Financial Statements of

UNIVERSITY OF WINDSOR EMPLOYEES' RETIREMENT PLAN

Registration Number: 0310573
Year ended June 30, 2008

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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 Employees' Retirement Plan as at June 30, 2008 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, 2008 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

September 26, 2008

UNIVERSITY OF WINDSOR – EMPLOYEES' RETIREMENT PLAN

(Registration Number: 0310573)
Statement of Net Assets Available for Benefits

June 30, 2008, with comparative figures for 2007

	2008 $	2007 $
Assets		
Cash and short-term investments	2,141,048	1,961,259
Accrued interest and dividends	467,393	471,293
	2,608,441	2,432,552
Investments (note 4):		
Canadian bonds and debentures (Book value $55,599,197; 2007 - $54,606,718)	55,045,839	53,361,672
Canadian common and preferred shares (Book value $31,855,592; 2007 - $26,791,563)	39,623,626	40,206,080
Non-Canadian shares (Book value of $39,743,085; 2007 - $37,144,466)	34,207,499	40,437,771
Total assets	131,485,405	136,438,075
Liabilities		
Accrued liabilities	124,743	191,651
Net assets available for benefits	131,360,662	136,246,424

See accompanying notes to financial statements.

On behalf of the Administrator:

__________________________ Administrator

__________________________ Administrator

UNIVERSITY OF WINDSOR – EMPLOYEES' RETIREMENT PLAN

(Registration Number: 0310573)
Statement of Changes in Net Assets Available for Benefits

Year ended June 30, 2008, with comparative figures for 2007

	2008 $	2007 $
Increase in net assets:		
Investment income (note 5)	4,568,035	4,259,345
Net realized gain on sale of investments	6,026,493	5,353,566
Current period change in market values of investments	0	8,952,250
Contributions:		
Employee	2,073,012	1,926,119
Employer	2,071,808	1,919,897
	14,739,348	22,411,177
Decrease in net assets:		
Benefit payments	4,315,097	4,349,445
Payments to individuals on cessation of employment:		
Transfers to other plans	659,430	199,159
Current period change in market values of investments	13,925,604	0
Administrative expenses (note 6)	724,979	652,017
	19,625,110	5,200,621
Increase (decrease) in net assets	(4,885,762)	17,210,556
Net assets available for benefits, beginning of year	136,246,424	119,035,868
Net assets available for benefits, end of year	131,360,662	136,246,424

See accompanying notes to financial statements.

1. DESCRIPTION OF PLAN

The following description of the University of Windsor Employees' Retirement Plan (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 Retirement Plan for Faculty and Certain Employees 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 on sale of investments

The net realized gain 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.

(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) Changes in accounting policies:

Effective July 1, 2007, the Plan adopted EIC-168, Accounting by Pension Plans for Transaction Costs. This abstract requires the transaction costs, such as brokerage commissions incurred on the purchase or sale of securities, to be expensed rather than included in the fair value of investments on initial recognition or subsequent remeasurement. This is a change from prior periods where transaction costs on purchases were an addition to the average costs of the investments and transaction costs on sales were a reduction from the sale proceeds. For financial reporting purposes, on July 1, 2007, the Plan adopted the new accounting policy on a retrospective basis, without restatement of prior periods. There is no impact on the net assets available for benefits of the Plan as a result of this change in accounting policy. Although there is no effect on the total increase in net assets available for benefits, there is a change in the following components: net realized gain on sale of investments and current period change in market values of investments.

(h) Future changes in accounting policies:

(i) Capital disclosures:

In December 2006, the CICA issued a new handbook section 1535, *Capital Disclosures*, which requires an entity to disclose its objectives, policies and processes for managing capital. This new standard is effective for the Plan beginning July 1, 2008.

(ii) Financial instruments:

In December 2006, the CICA issued two new handbook sections: 3862, *Financial Instruments – Disclosures*, and 3863, *Financial Instruments – Presentation*. These new standards are effective for the Plan beginning July 1, 2008.

These sections replace CICA handbook section 3861, *Financial Instruments – Disclosures and Presentation*. These new sections enhance disclosure requirements on the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Management is currently reviewing the impact of these new standards on the presentation of the 2009 financial statements.

3. 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, 2007 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.

4. INVESTMENTS

(a) Individual assets in excess of one percent of cost or fair value

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	2008 Fair Value $	2008 Cost $	2007 Fair Value $	2007 Cost $
Government of Canada Bonds			3,716,841	3,746,603
Ontario Province Bonds	1,711,096	1,694,910	-	-
Canada Housing Trust	5,998,719	5,966,437	7,363,008	7,508,236
Phillips Hager North Pool	11,167,391	11,403,386	6,523,152	6,833,208
McLean Budden Pool	18,242,394	18,762,577	18,416,513	19,238,411

(ii) Canadian Equity Pooled Plans:

McLean Budden Pool	14,174,508	11,428,003	13,196,095	9,403,832

(iii) Foreign Equity Pooled Plans:

State Street U.S.	21,870,098	25,966,745	26,018,400	25,009,363
New Star International	6,160,733	6,424,329	7,013,562	5,759,372
FGP International	6,176,668	7,352,011	7,246,917	6,229,779

4. INVESTMENTS (continued)

(b) Contractual Repricing Date for Investments:

The following table summarizes fair values of investments at June 30, 2008 by the earlier of contractual repricing or maturity dates, as well as average effective yields by class of investment.

	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	2,141,048	-	-	-	-	2,141,048	3.97%
Canadian bonds and debentures	826,833	9,718,276	6,063,949	10,491,233	27,945,548	55,045,839	4.89%
Canadian common & preferred shares	-	-	-	-	39,623,626	39,623,626	2.29%
Non-Canadian shares	-	-	-	-	34,207,499	34,207,499	2.69%
	2,967,881	9,718,276	6,063,949	10,491,233	101,776,673	131,018,012	

5. INVESTMENT INCOME

	2008 $	2007 $
Cash and short term investments	74,223	94,948
Canadian bonds and debentures, segregated	1,682,417	1,277,668
Canadian equities, segregated	551,076	501,062
Pooled funds, all asset classes	2,260,319	2,385,667
	4,568,035	4,259,345

6. ADMINISTRATIVE EXPENSES

	2008 $	2007 $
Investment management fees	304,087	309,715
Actuarial fees	253,529	188,712
Sponsor administrative fees	60,995	60,865
Trustee fees	32,553	30,216
Audit fees	5,070	2,331
Miscellaneous	68,745	60,178
	724,979	652,017

7. 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.

(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.

(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.