

Financial Statements of

**WILFRID LAURIER
UNIVERSITY**

Year ended April 30, 2017



KPMG LLP
115 King Street South
2nd Floor
Waterloo ON N2J 5A3
Canada
Tel 519-747-8800
Fax 519-747-8830

INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Wilfrid Laurier University

We have audited the accompanying financial statements of Wilfrid Laurier University, which comprise the statement of financial position as at April 30, 2017 and the statements of operations, changes in net assets and cash flows for the year then ended, and notes comprising 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 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.

Auditors' Responsibility

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 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 our 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, we consider 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.



Page 2

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Wilfrid Laurier University as at as at April 30, 2017 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that tapers at both ends.

Chartered Professional Accountants, Licensed Public Accountants

September 15, 2017

Waterloo, Canada

WILFRID LAURIER UNIVERSITY

Statement of Financial Position
(In thousands of Canadian dollars)

April 30, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash and short-term deposits	\$ 122,128	\$ 170,263
Accounts receivable (note 2)	28,218	18,297
Short-term investments (note 4)	30,711	3,718
Inventories	3,900	4,060
Prepaid expenses and deposits	5,988	5,028
Current portion of notes receivable (note 3)	417	406
	<u>191,362</u>	<u>201,772</u>
Notes receivable less current portion (note 3)	9,478	9,945
Capital assets (note 5)	510,590	491,497
Long-term investments (note 4)	122,285	97,849
Restricted cash (note 6)	5,496	6,786
Total assets	\$ 839,211	\$ 807,849

WILFRID LAURIER UNIVERSITY


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

April 30, 2017, with comparative information for 2016


	2017	2016
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 64,469	\$ 56,053
Accrued vacation pay	4,540	4,321
Deferred revenue	34,441	33,438
Current portion of banker's acceptance (note 9)	2,838	2,756
Current portion of mortgage payable (note 10)	55	106
	<u>106,343</u>	<u>96,674</u>
Long-term financial liabilities:		
Debentures (note 8)	109,842	109,768
Banker's acceptance (note 9)	109,865	112,703
Mortgages payable (note 10)	-	55
	<u>219,707</u>	<u>222,526</u>
Other long-term liabilities:		
Retirement incentive plans (note 11)	1,525	1,877
Pension plans (note 12)	35,942	64,130
Other post-employment benefits (note 13)	69,650	65,942
Deferred contributions - operations (note 15)	48,450	48,463
Deferred contributions - capital (note 16)	200,005	194,208
Forgivable loans (note 17)	510	882
	<u>356,082</u>	<u>375,502</u>
Total liabilities	682,132	694,702
Net assets:		
Unrestricted	(121,266)	(135,384)
Internally restricted (note 18)	72,744	50,033
Invested in capital assets (note 19)	117,222	115,319
Endowments (notes 20 and 21)	88,379	83,179
	<u>157,079</u>	<u>113,147</u>
Commitments and contingencies (notes 22 and 23)		
Total liabilities and net assets	\$ 839,211	\$ 807,849

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

WILFRID LAURIER UNIVERSITY

Statement of Operations
(In thousands of Canadian dollars)

Year ended April 30, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Government grants	\$ 122,601	\$ 117,152
Student fees	182,383	169,511
Donations	7,109	2,929
Sales and service	25,014	24,318
Amortization of deferred contributions - capital	6,567	5,401
Investment returns	8,260	4,283
Gain on sale of capital assets	2,775	1,520
Other revenues	10,987	9,952
	<u>365,696</u>	<u>335,066</u>
Expenses:		
Salaries	170,709	161,620
Benefits	22,891	19,645
Employee future benefits (note 14)	30,308	29,418
Operating costs	50,926	45,321
Amortization of capital assets	17,955	15,381
Cost of goods sold	11,449	10,327
Taxes, utilities, and rent	18,540	17,921
Scholarships and bursaries	23,959	23,700
Interest	9,679	9,767
	<u>356,416</u>	<u>333,100</u>
Excess of revenue over expenses	<u>\$ 9,280</u>	<u>\$ 1,966</u>

See accompanying notes to financial statements.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2017, with comparative information for 2016

April 30, 2017	Unrestricted	Internally restricted	Invested in capital assets	Restricted for endowment	Total
Balance, beginning of year	\$ (135,384)	\$ 50,033	\$ 115,319	\$ 83,179	\$ 113,147
Excess (deficiency) of revenue over expenses	17,893	-	(8,613)	-	9,280
Internally imposed restrictions	(22,711)	22,711	-	-	-
Net endowment contributions and capitalized earnings (losses)	-	-	-	5,200	5,200
Invested in capital assets	(10,516)	-	10,516	-	-
Employee future benefits (note 14)	29,452	-	-	-	29,452
Balance, end of year	\$ (121,266)	\$ 72,744	\$ 117,222	\$ 88,379	\$ 157,079

April 30, 2016	Unrestricted	Internally restricted	Invested in capital assets	Restricted for endowment	Total
Balance, beginning of year	\$ (128,801)	\$ 49,768	\$ 123,652	\$ 83,989	\$ 128,608
Excess (deficiency) of revenue over expenses	10,426	-	(8,460)	-	1,966
Internally imposed restrictions	(265)	265	-	-	-
Net endowment contributions and capitalized earnings (losses)	-	-	-	(810)	(810)
Invested in capital assets	(127)	-	127	-	-
Employee future benefits (note 14)	(16,617)	-	-	-	(16,617)
Balance, end of year	\$ (135,384)	\$ 50,033	\$ 115,319	\$ 83,179	\$ 113,147

WILFRID LAURIER UNIVERSITY

Statement of Cash Flows
(In thousands of Canadian dollars)

Year ended April 30, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 9,280	\$ 1,966
Items not providing or using cash:		
Amortization of deferred contributions – capital (note 15)	(6,567)	(5,401)
Amortization of capital assets	17,955	15,381
Employee future benefits expense	30,308	29,418
Non cash interest expense	74	70
Gain on sale of capital assets	(2,775)	(1,520)
Deferred gain on sale of capital assets	-	(6,485)
Amortization of deferred gain on sale of capital assets	3,711	-
Increase (decrease) in deferred contributions - operations	(949)	21,201
Net change in non-cash working capital	(1,083)	11,020
Contributions to employee future benefits	(25,688)	(24,483)
	24,266	41,167
Financing activities:		
Decrease in mortgages - net	(106)	(100)
Decrease in banker's acceptances - net	(2,756)	(2,677)
	(2,862)	(2,777)
Investing activities:		
Decrease (increase) in notes receivable	456	(6,811)
Purchase of capital assets	(37,048)	(39,254)
Proceeds on sale of capital assets	-	10,661
Increase (decrease) in endowments	5,200	(810)
Increase (decrease) in investments	(51,429)	2,595
Decrease in restricted cash	1,290	30,911
Deferred contributions - capital received (note 15)	11,992	38,288
	(69,539)	35,580
Increase (decrease) in cash	(48,135)	73,970
Cash, beginning of year	170,263	96,293
Cash, end of year	\$ 122,128	\$ 170,263

See accompanying notes to financial statements.

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements
(In thousands of Canadian dollars)

Year ended April 30, 2017

Wilfrid Laurier 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	2 1/2 - 10%
Furniture equipment	10 - 33 1/3%
Library books	20%

The interest costs of debt attributable to the construction of major new facilities are capitalized during the construction period.

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

All stocks, bonds and pooled funds are recorded at fair value.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2017

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 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, 2014 and the next required valuation will be as of December 31, 2017.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2017

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.

(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 special voluntary exit plan which is available to staff and faculty and 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.

(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).

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2017

1. Significant accounting policies (continued):

(h) Financial instruments (continued):

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, and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

2. Accounts receivable:

	2017		2016	
Student receivables	\$	13,971	\$	10,952
Other receivables		16,253		8,148
		30,224		19,100
Less allowance for doubtful accounts		(2,006)		(803)
	\$	28,218	\$	18,297

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2017

3. Notes receivable:

	2017	2016
Wilfrid Laurier University Students' Union:		
4.1% note, repayable by monthly payments of \$13 including principal and interest, due September 1, 2020	\$ 1,507	\$ 1,600
Variable interest note, bearing interest at the rate earned by the University on its cash balances with minimum annual principal payments of \$150	1,482	1,681
Mortgage receivable:		
4.5% note, repayable by monthly payments of \$40 including principal and interest, due October 14, 2018	6,906	7,070
	9,895	10,351
Less current portion	(417)	(406)
	\$ 9,478	\$ 9,945

4. Investments:

Investments are made up of the following amounts:

	2017	2016
Short-term investments		
Cash and money market	\$ 711	\$ 3,718
Guaranteed interest certificates	30,000	-
	30,711	3,718
Long-term investments		
Common stock	1,894	867
Bonds	141	136
Canadian equity funds	9,651	4,207
Global equity funds	21,389	14,685
Fixed income funds	50,908	39,395
Hedge funds	-	5,081
Balanced funds	38,302	33,478
	122,285	97,849
Total investments	\$ 152,996	\$ 101,567

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2017

4. Investments (continued):

Investments are allocated as follows:

	2017		2016	
Endowment investments	\$	88,379	\$	83,179
Sinking fund investments		13,384		8,617
Other investments		51,233		9,771
	\$	152,996	\$	101,567

5. Capital assets:

	Cost		Amortization value		2017 Net book value		2016 Net book value	
Land and land improvements	\$	114,990	\$	-	\$	114,990	\$	112,876
Buildings		472,273		132,091		340,182		258,743
Furniture and equipment		115,683		90,810		24,873		22,254
Library books		48,815		42,124		6,691		6,424
Construction in progress		23,854		-		23,854		91,200
	\$	775,615	\$	265,025	\$	510,590	\$	491,497

There was no interest capitalized during the year (2016 - \$nil).

The banker's acceptance is secured by a mortgage constituting a fixed charge on certain lands and buildings purchased during the 2012 fiscal year.

6. Restricted cash:

On April 30, 2017, the University held \$5,496 (2016 - \$6,786) 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 \$1,272 (2016 - \$750), 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, 2017

8. Debenture payable:

	2017	2016
Debenture payable, bearing interest at 5.429% payable semi-annually, due February 1, 2045	\$ 115,000	\$ 115,000
Less deferred charges	(5,158)	(5,232)
	\$ 109,842	\$ 109,768

The approximate fair market value of the debenture is \$138,000 (2016 - \$142,000).

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 \$13,384 (2016 - \$8,617).

9. Banker's acceptance:

	2017	2016
Banker's acceptance, bearing interest at 2.85%, repayable in blended payments of \$281, due November 28, 2032	\$ 61,247	\$ 62,851
Bank loan, bearing interest at 3.02%, repayable in blended payments of \$227, due November 28, 2035	51,456	52,608
Total	112,703	115,459
Less principal payable within one year	(2,838)	(2,756)
Long-term portion	\$ 109,865	\$ 112,703

The banker's acceptances are issued under a long-term credit facility entered into by the University during fiscal 2014.

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, 2017

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:

2018	\$	2,838
2019		2,922
2020		3,009
2021		3,098
2022		3,189
Thereafter		97,647

10. Mortgages payable:

	Rate	Due date	2017	2016
Residence, Leupold Residence, Dining Hall	5.38%	July 1, 2017	\$ 55	\$ 161
Less principal payable within one year			(55)	(106)
			\$ -	\$ 55

The approximate fair market value of the mortgages is \$55 (2016 - \$162). The aggregate amount of principal payments to meet retirement provisions is \$55 during fiscal 2018.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2017

11. Retirement incentive plans:

The University has two plans, the special voluntary exit plan (SVEP) and the phased in retirement option (PIRO) which provide eligible staff and faculty with an incentive to retire. During the prior year, the SVEP was completed with no obligation or assets remaining. The figures stated here provide information for these plans.

	2017	2016
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 1,877	\$ 1,436
Current service costs	76	99
Interest costs	97	64
Benefits paid	(580)	(817)
Actuarial loss	55	1,095
Benefit obligation, end of year	\$ 1,525	\$ 1,877
Change in plan assets:		
Employer contributions	\$ 580	\$ 817
Benefits paid	(580)	(817)
Plan assets, end of year	\$ -	\$ -
For determining benefit obligations as at April 30:		
Discount rate	5.75%	5.75%
For determining benefit costs for the year ending April 30:		
Discount rate	5.75%	5.75%
Components of benefit expense:		
Current service costs	\$ 76	\$ 99
Interest costs	97	64
Benefit expense	\$ 173	\$ 163

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2017

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.

	2017	2016
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 551,863	\$ 523,118
Current service costs	17,061	16,433
Employee contributions	13,606	13,606
Interest costs	32,915	30,959
Benefits paid	(20,205)	(29,465)
Actuarial (gain) loss	12,112	(2,788)
Benefit obligation, end of year	\$ 607,352	\$ 551,863
Change in plan assets:		
Plan assets, beginning of year	\$ 487,733	\$ 479,378
Employer contributions	23,036	21,909
Employee contributions	13,606	13,606
Return on plan assets:		
Interest income	26,358	25,385
Actuarial gain (loss)	40,882	(23,080)
Benefits paid	(20,205)	(29,465)
Plan assets, end of year	\$ 571,410	\$ 487,733
Funded status:		
Defined benefit liability	\$ 35,942	\$ 64,130
For determining benefit obligations as at April 30:		
Discount rate	5.75%	5.75%
Rate of compensation increase	3.75% - 4.25%	4.00% - 4.50%
For determining benefit costs for the year ending April 30:		
Discount rate	5.75%	5.75%
Rate of compensation increase	3.75% - 4.25%	4.00% - 4.50%

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2017

12. Pension plans (continued):

	2017	2016
Components of benefit expense:		
Current service costs	\$ 17,061	\$ 16,433
Interest costs, net of interest income	6,557	5,574
Benefit expense	\$ 23,618	\$ 22,007

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 all plans.

	2017	2016
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 65,942	\$ 65,222
Current service cost	2,627	3,354
Interest cost	3,890	3,892
Benefits paid	(2,072)	(1,756)
Actuarial gain	(737)	(4,770)
Benefit obligation, end of year	\$ 69,650	\$ 65,942
Change in plan assets:		
Plan assets, beginning of year	\$ -	\$ -
Employer contributions	2,072	1,756
Benefits paid	(2,072)	(1,756)
Plan assets, end of year	\$ -	\$ -

For measurement purposes, a 7.2% increase in the per capita cost of health care costs are assumed for 2017, with the rate of the annual increase decreasing by 0.2% per annum until the annual rate of increase reaches an ultimate rate of 5% in 2027. In addition, a 4% annual increase in the cost of dental care was assumed.

	2017	2016
For determining benefit obligations as at April 30:		
Discount rate	5.75%	5.75%
For determining benefit costs for the year ending April 30:		
Discount rate	5.75%	5.75%

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2017

13. Other post-employment benefits (continued):

	2017	2016
Components of benefit expense:		
Current service costs	\$ 2,627	\$ 3,354
Interest costs	3,890	3,892
Benefit expense	\$ 6,517	\$ 7,246

14. Employee future benefits:

	2017	2016
Employee future benefits expense consists of the following:		
Retirement incentive plans (note 11)	\$ 173	\$ 163
Pension plans (note 12)	23,618	22,007
Other post-employment benefits (note 13)	6,517	7,246
Total employee future benefits expense	\$ 30,308	\$ 29,418
Components of employee future benefits recorded as a direct increase (decrease) to net assets:		
Actuarial loss - retirement incentive plans (note 11)	\$ (55)	\$ (1,095)
Actuarial gain (loss) - pension benefit obligation (note 12)	(12,112)	2,788
Actuarial gain (loss) - pension plan assets (note 12)	40,882	(23,080)
Actuarial gain - other post-employment benefits (note 13)	737	4,770
Total employee future benefits recorded as a direct increase (decrease) to net assets	\$ 29,452	\$ (16,617)

15. Deferred contributions - operations:

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

	2017	2016
Research grants	\$ 11,749	\$ 8,957
Scholarships and bursaries	6,907	7,401
Unspent designated donations	25,340	24,436
Other amounts	4,454	7,669
Total	\$ 48,450	\$ 48,463

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2017

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:

	2017	2016
Balance, beginning of year	\$ 194,208	\$ 160,782
Contributions received during the year	11,992	38,288
Loans forgiven during the year	372	539
Amortization for the year	(6,567)	(5,401)
Balance, end of year	\$ 200,005	\$ 194,208

17. Forgivable loans:

	2017	2016
Interest free loan, from the City of Brantford, for the Wilkes House renovations, forgivable over a period of 25 years beginning in 2009	\$ 510	\$ 549
Interest free loan, from the City of Kitchener, for the renovations to accommodate the Faculty of Social Work, forgivable at the rate of \$500 per year commencing January 1, 2007	-	333
	\$ 510	\$ 882

The forgiveness of the principal is contingent on the University maintaining certain operations in Brantford over specified time periods. During 2017, the loan from the City of Kitchener was fully forgiven.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2017

18. Internally restricted net assets:

	2017	2016
Departmental operating budget carryforwards	\$ 21,542	\$ 21,049
Operating budget general reserves	2,668	1,956
Major repairs and maintenance	2,373	1,450
Operating fund specific projects	4,692	4,265
Development campaign budget reserve	3,382	4,605
Land banking	2	564
Capital related specific projects	1,116	846
Ancillary operations	7,240	8,572
Equipment replacement and renewal fund	2,893	2,657
Research related	2,745	1,972
Real estate fund	880	1,060
Balsillie endowment reserve	662	662
Faculty professional and travel expenses	-	375
Sinking fund	13,384	-
Post-employment benefits, net of internal loans	9,165	-
	\$ 72,744	\$ 50,033

19. Invested in capital assets:

	2017	2016
Capital assets-net book value (note 5)	\$ 510,590	\$ 491,497
Add: Sinking fund investments and internally restricted cash held to discharge long-term debt	13,384	11,139
	523,974	502,636
Less: Amounts financed by long-term debt	(206,747)	(193,109)
Deferred contributions - capital (note 16)	(200,005)	(194,208)
	\$ 117,222	\$ 115,319

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2017

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, 2017	Externally restricted	Internally restricted	Total
Beginning balance	\$ 78,083	\$ 5,096	\$ 83,179
Donations	732	1	733
Investment income and gains, net of fees and expenses	7,821	520	8,341
Transfers to disbursement fund	(3,398)	(476)	(3,874)
	\$ 83,238	\$ 5,141	\$ 88,379

April 30, 2016	Externally restricted	Internally restricted	Total
Beginning balance	\$ 78,880	\$ 5,109	\$ 83,989
Donations	936	1	937
Investment income and gains, net of fees and expenses	939	39	978
Transfers to disbursement fund	(2,672)	(53)	(2,725)
	\$ 78,083	\$ 5,096	\$ 83,179

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2017

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:

	2017		2016	
Expendable funds available for awards, beginning of year	\$	414	\$	477
Net transfer from endowment funds		346		273
Bursaries awarded		(330)		(336)
Expendable funds available for awards, end of year	\$	430	\$	414
Total OSOTF, Phase I, end of year	\$	6,804	\$	6,862
Number of bursaries awarded		259		252

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

	2017		2016	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 6,978	\$ 6,448	\$ 7,196	\$ 6,476
Unrealized gain for the year	446	-	(190)	-
Investment income, net of investment related expenses	273	273	245	245
Net transfer from endowment funds	(346)	(346)	(273)	(273)
Endowment balance, end of year	\$ 7,351	\$ 6,375	\$ 6,978	\$ 6,448

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2017

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:

	2017		2016	
Expendable funds available for awards, beginning of year	\$	98	\$	133
Net transfer from endowment funds		77		66
Bursaries awarded		(72)		(101)
Expendable funds available for awards, end of year	\$	103	\$	98
Total OSOTF, Phase II, end of year	\$	2,282	\$	2,265
Number of bursaries awarded		49		65

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

	2017		2016	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 2,335	\$ 2,166	\$ 2,384	\$ 2,152
Unrealized gain for the year	150	-	(63)	-
Investment income, net of investment related expenses	90	90	80	80
Net transfer from endowment funds	(77)	(77)	(66)	(66)
Endowment balance, end of year	\$ 2,498	\$ 2,179	\$ 2,335	\$ 2,166

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2017

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:

	2017		2016	
Expendable funds available for awards, beginning of year	\$	730	\$	1,052
Net transfer from endowment funds		703		601
Bursaries awarded		(646)		(923)
Expendable funds available for awards, end of year	\$	787	\$	730
Total OTSS, end of year	\$	20,628	\$	20,451
Number of bursaries awarded		433		589

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

	2017		2016	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 21,272	\$ 19,720	\$ 21,715	\$ 19,590
Unrealized gain for the year	1,357	-	(573)	-
Investment income, net of investment related expenses	822	822	731	731
Net transfer from endowment funds	(703)	(703)	(601)	(601)
Endowment balance, end of year	\$ 22,748	\$ 19,839	\$ 21,272	\$ 19,720

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2017

22. Commitments and guarantees:

Costs to complete major capital projects in progress and commitments to purchase property as at April 30, 2017 are estimated to be \$23,854 (2016 - \$32,174) and will be financed primarily by provincial and municipal grants, borrowings and fundraisings.

Future minimum payments for the next five years under non-cancellable operating leases and other agreements at April 30, 2017 are payable as follows:

2018	\$	7,868
2019		1,692
2020		330

The University has guaranteed debt for the Wilfrid Laurier University Students' Union in the amount of \$1,800 as at April 30, 2017 (2016 - \$1,936).

The University has committed expenses regarding a software licensing contract in the amount of \$1,551 as at April 30, 2017 (2016 - \$nil)

23. Contingencies:

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

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, 9, and 10.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2017

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 2017. 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 \$852 (2016 - \$792).

27. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.