Regina signed a student exchange agreement with a network of indigenous universities in Mexico. The agreement will promote the mobility of Aboriginal students to exchange culture and traditions.
- ◆ A new campus garden – The Regina Public Interest Research Group (RPIRG) Green Patch - was unveiled to promote and expand community engagement and sustainable development.

- Strives for and promotes sustainability and efficiency.
- Offers a welcoming, rewarding study and work environment that fosters creativity, engagement, continuous learning, and the opportunity to succeed.
- Recognizes the historic values and cultures of Saskatchewan while preparing for a prosperous and significant future.

Values

- We are a scholarly community engaged with many other communities. The members of its community are its defining resource. Its treatment of each other is principled and respectful.
- We are a learning community. We value interaction between faculty members and students as the fundamental activity of the academy. We acknowledge the diversity of learning styles and needs of our students. We aim to be accessible to all who can learn with us.
- We have a driving urge to know the unknown. Our investigation of and reflection upon varied intellectual pursuits is fundamental to us. We engage our students in these endeavours.
- We balance our duty to academic integrity with our commitment to academic freedom in our work and interactions.
- We employ our expertise to serve each other and society. We illuminate socially relevant problems. The knowledge we generate enriches the community.
- We are legitimately concerned with all aspects of our world. We are a bridge and an interpreter between our communities, other peoples, and other nations.
- We are accountable for our performance to each other, our students, our alumni, and the public.

Highlights 2011 – 2012

- ◆ *The Annual Alumni Crowning Achievement Awards dinner and gala honoured five prominent alumni: Dr. Eric Grimson, Lifetime Achievement Award; Dr. Ross Mitchell, Distinguished Professional Achievement Award; Bernadette Kollman, Distinguished Humanitarian and Community Service Award; Twyla Meredith, Dr. Robert and Norma Ferguson Award for Outstanding Service; and; Rachel Mielke, Outstanding Young Alumnus Award.*
- ◆ *UR International opened the Global Learning Centre (GLC). The Centre was created as a hub for University of Regina international students as well as domestic students pursuing post-secondary international studies. The support programs offered through the Centre focus on the University's commitment to the acculturation and academic success of its students. The Centre will be the location of a new international transitioning program, that provides academic support, teaches intercultural skill communication and hosts socio-cultural activities for students.*
- ◆ *Students from the University of Regina's Paul J. Hill School of Business finished first overall and won the School of the Year award at the JDC West Business Competition. The University of Regina is the only university in the history of the competition to place in the top three for five years in a row.*

Performance Measurement Framework

The University of Regina's Board of Governors approved a new performance measurement framework to monitor and report on progress towards achieving the goals and objectives of the University. The framework identifies the objectives, measures, targets and results achieved within the goals identified in the strategic plan, *mâdawohkamâtowin: Our Work, Our People, Our Communities*.

Our Work: Teaching, Research and Public Service

OBJECTIVES:

A.1: Promote and reward the pursuit of excellence in teaching, research, public service and administration. Make the University widely known for excellence.

A.2: Reaffirm our historic commitment to the liberal arts and sciences.

A.3: Align our array of program offerings to respond to the needs and interests of current and prospective students.

A.4: Enhance the University's distinctive programming and research profile. Capitalize on research successes to benefit the institution, researchers and our students.

A.5: Make the University a leader in environmental responsibility. Put sustainability at the core of our teaching, research, and campus life.

A.6: Take a programmatic approach to distributed teaching and learning.

Measures	April 30, 2010 Result	April 30, 2011 Result	April 30, 2012 Target	April 30, 2012 Result
Percentage of students satisfied with the overall quality of education. ⁽¹⁾	89%*	94%**	90%***	90%***
Percentage of students who are satisfied with their decision to attend the university. ⁽²⁾	95%*	92%**	90%***	90%***
Total student enrolment.	11,887	12,267	12,512	12,877
Number of graduate students.	1,467	1,532	1,563	1,576
Percentage of undergraduate students enrolled in online or televised courses.	12.9%	14.3%	17.3%	18.3%
Annual credit hours taught in the faculties of Arts, Science and Fine Arts (including federated colleges).	146,919	147,725	150,680	157,160
Research revenue	\$22.8M	\$22.3M	\$22.9M	\$23.0M
Energy consumption per square meter of building space.	N/A	1.5 GJs	1.5 GJs	1.5 GJs
Energy consumption per FTE.	N/A	35 GJs	35 GJs	37 GJs

*First-year students **All Undergraduates ***Graduating students

⁽¹⁾CUSC 2011 Survey of undergraduate students. Note: CUSC surveys are conducted on a three-year cycle. The comparable survey to the 2011 survey was last conducted in 2008 and will not be conducted again until 2014.

⁽²⁾CUSC 2011 Survey of undergraduate students. Note: CUSC surveys are conducted on a three-year cycle. The comparable survey to the 2011 survey was last conducted in 2008 and will not be conducted again until 2014.

Our People: Engagements, Diversity, Success and Esteem

OBJECTIVES:

B.1: Build long-term relationships with First Nations and Métis communities.

B.2: Make the transition into university seamless; enhance accessibility and flexibility; expand early-awareness and transitional programming; and ensure that appropriate supports are in place for students with special needs.

B.3: Improve the university experience for students, and foster a stronger campus community and spirit. Provide more scholarship and bursary support. Increase the amount of funding available to both undergraduate and graduate students.

B.4: Increase our administrative efficiency and enhance productivity.

B.5: On a foundation of positive and open employee relations, provide freedom and opportunity for faculty and staff to grow, excel, and be esteemed and recognized.

B.6: Continue to build a friendly, diverse, safe, and tolerant campus. Respect work-life balance and pay particular attention to the marginalized, the vulnerable, and the disadvantaged.

Measures	April 30, 2010 Result	April 30, 2011 Result	April 30, 2012 Target	April 30, 2012 Result
Number of self-declared Aboriginal students University-wide (includes the federated colleges).	1,053	1,019	1,050	1,152
Number of International students University-wide (includes the federated colleges).	932	1,033	1,064	1,253
Student retention – first year to second year.	78.9%	78.4%	77%	81.9%
Number of new students enrolled in the UR Guarantee program.	N/A	342	359	398
Student-to-faculty ratio.	19.8	18.8	Remain in the top half lowest ratios as reported in Maclean's	18.8
Average undergraduate student course load (credit hours).	10.7	10.7	11	10.9
Percentage of total operating expenditures devoted to scholarships and bursaries. ⁽¹⁾	7.3%	6.4%	No target set as the measure is suggested to change	6.4%
Number of self-declared Aboriginal faculty and staff.	44	46	47	50
Participation rate in the bi-annual employee engagement survey.	53.2%	N/A	50%	53%
Number of WCB claims for time lost.	14	11	9	19
Average length of WCB claim (days).	34.7	46.9	37.5	33.1

⁽¹⁾ Result taken from the 2010-2011 MacLean's ranking.

Our Communities: Presence and Partnership

Objectives:

C.1: Raise the profile and increase the presence of the University regionally, nationally, and internationally. Promote community involvement of University personnel by redoubling our efforts to showcase the pursuit of excellence in teaching, research, and administration.

C.2: Enhance collaboration with and between First Nations University of Canada, Campion and Luther Colleges, the Institut français, and the Gabriel Dumont Institute.

C.3: Engage in educational, research, and human resource development partnerships with other educational entities, businesses, professions, and community groups.

Measures	April 30, 2010 Result	April 30, 2011 Result	April 30, 2012 Target	April 30, 2012 Result
Percentage of domestic undergraduate students enrolled at the University who come from outside of Regina.	47.4%	48.4%	50.8%	51.0%
Ranking in research money. ⁽¹⁾	30	28	28	28
The number of alumni involved with the U of R.	4,828	16,036	16,517	16,985
Total donations to the University (all sources).	\$7.1M	\$5.6M	N/A	\$7.3 M

Indicator colours

Blue	Exceeding target/exceptional performance. Blue indicates the result did exceed target at year-end.
Green	On target/ tracking towards target. Green indicates that the result met or is close to the target at year-end.
Orange	Slightly off target. Orange indicates the result is slightly off target at year-end.
Red	Off target. Red indicates the target is missed.
Grey	To be reported in a later quarter or year/ status unknown.

⁽¹⁾ Result taken from the list of Canada's Top 50 Research Universities 2011 by www.researchinfosource.com

Enterprise Risk Management

Enterprise Risk Management (ERM) at the University of Regina is a systematic approach to identify, assess and respond to risks that affect the achievement of the University's strategic, operational and financial objectives. During the 2011-2012 fiscal year, the office of ERM advanced the implementation of an ERM process, further embedded into the culture of the University. The ERM office has identified potential positive and negative events that could have an impact in academic, research, administrative and student affairs. The ERM office has worked closely with academic and administrative units to conduct a thorough risk assessment and to develop appropriate and relevant risk mitigation measures.

The primary function of the ERM office is the coordination of the appropriate risk transfer and reduction strategies. The ERM office provides strategic guidance and advice to all University leadership and members of the University community on issues of mitigating risk and embracing opportunities in order to support the University in achieving its vision and mission.

The University of Regina identified 10 primary risks in 2010-2011 which continued as the priorities for 2011-2012:

Partnership Risk

Partnerships are important to the success of the University. The University has several key partnerships with its three federated colleges, the Saskatchewan post-secondary institutions, hospitals, businesses and various organizations. These partnerships help the University to access key resources to pursue academic and research opportunities. Partnerships also present challenges in reputation and often financial risk; therefore, the University ranks partnership as high risk. The University is committed to managing its partnerships by providing close oversight and maintaining close relationships with all of its partners.

Highlights 2011 – 2012

- ◆ Dr. Vianne Timmons, President and Vice-Chancellor of the University of Regina, was named one of "Canada's Top 100 Most Powerful Women" by the Women's Executive Network (WXN). It is the fourth consecutive year she has been recognized in this way. As a four-time recipient of the Top 100 designation, Timmons was also inducted into the WXN Canada's Most Powerful Women: Top 100 Hall of Fame.
- ◆ The University of Regina women's basketball team ranked first for the Canadian Interuniversity Sport (CIS) championships. Head coach Dave Taylor was named the 2012 CIS coach of the year and Cougars fourth-year guard Joanna Zalesiak earned first-team All-Canadian honours.
- ◆ University of Regina cross country runner Kelly Wiebe won the men's elite division at the Vancouver Sun Run after finishing with a time of 29 minutes and 11 seconds on the 10 kilometre road course.

Government Relations Risk

It is crucial that the University maintains a positive and productive relationship with the three levels of government and the Federation of Saskatchewan Indian Nations. The University acknowledges the reality that governments change – as do their priorities and the allocation of their resources. The University is in competition with many stakeholders for these resources and will need to maintain and enhance its relationships with all levels of government to advance the strategic interests of the institution.

Funding Risk

Adequate funding of academic and research activity is a significant source of the University's capital and operating revenue. Adequate funding is required to promote sustained growth of the University and to keep up with inflationary pressures. The Saskatchewan Universities Funding Model provides some stability and predictability for funding from the provincial government; however, with growing fiscal constraints, the public sector and post-secondary education institutions will be challenged to find other sources of revenue and to deliver services cost-effectively. The University has developed the following sustainability initiatives: enhanced marketing and recruitment to grow enrolments both domestically and internationally; continued lobbying for funding from various sources; and soliciting donations.

Change Management Risk

The University's ability to readily adapt to a fast-changing environment is a challenge. One reason for this is that universities, by nature, are decentralized institutions. In a modern university, each faculty exercises significant independence and autonomy. The concept of academic freedom, so central to a university's sense of itself, may strike the uninitiated as an impediment to nimble and timely change; however, it is an important part of the University's makeup.

The University has adopted the ADKAR (Awareness, Desire, Knowledge, Ability, Reinforcement) methodology as its change management framework. As part of the initiative, the University has trained and certified over 20 employees from the academic and administrative units in organizational change. Furthermore, the University Leadership Team, as well as staff, has participated in sessions that build an understanding of the roles and responsibilities of change leaders and change managers.

Student Enrolment Risk

Student enrolment has a direct impact on tuition revenue and, indirectly, on the Government's contribution to the institution's operating grant. After years of decline, the University is experiencing growth in enrolments. The University has invested significant time and effort improving student recruitment and retention. Emphasis has been placed on recruitment of students of Aboriginal ancestry, and international and graduate students. This has been accomplished

through scholarships, marketing and improved admission processes. Also, emphasis has been placed on student retention through programs such as UR Guarantee and faculty intervention.

Performance Management Risk

An effective performance management system improves overall institutional performance by managing the functions of teams and individuals in their pursuit of the institution's strategic objectives. The University's first employee engagement survey identified performance management as an emerging theme linked to a number of opportunities for improvement. A number of initiatives to support and strengthen performance management have been identified. For instance, a new pay for performance model was implemented for 2011-2012 for out-of-scope employees. The new model links individual goals to the University's strategic objectives and supports rewarding successful performance.

Fraud Risk

While the University has not faced recent incidents of fraud, theft or malfeasance, management recognizes the need to continually evaluate controls, both to minimize loss and to prevent the negative financial and reputation implications of fraud. Management continues to minimize the incidents of risk through its governance process, controls, enforcement of policies and procedures, and organizational structure.

Information Technology Infrastructure Risk

The University relies heavily on its information technology (IT) infrastructure. A sound IT infrastructure allows easy access to information for academic, research or student affairs all of which are important for continuity of service delivery. A sound IT infrastructure also protects the University's data from unauthorized access or malicious activity. The University has an established committee structure that provides strategic leadership and governance of the IT infrastructure. The University continuously monitors its information technology infrastructure and annually conducts an IT infrastructure risk assessment and addresses any needed risk mitigation activities.

Leadership Risk

The University has a strategic plan (*mâmahohkamâtowin: Our Work, Our People, Our Communities*) to help achieve its mission and vision. Although leadership renewal can be positive for an organization, the frequency and degree of change can have a negative impact on the University's ability to implement a strategic plan. The University has stabilized the leadership team – and with the renewal of President Timmons for an additional five year term – expects to continue to advance its strategic goals.

Communication Risk

The University of Regina has important stakeholders (partners, students, faculty and staff) who demand effective and efficient communications. Failure to communicate with these stakeholders in a consistent and accurate manner can result in reduced awareness, reputational and financial risk, and even a loss of support for the University's mission, vision and objectives. Effective communication continues to be an important goal at the University. This is achieved by an increased focus on purposeful, proactive and targeted communication activity with key stakeholders.

Management Discussion and Analysis

The University's Environment and Finances

Many universities in Canada and elsewhere experienced significant financial challenges in 2011-2012 as the result of constrained or even reduced government funding and factors such as increasing pension liabilities. The University of Regina faces similar challenges and through increased government funding, careful institutional control of expenditures and pursuit of efficiencies, and increased tuition revenue due to higher enrolment, continues to work to address these difficulties for the long term. The University's total net decrease in fund balance for the year of \$64.4 million was caused in large part by the pension plans' experienced losses embedded in pension expense for the year.

A balanced operating budget was put in place with modest increases in tuition and fees, three per cent for undergraduate students. New allocations to operating units totaled \$5.8 million, including \$4.15 million for the costs of the nursing program launched in 2011-2012, \$290,000 to other faculties, \$464,000 in enhanced support for research initiatives, \$52,000 for additional graduate scholarships, \$137,000 to for the recruitment and support of international students, and \$385,000 for marketing activities. As a result, the University was able to continue its progress toward many of the goals and objectives in the University's strategic plan, *mâmahohkamâtowin: Our Work, Our People, Our Communities*.

The \$13.1 million capital expenditure budget included \$1.0 million for work on the Research and Innovation Centre, \$840,000 for renovations in College West, \$3.0 million for facilities and information technology for nursing, \$3.3 million for other plant renovations and adaptations, \$800,000 for equipment replacement, and \$3.4 million for debt repayment related to recent capital projects. Provincial government funding for sustaining capital was constrained compared to previous years' funding levels and current needs. The challenge for the University was to provide, to the extent possible, for the continued replacement of teaching and other essential equipment and furnishings and capital renovations projects. The University received \$1.0 million from the Province of Saskatchewan in support of the planning for a 600-bed-residence/childcare/parking facility.

Enrolment increased for the third year, with fall course registrations up by eight per cent and winter course registrations up by seven per cent. Roughly half of the enrolment increase was due to the introduction of the new undergraduate nursing program.

On 1 April 2011, the University of Regina began administering a three year Administrative Services Contract with First Nations University of Canada (FNUUniv), one of our federated colleges, whereby financial administration and management advice is assisting First Nations University in a variety of areas. Over the past year, FNUUniv has moved forward in a number of areas including recruiting its Executive team, balancing the budget, developing its strategic plan, and securing its annual provincial and federal funding for 2012-2013. The University of Regina continues to work with FNUUniv's Executive Team and Board of Governors to develop governance capacity.

The operating budget ended 2012-2013 with a surplus of \$52,000. In addition, a number of one-time investments were funded to support initiatives and opportunities. Targeted projects that were funded included: planning studies and design for the College Avenue Campus Revitalization Project; a North American Indigenous Games (NAIG) preparation and support office; research initiatives; fundraising campaign costs; an Awards Officer; a Government Relations secondment position; retroactive and current copyright costs; marketing initiatives; funding for pension costs; academic review initiatives; the establishment of the Saskatchewan Justice Institute; matching funding for a Chair in Aging; and Faculty of Nursing Initiatives.

Through sound financial management over the years, the University of Regina pension plans have not been a burden to its Operating Budget contrary to the case at many Canadian universities and other public institutions. The two University plans (Academic and Administrative Group and the Non-Academic Group) had their actuarial valuation for the pension plan year ending December 31, 2009 filed with the Saskatchewan Superintendent of Pensions and Canada Revenue Agency. The Non-Academic Benefits Plan had a neutral going-concern position and the Academic and Administrative Benefits Plan had a going-concern surplus position of \$2.92 million.

The accounting valuations of the pension plans use a different actuarial valuation basis than the going-concern valuations. For April 30, 2012, this resulted in the financial statements showing a defined benefit pension expense of \$66.32 million and an accrued pension benefit liability of \$67.59 million (note 11 to the financial statements). This defined benefit pension expense can fluctuate from year to year. As an example, for the years ending April 30, 2011, 2010, 2009, 2008 and 2007, the pension expense was \$13.47 million, \$6.17 million, \$17.48 million, \$10.67 million, and \$(14.6) million respectively. The current year's large expense and liability resulted from actuarial experience losses created mainly by a 1.2 per cent decrease in the discount rate used to calculate the obligation. Using the going-concern actuarial valuation basis, management estimates that the combined deficit of the pension plans at April 30, 2012 is approximately 10 per cent of the accounting liability.

The Ancillary Budgets had a positive year, performing above target. A new food service contractor began operations in 2011-2012. The residences were fully occupied and generated revenues that exceed those projected in the long-term business plan.

In summary, with an overall positive fund balance of \$165 million, the University of Regina is in an enviably healthy financial position. It has had many years of balanced budgets. It has no operating debt and most of its capital debt is supported by approved business plans, as with the residences, or is being repaid through provincial government sustaining capital funding.

Financial Highlights – General Operating Fund

As a whole for 2011-2012, the University recorded revenues of \$228.07 million expenses of \$292.45 million and an overall net decrease in fund balance of \$64.39 million. The General Operating Fund surplus of \$52,000 brought the total unrestricted Accumulated General Operating Fund balance to \$343,000. Restricted fund balances include \$27.45 million permanently restricted in the Endowment Fund, \$49.37 million temporarily externally restricted in the Restricted Fund for Capital, Research and Trust, and \$149.11 million invested in Capital Assets.

The General Fund is composed of the Operating Fund, Vacation Pay and Pension Accrual Fund, Ancillary Fund, and Special Projects Fund. Within the General Fund, management focuses much of its time on budgeting and monitoring the General - Operating Fund to ensure the University continues to be a strong, effective organization, pursuing the aims in its strategic plan, *mâdawohkamâtowin: Our Work, Our People, Our Communities*.

In the General – Operating Fund, the total provincial operating funding for 2011-2012 of \$100.73 million represented approximately 60 per cent of the University's General – Operating Fund revenue. Students' tuition and fees comprised 32 per cent of operating fund revenue.

Table 1 provides the financial results of the General - Operating Fund regrouped to be comparable to the University's method of budgeting. The presentation of these results does not follow generally accepted accounting principles as published by the Canadian Institute of Chartered Accountants in that transfers and internal recoveries are treated as revenues, while internal recoveries are netted against expenses in the audited financial statements.

The Net Operating Position in Table 1 equals the audited Net increase in fund balance for the General - Operating Fund, as found in Statement 4 of the University's financial statements.

The Budget shown in Table 1 differs from the General – Operating Fund budget disclosed in Note 15 - Budget Versus Actual for 2012 in the financial statements as it includes budget adjustments made during the year. Also, the budget amounts in Note 15 have been regrouped to be comparable to the audited financial statements.

Table 1: General – Operating Fund Results (\$000)

	2010-2011 Actual	2011-2012 Actual	Variance	% Change	2011-2012 Budget	2011-2012 Actual	Variance	% Change
REVENUES								
Government Grants	\$ 93,434	\$ 102,461	\$ 9,027	9.66%	\$ 102,519	\$ 102,461	\$ (58)	-0.06%
Student Fees	47,576	53,472	5,896	12.39%	51,505	53,472	1,967	3.82%
Other Income	452	796	344	76.11%	667	796	129	19.34%
Transfers	1,839	2,059	220	11.96%	2,044	2,059	15	0.73%
Total Non-grant Revenue	49,867	56,327	6,460	12.95%	54,216	56,327	2,111	3.89%
Operating Recoveries	15,824	16,902	1,078	6.81%	12,261	16,902	4,641	37.85%
Total Revenues	159,125	175,690	16,565		168,996	175,690	6,694	
EXPENSES								
Salaries and Benefits	119,029	127,930	8,901	7.48%	124,672	127,930	3,258	2.61%
Utilities	6,907	7,178	271	3.92%	6,985	7,178	193	2.76%
Other Expenses	33,133	40,530	7,397	22.33%	37,339	40,530	3,191	8.55%
Total Expenses	159,069	175,638	16,569	10.42%	168,996	175,638	6,642	3.93%
Net Operating Position	\$ 56	\$ 52	\$ (4)		\$ -	\$ 52	\$ 52	

2011-2012 Actual Compared to 2010-2011 Actual

Government Grants: The provincial operating grant increased by approximately 9.66 per cent or \$9.0 million. Of this increase, \$4.0 million was for the initiation of a new academic program in nursing in collaboration with SIAST. The nursing funding was received in 2010-2011, recorded as deferred revenue for that year, and taken into revenue in the 2011-2012 fiscal year.

Tuition and Fees: The combination of a tuition and fee rate increases and enrolment increases resulted in a 12.39 per cent increase in student fees or \$5.9 million.

Operating Recoveries: There were a number of increased recoveries due to activity resulting from the new FNUUniv agreements, contract teaching in the Centre for Continuing Education and the Faculty of Education, and services provided to partner agencies. This resulted in an increase 6.81 per cent or \$1.1 million.

Salaries and Benefits: The cost of salary increases (i.e. cost of living, performance, career growth), additional positions for the nursing program and other growth requirements resulted in a total increase of 7.48 per cent or \$8.9 million.

Utilities: Commodity cost increases resulted in increased utility costs of 3.9 per cent or \$300,000.

Other Expenditures: Inflation in the remaining areas of university operations plus increased activities in areas such as nursing and the Centre for Continuing Education (which accommodated most of the increased teaching requirements from general enrolment growth) resulted in an increase in general expenditures of 22.32 per cent or \$7.4 million.

2011-2012 Actual Compared to 2011-2012 Budget

Provincial grants: Additional grant funding of \$400,000 was provided by the provincial government during the year.

Tuition and fee revenue: Tuition and fee income was \$1.97 million greater than initially budgeted as the result of higher than budgeted enrolments and course registrations in 2011-2012.

Cost recoveries: \$4.64 million of increased cost recoveries was attributed to the increased teaching levels in the Centre for Continuing Education.

Expenditures: The net increase in expenditures of \$6.64 million is largely attributed to increased expenditures by the Centre for Continuing Education for teaching additional courses as a result of the unbudgeted enrolment growth.

Financial Highlights – Ancillary Fund

In 2011-2012, the Ancillary Fund lost \$349,000 compared to a budgeted loss \$558,000. The difference is a favourable variance of \$209,000.

Parking Services: Due to the increase in enrolments, parking revenue increased. Expenditure variances were the result of lower than expected snow removal costs as well as salary savings from a vacant position and more efficient staffing arrangements for events.

Bookstore: The unfavourable variance in the Bookstore was caused by lower margins as a result of a switch in product mix (new vs. used textbooks, etc.).

Printing Services: The new copyright rules and the print optimization process at the University have significantly reduced the amount of printing done in Printing Services. That has reduced printing costs significantly; Printing Services has made adjustments to reduce expenses.

Residences: The residences had a successful year due in part to the continued tight housing market in Regina and the increase in international enrolments at the University. For the fall and winter semesters, occupancy was greater than 99 per cent and occupancy rates for the spring and summer were significantly higher than budget. There were also favourable variances in the utilities and maintenance costs.

Table 2 provides the financial results of the General - Ancillary Fund regrouped to be comparable to the Ancillary's method of budgeting. The presentation of these results does not follow generally accepted accounting principles as published by the Canadian Institute of Chartered Accountants in that certain transfers-in are treated as revenues, while certain transfers-out are treated as expenses. The Total

Ancillaries Actual Net Position in Table 2 equals the audited net decrease in fund balance for the General - Ancillary Fund, as found in Statement 4 of the University's financial statements.

The total Ancillaries revenue and expense budget figures shown in Table 2 differ from the General - Ancillary Fund budget disclosed in Note 15 - Budget Versus Actual for 2012 in the financial statements because the budget amounts in Note 15 have been regrouped to be comparable to the audited financial statements.

Table 2: General – Ancillary Fund Results (\$000)

	2011-2012 BUDGET			2011-2012 ACTUALS			VARIANCE - favourable (unfavourable)		
	Revenues	Expenses	Net position	Revenues	Expenses	Net position	Revenues	Expenses	Net position
Parking Services	\$ 2,591	\$ 2,455	\$ 136	\$ 2,700	\$ 2,376	\$ 324	\$ 109	\$ 79	\$ 188
Bookstore	5,985	5,621	364	5,967	5,819	148	(18)	(198)	(216)
Printing Services	2,068	2,068	-	1,037	1,271	(234)	(1,031)	797	(234)
Food Services	155	222	(67)	161	220	(59)	6	2	8
Leased Space	44	7	37	47	7	40	3	-	3
Total Before Residences	10,843	10,373	470	9,912	9,693	219	(931)	680	(251)
Residences	6,493	7,521	(1,028)	6,774	7,342	(568)	281	179	460
Total Ancillaries	\$ 17,336	\$ 17,894	\$ (558)	\$ 16,686	\$ 17,035	\$ (349)	\$ (650)	\$ 859	\$ 209

Audited Financial Statements for the Year Ending April 30, 2012

University of Regina

Statement of Management Responsibility

For the Year Ended April 30, 2012

The University is responsible for the preparation of the financial statements and has prepared them in accordance with generally accepted accounting principles as published by the Canadian Institute of Chartered Accountants (CICA). The University believes the financial statements present fairly the University's financial position as at April 30, 2012 and the results of its operations for the year then ended.

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

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the financial statements. The internal controls provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly guarded against unauthorized use and that reliable records are maintained. The Provincial Auditor of Saskatchewan reports to the Board as to the adequacy of these controls.

The financial statements for the year ended April 30, 2012 have been reported on by the Provincial Auditor of Saskatchewan, the auditor appointed under *The University of Regina Act*. The Auditor's Report on the following page outlines the scope of her examination and provides her opinion on the fairness of presentation of the information in the financial statements.



Vianne Timmons
President and Vice-Chancellor



David B. Button
Vice-President (Administration)

Date:

July 17, 2012

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the University of Regina, which comprise the statement of financial position as at April 30, 2012, and the statements of operations and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the University of Regina as at April 30, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 17, 2012



Bonnie Lysyk, MBA, CA
Provincial Auditor

University of Regina

Statement of Financial Position

As at April 30, 2012
(in thousands of dollars)

Statement 1

	General	Restricted	Endowment	Total	Total 2011
Current Assets					
Cash (Note 4)	\$ 16,453	\$ (10,892)	\$ -	\$ 5,561	\$ 10,273
Accounts receivable (Note 8)	7,820	11,373	-	19,193	22,839
Inventories	1,861	-	-	1,861	1,989
Prepaid expenses	496	24	-	520	770
Short-term investments (Note 17)	2,193	13,500	-	15,693	3,939
	<u>28,823</u>	<u>14,005</u>	<u>-</u>	<u>42,828</u>	<u>39,810</u>
Long-Term Assets					
Long-term investments (Note 17)	759	47,445	27,448	75,652	73,029
Long-term loans receivable	-	159	-	159	258
Capital assets (Note 5)	-	220,811	-	220,811	219,612
	<u>759</u>	<u>268,415</u>	<u>27,448</u>	<u>296,622</u>	<u>292,899</u>
	<u>\$ 29,582</u>	<u>\$ 282,420</u>	<u>\$ 27,448</u>	<u>\$ 339,450</u>	<u>\$ 332,709</u>
Current Liabilities					
Accounts payable and other accrued liabilities	\$ 20,324	\$ 1,816	\$ -	\$ 22,140	\$ 15,910
Deferred income	855	-	-	855	4,958
Current portion of long-term debt (Note 6)	-	2,917	-	2,917	2,793
Risk management liability (Note 10(j))	2,307	-	-	2,307	1,685
	<u>23,486</u>	<u>4,733</u>	<u>-</u>	<u>28,219</u>	<u>25,346</u>
Long-Term Liabilities					
Long-term debt (Note 6)	-	69,462	-	69,462	66,699
Due (from) to other funds (Note 7)	(1,347)	1,347	-	-	-
Accrual for employee future benefits (Note 11)	75,932	-	-	75,932	10,449
Indemnity Deposit	759	-	-	759	750
	<u>75,344</u>	<u>70,809</u>	<u>-</u>	<u>146,153</u>	<u>77,898</u>
Fund Balances					
Externally restricted funds	-	49,369	27,448	76,817	78,032
Internally restricted funds (Note 13)	(84,799)	157,509	-	72,710	139,616
Unrestricted funds	15,551	-	-	15,551	11,817
	<u>(69,248)</u>	<u>206,878</u>	<u>27,448</u>	<u>165,078</u>	<u>229,465</u>
	<u>\$ 29,582</u>	<u>\$ 282,420</u>	<u>\$ 27,448</u>	<u>\$ 339,450</u>	<u>\$ 332,709</u>

Approved by the Board of Governors



Chair, Board of Governors



Vice-President (Administration)

The accompanying notes are an integral part of these financial statements.

University of Regina

Statement of Operations and Changes in Fund Balances

For the Year Ended April 30, 2012

(in thousands of dollars)

Statement 2

	General	Restricted	Endowment	Total	Total 2011
Revenues					
Grants and contracts					
Government of Canada	\$ 1,579	\$ 12,857	\$ -	\$ 14,436	\$ 17,201
Government of Saskatchewan	101,150	6,458	-	107,608	106,993
Other	831	3,713	-	4,544	5,129
Student fees	53,361	23	-	53,384	47,596
Contributions, gifts, donations and bequests	814	13,088	773	14,675	7,703
Sales of services and products	27,405	1,082	-	28,487	28,707
Investment income and unrealized gain (loss) (Note 10 (h))	144	3,080	(319)	2,905	6,346
Miscellaneous income	1,909	117	-	2,026	1,658
	<u>187,193</u>	<u>40,418</u>	<u>454</u>	<u>228,065</u>	<u>221,333</u>
Expenses					
Salaries	115,572	4,160	-	119,732	113,610
Employee benefits (Note 12)	83,275	333	-	83,608	29,485
Operational supplies and expenses	13,834	3,758	-	17,592	18,257
Travel	3,542	1,455	-	4,997	5,501
Cost of goods sold	3,472	-	-	3,472	4,036
Equipment, rental, maintenance & renovations	8,768	3,813	-	12,581	14,174
Utilities	7,031	52	-	7,083	6,321
Amortization of capital assets	455	14,630	-	15,085	13,718
Loss on disposal of capital assets	-	70	-	70	163
Scholarships, bursaries, prizes, grants	5,626	13,639	-	19,265	18,134
Interest and unrealized loss (Note 10 (i))	2,737	4,999	-	7,736	5,418
Wascana Centre Authority levy	771	-	-	771	684
Bad debt expense	416	44	-	460	142
	<u>245,499</u>	<u>46,953</u>	<u>-</u>	<u>292,452</u>	<u>229,643</u>
Net (expenses) revenues	(58,306)	(6,535)	454	(64,387)	(8,310)
Interfund transfers (Note 14)	(4,108)	4,582	(474)	-	-
Net decrease in fund balances for year	(62,414)	(1,953)	(20)	(64,387)	(8,310)
Fund balances, beginning of year	(6,834)	208,831	27,468	229,465	237,775
Fund balances, end of year	<u>\$ (69,248)</u>	<u>\$ 206,878</u>	<u>\$ 27,448</u>	<u>\$ 165,078</u>	<u>\$ 229,465</u>

The accompanying notes are an integral part of these financial statements.

University of Regina

Statement of Cash Flows

For the Year Ended April 30, 2012
(in thousands of dollars)

Statement 3

	General	Restricted	Endowment	Total	Total 2011
Operating Activities					
Net (expenses) revenues	\$ (58,306)	\$ (6,535)	\$ 454	\$ (64,387)	\$ (8,310)
Add back items not affecting cash:					
Amortization of capital assets	455	14,630	-	15,085	13,718
Unrealized loss on investments	-	375	1,219	1,594	(3,701)
Unrealized loss on long-term debt	-	3,896	-	3,896	1,343
Unrealized loss on risk management liability	622	-	-	622	779
Unrealized foreign exchange (gain) loss	-	(336)	-	(336)	577
Loss on disposal of capital assets	-	70	-	70	163
Grant of Assets to Related Party (Note 18(i))	-	-	-	-	2,003
Shares received in exchange for services	-	(123)	-	(123)	-
Less contributions for endowment and asset purchases	-	(1,284)	(772)	(2,056)	(6,723)
Decrease (increase) in non-cash working capital	8,668	(2,804)	-	5,864	(1,802)
Increase in accrued pension liability	63,528	-	-	63,528	6,648
Increase in long-term accrual for employee future benefits	1,955	-	-	1,955	6,525
Cash generated by operating activities	16,922	7,889	901	25,712	11,220
Investing Activities					
Purchases of investments	(30)	(102,063)	(8,901)	(110,994)	(113,684)
Sales of investments	-	87,780	7,702	95,482	125,388
Purchases of capital assets:					
Buildings	(35)	(7,055)	-	(7,090)	(17,915)
Site improvements	-	(749)	-	(749)	(80)
Furnishings and equipment	(1,697)	(5,532)	-	(7,229)	(4,644)
Software	(51)	(64)	-	(115)	(106)
Library resources	(862)	-	-	(862)	(912)
Leasehold improvements	-	(336)	-	(336)	-
Sale of capital assets:					
Furnishings and equipment	-	28	-	28	-
Cash used in investing activities	(2,675)	(27,991)	(1,199)	(31,865)	(11,953)
Financing Activities					
Issuance of long-term debt	-	1,800	-	1,800	1,800
Repayment of long-term debt	-	(2,809)	-	(2,809)	(2,581)
Increase in long-term loan receivable	-	-	-	-	(57)
Repayment of long-term loan receivable	-	385	-	385	155
Issuance of internal loans	(328)	328	-	-	-
Issuance of long-term indemnity deposit	9	-	-	9	750
Contributions of cash for endowments	-	-	772	772	945
Contributions of cash for purchase of assets	-	1,284	-	1,284	5,778
Cash (used in) generated by financing activities	(319)	988	772	1,441	6,790
Net change in cash	13,928	(19,114)	474	(4,712)	6,057
Interfund adjustments	(1,918)	2,392	(474)	-	-
Cash, beginning of year	4,443	5,830	-	10,273	4,216
Cash, end of year	\$ 16,453	\$ (10,892)	\$ -	\$ 5,561	\$ 10,273

The accompanying notes are an integral part of these financial statements.

University of Regina

Statement of Operations and Changes in Fund Balances - General Fund

For the Year Ended April 30, 2012

(in thousands of dollars)

Statement 4

	Operating	Vacation Pay and Pension Accrual	Ancillary	Special Projects	Total	Total 2011
Revenues						
Grants and contracts						
Government of Canada	\$ 1,422	\$ -	\$ -	\$ 157	\$ 1,579	\$ 2,075
Government of Saskatchewan	100,734	-	-	416	101,150	90,786
Other	581	-	-	250	831	1,109
Student fees	53,195	-	-	166	53,361	47,535
Contributions, gifts, donations and bequests	294	-	-	520	814	819
Sales of services and products	10,885	-	14,768	1,752	27,405	27,833
Investment income and unrealized gain (Note 10 (h))	144	-	-	-	144	122
Miscellaneous income	1,311	-	464	134	1,909	1,494
	<u>168,566</u>	<u>-</u>	<u>15,232</u>	<u>3,395</u>	<u>187,193</u>	<u>171,773</u>
Expenses						
Salaries	110,818	-	3,021	1,733	115,572	108,262
Employee benefits	16,953	65,799	405	118	83,275	29,018
Operational supplies and expenses	10,376	-	1,370	2,088	13,834	13,213
Travel	2,914	-	25	603	3,542	3,438
Cost of goods sold	276	-	3,196	-	3,472	4,036
Equipment, rental, maintenance & renovations	7,351	-	1,118	299	8,768	8,758
Utilities	6,352	-	668	11	7,031	6,247
Amortization of capital assets	-	-	455	-	455	417
Loss on disposal of capital assets	-	-	-	-	-	-
Scholarships, bursaries, prizes, grants	5,450	-	-	176	5,626	5,219
Interest and unrealized loss (Note 10 (i))	634	-	2,103	-	2,737	2,955
Wascana Centre Authority levy	771	-	-	-	771	684
Bad debt expense	409	-	7	-	416	62
	<u>162,304</u>	<u>65,799</u>	<u>12,368</u>	<u>5,028</u>	<u>245,499</u>	<u>182,309</u>
Net revenues (expenses)	6,262	(65,799)	2,864	(1,633)	(58,306)	(10,536)
Interfund transfers (Note 14)	(6,210)	-	(3,213)	5,315	(4,108)	(182)
Net increase (decrease) in fund balances for year	52	(65,799)	(349)	3,682	(62,414)	(10,718)
Fund balances, beginning of year	291	(12,223)	(6,428)	11,526	(6,834)	3,884
Fund balances, end of year	<u>\$ 343</u>	<u>\$ (78,022)</u>	<u>\$ (6,777)</u>	<u>\$ 15,208</u>	<u>\$ (69,248)</u>	<u>\$ (6,834)</u>

The accompanying notes are an integral part of these financial statements.

University of Regina

Statement of Operations and Changes in Fund Balances - Restricted Fund

For the Year Ended April 30, 2012

(in thousands of dollars)

Statement 5

	Capital Asset	Research	Trust	Total	Total 2011
Revenues					
Grants and contracts					
Government of Canada	\$ -	\$ 11,721	\$ 1,136	\$ 12,857	\$ 15,126
Government of Saskatchewan	2,866	2,825	767	6,458	16,207
Other	-	3,562	151	3,713	4,020
Student fees	-	23	-	23	61
Contributions, gifts, donations and bequests	-	4,400	8,688	13,088	5,938
Sales of services and products	645	437	-	1,082	874
Investment income and unrealized gain (loss) (Note 10 (h))	2,252	(33)	861	3,080	5,377
Miscellaneous income	-	2	115	117	164
	<u>5,763</u>	<u>22,937</u>	<u>11,718</u>	<u>40,418</u>	<u>47,767</u>
Expenses					
Salaries	1	3,950	209	4,160	5,348
Employee benefits	-	330	3	333	467
Operational supplies and expenses	253	3,372	133	3,758	5,044
Travel	-	1,446	9	1,455	2,063
Equipment, rental, maintenance & renovations	2,678	1,113	22	3,813	5,416
Utilities	20	32	-	52	74
Amortization of capital assets	14,630	-	-	14,630	13,301
Loss on disposal of capital assets	70	-	-	70	163
Scholarships, bursaries, prizes, grants	-	3,348	10,291	13,639	12,915
Interest and unrealized loss (Note 10 (i))	4,999	-	-	4,999	2,463
Bad debt expense	-	27	17	44	80
	<u>22,651</u>	<u>13,618</u>	<u>10,684</u>	<u>46,953</u>	<u>47,334</u>
Net (expenses) revenues	(16,888)	9,319	1,034	(6,535)	433
Interfund transfers (Note 14)	<u>11,242</u>	<u>(6,626)</u>	<u>(34)</u>	<u>4,582</u>	<u>(847)</u>
Net (decrease) increase in fund balances for year	(5,646)	2,693	1,000	(1,953)	(414)
Fund balances, beginning of year	<u>160,743</u>	<u>27,396</u>	<u>20,692</u>	<u>208,831</u>	<u>209,245</u>
Fund balances, end of year	<u>\$ 155,097</u>	<u>\$ 30,089</u>	<u>\$ 21,692</u>	<u>\$ 206,878</u>	<u>\$ 208,831</u>

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

For the Year Ended April 30, 2012

(in thousands of dollars)

1. Authority and Purpose

The University of Regina (University) became an autonomous institution on July 1, 1974 by an Act of the Saskatchewan Legislature. Its authority is *The University of Regina Act*, Chapter U-5, of the Province of Saskatchewan. The University is a registered charitable organization under the *Income Tax Act*.

The purpose of the University is the preservation, transmission, interpretation and enhancement of the cultural, scientific and artistic heritage of the human race, and the acquisition and expansion of new knowledge and understanding.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles for not-for-profit organizations published by the Canadian Institute of Chartered Accountants (CICA). The accounting policies and methods are consistent with prior year, except as described in Note 2(a).

(a) Change in accounting policies due to recent accounting pronouncements

There were no pronouncements during the fiscal year that affected these financial statements.

(b) Fund accounting

The University follows the restricted fund method of accounting for contributions. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives.

The Statement of Operations and Changes in Fund Balances shows the total revenues and expenses of the University, after elimination of interfund transactions with ancillaries and internal cost recoveries. The University has classified accounts with similar characteristics into major funds as follows:

i) **The General Fund** accounts for the University's program delivery, service and administrative activities. This fund reports unrestricted resources. The General Fund is further classified as Operating, Vacation Pay and Pension Accrual Fund, Ancillary, and Special Projects.

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

For the Year Ended April 30, 2012

(in thousands of dollars)

- General – Vacation Pay and Pension Accrual Fund records the amount of unpaid vacation pay for academic and non-academic staff. It also records the accrued pension benefit asset or liability and the pension expense, other than the amount of the pension expense equal to employer contributions, which is recorded in the fund from which it is paid.
- General – Ancillary Fund is composed of Ancillary Enterprises that provide goods and services to the University community. They are composed of the Bookstore, Residence Services, Printing Services, Parking Services, Food Services, automated teller machines and confectionery store. Ancillary Enterprises operate on a fee-for-service basis and must be self-funding. Charges to other University funds are eliminated for financial statement purposes by removing them from Ancillary revenues and expenses.
- General – Special Projects Fund consists of a number of individual funds used to track operating projects' costs and recoveries. These projects involve consulting, training, and time-limited projects.

ii) **The Restricted Fund** reports only restricted resources that are to be used for specific purposes. The Restricted Fund is further classified as Capital Asset, Research, and Trust.

- Restricted – Capital Asset Fund holds all capital assets owned by the University along with the long-term debt on certain of these capital assets.
- Restricted – Research Fund consists of grant and contract income and expenses specifically identified for research or related activities as restricted by granting agencies, research institutes and other public and private organizations.
- Restricted – Trust Fund consists of externally restricted resources that may be used in their entirety within the restrictions established by the provider of the funds. The bulk of these funds are restricted for the provision of scholarships or annual lectures.

iii) **The Endowment Fund** reports resources contributed for endowment. Restrictions placed on the fund by the original provider preclude the original fund balance from being spent.

(c) Use of estimates

The preparation of financial information requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

University of Regina

Notes to the Financial Statements

For the Year Ended April 30, 2012

(in thousands of dollars)

(d) Capital assets

Purchased capital assets are recorded at cost. Donated assets are reported at fair market value when received by the University. The University capitalizes all assets costing more than \$2, except library resources, which are capitalized regardless of cost, and all computer-related assets costing more than \$.5, except for centrally managed operating computer systems which are capitalized regardless of cost. The University capitalizes upgrades to buildings and site improvements greater than \$10, except for Ancillary Enterprises, which have all upgrades capitalized regardless of cost. Assets costing less than these thresholds are expensed in the year purchased.

Capitalized assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	- temporary	20 years
	- permanent	40 years
Building upgrades		5 to 30 years
Site improvements		10 to 40 years
Furnishings and equipment		3 to 30 years
Software		3 to 8 years
Library resources		10 years
Leasehold improvements		life of lease

Amortization of Ancillary capital assets is recorded in the General - Ancillary Fund. All other amortization is recorded in the Restricted - Capital Asset Fund.

An estimate for disposals or withdrawals of library holdings for superseded, poor condition, irrelevant, lost or stolen books is calculated at 1.05 percent of the net capitalized value of library holdings at the end of the preceding year.

Collections are not capitalized or amortized. All additions to collections are expensed in the year purchased.

The original land that was transferred to the University when it became a separate legal institution is reported on the statement of financial position at a nominal value of \$1. This land includes 20 acres at the College Avenue Campus and 357 acres at the Main Campus. In 1989, the Main Campus land was appraised by Crown Appraisals of Regina at four dollars per square foot for a total value of \$62,204.

This University-owned land is situated within Wascana Centre, and as such, is governed by *The Wascana Centre Act* of the Province of Saskatchewan with respect to the University's ability to construct, improve, landscape, acquire or dispose of land. The University may not dispose of its land without the approval of the Wascana Centre Authority.

For the Year Ended April 30, 2012

(in thousands of dollars)

During fiscal year 2000, the University transferred a parcel of land totaling 32.6 acres to the Saskatchewan Indian Federated College (SIFC), now called the First Nations University of Canada (FNUniv), to accommodate their new building. In 2000, the value of this land was estimated at \$8,500.

(e) Investments

- i) Investments classified as available-for-sale are recorded at market, unless they are non-quoted equity securities, which are carried at cost. Unrealized gains and losses are recorded as direct increases or decreases to fund balance and disclosed in the statement of changes in fund balances.
- ii) Investments classified or designated as held-for-trading are recorded at fair market value. Unrealized gains and losses are recognized in net revenues (expenses) as changes in the market values occur. Realized gains or losses on disposal are recorded in the year of disposal.
- iii) Investments classified as held-to-maturity are carried at amortized cost using the effective interest rate method. Gains or losses on disposal are recorded in the year of disposal.

(f) Inventories

Inventories are valued at the lower of cost and net realizable value which is principally determined by the first in, first out method.

(g) Donations

Donations are recorded as revenue in the fiscal period in which they are received. Gifts-in-Kind, including works of art, equipment, investments and library holdings, are recorded at fair market value on the date of their donation.

(h) Pledges and bequests

Pledges and bequests are recorded as contributions in the period when pledged or bequeathed if the amounts to be received can be reasonably estimated and if collection is reasonably assured.

Pledges and bequests of \$6,871 (2011 - \$6,771) are not included in the financial statements because their ultimate collection cannot be reasonably assured.

(i) Interest rate swaps and natural gas risk management activities

An interest rate swap is a derivative financial contractual agreement between two counter-parties who generally exchange fixed and floating rate interest cash flows based on a notional amount derived from the value of underlying assets or liabilities.

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Notes to the Financial Statements

For the Year Ended April 30, 2012

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The University has entered into interest rate swap agreements with the Canadian Imperial Bank of Commerce in order to manage the interest rate exposure associated with certain debt obligations. The contracts have the effect of exchanging the floating interest rate cash flows from the underlying short-term debt instruments with fixed interest rate cash flows based on a notional amount. The University is recording these agreements at fair value. See Note 6 to these financial statements for details.

The University has entered into two natural gas commodity swap agreements with the Canadian Imperial Bank of Commerce in order to manage the risk of fluctuating natural gas prices. These swaps effectively fix the price of natural gas for the 4-year period November 2010 through October 2014. The University is recording these agreements at fair value. See Note 10(j) to these financial statements for details.

(j) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other externally restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Fund.

Investment income earned on Endowment Fund resources is recorded in the appropriate fund, depending on the external restriction placed on that income. If it must become part of the endowment amount, it is recognized as revenue of the Endowment Fund. If it may be spent for a restricted purpose, it is recorded as revenue of that restricted fund. If there are no restrictions on the income, it is reported as income of the General Fund. Other investment income is recognized as revenue of the General Fund when earned.

(k) Financial Instruments

The University's financial instruments are classified and measured as follows:

	Classification	Measurement
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized Cost
Loans receivable	Loans and receivables	Amortized Cost
Investments, short-term and long-term	See note 17	See note 2(e)
Natural gas swap derivatives, risk management	Held for trading	Fair value
Interest rate swap derivatives & long-term debt, including current portion	See note 6	See note 6
Accounts payable and other accrued liabilities	Other liabilities	Amortized Cost

University of Regina

Notes to the Financial Statements

For the Year Ended April 30, 2012

(in thousands of dollars)

Transaction costs related to financial instruments are immediately recognized in net income.

(l) Accounting Policy Developments

For its fiscal year ending April 30, 2013, the University has chosen to follow the standards for not-for-profit organizations in Part III of the CICA Handbook, which will be overlaid on top of the standards for private enterprises found in Part II of the CICA Handbook. The University is still exploring what changes will be required as a result of the adoption of this new primary basis of accounting.

3. Collections

(a) Collection of Rare Books, Records and Papers

The University Library maintains a collection of rare books and runs of bound old magazines. The collection is increased either by purchases or donations, which are minimal. The University does not dispose of items in this collection.

The University of Regina Archives collects the official records of the University of Regina, and private papers in various disciplines. The University Archives currently does not purchase or sell any items. All records and papers are transferred or donated.

(b) Art Collection

The MacKenzie Art Gallery manages part of the University's art collection as described in Note 18 to these financial statements. The University also owns various works of art including paintings, banners, sculptures, and drawings. Additions to and disposals of this collection are generally few. During the current year, the University accepted donations of art work totaling \$105 (2011 - \$42).

(c) Collection of Geographical Maps

The University's map library is a reference library containing maps, air photos, atlases, globes and documents on cartography and land use. Most additions come in the form of donations from government and private individuals. It is also a depository for the National Topographic Survey, who sends new and revised maps to the library monthly. The map library does not sell any items in its collection.

(d) Music Library Collection

The University's Faculty of Fine Arts maintains a collection of printed music for various ensembles and solo instruments.

University of Regina

Notes to the Financial Statements

For the Year Ended April 30, 2012

(in thousands of dollars)

4. Cash

The University has one bank account with a balance of \$5,561 at April 30, 2012 (2011 - \$10,273). The University has a revolving line of credit at the Canadian Imperial Bank of Commerce but did not access it during the year.

5. Capital Assets

	Cost		Accumulated Amortization		Net Book Value	
	2012	2011	2012	2011	2012	2011
Land	\$ 1	\$ 1	\$ -	\$ -	\$ 1	\$ 1
Buildings	284,355	277,907	104,458	96,950	179,897	180,957
Site Improvements	29,956	29,207	17,758	16,790	12,198	12,417
Furnishings & Equipment	72,946	68,244	52,890	51,008	20,056	17,236
Software	4,531	4,420	4,032	3,927	499	493
Library Resources	46,815	46,440	40,700	39,784	6,115	6,656
Leasehold Improvements	4,183	3,847	2,138	1,995	2,045	1,852
	<u>\$ 442,787</u>	<u>\$ 430,066</u>	<u>\$ 221,976</u>	<u>\$ 210,454</u>	<u>\$ 220,811</u>	<u>\$ 219,612</u>

At year-end, the above capital assets include \$3,340 (2011 - \$857) in building upgrades, site improvements, and equipment that were in progress. The upgrades are capitalized but not amortized at year-end.

During the year, the University disposed of the following amounts of assets:

- Library Resources with an original cost of \$488 (2011 - \$483), in accordance with the policy described in note 2(d);
- Software with an original cost of \$4 (2011 - \$1,090);
- Buildings with an original cost of \$642 (2011 - \$1,628);
- Furnishings and Equipment with an original cost of \$2,527 (2011 - \$3,503).

University of Regina

Notes to the Financial Statements

For the Year Ended April 30, 2012

(in thousands of dollars)

6. Long-Term Debt

(a) The details of the debentures, loans, bankers' acceptances and swap debt are as follows:

	Maturity	Interest Rate at April 30, 2012	2012	2011
<i>Held-for-Trading:</i>				
Bankers' Acceptances supporting buildings or infrastructure, principal outstanding, at market				
Riddell Centre [note (b)]	-	-	\$ -	\$ 123
FNUniv Parking Lot [note (c)]	May 1, 2012	1.45%	346	368
Luther College [note (d)]	May 1, 2012	1.45%	252	343
New Residences [note (e)]	May 1, 2012	1.45%	33,747	34,795
Multi-purpose [note (f)]	May 31, 2012	1.47714%	11,282	11,893
Bankers' Acceptances supporting capital projects, principal outstanding, at market				
2003-04 [note (g)]	May 31, 2012	1.62714%	758	850
2004-05 [note (h)]	May 31, 2012	1.47714%	1,083	1,196
2005-06 [note (i)]	May 19, 2012	1.45143%	1,240	1,345
2006-07 [note (j)]	May 31, 2012	1.47714%	1,289	1,395
2007-08 [note (k)]	May 31, 2012	1.47714%	1,388	1,489
2008-09 [note (l)]	May 28, 2012	1.47357%	1,474	1,570
2009-10 [note (m)]	May 11, 2012	1.95%	1,617	1,707
2010-11 [note (n)]	May 14, 2012	1.65%	1,688	1,778
2011-12 [note (o)]	May 8, 2012	1.65%	1,784	-
Interest Rate Swap Agreements, at market				
Riddell Centre [note (b)]	April 2012	4.880%	-	2
FNUniv Parking Lot [note (c)]	April 2023	5.780%	66	54
Luther College [note (d)]	Oct 2014	5.170%	11	19
New Residences [note (e)]	Oct 2029	6.107%	9,791	6,924
Multi-purpose [note (f)]	Dec 2024	5.260%	1,969	1,375
2003-04 [note (g)]	Jan 2019	5.240%	80	74
2004-05 [note (h)]	Dec 2019	4.900%	117	100
2005-06 [note (i)]	April 2021	5.130%	165	134
2006-07 [note (j)]	Oct 2021	4.600%	143	101

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Notes to the Financial Statements

For the Year Ended April 30, 2012

(in thousands of dollars)

	Maturity	Interest Rate at April 30, 2012	Annual Payments (P&I)	2012	2011
2007-08 [note (k)]	Oct 2022	4.640%		168	112
2008-09 [note (l)]	Sept 2023	4.540%		178	109
2009-10 [note (m)]	Mar 2025	4.526%		156	59
2010-11 [note (n)]	Jan 2026	4.080%		148	35
2011-12 [note (o)]	Feb 2027	2.940%		1	-
				<u>\$ 70,941</u>	<u>\$ 67,950</u>

Other Liabilities:

Debenture, secured by building, principal outstanding, at amortized cost

College West Residence	Dec 31, 2024	7.25%	\$ 155	\$ 1,293	\$ 1,351
Daycare Centre	Jan 6, 2014	5.19%	\$ 54	145	191
				<u>\$ 1,438</u>	<u>\$ 1,542</u>

Total held-for-trading and other liability debt instruments

\$ 72,379 \$ 69,492

Less:

Current Portion of held-for-trading	\$ (111)	\$ (2,689)
Current Portion of other liabilities	(2,806)	(104)
	<u>\$ (2,917)</u>	<u>\$ (2,793)</u>
Long-Term Portion	<u>\$ 69,462</u>	<u>\$ 66,699</u>

- (b) An interest rate swap agreement had been entered into for Riddell Centre financing which fixed the effective interest rate at 4.88% over the period ending April 2012. This agreement ended April 1, 2012.
- (c) An interest rate swap agreement has been entered into for FNUniv Parking Lot financing which fixes the effective interest rate at 5.78% over the period ending April 2023. The current credit risk premium is effective until September 2012, when the premium will be reassessed and may be adjusted.
- (d) An interest rate swap agreement has been entered into for Luther College financing which fixes the effective interest rate at 5.17% over the period ending October 2014. The current credit risk premium is effective until September 2012, when the premium will be reassessed and may be adjusted.

For the Year Ended April 30, 2012

(in thousands of dollars)

- (e) An interest rate swap agreement has been entered into for New Residence financing which fixes the effective interest rate at 6.107% over the period ending October 2029. The current credit risk premium is effective until September 2012, when the premium will be reassessed and may be adjusted.
- (f) An interest rate swap agreement has been entered into for Multipurpose financing which fixes the effective interest rate at 5.26% over the period ending December 2024. The current credit risk premium is effective until January 2013, when the premium will be reassessed and may be adjusted.
- (g) An interest rate swap agreement has been entered into for the 2003-04 financing which fixes the effective interest rate at 5.24% over the period ending January 2019. The current credit risk premium is effective until January 2014, when the premium will be reassessed and may be adjusted.
- (h) An interest rate swap agreement has been entered into for the 2004-05 financing which fixes the effective interest rate at 4.90% over the period ending December 2019. The current credit risk premium is effective until January 2013, when the premium will be reassessed and may be adjusted.
- (i) An interest rate swap agreement has been entered into for the 2005-06 financing which fixes the effective interest rate at 5.13% over the period ending April 2021. The current credit risk premium is effective until April 2013, when the premium will be reassessed and may be adjusted.
- (j) An interest rate swap agreement has been entered into for the 2006-07 financing which fixes the effective interest rate at 4.60% over the period ending October 2021. The current credit risk premium is effective until May 2013, when the premium will be reassessed and may be adjusted.
- (k) An interest rate swap agreement has been entered into for the 2007-08 financing which fixes the effective interest rate at 4.64% over the period ending October 2022. The current credit risk premium is effective until May 2013, when the premium will be reassessed and may be adjusted.

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Notes to the Financial Statements

For the Year Ended April 30, 2012

(in thousands of dollars)

- (l) An interest rate swap agreement has been entered into for the 2008-09 financing which fixes the effective interest rate at 4.54% over the period ending September 2023. The current credit risk premium is effective until September 2012, when the premium will be reassessed and may be adjusted.
- (m) An interest rate swap agreement has been entered into for the 2009-10 financing which fixes the effective interest rate at 4.526% over the period ending March 2025. The current credit risk premium is effective until March 2013, when the premium will be reassessed and may be adjusted.
- (n) An interest rate swap agreement has been entered into for the 2010-11 financing which fixes the effective interest rate at 4.08% over the period ending January 2026. The current credit risk premium is effective until January 2013, when the premium will be reassessed and may be adjusted.
- (o) An interest rate swap agreement has been entered into for the 2011-12 financing which fixes the effective interest rate at 2.94% over the period ending February 2027. The current credit risk premium is effective until February 2013 when the premium will be reassessed and may be adjusted.
- (p) The principal and interest repayments for the next five years are:

	Principal	Interest
2012/13	\$ 2,917	\$ 3,254
2013/14	3,078	3,092
2014/15	3,188	2,922
2015/16	3,259	2,748
2016/17	3,441	2,567

7. Due To/From Other Funds

Purpose and Funds Involved	Interest Rate	Annual Repayment Terms	2012	2011
Restricted - Trust holds the assets to pay the pensions under the Supplementary Executive Retirement Plan recorded in General – Vacation and Pension Accrual	n/a	As pensions are paid, this amount will be reduced	\$ 1,347	\$ 1,018

University of Regina

Notes to the Financial Statements

For the Year Ended April 30, 2012

(in thousands of dollars)

8. Accounts Receivable

Accounts receivable are composed of the following:

	2012	2011
Trade accounts receivable	\$ 20,448	\$ 23,328
Loans receivable (current portion)	99	385
Pledges receivable	85	332
Allowance for doubtful accounts	(1,439)	(1,206)
Net receivables	<u>\$ 19,193</u>	<u>\$ 22,839</u>

9. Expenses by Function

	2012	2011
Credit Instruction & Non-sponsored research	\$ 124,342	\$ 85,561
Non-Credit Instruction	10,214	7,758
Library	9,743	7,615
External Relations	4,093	3,113
Computing	9,390	6,976
Administration and General	30,323	22,605
Facilities	27,375	21,594
Student Services	12,623	9,794
Ancillary	12,368	12,330
Special Projects	5,028	4,963
Capital	22,651	22,097
Research	13,618	17,644
Trust & Endowment	10,684	7,593
Total Expenses	<u>\$ 292,452</u>	<u>\$ 229,643</u>

10. Financial Instruments

a) Significant financial instruments, terms and conditions:

The University's significant financial instruments consist of cash, accounts receivable (see Note 8), long-term loans receivable, accounts payable, short-term and long-term investments (see Note 17), natural gas commodity swap derivatives (see Note 10(j)), interest rate swap derivatives and long-term debt instruments (see Note 6). There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing, or certainty of future cash flows. Significant terms and conditions for the long-term financial instruments are disclosed separately in these notes.

For the Year Ended April 30, 2012

(in thousands of dollars)

b) Price risk - currency risk:

As at April 30, 2012, a 10% appreciation in the Canadian dollar versus foreign currencies exchange rates would decrease net revenues by approximately \$1,839 (2011 - \$1,356), while a depreciation of 10% would increase net revenues by approximately \$1,839 (2011 - \$1,356).

c) Price risk - market risk:

Market risk is the risk that the value of a financial instrument will fluctuate. This fluctuation could result from changes in market conditions, such as interest rates. Investments are placed in accordance with the investment policy which is approved by the Board of Governors. The investment policy provides guidelines to the University's investment managers for the asset mix of the portfolio regarding the quality and quantity of investments. This helps reduce the impact of market value fluctuations.

The University is exposed to market risk due to its investment in equity mutual funds. A 10% increase in equity markets would increase the 2012 net revenues by \$3,042 (2011 - \$3,117) and a 10% decrease in equity markets would decrease net revenues by \$3,042 (2011 - \$3,117).

The University is also exposed to market risk as a result of executing interest rate swap agreements. At any given time subsequent to execution, a derivative instrument will have a market value – the University will either have to make a payment, or will be entitled to receive a payment, in order to effectively pay the fixed interest rate under each swap agreement. A 1% increase in the market interest rate would increase the 2012 net revenues by \$4,812 (2011 - \$4,692) and a 1% decrease in the market interest rate would decrease net revenues by \$5,333 (2011 - \$5,219).

d) Price risk - interest rate risk:

Interest rate risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount due to changes in interest rates. The University is exposed to interest rate risk in its investment in money market and bond mutual funds and bank line of credit. The estimated impact of an immediate 1% increase in interest rates would be to decrease the market value of the fixed income portion of the investment portfolio as at April 30, 2012 by \$2,200 (2011 - \$1,980) while an immediate 1% decrease in interest rates would increase the market value by \$2,200 (2011 - \$1,980).

The University mitigates its interest rate risk on its floating-rate debt obligations by entering into fixed interest rate swap agreements.

e) Credit risk:

Credit risk is the risk that a party owing money to the University will fail to discharge that responsibility. The University is exposed to credit risk from the potential non-

University of Regina

Notes to the Financial Statements

For the Year Ended April 30, 2012

(in thousands of dollars)

payment of accounts and long-term loans receivable and non-return of money invested in mutual funds and other investments. It is also exposed to credit risk, or counter-party risk, through potential default under the interest rate swap derivative contracts.

The carrying amount of financial assets on the Statement of Financial Position represents the University's maximum credit risk exposure, unless the swap contracts are in favourable positions (positive fair values). The notional amounts of the swaps are not indicative of the credit risk associated with derivative contracts. Current credit exposure is represented by the current replacement cost of all outstanding contracts in a favourable position.

The maximum exposure to credit risk at the reporting date was:

	2012	2011
Cash and cash equivalents	\$ 5,561	\$ 10,273
Held-to-maturity investments	-	-
Held-for-trading investments	91,345	76,968
Trade accounts receivable	20,448	23,328
Pledges receivable	85	332
Loans receivable	258	643
	<u>\$ 117,697</u>	<u>\$ 111,544</u>

The University limits its credit exposure related to the swaps by dealing with a counter-party believed to have a good credit standing.

The University minimizes credit risk related to investments by investing with reputable companies. Credit ratings for the University's bond mutual funds are as follows:

Credit Rating	2012		2011	
	Fair Value	Make up of Portfolio (%)	Fair Value	Make up of Portfolio (%)
AAA	\$ 5,414	14.4 %	\$ 5,628	15.8 %
AA	16,579	44.1 %	17,146	48.2 %
A	7,556	20.1 %	7,666	21.5 %
BBB	5,038	13.4 %	2,775	7.8 %
BB & Below	865	2.3 %	516	1.5 %
Mortgages	1,992	5.3 %	1,807	5.1 %
Unrated	150	0.4 %	35	0.1 %
Total	<u>\$ 37,594</u>	<u>100.0 %</u>	<u>\$ 35,573</u>	<u>100.0 %</u>

The pledges receivable are from reputable corporations with a history of paying what they have pledged to the University.

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Notes to the Financial Statements

For the Year Ended April 30, 2012

(in thousands of dollars)

The maximum exposure to credit risk for trade accounts receivable at the reporting date by type of customer was:

	2012	2011
Related parties	\$ 4,886	\$ 8,699
Students and employees	3,500	2,812
Federal government –for research grants	6,606	6,088
Various companies	5,071	5,020
Canada Revenue Agency – GST rebates and Input Tax Credits	385	709
	<u>\$ 20,448</u>	<u>\$ 23,328</u>

The actual credit risk from receivables from students and employees is minimal as the University has various methods of recourse for collection such as withholding transcripts, certificates or degrees and payroll deduction.

The actual credit risk from research receivables from the federal government is minimal. As long as employees carry out the required research and reporting, the University continues to receive the grants as awarded by the federal government.

The change in the allowance for doubtful accounts receivable in respect of trade receivables during the year was as follows:

	2012	2011
Allowance for doubtful accounts at May 1	\$ 1,206	\$ 1,359
Accounts written off	(243)	(331)
Recoveries	16	36
Provision for losses	460	142
Allowance for doubtful accounts at April 30	<u>\$ 1,439</u>	<u>\$ 1,206</u>

f) Liquidity risk:

Liquidity risk is the risk that the University will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The University manages its cash resources based on financial forecasts of anticipated cash flows and business cases.

The interest and principal repayments on debt for the next five years is disclosed in Note 6(p). Management believes that future cash flows from operations, short and long-term investments, and availability under existing credit facilities will be adequate to support these financial liabilities as they become due.

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Notes to the Financial Statements

For the Year Ended April 30, 2012

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g) Fair value:

Fair values approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics such as risk, principal and remaining maturities.

The carrying amounts of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities approximate their fair value due to their immediate or short-term nature.

The fair value of investments in HTC Purenergy Class “B” shares and GPM Real Property (11) Limited Partnership units is determined by reference to their quoted bid price at the reporting date (see Note 17).

The fair value of investments in mutual funds is based on the quoted market values of the underlying investments, based on the latest bid prices.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using the interest rate of the underlying banker’s acceptance debt.

The University has classified its required fair valued financial instrument holdings using a hierarchy that reflects the significance of the inputs used in determining their measurements.

Under this classification structure, financial instruments recorded at unadjusted quoted prices in active markets for identical assets and liabilities are classified as Level 1. Instruments valued using inputs other than quoted priced included in Level 1 that are observable for the asset or liability either directly or indirectly are classified as Level 2. Instruments valued using inputs that are not based on observable market data are classified as Level 3.

	2012				2011			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Pooled bond funds	\$ 37,594	\$ -	\$ -	\$ 37,594	\$ 35,573	\$ -	\$ -	\$ 35,573
Pooled equity funds	30,296	-	-	30,296	31,108	-	-	31,108
Cash-like funds	18,012	-	-	18,012	5,402	-	-	5,402
Real estate funds	-	5,319	-	5,319	-	4,819	-	4,819
Equities	-	-	123	123	67	-	-	67
Derivatives	-	(15,299)	-	(15,299)	-	(10,782)	-	(10,782)
	<u>\$ 85,902</u>	<u>\$ (9,980)</u>	<u>\$ 123</u>	<u>\$ 76,045</u>	<u>\$ 72,150</u>	<u>\$ (5,963)</u>	<u>\$ -</u>	<u>\$ 66,187</u>

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Notes to the Financial Statements

For the Year Ended April 30, 2012

(in thousands of dollars)

h) Investment income and unrealized gain (loss):

	General	Restricted	Endowment	Total	Total 2011
Interest income from loans and receivables	\$ 35	\$ 22	\$ -	\$ 57	\$ 67
Interest/dividend income from financial instruments held for trading	31	3,131	900	4,062	3,082
Interest income on bank deposits	78	-	-	78	72
Realized loss on financial instruments designated as held for trading	-	(33)	-	(33)	-
Change in fair value of financial instruments held for trading	-	(48)	(1,219)	(1,267)	3,052
Change in fair value of financial instruments designated as held for trading	-	8	-	8	73
Total	\$ 144	\$ 3,080	\$ (319)	\$ 2,905	\$ 6,346

i) Interest and unrealized loss (gain):

	General	Restricted	Endowment	Total	Total 2011
Interest expense from financial liabilities measured at amortized cost	\$ 96	\$ 9	\$ -	\$ 105	\$ 111
Interest expense from financial instruments held for trading	2,007	1,094	-	3,101	3,182
Change in fair value of debt instruments held for trading	-	3,896	-	3,896	1,343
Change in fair value of natural gas risk management swap contract	622	-	-	622	779
Other interest expense	12	-	-	12	3
Total	\$ 2,737	\$ 4,999	\$ -	\$ 7,736	\$ 5,418

j) Natural Gas Risk Management:

- i) A natural gas commodity swap agreement has been entered into October 7, 2009 which fixes the natural gas rates on a notional quantity of 584,400 GigaJoules (GJ) of natural gas, to be purchased between November 1, 2010 and October 31, 2014 at rates from \$6.36/GJ to \$6.76/GJ.
- ii) A natural gas commodity swap agreement has been entered into March 2, 2010 which fixes the natural gas rates on a notional quantity of 420,050 GigaJoules (GJ) of natural gas, to be purchased between November 1, 2010 and October 31, 2014 at rates from \$5.31/GJ to \$6.02/GJ.

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Notes to the Financial Statements

For the Year Ended April 30, 2012

(in thousands of dollars)

	2012		2011		Unrealized gains (losses)	
	Asset	Liability	Asset	Liability	2012	2011
Natural gas swap derivatives						
October 7, 2009 agreement	\$ -	\$ 1,441	\$ -	\$ 1,153	\$ (288)	\$ (427)
March 2, 2010 agreement	-	866	-	532	(334)	(352)
	<u>\$ -</u>	<u>\$ 2,307</u>	<u>\$ -</u>	<u>\$ 1,685</u>	<u>\$ (622)</u>	<u>\$ (779)</u>

11. Employee Future Benefits

The University is responsible for the administration of three pension plans.

The Pension Plan for the Academic and Administrative Employees of the University of Regina (Academic Plan) is a defined benefit (DB) best earning average pension plan, combined with a defined contribution (DC) component. The DB component was closed to new members effective January 1, 2000.

The University of Regina Supplementary Executive Retirement Plan (SERP) is a DB best earning average pension plan, combined with a DC component. The University's intention is to top up the pension allowed through the Pension Plan for the Academic and Administrative Employees. The University is responsible for making benefit payments under the terms of the SERP as they become due and is not required to fund the obligation in advance. Included in the accrued pension benefit liability below is a liability of \$461 (2011 - \$410) relating to the unfunded SERP. The University has set aside cash in the Restricted - Trust Fund equal to the actuary's calculation of the accrued benefit liability added with the DC liability. This cash is still available to the University's creditors, and therefore is not used to compute the accrued benefit liability.

The University of Regina Non-Academic Pension Plan (Non-Academic Plan) is a DB final average pension plan.

Actuarial valuations are completed at least every 3 years as prescribed by statute. The University funds the plans based on the amounts recommended by the actuary with minimum amounts specified in accordance with the plans and in the collective bargaining agreements. The assets including any potential surplus in the plan are for the benefit of the members and their beneficiaries. There is no provision that allows for the withdrawal of surplus by the University.

The cost of DB pensions is determined using the projected benefit method prorated on services, management's best estimates of expected long-term rate of return on plan assets, salary escalation, and inflation, along with a discount rate determined by reference to market interest rates on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments. This cost is expensed as the employees provide

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services. Past service costs arising from plan amendments and changes in assumptions are amortized on a straight-line basis over the estimated average remaining service lifetime of the employee group (Academic Plan – 7.6 years, Non-Academic Plan – 13.6 years). Experience gains and losses and gains or losses arising from plan curtailments and settlements are recognized in the year in which they occur. For purposes of calculating the expected return on plan assets, pension assets are valued at fair value extrapolated from December 31, 2011.

The University accounts for the cost of all employee future benefits, severance payouts, early retirement top-ups, dental premiums, disability insurance, and other compensated absences on an accrual basis computed using a market-related discount rate. The University accounts for retirement bonuses for members of the Administrative, Professional and Technical (APT) bargaining union, the Out-of-Scope employees, and the Academic staff members bargaining union on an accrual basis. The calculations for this Retiring Allowance Program allocate the transitional obligation over an estimated average remaining service lifetime (APT – 14.0 years, Out-of-Scope – 10.2 years, Academic Staff members – 10.7 years).

The cost of DC benefits is expensed as earned by employees.

The status of all Employee Future Benefits is as follows:

	2012		2011	
	Pension	Non-Pension	Pension	Non-Pension
Change in plan assets:				
Fair value of plan assets at beginning of year	\$ 256,277	\$ -	\$ 246,548	\$ -
Employer contributions	2,763	-	2,725	-
Employee contributions	2,768	-	2,725	-
Benefit payments	(13,352)	-	(14,773)	-
Expected return on plan assets	16,884	-	16,179	-
Experience (loss) gain	(13,753)	-	2,873	-
Fair value of plan assets at end of year	\$ 251,587	\$ -	\$ 256,277	\$ -
Change in benefit obligations:				
Benefit obligation at beginning of year	\$ (263,220)	\$ (13,194)	\$ (245,297)	\$ (11,409)
Current service cost	(6,012)	(1,102)	(5,090)	(1,106)
Employee contributions	(2,768)	-	(2,725)	-
Interest on benefit obligations	(14,291)	(689)	(13,910)	(656)
Past service improvement cost	-	-	-	-
Benefit payments	13,379	1,643	14,800	1,076
Experience (loss)	(46,626)	(1,120)	(10,997)	(1,099)
Benefit obligation at end of year	\$ (319,538)	\$ (14,462)	\$ (263,219)	\$ (13,194)

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	2012		2011	
	Pension	Non-Pension	Pension	Non-Pension
Funded status:				
Plan (net benefit obligation) net assets	\$ (67,951)	\$ (14,462)	\$ (6,942)	\$ (13,194)
Unamortized past service costs	358	5,378	2,877	5,964
Unamortized transitional obligation	-	370	-	450
Valuation Allowance	-	-	-	-
Accrued pension benefit asset (liability) recognized in Statement of Financial Position	\$ (67,593)	\$ (8,714)	\$ (4,065)	\$ (6,780)
Included in Accounts payable and other accrued liabilities	-	375	-	396
Long-term portion	\$ (67,593)	\$ (8,339)	\$ (4,065)	\$ (6,384)
Pension expense:				
Current service cost	\$ 6,012	\$ 1,102	\$ 5,090	\$ 1,106
Interest on benefit obligations	14,292	689	13,910	656
Expected return on plan assets	(16,884)	-	(16,179)	-
Amortization of past service costs	2,519	-	2,520	-
Amortization of transitional liability	-	80	-	80
Immediate recognition of remaining losses	60,379	1,120	8,124	1,099
Valuation Allowance	-	-	-	-
Amortization of plan improvements	-	586	-	586
Defined benefit pension expense recognized in Statement of Operations and Changes in Fund Balances	\$ 66,318	\$ -	\$ 13,465	\$ -
Defined contribution pension expense	\$ 4,241	\$ -	\$ 3,959	\$ -
Other non-pension employee future benefit expense	\$ -	\$ 3,577	\$ -	\$ 3,527

Assumptions as at April 30:	2012		2011	
	Pension	Non-Pension	Pension	Non-Pension
Discount rate	4.30% to 4.50%	4.20%	5.40% to 5.70%	5.30%
Expected long-term rate of return on plan assets	6.40% to 6.50%	-	6.50% to 6.75%	-
Inflation	2.50%	2.50%	2.50%	2.50%
Salary increase, Academic Plan and SERP	3.00%	-	3.00%	-
Salary increase (inflation and productivity) Non-Academic Plan	3.00%	-	3.00%	-

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Assumptions as at April 30:	2012		2011	
	Pension	Non-Pension	Pension	Non-Pension
Salary increase, Retiring Allowance Program APT Out-Of-Scope and Academic	-	0.50% 3.00% first 10 years grading down to 0.75% after 20 years	-	0.50% 3.00% first 10 years grading down to 0.75% after 20 years
Salary increase (seniority, merit and promotion) Non-Academic Plan	0.50%	-	0.50%	-
Expected disability rate increase	-	Nil	-	Nil

Allocation of Pension Plan Assets at Market Value

Asset category	2012	2011
Canadian equities	14%	18%
U.S. equities	14%	16%
Non-North American equities	11%	15%
Real Estate	7%	7%
Bonds	25%	31%
Mortgages	2%	2%
Short-term investments	3%	2%
U.S. Common Stock	7%	9%
Balanced Funds	17%	n/a
	100%	100%

12. Employee Benefits

	2012	2011
Pension Expense – Defined Benefit (Note 11)	\$ 66,318	\$ 13,465
Pension Expense – Defined Contribution (Note 11)	4,241	3,959
Non-Pension Employee Future Benefits (Note 11)	3,577	3,527
All other employee benefits	9,472	8,534
	<u>\$ 83,608</u>	<u>\$ 29,485</u>

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13. Internally Restricted Fund Balances

Funds involved and policy:	2012	2011
General – Vacation Pay and Pension Accrual: Pension Accrual can only be used to benefit pension plan members, vacation accrual can only be used as vacation	\$ (78,022)	\$ (12,223)
General – Ancillary: Ancillary operations must be self-funding. Positive fund balances are used by ancillaries while negative fund balances must be recovered by the Ancillaries.	(6,777)	(6,428)
General Fund total	\$ (84,799)	\$ (18,651)
Restricted – Capital: Invested in Capital Assets, net of related debt	\$ 149,108	\$ 150,905
Restricted – Research: Certain research is sponsored by various faculties and departments within the University.	4,876	4,387
Restricted – Trust: Amounts transferred from General – Ancillary Fund to be used for future parking facilities.	3,525	2,975
Restricted Fund total	\$ 157,509	\$ 158,267

14. Interfund Transfers

Each year, the University transfers amounts between its funds for various purposes. These include funding capital asset purchases, and reassigning fund balances to support certain activities.

	General		Restricted		Endowment	
	2012	2011	2012	2011	2012	2011
Asset purchases recorded in Restricted –						
Capital Asset Fund	\$ (2,565)	\$ (2,517)	\$ 2,565	\$ 2,517	\$ -	\$ -
Support for central computing assets	-	1,095	-	(1,095)	-	-
Support for capital projects	(2,751)	(1,524)	2,751	1,524	-	-
Project management fees	257	433	(257)	(433)	-	-
Support for Operating projects	433	671	(433)	(671)	-	-
Trust support for Engineering, Business						
Administration & other	72	52	(61)	(52)	(11)	-
Ancillary parking revenue to building trust	(450)	(450)	450	450	-	-
Building trust support for mortgage payments	-	351	-	(351)	-	-
Administrative support from research	4,096	4,072	(4,096)	(4,072)	-	-
Support for special projects	50	380	(50)	(380)	-	-
Support for Research	(1,659)	(1,295)	1,659	1,295	-	-
New Residence debt payments from						
Ancillary	(1,026)	(965)	1,026	965	-	-
Trust Funds transferred to Endowment	-	-	(812)	(927)	812	927
Interest on various fund balances	341	125	(341)	(125)	-	-

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	General		Restricted		Endowment	
	2012	2011	2012	2011	2012	2011
Other miscellaneous transfers	(497)	(375)	455	378	42	(3)
Special Project transfers to Endowment	-	(105)	-	-	-	105
Support for Graduate Scholarships	(194)	(130)	194	130	-	-
Support for Undergraduate Scholarships	(215)	-	215	-	-	-
Endowment Support for Engineering	-	-	1,317	-	(1,317)	-
	<u>\$ (4,108)</u>	<u>\$ (182)</u>	<u>\$ 4,582</u>	<u>\$ (847)</u>	<u>\$ (474)</u>	<u>\$ 1,029</u>

15. Budget Versus Actual for 2012

General – Operating Fund:

	Budget	Actual
Revenues	\$ 163,012	\$ 168,566
Expenses	(164,268)	(162,304)
Net expenses (revenues)	(1,256)	6,262
Interfund transfers	1,256	(6,210)
Net increase in fund balance for year	<u>\$ -</u>	<u>\$ 52</u>

The University's General – Operating Fund revenue budget of \$168,541 is net of internal operating recoveries of \$2,532, transfers of \$2,045, and transfer of space rental from Ancillaries of \$952 resulting in the disclosed revenue budget above of \$163,012.

The University's General – Operating Fund expense budget of \$168,541 is net of library acquisitions of \$3,052, internal operating recoveries of \$2,532, and increased by salaries of Canada Research Chairs of \$1,311 which are funded by interfund transfers from the research fund resulting in the disclosed expense budget above of \$164,268.

The interfund transfer budget of \$1,256 is comprised of transfers-in excluded from revenue budget and transfers-out excluded from expense budget as noted above.

General – Ancillary Fund:

	Budget	Actual
Revenues	\$ 15,831	\$ 15,232
Expenses	(11,763)	(12,368)
Net revenues	4,068	2,864
Interfund transfers	(4,626)	(3,213)
Net decrease in fund balance for year	<u>\$ (558)</u>	<u>\$ (349)</u>

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The Ancillary Fund revenue and expense budgets are net of internal sales of \$1,505. The Ancillary expense budget is also net of \$952 space rental charges treated as interfund transfers to General Operating and \$3,674 of interfund transfers to the Capital Asset Fund for the Residences.

General – Special Projects Fund:

	Budget	Actual
Revenues	\$ 4,500	\$ 3,395
Expenses	(4,500)	(5,028)
Net expenses	-	(1,633)
Interfund transfers	-	5,315
Net increase in fund balance for year	\$ -	\$ 3,682

Restricted – Capital Asset Fund:

	Budget	Actual
Revenues	\$ 310	\$ 5,763
Expenses	(12,370)	(22,651)
Net expenses	(12,060)	(16,888)
Interfund transfers	2,859	11,242
Net decrease in fund balance for year	\$ (9,201)	\$ (5,646)

Restricted – Research Fund:

	Budget	Actual
Revenues	\$ 21,000	\$ 22,937
Expenses	(19,689)	(13,618)
Net revenues	1,311	9,319
Interfund transfers	(1,311)	(6,626)
Net increase in fund balance for year	\$ -	\$ 2,693

Restricted – Trust Fund:

	Budget	Actual
Revenues	\$ 6,142	\$ 11,718
Expenses	(2,254)	(10,684)
Net revenues	3,888	1,034
Interfund transfers	-	(34)
Net increase in fund balance for year	\$ 3,888	\$ 1,000

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<u>Endowment Fund:</u>	<u>Budget</u>	<u>Actual</u>
Revenues	\$ 1,370	\$ 454
Expenses	-	-
Net revenues	1,370	454
Interfund transfers	-	(474)
Net decrease in fund balance for year	\$ 1,370	\$ (20)

Endowment Fund revenues are primarily dependent upon contributions, gifts, donations, bequests and investment returns.

16. Operating Leases

During the year, the University leased out one building, the Daycare Building. The following table discloses information about this property.

	<u>2012</u>	<u>2011</u>
Capital cost	\$ 577	\$ 577
Accumulated amortization	259	244
Amortization expense	15	14
Outstanding debt	145	191
Principal & interest paid (net)	54	54
Income from Operating Leases	54	54

During the year, the University also leased out 25,006 square feet of space and recorded \$645 in lease revenue from these leases (2011 – \$476).

17. Investments

	<u>2012</u>	<u>2011</u>
Long-Term Investments		
<i>Held-for-Trading:</i>		
PH&N Canadian Money Market Fund Series O	\$ 1,524	\$ 724
PH&N Canadian Equity Fund Series O	5,941	6,362
PH&N Overseas Equity Pension Trust Series O	4,770	2,525
PH&N U.S. Equity Fund Series O	-	2,633
PH&N Currency-Hedged Overseas Equity Fund Series O	-	2,515
PH&N Currency-Hedged U.S. Equity Series O	-	2,653
PH&N Enhanced Bond Fund	26,276	24,230
PH&N Enhanced Total Return Bond Fund	11,318	11,343
GMO Global Equity	8,901	8,401
GIC supporting FNUniv Indemnity Deposit	759	750

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	2012	2011
Wood Gundy	203	206
Mawer Canadian Equity Pooled Fund	5,761	5,813
Westpen Investments Ltd. Partnership	3,186	2,915
BlackRock CDN U.S. Equity Index Class A	4,721	-
	<u>\$ 73,360</u>	<u>\$ 71,070</u>

Designated as Held-for-Trading:

GPM Real Property (11) Limited Partnership units	\$ 2,292	\$ 1,959
	<u>\$ 2,292</u>	<u>\$ 1,959</u>
	<u>\$ 75,652</u>	<u>\$ 73,029</u>

Short-Term Investments

Held-for-Trading:

Legg-Mason Canadian Money Market Fund	\$ 13,377	\$ 1,700
UBS Money Market Fund	2,193	2,172
437,500 NetSecure Innovations Inc. Class "B" Shares	123	-
140,000 HTC Purenergy Inc. Class "B" shares	-	67
	<u>\$ 15,693</u>	<u>\$ 3,939</u>

18. Related Party Transactions

a) Government of Saskatchewan

The University receives a significant portion of its revenue from the Government of Saskatchewan and has a number of its Board of Governors members appointed by the Government of Saskatchewan. To the extent that the Government exercises significant influence over the operations of the University, all Saskatchewan Crown agencies, such as corporations, boards and commissions, are considered related parties to the University.

Included in Grants and contracts – Government of Saskatchewan are operating and other grants and contracts received or receivable from the Ministry of Advanced Education, Employment and Immigration (name changed to Ministry of Advanced Education on May 12, 2012) as follows (receivable - \$3,438 (2011 - \$7,616)):

	2012	2011
General – Operating:	\$ 100,467	\$ 90,013
General – Special Projects:	3	226
General Fund total	<u>\$ 100,470</u>	<u>\$ 90,239</u>

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	2012	2011
Restricted – Capital:	\$ 2,866	\$ 13,133
Restricted – Research:	511	875
Restricted Fund total	<u>\$ 3,377</u>	<u>\$ 14,008</u>

The University currently leases land to the Saskatchewan Opportunities Corporation (SOCO). The lease is for 99 years at one dollar per year, expiring on June 30, 2097. The land shall be used for and devoted to research and technology development activities. Regina Research Park is situated on this land.

The University also leases 112 acres of land, known as the Wascana East Lands, from the Saskatchewan Government. The lease is for 99 years at one dollar per year, expiring on July 31, 2104. The lease agreement indicates that it is the desire and intention of the parties to transfer this land to the University at some point during the lease term, at which point the lease will terminate. This transfer shall be in consideration for the University of Regina providing to the Government of Saskatchewan, through SOCO, the partially developed and serviced lands for the use and construction of the Regina Research Park.

The University also leases approximately 37,643 (2011 – 33,978) square feet of building space from SOCO for approximately \$611 (2011 - \$532) per year plus its share of occupancy costs.

Routine operating transactions with Government of Saskatchewan related parties are recorded at the standard or agreed rates charged by those organizations and are settled on normal trade terms. The larger of these payments are as follows:

	2012	2011
Saskatchewan Power Corporation	\$ 3,761	\$ 3,646
Saskatchewan Energy	91	101
Saskatchewan Telecommunications	578	577
University of Saskatchewan	307	753
Saskatchewan Workers Compensation	313	173
Saskatchewan Institute of Applied Science and Technology	143	49
Saskatchewan Opportunities Corporation/Innovation Place	995	661
Conexus Arts Centre	98	101
Saskatchewan Ministry of Finance	44	54
Saskatchewan Research Council	275	260

At year-end, the University had accounts payable to the above organizations totaling \$878 (2011 - \$386). The University had accounts receivable from the above organizations totaling \$274 (2011 - \$60).

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b) University of Regina Crown Foundation

The University is also related to the University of Regina Crown Foundation through representation on the Foundation's Board of Trustees. The Foundation is incorporated under *The Crown Foundation Act* pursuant to Order in Council 842/94 effective December 15, 1994. As an agent of the Crown in right of the province, donations to the Foundation qualify under the *Income Tax Act* for a tax credit in the case of individuals and for a deduction in the case of corporations.

The purpose of the Foundation is to receive gifts of real and personal property, including money, and to provide grants and transfers of real and personal property to the University for the purpose of supporting and promoting its education or research activities. It is currently not being used for this activity due to changes in income tax laws. As at the end of the year, the Foundation had no net assets.

c) Canadian Universities Reciprocal Insurance Exchange

The University of Regina 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 that are actuarially determined and are subject to further assessment in the event members' premiums and reserves are insufficient to cover losses and expenses. As of December 31, 2011, CURIE had an accumulated surplus of \$48,586 (2010 - \$43,288). The University's participation rate in CURIE is 1.458% (2010 - 1.445%). At year-end, the University had a surplus distribution receivable of \$67 (2010 - \$0).

d) MacKenzie Art Gallery Inc.

The Gallery is custodian of a collection of artwork that is the property of the University. The University provides funding to the Gallery, which can be reduced if the government grant to the University is reduced. The Gallery's Board contains two members appointed by the University. The University holds certain money in trust for the Gallery. Income earned on this money is, from time to time, paid to the Gallery to be used to purchase additional works of art to add to the Collection and for the cleaning and restoration of works comprised in the Collection. The University also provides other operating services to the Gallery such as audiovisual, printing, and payroll services. The Gallery reimburses the University for these services.

During the year, the University applied grant money of \$400 (2011 - \$419) against the Gallery's receivable and paid \$36 (2011 - \$39) to the Gallery. The Gallery paid the University \$1,090 (2011 - \$1,090) for services rendered.

At April 30, 2012 the University had an account receivable from the Gallery totaling \$202 (2011 - \$102).

Amounts payable to the Gallery were minimal at each year-end.

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The Gallery has given the University money to invest on its behalf. At year-end, the balance of this investment, including accumulated interest totals \$590 (2011 - \$575). This amount is not included in the University's financial statements. The University does not charge the Gallery for this service.

e) Wascana Centre Authority

On April 1, 1962, the Wascana Centre Authority (WCA) was constituted a body corporate under *The Wascana Centre Act*. The Government of Saskatchewan, the City of Regina and the University were named as participating parties. The University has appointed three members to the 11-member WCA Board, one of whom is the University President who is also a member of the University Board of Governors. The University has a statutory obligation to the Authority for the cost of landscape construction and landscape maintenance performed on University owned land. Following is information regarding payments made to the Authority as prescribed by the Act.

	2012	2011
Maintenance – Authority Land	\$ 213	\$ 252
Maintenance – University Land	558	432
Other miscellaneous payments	127	102
	<u>\$ 898</u>	<u>\$ 786</u>

The University received grants of \$252 (2011 - \$252) from the Ministry of Advanced Education, Employment and Immigration to help fund the above payments to the Wascana Centre Authority.

f) Federated Colleges

Three colleges located on the main campus – Campion College, Luther College and the First Nations University of Canada (FNUUniv) are federated with the University but are financially and administratively independent. Students interested in registering in a federated college must meet the general entrance requirements of the University of Regina. Courses offered by the University and the colleges are open to all students. The University's Board of Governors sets the tuition rates that must be paid by all students. Degrees are granted by the University when students have completed all requirements. The University has agreements with the three colleges that determine how student fees are shared.

The University also provides other operating services to the colleges such as telephone, audio visual, library book purchasing, printing, and payroll services. The colleges reimburse the University for these services. The University had the following receipts, receivables and payables:

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	Operating		Fee Share		Infrastructure		Loans	
	2012	2011	2012	2011	2012	2011	2012	2011
Receipts from:								
Campion College	\$ 672	\$ 666	\$ -	\$ -	\$ 582	\$ 616	\$ -	\$ -
Luther College	1,143	1,067	-	-	576	532	295	111
FNUniv	656	355	-	-	-	-	111	28
	<u>\$ 2,471</u>	<u>\$ 2,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,158</u>	<u>\$ 1,148</u>	<u>\$ 406</u>	<u>\$ 139</u>

	Operating		Fee Share		Infrastructure		Loans	
	2012	2011	2012	2011	2012	2011	2012	2011
Receivable from (payable to):								
Campion College	\$ 134	\$ 40	\$ 103	\$ 6	\$ -	\$ -	\$ -	\$ -
Luther College	157	110	63	7	-	-	258	351
FNUniv	56	8	10	233	-	-	-	292
	<u>\$ 347</u>	<u>\$ 158</u>	<u>\$ 176</u>	<u>\$ 246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 258</u>	<u>\$ 643</u>

The University holds a number of trust funds on behalf of FNUniv. The University also has other small agreements with the colleges. As a result of these, the University made payments to the colleges during the year as follows:

	2012	2011
Payments to Luther College	\$ 263	\$ 175
Payments to FNUniv	82	493
Payments to Campion College	2	1

FNUniv has given the University money to invest on its behalf. At year-end, the balance of this investment, including accumulated interest, totals \$1,328 (2011 - \$819). This amount is not included in the University's financial statements. The University does not charge FNUniv for this service.

During the prior year, the University acted as an agent between the Federal Ministry of Indian Affairs and Northern Development (IAND) and FNUniv with respect to the delivery of the Indian Studies Support Program (ISSP). Based on an agreement between the University, IAND and FNUniv, the University received \$0 (2011 - \$6,620) of funding from IAND and sent this money to MNP LLP (MNP). MNP was acting as the University's Agent by reviewing and paying FNUniv's bills related to the ISSP. Neither the funding received from IAND nor the payments to MNP are recorded in the University's financial statements.

g) Petroleum Technology Research Centre

The Petroleum Technology Research Centre (PTRC) is a federally incorporated not-for-profit petroleum research and development corporation. The PTRC is a collaborative initiative of

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The University of Regina, Saskatchewan Research Council (SRC), Natural Resources Canada (NRCan) and Saskatchewan Energy and Resources.

During the year, the University received \$3,010 (2011 - \$2,644) from the PTRC to repay salary and benefits of the PTRC director and to fund research projects. The University also employs professors who carry out PTRC related research. These professors will remain employees of the University of Regina. It is not possible to quantify the University's contribution to the PTRC in the research areas.

h) SpringBoard West Innovations Inc.

SpringBoard West Innovations Inc. (SBWI) is established under *The Non-Profit Corporations Act, 1995* of Saskatchewan to help innovators transform an idea into a commercial reality and to help organizations access important new innovations. Currently, SBWI is focusing on projects in the energy, environment, informatics, life and biomedical sciences sectors.

The University has significant influence over SBWI by virtue of having two directors on a board of six directors. Also, upon liquidation and dissolution, any remaining property of SBWI shall be distributed pro-rata between the University of Regina and the Province of Saskatchewan.

The University currently leases space from SBWI in the 2-Research Drive Building, as well as contracting with them for other services.

	2012	2011
Payments to SBWI during the year	\$ 320	\$ 350
Payable to SBWI at April 30	30	1

i) IPAC-CO2 Research Inc.

IPAC-CO2 Research Inc. (IPAC-CO2) is established as a corporation without share capital under Part II of the *Canada Corporations Act* to undertake research and development and commercial services in the area of carbon capture and storage risk assessment and all activities associated therewith. IPAC-CO2 will link organizations and experts into a worldwide network, committed to reducing the risk and reaching the potential of geological storage of carbon dioxide.

The University has significant influence over IPAC-CO2 by virtue of its ability to appoint three directors on a board of seven directors, and by virtue of being one of two voting members, the other being the Crown Investments Corporation of Saskatchewan (CIC). Also, upon liquidation, dissolution or the winding-up of IPAC-CO2, all its remaining assets after payment of its liabilities shall be distributed ratably between the University and CIC.

University of Regina

Notes to the Financial Statements

For the Year Ended April 30, 2012

(in thousands of dollars)

During the year, there were no transactions between the University and IPAC-CO2, and there are no balances receivable or payable at April 30, 2012. During fiscal 2011, as a result of transfer agreements between IPAC-CO2, Shell Canada Energy, CIC, Western Economic Diversification and the University, the University made a cash grant of \$676 and a grant of assets with an original cost of \$2,122 and a net book value of \$2,003 to IPAC, and received \$200 as recognition of the University's contribution to IPAC-CO2's formation.

j) FNUniv Financial Administration Inc.

On March 10, 2011, as a result of a May 1, 2010 Administrative Services Contract between First Nations University of Canada (FNUniv) and the University of Regina, the University incorporated a fully-owned, for-profit corporation under *The Business Corporations Act* called FNUniv Financial Administration Inc. (FFA). FFA has a March 31 year end. The University holds 10 Class A voting shares. The president of the University is the president and sole director of FFA. The purpose of FFA is to provide administrative services related to the administration and disbursement of FNUniv Funds.

The University will account for FFA using the equity method. As such, the University has an Investment in FFA of ten dollars.

At April 30, 2012, FFA had Cash of \$3,989 (2011 - \$920), Accounts Receivable of \$0 (2011 - \$400) from the Federal Ministry of Indian Affairs and Northern Development and \$6 (2011 - \$459) from the Saskatchewan Ministry of Advanced Education, Employment and Immigration, FNUniv Credit Card Receivable of \$18 (2011 - \$9), and Due to FNUniv of \$4,013 (2011 - \$1,788). As FFA has no revenues, expenses or net income, the value of the University's Investment in FFA remains at ten dollars.

During the year, the University flowed \$7,410 (2011 - \$583) of Indian Studies Support Program (ISSP) money received from the Federal Ministry of Indian Affairs and Northern Development through to FFA who then transferred it to our agent, MNP LLP (MNP). The University also received cash of \$0 (2011 - \$2,938) from FFA to recover funds paid on behalf of FFA while it was still in start-up phase. The University directed MNP to transfer \$0 (2011 - \$3,396) of FNUniv funds into FFA. FFA transferred \$475 (2011 - \$0) to the University to be invested on behalf of FNUniv scholarships. FFA also recorded \$6,459 (2011 - \$462) of cash collected at FNUniv. These amounts are not recorded in the University's financial statements.

Also as a result of the Administrative Services Contract, where FNUniv agreed to indemnify and save harmless the University and all University Parties and to provide the University with an indemnification in an amount and in form and content satisfactory to the University to secure payment of the indemnity, the University entered into an Indemnity Amount Agreement with FNUniv, effective April 1, 2011. Both parties agreed that the indemnification deposit shall be \$750, and shall be invested in an interest bearing savings

University of Regina

Notes to the Financial Statements

For the Year Ended April 30, 2012

(in thousands of dollars)

account maintained by the University. Interest earned on the investment shall form part of the indemnity amount, which has an April 30, 2012 balance of \$759.

k) University of Regina Board of Governors

During the year, the University paid honorariums and expenses of \$52 (2011 - \$59) on behalf of Board members.

During the year, the University paid \$515 (2011 - \$3,755) to vendors who are owned or partially owned by University Board members. These vendors provided services at normal market rates and are not otherwise related to the University. The Board members remained free from conflict as they did not participate in the University's decision to use those vendors. At April 30, 2012, the University had accounts payable of \$27 (2011 - \$1) to these vendors.

19. Capital Disclosures

The University receives its principal source of capital from provincial government grants, federal government grants, tuition and other fees, debt financing, research grants and contracts, residence rent and external donors. The University defines capital to be net assets.

The University's objective when managing capital is to maintain sufficient resources to allow it to satisfy its financial obligations, be those operating, capital asset additions, research and special project spending, or debt repayment, and to maintain a solid capital base from which scholarships and bursaries can be paid.

The University manages its operating capital through an operating budget which is approved by the Board of Governors. This budget is allocated to academic and support units on an annual basis to allow each area to meet its strategic priorities and those of the University. Each area must administer its budget responsibly and ensure there is accountability for the resources that are transferred to it. Budget overspending in one year becomes a first charge against a unit's budget for the following year to ensure the capital is recovered. Regular reporting to the Board on revenue projects also takes place.

Restricted and special purpose funds are monitored to ensure spending is in accordance with the various terms and not spent beyond the resources that have been provided. Individual funds are established and carefully monitored for proper spending. In the event of an over expenditure or ineligible expenditure, the responsible department funds the costs from other resources. In the case of the Restricted - Capital Asset Fund, with the approval of the Province of Saskatchewan, the University is permitted to enter into long-term debt agreements to assist with the financing of capital assets.

University of Regina

Notes to the Financial Statements

For the Year Ended April 30, 2012

(in thousands of dollars)

In order to maintain a solid capital base from which scholarships and bursaries can be paid, a Trust and Endowment Committee of the Board of Governors oversees the investment performance and the spending formula. The committee regularly reviews a Statement of Investment Policies and Goals, and recommends changes in investment policies and spending formula as they see fit.

20. Commitments

At April 30, 2012, the University has outstanding contractual commitments totaling \$1,274 (2011 - \$335) related to three (2011 – three) major projects. The original commitment from these contracts is \$6,586 (2011 - \$8,657). By April 30, 2012, the University had already spent \$5,312 (2011 - \$8,322) related to these contracts.

The University also had open purchase order commitments totaling \$3,474 (2011 - \$1,520).

21. Presentation

Certain numbers have been reclassified to conform to current year's presentation.

University of Regina Board of Governors

Susan Barber, Q.C.

Public Representative
(to December 21, 2011)

Brenda Barootes

Public Representative

Elaine Bourassa

Senate Representative

Mark Brigham

Faculty Representative

Lee Elliott, Vice Chair

Public Representative

Daniel Kwochka

Public Representative
(from December 21, 2011)

Patrick Maze

Senate Representative

Paul McLellan, Chair

Public Representative

Kent Peterson

President of the Students' Union

Stuart Pollon

Public Representative

William F. Ready, Q.C.

Chancellor

Vianne Timmons

President and Vice-Chancellor

University of Regina Executive

Vianne Timmons

President and Vice-Chancellor

Thomas Chase

Provost and Vice President (Academic)
(from July 1, 2011)

George Maslany

Acting Vice-President (Academic)
(to June 30, 2011)

Dave Button

Vice President (Administration)

Barbara Pollock

Vice President (External Relations)

Dennis Fitzpatrick

Vice President (Research)
(from July 1, 2011)

Rod Kelln

Acting Vice-President (Research)
(to June 30, 2011)

Annette Revet

University Secretary and Executive Director
(University Governance)

Contact Information

For more information on the University of Regina, visit www.uregina.ca.

For further information on the Annual Report contact:

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