

Financial Statements of

**WILFRID LAURIER
UNIVERSITY**

And Independent Auditors' Report thereon

Year ended April 30, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Wilfrid Laurier University

Opinion

We have audited the financial statements of Wilfrid Laurier University (the Entity), which comprise:

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

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at April 30, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Page 3

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

September 26, 2023

WILFRID LAURIER UNIVERSITY

Statement of Financial Position, continued
(In thousands of Canadian dollars)

April 30, 2023, with comparative information for 2022

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 7) | \$ 60,212 | \$ 53,681 |
| Accrued vacation pay | 7,157 | 7,386 |
| Deferred revenue | 43,336 | 43,610 |
| Current portion of banker's acceptance (note 9) | 3,381 | 3,284 |
| Current portion of obligation under capital leases (note 10) | 63 | 415 |
| | <u>114,149</u> | <u>108,376</u> |
| Long-term financial liabilities: | | |
| Debentures (note 8) | 110,385 | 110,281 |
| Banker's acceptance (note 9) | 90,982 | 94,363 |
| Obligation under capital leases (note 10) | - | 63 |
| | <u>201,367</u> | <u>204,707</u> |
| Other long-term liabilities: | | |
| Retirement incentive plan (note 11) | 2,337 | 1,155 |
| Pension plans (note 12) | 12,027 | 12,591 |
| Other post-employment benefits (note 13) | 87,966 | 79,990 |
| Deferred contributions - operations (note 15) | 56,626 | 58,345 |
| Deferred contributions - capital (note 16) | 201,155 | 202,416 |
| Forgivable loans (note 17) | 276 | 315 |
| | <u>360,387</u> | <u>354,812</u> |
| Total liabilities | 675,903 | 667,895 |
| Net assets: | | |
| Unrestricted | (98,464) | (86,675) |
| Internally restricted (note 18) | 91,043 | 62,317 |
| Invested in capital assets (note 19) | 200,314 | 200,272 |
| Endowments (notes 20 and 21) | 113,943 | 107,752 |
| | <u>306,836</u> | <u>283,666</u> |
| Commitments and contingencies (notes 22 and 23) | | |
| Total liabilities and net assets | \$ 982,739 | \$ 951,561 |

See accompanying notes to financial statements.

On behalf of the Board:



Director

Paul Elliott



Director

Doug Treleaven

WILFRID LAURIER UNIVERSITY

Statement of Operations

(In thousands of Canadian dollars)

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

| | 2023 | 2022 |
|--|----------------|----------------|
| Revenue: | | |
| Government grants | \$ 127,180 | \$ 125,363 |
| Student fees | 223,197 | 221,405 |
| Donations | 6,382 | 4,351 |
| Sales and service | 21,009 | 19,850 |
| Amortization of deferred contributions – capital (note 16) | 8,437 | 8,435 |
| Interest and investment income | 12,913 | 7,618 |
| Gain on sale of capital assets | 23,002 | – |
| Other revenues | 15,093 | 12,227 |
| | <u>437,213</u> | <u>399,249</u> |
| Expenses: | | |
| Salaries | 210,751 | 200,854 |
| Benefits | 27,354 | 26,419 |
| Employee future benefits (note 14) | 31,675 | 29,166 |
| Operating costs | 57,540 | 51,463 |
| Amortization of capital assets | 25,312 | 24,533 |
| Cost of goods sold | 7,042 | 7,495 |
| Taxes, utilities, and rent | 21,182 | 18,665 |
| Scholarships and bursaries | 30,968 | 32,237 |
| Interest | 9,196 | 9,296 |
| | <u>421,020</u> | <u>400,128</u> |
| Excess (deficiency) of revenue over expenses | \$ 16,193 | \$ (879) |

See accompanying notes to financial statements.

WILFRID LAURIER UNIVERSITY

Statements of Changes in Net Assets
(In thousands of Canadian dollars)

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

| April 30, 2023 | Unrestricted | Internally restricted | Invested in capital assets | Restricted for endowment | Total |
|--|--------------------|-----------------------|----------------------------|--------------------------|-------------------|
| Balance, beginning of year | \$ (86,675) | \$ 62,317 | \$ 200,272 | \$ 107,752 | \$ 283,666 |
| Excess (deficiency) of revenue over expenses | 10,066 | – | 6,127 | – | 16,193 |
| Internally imposed restrictions | (28,726) | 28,726 | – | – | – |
| Transfers (note 20) | – | – | – | (3,295) | (3,295) |
| Net endowment contributions and capitalized earnings (note 20) | – | – | – | 9,486 | 9,486 |
| Invested in capital assets | 6,085 | – | (6,085) | – | – |
| Employee future benefits (note 14) | 786 | – | – | – | 786 |
| Balance, end of year | \$ (98,464) | \$ 91,043 | \$ 200,314 | \$ 113,943 | \$ 306,836 |

| April 30, 2022 | Unrestricted | Internally restricted | Invested in capital assets | Restricted for endowment | Total |
|--|--------------------|-----------------------|----------------------------|--------------------------|-------------------|
| Balance, beginning of year | \$ (72,617) | \$ 53,363 | \$ 143,784 | \$ 105,664 | \$ 230,194 |
| Excess (deficiency) of revenue over expenses | 15,219 | – | (16,098) | – | (879) |
| Internally imposed restrictions | (8,954) | 8,954 | – | – | – |
| Milton land donation (note 5) | – | – | 59,772 | – | 59,772 |
| Transfers (note 20) | – | – | – | (3,256) | (3,256) |
| Net endowment contributions and capitalized earnings (note 20) | – | – | – | 5,344 | 5,344 |
| Invested in capital assets | (12,814) | – | 12,814 | – | – |
| Employee future benefits (note 14) | (7,509) | – | – | – | (7,509) |
| Balance, end of year | \$ (86,675) | \$ 62,317 | \$ 200,272 | \$ 107,752 | \$ 283,666 |

WILFRID LAURIER UNIVERSITY

Statement of Cash Flows
(In thousands of Canadian dollars)

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

| | 2023 | 2022 |
|--|-----------|-----------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Excess (deficiency) of revenue over expenses | \$ 16,193 | \$ (879) |
| Items not providing or using cash: | | |
| Amortization of deferred contributions – capital (note 16) | (8,437) | (8,435) |
| Amortization of capital assets | 25,312 | 24,533 |
| Employee future benefits expense | 31,675 | 29,166 |
| Non-cash interest expense | 104 | 97 |
| Gain on sale of capital assets | (23,002) | – |
| Unrealized loss (gain) on investments | (1,815) | 76 |
| Increase (decrease) in deferred contributions - operations | (1,719) | 2,144 |
| Net change in non-cash working capital | (3,000) | 8,073 |
| Contributions to employee future benefits | (22,294) | (22,765) |
| | 13,017 | 32,010 |
| Financing activities: | | |
| Decrease in banker's acceptances - net | (3,284) | (3,189) |
| Repayment of obligation under capital leases | (415) | (402) |
| | (3,699) | (3,591) |
| Investing activities: | | |
| Decrease in notes receivable | 789 | 704 |
| Purchase of capital assets | (27,924) | (16,604) |
| Proceeds on disposal of capital assets | 7,320 | – |
| Increase (decrease) in endowments, net | 53 | 2,412 |
| Purchase of investments | (1,695) | (63,910) |
| Proceeds on disposal of investments | 2,382 | 33,430 |
| Change in restricted cash | (84) | 50 |
| Deferred contributions - capital received (note 16) | 7,137 | 7,284 |
| | (12,022) | (36,634) |
| Increase (decrease) in cash | (2,704) | (8,215) |
| Cash, beginning of year | 79,493 | 87,708 |
| Cash, end of year | \$ 76,789 | \$ 79,493 |

See accompanying notes to financial statements.

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements
(In thousands of Canadian dollars)

Year ended April 30, 2023

Wilfrid Laurier University (the “University”) was established in November 1973 as a fully provincially assisted university when Waterloo Lutheran University became Wilfrid Laurier University after Bill 178 “an Act respecting Wilfrid Laurier University” was given Royal Assent.

These financial statements reflect the assets, liabilities, net assets, revenues, expenses, and other transactions related to the operation of the University. Accordingly, these financial statements include the academic, administrative, and other operating expenditures funded by fees, grants, and other general revenue, restricted purpose endowment funds and the ancillary operations such as residences, food services, bookstore, and parking. Wilfrid Laurier University is a registered charity and, as such, is exempt from paying income taxes.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with the Chartered Professional Accountants of Canada Handbook Part III - Canadian accounting standards for not-for-profit organizations. The significant policies are summarized below:

(a) Valuation of inventories:

Inventories are valued at the lower of cost and net realizable value with cost being determined substantially on a first-in, first-out basis.

(b) Capital assets:

Capital assets are stated at cost, less accumulated amortization.

The carrying amount of an item of capital assets is tested for recoverability whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

The capital assets, excluding land, are amortized on a straight-line basis in accordance with the following annual rates:

| Category | Amortization Rate |
|-----------------------------------|-------------------|
| Buildings and building components | 20 – 40 years |
| Furniture equipment | 3 – 10 years |
| Library books | 5 years |

(c) Valuation of stocks, bonds and pooled funds:

Investments in equity instruments that are quoted in an active market are recorded at fair value. All other equity instruments are recorded at cost less any reduction for impairment.

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements, continued
(In thousands of Canadian dollars)

Year ended April 30, 2023

1. Significant accounting policies (continued):

(d) Art collection:

The University maintains a collection of art work of cultural and historical significance. The collection is not capitalized but rather included in capital assets at nominal value on the statement of financial position. New acquisitions, substantially all received as gifts, are recorded as income and expense at their appraised value in the period received.

(e) Revenue recognition:

The University follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted donations are recorded as received. Contributions externally restricted for purposes other than endowment or the acquisition of capital assets are deferred and recognized as revenue in the year in which the related expenses are recognized.

Contributions restricted to the acquisition of capital assets having a limited life are initially recorded as deferred contributions - capital in the period in which they are received. They are recognized as revenue over the useful life of the related assets. Endowment contributions are recognized as direct increases in net assets in the period in which they are received.

Student fees are recognized as revenue when courses and seminars are held. Sales and services revenue is recognized at the point of sale or when the service has been provided.

(f) Pensions:

The University has a pension plan which is available to full and part time faculty and staff. The plan is a money purchase plan with a minimum guarantee supplement based on the member's best five years of earnings. The University has a supplementary pension plan which is available to select employees that meet certain conditions.

The University accrues its obligations under the defined benefit plans as the employees render the services necessary to earn the pension benefits. The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the funding valuation method. This cost reflects management's best estimates of the member's salary escalations, mortality of members, terminations, and the ages at which members will retire. The measurement date of the plan assets and accrued benefit obligation coincides with the University's fiscal year. The most recent actuarial valuation of the benefit plans for funding purposes was as of December 31, 2021 and the next required valuation will be as of December 31, 2024.

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements, continued
(In thousands of Canadian dollars)

Year ended April 30, 2023

1. Significant accounting policies (continued):

(f) Pensions (continued):

At year end, the University recognizes, on the statement of financial position, the defined benefit obligation net of the fair value of any plan assets. The current service cost and the finance cost for the year are recognized in income through the statement of operations. Remeasurement and other items are recognized as a direct increase (decrease) in net assets and are not reclassified to the statement of operations in subsequent periods.

Remeasurement and other items comprise the aggregate of the difference between the actual return on plan assets and the return calculated using the discount rate; the actuarial gains and losses; the effect of any valuation allowance in the case of a net defined benefit asset; the past service costs; and any gains and losses arising from settlements and curtailments.

On November 11, 2020, the Accounting Standards Board adopted changes to Accounting Standards for Not-for-Profit Organizations Section 3463 *Reporting Employee Future Benefits by Not-for-Profit Organizations*. Specifically, for defined benefit plans without a funding valuation requirement such as the supplementary pension plan, the defined benefit obligation for these plans must be measured using an accounting valuation. This change is effective May 1, 2022 and has been reflected in the opening balance adjustment for this plan as at May 1, 2022. Prior to this date the defined benefit obligation for this plan was measured using a funding valuation.

(g) Retirement incentive plans and post-employment benefits:

The University has a plan which provides dental and extended health care benefits for retirees. In addition, the University has a phased in retirement option plan which is available to faculty to provide the individuals with an incentive to retire.

The accrued benefit obligation and current service costs for these plans are recognized using the projected benefit method pro-rated on service, and income is charged with the cost of the benefits in the years in which the employees render the service which gives them the right to receive such benefits. Remeasurement and other items are recognized as a direct increase (decrease) in net assets and are not reclassified to the statement of operations in subsequent periods.

On November 11, 2020, the Accounting Standards Board adopted changes to Accounting Standards for Not-for-Profit Organizations Section 3463 *Reporting Employee Future Benefits by Not-for-Profit Organizations*. Specifically, for defined benefit plans without a funding valuation requirement such as the retirement incentive plan and post-employment benefit, the defined benefit obligation for these plans must be measured using an accounting valuation. This change is effective May 1, 2022 and has been reflected in the opening balance adjustment for these plans as at May 1, 2022. Prior to this date the defined benefit obligation for these plans was measured using a funding valuation.

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements, continued
(In thousands of Canadian dollars)

Year ended April 30, 2023

1. Significant accounting policies (continued):

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The University has elected to carry all bonds, debentures and pooled fund investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method (or effective interest rate method).

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If an indicator of impairment exists, the University determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the University expects to realize by exercising its right to any collateral.

If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(i) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, fair value of investments held in real estate and infrastructure funds, and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements, continued
(In thousands of Canadian dollars)

Year ended April 30, 2023

2. Accounts receivable:

| | 2023 | | 2022 | |
|--------------------------------------|------|---------|------|---------|
| Student receivables | \$ | 35,341 | \$ | 28,360 |
| Other receivables | | 32,211 | | 10,287 |
| | | 67,552 | | 38,647 |
| Less allowance for doubtful accounts | | (3,672) | | (4,514) |
| | \$ | 63,880 | \$ | 34,133 |

Other receivables include the proceeds from assets held for sale which were received on May 1, 2023.

3. Notes receivable:

| | 2023 | | 2022 | |
|--|------|---------|------|-------|
| Mortgage receivable: | | | | |
| 4.5% note, repayable by monthly payments of \$40 including principal and interest, due August 31, 2023 | \$ | 5,761 | \$ | 5,974 |
| Wilfrid Laurier University Students' Union: | | | | |
| 4.1% note, repayable by monthly payments of \$13 including principal and interest, due September 1, 2025 | | 844 | | 969 |
| Variable interest note, bearing interest at the rate earned by the University on its cash balances with minimum annual principal payments of \$150 | | 11 | | 462 |
| | | 6,616 | | 7,405 |
| Less current portion | | (5,901) | | (623) |
| | \$ | 715 | \$ | 6,782 |

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements, continued
(In thousands of Canadian dollars)

Year ended April 30, 2023

4. Investments:

Investments are made up of the following amounts:

| | 2023 | 2022 |
|----------------------------------|-------------------|-------------------|
| Short-term investments | | |
| Cash and money market | \$ 1,066 | \$ 739 |
| Guaranteed interest certificates | 30,000 | 30,000 |
| | <u>31,066</u> | <u>30,739</u> |
| Long-term investments | | |
| Common stock | 2,297 | 2,536 |
| Bonds | 118 | 123 |
| Canadian equity funds | 34,092 | 31,526 |
| Global equity funds | 44,663 | 39,565 |
| Fixed income funds | 48,581 | 49,750 |
| Mortgage funds | 25,315 | 27,093 |
| Infrastructure funds | 16,434 | 14,791 |
| Real estate funds | 12,926 | 12,103 |
| | <u>184,426</u> | <u>177,487</u> |
| Total investments | <u>\$ 215,492</u> | <u>\$ 208,226</u> |

Investments are allocated as follows:

| | 2023 | 2022 |
|-----------------------------------|-------------------|-------------------|
| Endowment investments | \$ 113,943 | \$ 107,752 |
| Sinking fund investments (note 8) | 28,047 | 24,454 |
| Other investments | 73,502 | 76,020 |
| | <u>\$ 215,492</u> | <u>\$ 208,226</u> |

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements, continued
(In thousands of Canadian dollars)

Year ended April 30, 2023

5. Capital assets:

| | Cost | Accumulated amortization | 2023 Net book value | 2022 Net book value |
|-------------------------------|---------------------|-----------------------------|---------------------------|---------------------------|
| Land and land improvements | \$ 178,086 | \$ – | \$ 178,086 | \$ 178,910 |
| Buildings | 585,942 | 209,392 | 376,550 | 391,273 |
| Furniture and equipment | 155,952 | 135,473 | 20,479 | 21,724 |
| Library books | 64,084 | 57,685 | 6,399 | 6,500 |
| Assets under capital lease | 2,266 | 1,176 | 1,090 | 1,373 |
| Construction in progress | 22,802 | – | 22,802 | 5,136 |
| | <u>\$ 1,009,132</u> | <u>\$ 403,726</u> | <u>\$ 605,406</u> | <u>\$ 604,916</u> |

As of December 8, 2022, the University has committed to a plan to sell three properties and is actively engaged in finalizing the sale. The properties have been measured at the carrying amount of \$1,150, are no longer amortized, and have been reclassified from capital assets to assets held for sale.

6. Restricted cash:

On April 30, 2023, the University held \$275 (2022 - \$191) of monies received from the Province of Ontario to be used in the construction of an athletic facility in Brantford.

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$3,489 (2022 - \$3,292), which includes amounts payable for HST and payroll related taxes.

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements, continued
(In thousands of Canadian dollars)

Year ended April 30, 2023

8. Debenture payable:

| | 2023 | 2022 |
|--|------------|------------|
| Debenture payable, bearing interest at 5.429% payable semi-annually, due February 1, 2045 (beginning 2005) | \$ 115,000 | \$ 115,000 |
| Less deferred charges | (4,615) | (4,719) |
| | \$ 110,385 | \$ 110,281 |

The approximate fair value of the debenture is \$111,000 (2022 - \$125,000).

The Board of Governors has approved that a sinking fund be established for the repayment of the \$115,000 at maturity and that the annual contribution be set at a minimum of \$1,000. Sinking fund investments held to discharge the debenture payable are \$28,047 (2022 - \$24,454) (note 4).

9. Banker's acceptance:

| | 2023 | 2022 |
|---|-----------|-----------|
| Banker's acceptance, bearing interest at 2.85%, repayable in blended payments of \$281, due November 28, 2032 | \$ 50,600 | \$ 52,503 |
| Bank loan, bearing interest at 3.02%, repayable in blended payments of \$227, due November 28, 2035 | 43,763 | 45,144 |
| Total | 94,363 | 97,647 |
| Less principal payable within one year | (3,381) | (3,284) |
| Long-term portion | \$ 90,982 | \$ 94,363 |

The banker's acceptances are issued under a long-term credit facility entered into by the University during fiscal 2014. The banker's acceptance is secured by a mortgage constituting a fixed charge on certain lands and buildings.

The University entered into interest rate swap contracts to manage the interest rate exposure associated with certain long-term debt obligations. The contracts have the effect of converting the floating rate of interest on these debt obligations to a fixed rate.

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements, continued
(In thousands of Canadian dollars)

Year ended April 30, 2023

9. Banker's acceptance (continued):

The notional amounts of the derivative financial instruments do not represent amounts exchanged between parties and are not a measure of the University's exposure resulting from the use of financial instrument contracts. The amounts exchanged are based on the applicable rates applied to the notional amounts.

The University is exposed to credit related losses in the event of non-performance by counterparties to these financial instruments, but it does not expect any counterparties to fail to meet their obligations. The University limits its derivative financial instruments' credit risk by only dealing with Canadian chartered banks that are rated AA or better.

The aggregate amount of principal payments in each of the next five years to meet retirement provisions is as follows:

| | | |
|------------|----|--------|
| 2023/24 | \$ | 3,381 |
| 2024/25 | | 3,481 |
| 2025/26 | | 3,584 |
| 2026/27 | | 3,690 |
| 2027/28 | | 3,800 |
| Thereafter | | 76,427 |
| | \$ | 94,363 |

10. Obligations under capital leases:

The University has financed certain equipment by entering into capital leasing arrangements. Capital lease repayments are due as follows:

| | 2023 | 2022 |
|---|------|--------|
| Year ending April 30: | | |
| 2023 | \$ – | \$ 427 |
| 2024 | 63 | 57 |
| 2025 | – | – |
| Total minimum lease payments | 63 | 484 |
| Less amount representing interest at 3.12% | – | (6) |
| Present value of net minimum capital lease payments | 63 | 478 |
| Current portion of obligations under capital leases | (63) | (415) |
| | \$ – | \$ 63 |

Interest of \$12 (2022 - \$24) relating to capital lease obligations has been included in interest expense. The total amount of equipment under capital lease is \$2,266 with accumulated amortization of \$1,176.

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements, continued
(In thousands of Canadian dollars)

Year ended April 30, 2023

11. Retirement incentive plan:

The University has a phased in retirement option (PIRO) plan which provides faculty with an incentive to retire. The figures stated here provide information for this plan.

| | 2023 | 2022 |
|---|-----------------|-----------------|
| Change in benefit obligation: | | |
| Benefit obligation, beginning of year | \$ 1,155 | \$ 1,490 |
| Remeasurement of liability | 107 | – |
| Current service costs | 27 | 24 |
| Interest costs | 54 | 77 |
| Benefits paid | (315) | (270) |
| Actuarial loss (gain) | 1,309 | (166) |
| Benefit obligation, end of year | \$ 2,337 | \$ 1,155 |
| Change in plan assets: | | |
| Employer contributions | \$ 315 | \$ 270 |
| Benefits paid | (315) | (270) |
| Plan assets, end of year | \$ – | \$ – |
| For determining benefit obligations as at April 30: | | |
| Discount rate | 4.40% | 5.90% |
| For determining benefit costs for the year ending April 30: | | |
| Discount rate | 4.40% | 5.90% |
| Components of benefit expense: | | |
| Current service costs | \$ 27 | \$ 24 |
| Interest costs | 54 | 77 |
| Benefit expense | \$ 81 | \$ 101 |

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements, continued
(In thousands of Canadian dollars)

Year ended April 30, 2023

12. Pension plans:

The University has several pension plans with the membership determined based on stipulated conditions. The figures stated here include the information from all plans.

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Change in benefit obligation: | | |
| Benefit obligation, beginning of year | \$ 852,457 | \$ 798,820 |
| Remeasurement of liability | 1,996 | – |
| Current service costs | 18,609 | 18,342 |
| Employee contributions | 17,255 | 16,383 |
| Interest costs | 50,100 | 47,225 |
| Benefits paid | (41,035) | (31,518) |
| Actuarial loss | 21,078 | 3,205 |
| Benefit obligation, end of year | \$ 920,460 | \$ 852,457 |
| Change in plan assets: | | |
| Plan assets, beginning of year | \$ 839,866 | \$ 795,785 |
| Employer contributions | 18,920 | 19,497 |
| Employee contributions | 17,255 | 16,383 |
| Return on plan assets: | | |
| Interest income | 45,715 | 43,652 |
| Actuarial gain (loss) | 27,711 | (3,933) |
| Benefits paid | (41,035) | (31,518) |
| Plan assets, end of year | \$ 908,432 | \$ 839,866 |
| Funded status: | | |
| Defined benefit liability | \$ 12,027 | \$ 12,591 |
| | 2023 | 2022 |
| For determining benefit obligations as at April 30: | | |
| Discount rate | 5.90% | 5.90% |
| Rate of compensation increase | 3.75-4.00% | 3.75 - 4.00% |
| For determining benefit costs for the year ending April 30: | | |
| Discount rate | 5.90% | 5.90% |
| Rate of compensation increase | 3.75-4.00% | 3.75 - 4.00% |
| Components of benefit expense: | | |
| Current service costs | \$ 18,609 | \$ 18,342 |
| Interest costs, net of interest income | 4,385 | 3,573 |
| Benefit expense | \$ 22,994 | \$ 21,915 |

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements, continued
(In thousands of Canadian dollars)

Year ended April 30, 2023

13. Other post-employment benefits:

The University has a plan which provides extended health and dental benefits to eligible retirees. The figures stated here include the information from the plan.

| | 2023 | 2022 |
|--|------------------|------------------|
| Change in benefit obligation: | | |
| Benefit obligation, beginning of year | \$ 79,990 | \$ 75,302 |
| Remeasurement of liability | 18,379 | – |
| Current service cost | 3,840 | 2,623 |
| Member contributions | 133 | – |
| Interest cost | 4,760 | 4,527 |
| Benefits paid | (3,192) | (2,999) |
| Actuarial (gain) loss | (15,944) | 537 |
| Benefit obligation, end of year | \$ 87,966 | \$ 79,990 |
| Change in plan assets: | | |
| Plan assets, beginning of year | \$ – | \$ – |
| Employer contributions | 3,059 | 2,999 |
| Member contributions | 133 | – |
| Benefits paid | (3,192) | (2,999) |
| Plan assets, end of year | \$ – | \$ – |

For measurement purposes, health care and dental trend rates follow the CIA McMaster Model with prescribed rates through 2040. For the year ended April 30, 2023, a 4.69% increase in the per capita cost of health care and a 5.14% annual increase in the cost of dental care was assumed.

| | 2023 | 2022 |
|---|-----------------|-----------------|
| For determining benefit obligations as at April 30: | | |
| Discount rate | 4.71% | 5.90% |
| For determining benefit costs for the year ending April 30: | | |
| Discount rate | 4.71% | 5.90% |
| Components of benefit expense: | | |
| Current service costs | \$ 3,840 | \$ 2,623 |
| Interest costs | 4,760 | 4,527 |
| Benefit expense | \$ 8,600 | \$ 7,150 |

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements, continued
(In thousands of Canadian dollars)

Year ended April 30, 2023

14. Employee future benefits:

| | 2023 | 2022 |
|---|------------------|------------------|
| Employee future benefits expense consists of the following: | | |
| Retirement incentive plans (note 11) | \$ 81 | \$ 101 |
| Pension plans (note 12) | 22,994 | 21,915 |
| Other post-employment benefits (note 13) | 8,600 | 7,150 |
| Total employee future benefits expense | \$ 31,675 | \$ 29,166 |

| | 2023 | 2022 |
|--|---------------|-------------------|
| Components of employee future benefits recorded as a direct increase (decrease) to net assets: | | |
| Remeasurement of liabilities: | | |
| Retirement incentive plans (note 11) | \$ (107) | \$ – |
| Pension benefit obligation (note 12) | (1,996) | – |
| Other post-employment benefits (note 13) | (18,379) | – |
| Actuarial gains (losses) | | |
| Retirement incentive plans (note 11) | (1,309) | 166 |
| Pension benefit obligation (note 12) | (21,078) | (3,205) |
| Pension plan assets (note 12) | 27,711 | (3,933) |
| Other post-employment benefits (note 13) | 15,944 | (537) |
| Total employee future benefits recorded as a direct decrease to net assets | \$ 786 | \$ (7,509) |

15. Deferred contributions - operations:

Deferred contributions, which are subject to externally imposed restrictions, consist of the following:

| | 2023 | 2022 |
|------------------------------|------------------|------------------|
| Research grants | \$ 21,229 | \$ 21,049 |
| Scholarships and bursaries | 11,312 | 11,251 |
| Unspent designated donations | 15,321 | 17,812 |
| Other amounts | 8,764 | 8,233 |
| Total | \$ 56,626 | \$ 58,345 |

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements, continued
(In thousands of Canadian dollars)

Year ended April 30, 2023

16. Deferred contributions - capital:

Deferred contributions - capital consist of the unamortized amount of donations and grants received for the purchase of capital assets. These amounts are recorded as income of the University over the same period as the amortization expense for the related capital asset is recorded. The change in the balance consists of the following:

| | 2023 | 2022 |
|--|------------|------------|
| Balance, beginning of year | \$ 202,416 | \$ 203,528 |
| Contributions received during the year | 7,137 | 7,284 |
| Loans forgiven during the year | 39 | 39 |
| Amortization for the year | (8,437) | (8,435) |
| Balance, end of year | \$ 201,155 | \$ 202,416 |

17. Forgivable loans:

| | 2023 | 2022 |
|---|--------|--------|
| Interest free loan, from the City of Brantford loan, non-interest bearing, forgivable over a period of 25 years beginning in 2009 | \$ 276 | \$ 315 |

The forgiveness of the principal is contingent on the University maintaining certain operations in Brantford over specified time periods.

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements, continued
(In thousands of Canadian dollars)

Year ended April 30, 2023

18. Internally restricted net assets:

| | 2023 | 2022 |
|---|------------------|------------------|
| Departmental operating budget carry-forwards | \$ 12,894 | \$ 14,096 |
| Operating fund general reserves | 2,279 | 2,327 |
| Operating fund specific projects | 6,718 | 7,508 |
| Ancillary operations | (161) | (6,076) |
| Capital infrastructure | 19,537 | – |
| Major repairs and maintenance | 4,865 | 9,098 |
| Equipment replacement and renewal fund | 3,024 | 3,031 |
| Research related | 6,346 | 5,299 |
| Sinking fund | 28,047 | 24,454 |
| Post-employment benefits, net of internal loans | 7,494 | 2,580 |
| | <u>\$ 91,043</u> | <u>\$ 62,317</u> |

19. Invested in capital assets:

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Capital assets-net book value (note 5) | \$ 606,556 | \$ 611,409 |
| Less: Amounts financed by long-term debt (notes 8 and 9) | (204,748) | (207,928) |
| Amounts finance by capital leases (note 10) | (63) | (478) |
| Deferred contributions - capital (note 16) | (201,155) | (202,416) |
| Forgivable loans (note 17) | (276) | (315) |
| | <u>\$ 200,314</u> | <u>\$ 200,272</u> |

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements, continued
(In thousands of Canadian dollars)

Year ended April 30, 2023

20. Endowments:

Endowments include restricted donations received by the University and funds restricted internally by the Board of Governors. The University endowment policy has the objective of protecting the value of the endowed principal by limiting spending of investment income earned on endowments and by crediting the capital account by an inflation adjustment factor where applicable.

The details of the endowments are as follows:

| April 30, 2023 | Externally restricted | Internally restricted | Total |
|--|--------------------------|--------------------------|------------|
| Beginning balance | \$ 101,649 | \$ 6,103 | \$ 107,752 |
| Donations | 686 | – | 686 |
| Investment income and gains, net of fees and expenses | 8,323 | 477 | 8,800 |
| Transfers to unrestricted net assets | (2,924) | (371) | (3,295) |
| | \$ 107,734 | \$ 6,209 | \$ 113,943 |

| April 30, 2022 | Externally restricted | Internally restricted | Total |
|--|--------------------------|--------------------------|------------|
| Beginning balance | \$ 99,623 | \$ 6,041 | \$ 105,664 |
| Donations | 552 | 1 | 553 |
| Investment income and gains, net of fees and expenses | 4,504 | 287 | 4,791 |
| Transfers to unrestricted net assets | (3,030) | (226) | (3,256) |
| | \$ 101,649 | \$ 6,103 | \$ 107,752 |

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements, continued
(In thousands of Canadian dollars)

Year ended April 30, 2023

21. Ontario Student Trust Fund:

Externally restricted endowments include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund and the Ontario Trust for Student Support programs. Under these programs, the government matched endowed donations made to the University.

Phase I - Ontario Student Opportunity Trust Fund (OSOTF):

Schedule of changes in expendable funds available for awards for the year ended April 30:

| | 2023 | | 2022 | |
|--|------|-------|------|-------|
| Expendable funds available for awards, beginning of year | \$ | 568 | \$ | 587 |
| Net transfer from endowment funds | | 278 | | 316 |
| Bursaries awarded | | (258) | | (335) |
| Expendable funds available for awards, end of year | \$ | 588 | \$ | 568 |
| Total Phase I - OSOTF, end of year | \$ | 7,536 | \$ | 7,554 |
| Number of bursaries awarded | | 230 | | 267 |

Schedule of changes in endowment fund balance for the year ended April 30:

| | 2023 | | 2022 | |
|--|----------|----------|----------|----------|
| | Market | Book | Market | Book |
| Endowment balance, beginning of year | \$ 7,950 | \$ 6,986 | \$ 7,892 | \$ 6,914 |
| Unrealized gain (loss) for the year | 412 | - | (14) | - |
| Investment income, net of investment related expenses | 240 | 240 | 388 | 388 |
| Net transfer from endowment funds | (278) | (278) | (316) | (316) |
| Endowment balance, end of year | \$ 8,324 | \$ 6,948 | \$ 7,950 | \$ 6,986 |

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements, continued
(In thousands of Canadian dollars)

Year ended April 30, 2023

21. Ontario Student Trust Fund (continued):

Phase II – Ontario Student Opportunity Trust Fund (OSOTF):

Schedule of changes in expendable funds available for awards for the year ended April 30:

| | 2023 | | 2022 | |
|--|------|-------|------|-------|
| Expendable funds available for awards, beginning of year | \$ | 124 | \$ | 147 |
| Net transfer from endowment funds | | 74 | | 72 |
| Bursaries awarded | | (68) | | (95) |
| Expendable funds available for awards, end of year | \$ | 130 | \$ | 124 |
| Total Phase II - OSOTF, end of year | \$ | 2,649 | \$ | 2,640 |
| Number of bursaries awarded | | 49 | | 63 |

Schedule of changes in endowment fund balance for the year ended April 30:

| | 2023 | | 2022 | |
|--|----------|----------|----------|----------|
| | Market | Book | Market | Book |
| Endowment balance, beginning of year | \$ 2,863 | \$ 2,516 | \$ 2,803 | \$ 2,456 |
| Unrealized gain (loss) for the year | 152 | – | – | – |
| Investment income, net of investment related expenses | 77 | 77 | 132 | 132 |
| Net transfer from endowment funds | (74) | (74) | (72) | (72) |
| Endowment balance, end of year | \$ 3,018 | \$ 2,519 | \$ 2,863 | \$ 2,516 |

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements, continued
(In thousands of Canadian dollars)

Year ended April 30, 2023

21. Ontario Student Trust Fund (continued):

Ontario Trust Fund Student Support (OTSS):

Schedule of changes in expendable funds available for awards for the year ended April 30:

| | 2023 | | 2022 | |
|--|------|--------|------|--------|
| Expendable funds available for awards, beginning of year | \$ | 1,123 | \$ | 1,340 |
| Net transfer from endowment funds | | 673 | | 769 |
| Bursaries awarded | | (618) | | (986) |
| Expendable funds available for awards, end of year | \$ | 1,178 | \$ | 1,123 |
| Total OTSS, end of year | \$ | 24,038 | \$ | 23,959 |
| Number of bursaries awarded | | 441 | | 657 |

Schedule of changes in endowment fund balance for the year ended April 30:

| | 2023 | | 2022 | |
|--|-----------|-----------|-----------|-----------|
| | Market | Book | Market | Book |
| Endowment balance, beginning of year | \$ 25,987 | \$ 22,836 | \$ 25,558 | \$ 22,390 |
| Unrealized gain (loss) for the year | 1,378 | – | (17) | – |
| Investment income, net of investment related expenses | 697 | 697 | 1,215 | 1,215 |
| Net transfer from endowment funds | (673) | (673) | (769) | (769) |
| Endowment balance, end of year | \$ 27,389 | \$ 22,860 | \$ 25,987 | \$ 22,836 |

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements, continued
(In thousands of Canadian dollars)

Year ended April 30, 2023

22. Commitments and guarantees:

- (a) Future minimum payments for the next five years under non-cancellable operating leases and other agreements at April 30, 2023 are payable as follows:

| | | |
|------------|----|--------|
| 2024 | \$ | 16,526 |
| 2025 | | 12,457 |
| 2026 | | 11,431 |
| 2027 | | 10,916 |
| 2028 | | 6,194 |
| Thereafter | | 2,997 |

- (b) The University has guaranteed debt for the Wilfrid Laurier University Students' Union in the amount of \$691 as at April 30, 2023 (2022 - \$862).
- (c) Costs to complete major capital projects in progress and commitments to purchase property as at April 30, 2023 are estimated to be \$11,934 (2022 - \$15,721).
- (d) WLU entered into a 20-year arrangement on April 28, 2023 to guarantee a minimum level of occupancy in a building that contains student residences as a term within a capital purchase and sale agreement. The maximum potential amount of future payments is \$48,709. The current carrying amount of the liability under the guarantee is \$0 as WLU expects to meet the minimum occupancy level.

23. Contingencies:

The University may currently be a defendant in legal and administrative proceedings. Claims against the University in such proceedings have not been reflected in these financial statements. It is the opinion of the administration that the resolution of any claims will not have a material effect on the financial position of the University.

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements, continued
(In thousands of Canadian dollars)

Year ended April 30, 2023

24. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that the University will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The University manages its liquidity risk by monitoring its operating requirements. The University prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The University is exposed to credit risk with respect to the accounts receivable. The University assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(c) Interest rate risk:

The University is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the long-term debt are included in notes 8 and 9.

(d) Market price risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. To manage this risk, the University has established a target mix by investment types designed to achieve optimal return with reasonable risk tolerances.

(e) 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 exchange rates. Some of the pooled funds are invested in financial instruments and entered into transactions denominated in various foreign currencies, other than the Canadian dollar. Consequently, the portfolio is exposed to risks that the exchange rate of the various currencies may change in a manner that has an adverse effect on the value of the portion of the investment portfolio denominated in currencies other than the Canadian dollar. The portfolio's overall currency positions and exposures are monitored by the University's Investment Managers.

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements, continued
(In thousands of Canadian dollars)

Year ended April 30, 2023

25. Capital management:

In managing capital, the University focuses on maintaining sufficient liquidity. The objective is to have sufficient liquid resources to continue operating even if adverse financial events were to occur and to provide it with the flexibility to take advantage of opportunities that will advance its mission. The need for sufficient liquidity is considered in the preparation of its annual operating, ancillary and capital budgets. The University maintains a line of credit of \$50 million which is available, if needed. The line of credit was not used in 2023. The interest rate on the line of credit, when drawn, is the Bank's Prime lending rate from time to time minus 0.75% (the prime rate at April 30, 2023 was 6.70%). Amounts are due on demand. In addition, the University can, subject to the approval of the Board of Governors, issue unsecured debentures or long-term debt to assist in the financing of capital projects.

26. Related party transactions:

During the year, fees for regulated services were incurred with entities with which certain members of the Board of Governors are related. These transactions are considered to be in the normal course of business. Amounts paid to these entities during the year were \$860 (2022 - \$813).

During the year, donations of \$492 (2022 - \$175) were received from certain members of the Board of Governors.

27. Comparative information:

The comparative financial information has been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year deficiency of revenue over expenses.