Financial Statements of

UNIVERSITY OF WINDSOR RETIREMENT PLAN FOR FACULTY AND CERTAIN EMPLOYEES

Registration Number: 0366849
Year ended June 30, 2009

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AUDITORS' REPORT TO THE TRUSTEE

We have audited the statement of net assets available for benefits of the fund of the University of Windsor Retirement Plan for Faculty and Certain Employees as at June 30, 2009 and the statement of changes in net assets available for benefits for the year then ended. These financial statements have been prepared to comply with Section 76 of the Regulations to the Pension Benefits Act (Ontario). These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits as at June 30, 2009 and the changes in net assets available for benefits for the year then ended in accordance with the basis of accounting as disclosed in note 2 to the financial statements.

These financial statements, which have not been and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Trustee of the University of Windsor Retirement Plan and the Financial Services Commission of Ontario for complying with Section 76 of the Regulations to the Pension Benefits Act (Ontario). The financial statements are not intended to be and should not be used by anyone other than the specified users for any other purpose.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Windsor, Canada

October 9, 2009

UNIVERSITY OF WINDSOR
RETIREMENT PLAN FOR FACULTY AND CERTAIN EMPLOYEES

(Registration Number: 0366849)
Statement of Net Assets Available for Benefits

June 30, 2009, with comparative figures for 2008

	2009 $	2008 $
Assets		
Cash and short-term investments	2,253,445	4,903,099
Accrued interest and dividends	962,720	539,515
Accounts receivable	600,000	-
	3,816,165	5,442,614
Investments:		
Canadian bonds and debentures (Book value $116,977,218; 2008 - $127,324,750)	118,377,074	126,057,534
Canadian common and preferred shares (Book value $85,885,098; 2008 - $72,950,789)	83,312,039	90,739,948
Non-Canadian shares (Book value $88,398,344; 2008 - $91,013,513)	65,199,124	78,336,766
Total assets	270,704,402	300,576,862
Liabilities		
Accrued liabilities	193,307	248,324
Net assets available for benefits	270,511,095	300,328,538

See accompanying notes to financial statements.

On behalf of the Administrator:

__________________________ Administrator

__________________________ Administrator

UNIVERSITY OF WINDSOR
RETIREMENT PLAN FOR FACULTY AND CERTAIN EMPLOYEES

(Registration Number: 0366849)
Statement of Changes in Net Assets Available for Benefits

Year ended June 30, 2009, with comparative figures for 2008

	2009 $	2008 $
Increase in net assets:		
Investment income (note 6)	10,824,963	10,461,013
Net realized gain on sale of investments	–	13,800,946
Contributions:		
Employee	3,938,582	4,023,746
Employer:		
Current service	7,110,779	7,056,095
Past service and other	2,885,271	1,201,435
	9,996,050	8,257,530
	24,759,595	36,543,235
Decrease in net assets:		
Net realized loss on sale of investments	7,999,683	–
Benefit payments	15,329,040	15,845,333
Payments to individuals on cessation of employment:		
Transfers to other plans	2,016,527	4,284,092
Current period change in market values of investments	28,097,026	31,890,282
Administrative expenses (note 7)	1,134,762	1,218,969
	54,577,038	53,238,676
Decrease in net assets	(29,817,443)	(16,695,441)
Net assets available for benefits, beginning of year	300,328,538	317,023,979
Net assets available for benefits, end of year	270,511,095	300,328,538

See accompanying notes to financial statements.

1. DESCRIPTION OF PLAN

The following description of the University of Windsor – Retirement Plan for Faculty and Certain Employees (the "Plan") is a summary only. For more complete information, reference should be made to the Plan's text.

(a) General

The University of Windsor sponsors two pension plans, one for faculty and certain other employees and the second for other employees. The plan for faculty and certain other employees is a money purchase plan with a defined benefit minimum guarantee. The plan for other employees is a defined benefit plan.

The Pension Fund (the "Fund") holds the assets for both of the University's Pension Plans (the Faculty and Certain Employees Plan and the Employees' Retirement Plan). Although the Plans are distinct and separate, the assets are invested jointly under a Master Trust Agreement in order to maximize investment income while minimizing administrative costs and management fees.

(b) Funding policy

The Pension Benefits Act of Ontario requires that the University of Windsor, the Plan's sponsor, must fund the benefits determined under the Plan. The determinations of the value of these benefits are made on the basis of a triennial actuarial valuation.

(c) Income taxes

The Plan is a Registered Pension Trust as defined in the Income Tax Act and is not subject to income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the accounting requirements prescribed by the Financial Services Commission of Ontario for financial statements under Section 76 of the Regulations to the Pension Benefits Act (Ontario). The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because it excludes the actuarial liabilities of the plan. Consequently, these financial statements do not purport to show the adequacy of the plan's assets to meet its pension obligations.

(b) Investments

Investments are stated at fair value. In determining fair values, adjustments have not been made for transaction costs as they are not considered to be significant. The change in the difference between fair value and cost of investments at the beginning and end of each year is reflected in the statement of changes in net assets available for benefits as current period change in market value of investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Investments (continued)

Fair values of investments are determined as follows:

Bonds and equities are valued at year-end quoted market prices where available. Where quoted prices are not available, estimated fair values are determined using alternative sources in the industry.

Short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

Guaranteed investment certificates, term deposits maturing after a year and mortgages are valued at the present value of estimated future cash flows discounted at interest rates in effect on the last business day of the year for investments of a similar type, quality, and maturity.

Pooled fund investments are valued at the unit values supplied by the pooled fund administrator, which represent the Plan's proportionate share of underlying net assets at fair values, determined using closing market prices.

(c) Net realized gain (loss) on sale of investments

The net realized gain (loss) on sale of investments is the difference between proceeds received and the average cost of investments sold.

(d) Investment income

Investment income, which is recorded on the accrual basis, includes interest and dividend income.

Brokers' commissions and other transaction costs are recognized in the statement of changes in net assets available for benefits in the year incurred.

(e) Foreign currency

Transactions in foreign currencies are accounted for using the exchange rates in effect at the transaction date. At year end, investments in foreign currencies are accounted for at the rates of exchange in effect at year end and the resulting unrealized gains or losses are included in the current period change in market values of investments.

(f) Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of changes in net assets available for benefits during the year. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Future new accounting pronouncement

In January 2009, the Canadian Institute of Chartered Accountants' Emerging Issue Committee ("EIC") issued Abstract No. 173 ("EIC-173"), Credit and the Fair Value of Financial Assets and Liabilities, which requires entities to take both counterparty credit risk and their own credit risk into account when measuring the fair value of financial assets and liabilities, including derivatives. EIC-173 will be effective for annual periods beginning on or after January 1, 2009. The University is currently assessing the impact of this standard on the Plan.

3. IMPACT OF NEW ACCOUNTING STANDARDS

Effective January 1, 2008, the Plan adopted The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 1535, Capital Disclosures ("Section 1535"), Section 3862, Financial Instruments – Disclosures ("Section 3862"), and Section 3863, Financial Instruments - Presentation ("Section 3863").

Section 1535 establishes guidelines for the disclosure of both qualitative and quantitative information regarding an entity's capital and how it is managed. The standard requires enhanced disclosures with respect to the Plan's objective, policies and processes for managing its capital. As the Plan manages net assets rather than capital, the adoption of Section 1535 is applicable to the Plan's management of its net assets.

Section 3862 revises and enhances the disclosure requirements of Section 3861, Financial Instruments – Disclosure and Presentation. Section 3862 requires the Plan to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments for the Plan's financial position and performance, the nature and extent of risks arising from financial instruments to which the Plan is exposed during the year and at the statement of net assets available for benefits date, and how the Plan manages those risks. Section 3863 carries forward unchanged the presentation requirements of Section 3861.

The additional disclosures as a result of adopting these sections have been detailed in notes 8 and 9.

4. FUNDING POLICY

The University is required to provide funding, based on triennial valuations, necessary to ensure that benefits will be fully provided for at retirement. The University's funding policy is to make contributions from time to time using the level premium method as determined by the actuary.

The most recent actuarial valuation for funding purposes was prepared as at July 1, 2008 by William M. Mercer Limited. A copy of the valuation was filed with the Pension Commission as required by the Pension Benefits Act of Ontario.

5. STATUTORY DISCLOSURE

The following information is provided in respect of individual investments with a cost or fair value in excess of 1% of the cost or fair value of the Plan, as required by the Pension Benefits Act of Ontario.

(i) Canadian bonds and debentures:

Issuer	2009 Fair Value $	2009 Cost $	2008 Fair Value $	2008 Cost $
Ontario Province Bonds	10,031,814	10,207,876	3,918,488	3,881,423
Canada Housing Trust	16,682,483	16,304,231	13,737,346	13,663,418
Phillips Hager North Pool	22,942,065	22,766,766	22,210,182	22,972,561
McLean Budden Pool	-	-	41,775,930	42,967,174

(ii) Canadian Equity Pooled Plans:

Phillips Hager North Pool	2,425,882	3,460,816	3,363,664	3,141,724
McLean Budden Pool	26,720,712	28,968,989	32,460,283	26,170,660

(iii) Canadian Common and Preferred Shares:

Manulife Financial	2,828,816	3,128,775	-	-
Toronto Dominion	3,692,263	2,883,277	-	-

(iv) Foreign Equity Pooled Plans:

State Street U.S.	42,479,820	61,370,057	50,083,542	59,465,054
State Street EAFE	10,567,387	9,783,790	-	-
FGP International	12,151,917	17,244,497	14,144,859	16,836,448
New Star International	-	-	14,108,365	14,712,011

6. INVESTMENT INCOME

	2009 $	2008 $
Cash and short term investments	54,908	169,974
Canadian bonds and debentures, segregated	5,475,949	3,852,813
Canadian equities, segregated	1,511,984	1,261,991
Pooled funds, all asset classes	3,782,122	5,176,235
	10,824,963	10,461,013

7. ADMINISTRATIVE EXPENSES

	2009 $	2008 $
Investment management fees	576,559	709,537
Actuarial fees	314,551	284,390
Sponsor administrative fees	76,057	74,549
Trustee fees	82,736	74,999
Audit fees	6,915	5,070
Miscellaneous	77,944	70,424
	1,134,762	1,218,969

8. FINANCIAL INSTRUMENTS

(a) Fair values

The fair values of investments are as described in note 2. The fair values of other financial assets and liabilities, being cash, accrued interest and dividends, and accrued liabilities approximate the carrying values due to the short-term nature of these financial instruments.

(b) Associated risks

(i) Market price risk:

Market price risk is the risk that value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issue or all other factors affecting all instruments traded in the market. As all of the Plan's financial instruments are carried at fair value with fair value changes recognized in the statement of changes in net assets available for benefits, all changes in market conditions will directly affect the change in net assets available for benefits. Market price risk is managed by the Administrator through construction of a diversified portfolio of instruments traded on various markets and across various industries. In addition, market price risk may be hedged using derivative financial instruments such as futures contracts.

The Plan's investments in equities are also sensitive to market fluctuations. An immediate hypothetical decline of 10% in equity values will impact the Plan's equity investments by an approximate loss of $ 14,851,116.

8. FINANCIAL INSTRUMENTS (continued)

(ii) Foreign currency risk:

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Plan invests in financial instruments and enters into transactions denominated in U.S. dollars. Consequently, the Plan is exposed to risks that the exchange rate of the foreign currency may change in a manner that has an adverse affect on the value of the portion of the Plan's assets or liabilities denominated in currencies other than Canadian dollars. The Plan's overall currency positions and exposures are monitored on a regular basis by the Administrator. A negative 10% movement in Canadian dollars would impact Non-Canadian shares by an estimated loss of $ 7,244,300. Similarly, a positive 10% movement in Canadian dollars would impact Non-Canadian shares by an estimated gain of $ 5,927,200.

(iii) Liquidity risk:

Liquidity risk is the risk that the Plan will not be able to meet its obligations as they fall due. The Plan maintains an investment policy, as approved by the Administrator, which contains assets mix guidelines which help to ensure the Plan is able to liquidate investments to meet its pension benefit or other obligations.

(iv) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause another party to incur a financial loss. The University does not expect any counterparties to fail to meet their obligations given their high credit ratings. The University has established policies and minimum credit rating requirements for such investments.

The Plan's fixed income investments are in Canadian-issued instruments and are diversified among federal, provincial, corporate and other issuers. In order to minimize the exposure of risk, a comprehensive investment policy has been developed. There were no significant concentrations of credit risk in the portfolio in either 2009 or 2008. The maximum credit risk exposure as at June 30, 2009 is $ 118,377,074.

The breakdown of the total Canadian bonds and debentures by credit ratings as at June 30, 2009 is:

Credit Rating	**Fair Value $**
AAA	39,342,052
AA	28,323,377
A	47,003,114
BBB	3,708,531
	118,377,074

8. FINANCIAL INSTRUMENTS (continued)

(v) Interest rate risk:

The following tables summarize the fair values of investments by the earlier of contractual repricing or maturity dates, as well as average effective yields by class of investment.

Fair Value of Investments at June 30, 2009

	Within 1 Year $	1 to 5 Years $	5 to 10 Years $	Over 10 Years $	No Specific Maturity $	Total $	Average Effective Yield
Cash and short term investments	2,253,445	-	-	-	-	2,253,445	3.54%
Canadian bonds and debentures	602,323	22,007,516	11,935,783	60,889,385	22,942,067	118,377,074	4.43%
Canadian common & preferred shares	-	-	-	-	83,312,039	83,312,039	2.81%
Non-Canadian shares	-	-	-	-	65,199,124	65,199,124	3.18%
	2,855,768	22,007,516	11,935,783	60,889,385	171,453,230	269,141,682	

Fair Value of Investments at June 30, 2008

	Within 1 Year $	1 to 5 Years $	5 to 10 Years $	Over 10 Years $	No Specific Maturity $	Total $	Average Effective Yield
Cash and short term investments	4,903,099	-	-	-	-	4,903,099	3.97%
Canadian bonds and debentures	1,893,907	22,260,258	13,889,816	24,030,736	63,982,817	126,057,534	4.89%
Canadian common & preferred shares	-	-	-	-	90,739,948	90,739,948	2.29%
Non-Canadian shares	-	-	-	-	78,336,766	78,336,766	2.69%
	6,797,006	22,260,258	13,889,816	24,030,736	233,059,531	300,037,347	

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8. FINANCIAL INSTRUMENTS (continued)

(v) Interest rate risk (continued):

Interest rate risk is the risk that the market value of the Plan's investments will fluctuate due to the changes in the market interest rates. To properly manage the Plan's interest rate risk, appropriate guidelines on the weighting and duration for the bonds and other fixed income investments are set and monitored. The Plan's investments in fixed income are sensitive to interest rate movements. An immediate hypothetical 100 basis point or 1% increase in interest rates, with all other variables held constant, would impact Canadian bonds and debentures by an estimated loss of approximately $ 8,963,000.

9. CAPITAL RISK MANAGEMENT

The main objective of the Plan is to sustain a certain level of net assets in order to meet the pension obligations of the University, which are not presented or discussed in these specified-purpose financial statements. The Plan fulfills its primary objective by adhering to specific investment policies outlined in its Statement of Investment Policies and Procedures (the "SIPP"), which is reviewed annually by the University. The Plan manages net assets by engaging knowledgeable investment managers who are charged with the responsibility of investing existing funds and new funds (current year's employee and employer contributions) in accordance with the approved SIPP. Increase in net assets are a direct result of investment income generated by investments held by the Plan and contributions into the Plan by eligible employees and by the University. The main use of net assets is for benefits payments to eligible Plan members. Although there are no regulatory requirements relating to the level of net assets and/or funding to be maintained by the Plan, the Plan is required to file financial statements with Financial Services Commission of Ontario.