

Wilfrid Laurier University

Financial Statements

April 30, 2006



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AUDITORS' REPORT

The Board of Governors
Wilfrid Laurier University

We have audited the statement of financial position of Wilfrid Laurier University as at April 30, 2006 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University'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 financial position of the University as at April 30, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The prior year figures were reported on by another firm of chartered accountants.

Chartered Accountants

Waterloo, Canada
August 10, 2006

Wilfrid Laurier University

Statement of Financial Position

as at April 30, 2006

(in thousands of dollars)

	2006 \$	2005 \$
Assets		
Current assets		
Cash and short-term deposits (note 3)	30,354	29,311
Accounts receivable (note 4)	6,499	9,504
Stocks, bonds, debentures and pooled funds (market value \$3,363; 2005 - \$4,314)	3,301	4,052
Inventories	1,970	1,679
Prepaid expenses	2,279	1,460
Current portion of notes receivable	186	176
	<u>44,589</u>	<u>46,182</u>
Long-term assets		
Notes receivable less current portion (note 6)	939	1,124
Deferred charges (note 7)	5,634	5,660
Deferred pension costs (note 8)	924	2,004
	<u>7,497</u>	<u>8,788</u>
Restricted assets		
Cash (note 3)	<u>1,350</u>	<u>8,000</u>
Endowments -		
Cash and short-term investments	0	2,841
Stocks, bonds, debentures and pooled funds (market value \$29,141; 2005 - \$21,037)	28,615	20,810
Hedge fund investments (note 5)	650	650
	<u>29,265</u>	<u>24,301</u>
	<u>30,615</u>	<u>32,301</u>
Capital assets (notes 9 and 19)	<u>211,487</u>	<u>198,796</u>
Sinking fund investments (market value \$8,066; 2005 - \$1,384)	<u>8,008</u>	<u>1,269</u>
Total assets	<u>302,196</u>	<u>287,336</u>

Wilfrid Laurier University

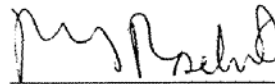
Statement of Financial Position.....continued

as at April 30, 2006

(in thousands of dollars)

	2006	2005
	\$	\$
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	16,007	15,983
Accrued vacation pay	3,020	2,836
Deferred revenue	10,402	9,663
Current portion of mortgage payable	140	133
Current portion of term bank loans	52	56
Current portion of other loans	282	279
	<u>29,903</u>	<u>28,950</u>
Long-term liabilities		
Debenture payable (note 13)	115,000	115,000
Mortgages payable (note 10)	11,433	11,572
Term bank loans (note 11)	963	1,011
Other loans (note 12)	4,563	2,355
Post retirement benefits (note 8)	31,482	28,404
	<u>163,441</u>	<u>158,342</u>
Deferred contributions (note 14)	<u>13,978</u>	<u>11,504</u>
Deferred capital contributions (note 15)	<u>70,233</u>	<u>67,106</u>
Total liabilities	<u>277,555</u>	<u>265,902</u>
Net assets		
Unrestricted	(62,004)	(46,949)
Internally restricted (note 16)	13,625	7,954
Invested in capital assets (note 17)	43,755	36,128
Endowments (note 18)	29,265	24,301
	<u>24,641</u>	<u>21,434</u>
Total liabilities and net assets	<u>302,196</u>	<u>287,336</u>

Signed on behalf of the Board of Governors



Wilfrid Laurier University

Statement of Operations
for the year ended April 30, 2006
(in thousands of dollars)

	2006	2005
	\$	\$
Revenue		
Government grants	72,319	62,630
Student fees	81,070	77,189
Grants, contracts, and donations	4,051	4,225
Sales and service	19,426	16,925
Amortization of deferred capital contributions	3,625	3,020
Investment returns	2,540	2,124
Other revenues	4,800	4,511
Gain on sale of capital assets	0	247
	<u>187,831</u>	<u>170,871</u>
Expenses		
Salaries	88,195	82,043
Benefits	22,299	19,230
Operating costs	27,957	24,709
Amortization of capital assets	11,560	11,180
Cost of goods sold	15,295	12,160
Taxes, utilities, and rent	6,770	5,863
Scholarships and bursaries	9,149	8,219
Interest	7,313	7,437
Loss on cancellation of interest rate swaps	0	8,054
	<u>188,538</u>	<u>178,895</u>
Excess of expenses over revenue	<u>(707)</u>	<u>(8,024)</u>

Wilfrid Laurier University

Statement of Changes in Net Assets for the year ended April 30, 2006

(in thousands of dollars)

	Unrestricted \$	Internally Restricted \$	Invested in capital assets \$	Restricted for Endowment \$	2006 \$	2005 \$
Balance - Beginning of year	(46,949)	7,954	36,128	24,301	21,434	24,538
Excess of expenses over revenue	7,228	0	(7,935)	0	(707)	(8,024)
Internally imposed restrictions	(6,721)	6,618	0	103	0	0
Endowment earnings reserve transferred to deferred contributions	0	(947)	0	0	(947)	0
Net endowment contributions	0	0	0	3,194	3,194	4,720
Endowment earnings capitalized	0	0	0	1,667	1,667	0
Invested in capital assets	(15,562)	0	15,562	0	0	200
Balance - End of year	(62,004)	13,625	43,755	29,265	24,641	21,434

Wilfrid Laurier University

Statement of Cash Flows

as at April 30, 2006

(in thousands of dollars)

	2006 \$	2005 \$
Cash provided by (used in) operating activities		
Excess of expenses over revenue	(707)	(8,024)
Changes to earnings not involving cash		
Amortization of deferred capital contributions	(3,625)	(3,020)
Amortization of capital assets	11,560	11,180
Increase in deferred contributions	1,527	2,019
Loss (gain) on disposal of capital assets	297	(247)
Decrease (increase) in deferred pension cost	1,080	(514)
Increase in post retirement benefits	3,078	2,889
Amortization and write down of deferred charges	146	584
Net change in non-cash working capital (note 20)	2,420	8,146
	<u>15,776</u>	<u>13,013</u>
Financing activities		
Proceeds of debenture issuance	0	115,000
Payment of deferred financing costs	(120)	(5,695)
Increase (decrease) in term bank loans - net	(52)	(70,587)
Increase (decrease) in other loans	2,211	(110)
Decrease in mortgages - net	(132)	(232)
	<u>1,907</u>	<u>38,376</u>
Investing activities		
Endowment received	3,194	4,720
Endowment earnings capitalized	1,667	0
Decrease in notes receivable	175	161
Purchase of capital assets	(24,592)	(15,524)
Proceeds on sale of capital assets	44	1,082
Increase in accounts payable related to capital assets	422	1,015
Increase in sinking fund investment	(6,739)	(151)
Increase in restricted endowment investments	(4,964)	(4,811)
Decrease (increase) in restricted cash	6,650	(8,000)
Increase in stocks, bonds and debentures	751	(1,067)
Deferred capital contributions received	6,752	11,504
	<u>(16,640)</u>	<u>(11,071)</u>
Increase in net cash position	<u>1,043</u>	<u>40,318</u>
Net cash position - Beginning of year	<u>29,311</u>	<u>(11,007)</u>
Net cash position - End of year	<u>30,354</u>	<u>29,311</u>
Net cash position consists of		
Cash	30,270	29,181
Short-term deposits	84	130
	<u>30,354</u>	<u>29,311</u>

Wilfrid Laurier University

Notes to Financial Statements

April 30, 2006

(in thousands of dollars)

1. Description

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. The University is dedicated to the pursuit of learning through scholarly research, teaching, study, and artistic activity, all within a spirit of free inquiry.

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.

2. Accounting policies

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.

Capital assets

Capital assets include the original cost of land and land improvements, buildings, furniture and equipment, leasehold improvements and library books and related library materials. The capital assets, excluding land, are amortized on a straight-line basis in accordance with the following schedule.

<u>Category</u>	<u>Amortization Rate</u>
Buildings	2 1/2 - 10%
Furniture and equipment	10 - 33 1/3 %
Leasehold improvements	10%
Library books and related materials	20%

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

Valuation of stocks, bonds, debentures and pooled funds

All current stocks, bonds and debentures are recorded at lower of cost and market value. Restricted stocks, bonds and debentures, and the hedge fund investment are recorded at cost, except where a decline in market value is considered to be other than temporary, in which case, the investment is recorded at market value. All investments in pooled funds are recorded at market value.

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.

Wilfrid Laurier University

Notes to Financial Statements

April 30, 2006

(in thousands of dollars)

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 capital contributions 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 point of sale or when the service has been provided.

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.

Income is charged with the cost of benefits earned by employees as services are rendered. The actuarial costs method used is the Projected Unit Credit Cost 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. Adjustments arising from plan amendments, experience gains and losses and changes in assumptions, to the extent these adjustments are greater than ten percent of the greater of the projected benefit obligation or the fair value of plan assets, are amortized on a straight-line basis over the estimated average remaining service life of the employee group.

Post retirement benefits

The University provides dental and extended health care benefits for the retirees. These post retirement benefits are recognized using the Projected Unit Credit Actuarial Cost method, 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.

Adjustments arising from plan amendments, experience gains and losses and changes in assumptions, to the extent these adjustments are greater than ten percent of the greater of the projected benefit obligation or the fair value of plan assets, are amortized on a straight-line basis over the estimated average remaining service life of the employee group.

Unrecognized Past Service Costs, resulting from changes in plan benefits in the year, are amortized on a straight-line basis, over the Estimated Average Remaining Service Life ("EARSL").

Financial instruments

At April 30, 2006, the carrying amounts reported in the balance sheet for short-term deposits, accounts receivable, notes receivable, sinking fund investments, deferred pension cost, accounts payable, accrued vacation pay, term bank loans, other loans and post retirement benefits approximate fair market value. The market value of hedge fund investments has been reported in note 5.

Wilfrid Laurier University

Notes to Financial Statements

April 30, 2006

(in thousands of dollars)

3. Restricted cash

The Board of Governors has internally restricted \$1,250 of cash to be put towards the sinking fund for the retirement of the debenture (note 13) and \$100 for the funding of the post retirement benefits. The restricted amount for 2005 of \$8,000 was designated to be put towards the sinking fund investment for the Bricker Street Residence mortgage (note 10).

4. Accounts receivable

Included in accounts receivable as at April 30, 2006 was \$330 owed by Waterloo Lutheran Seminary to the University. Included in accounts payable as at April 30, 2005 was \$65 owed by the University to Waterloo Lutheran Seminary.

5. Hedge fund investments

The carrying value of the hedge fund investment units is \$650, after a write-down in the 2002 fiscal year of \$1,648. The market value of the hedge funds, as at April 30, 2006 is \$1,814 (2005 - \$1,811) in accordance with information obtained from the fund manager's web site. These units were received as a donation in December 1998, at a stated value of \$2,298.

6. Notes receivable

The notes receivable are from the Wilfrid Laurier University Student Union and the Wilfrid Laurier University Graduate Student Association.

The details of the notes are as follows:

	2006 \$	2005 \$
Wilfrid Laurier University Students' Union		
5% note, repayable by quarterly payments of \$55 including principal and interest, due November 1, 2011.	1,065	1,228
Wilfrid Laurier University Graduate Student Association		
6% note, repayable by quarterly payments of \$4 minimum, including principal and interest.	60	72
	1,125	1,300
Less: Principal due within one year	186	176
	939	1,124

Wilfrid Laurier University

Notes to Financial Statements

April 30, 2006

(in thousands of dollars)

7. Deferred Charges

Deferred charges are made up of deferred refinancing costs, bond forward costs, and costs related to arranging additional financing, and are charged against earnings over the term of the financing arrangements.

	2006 \$	2005 \$
Bond forward costs	5,223	5,223
Other costs	592	472
	5,815	5,695
Less: Accumulated amortization	(181)	(35)
	5,634	5,660

8. Deferred Pension Cost and Post Retirement Benefits

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

	2006			2005		
	Pension \$	Retirement Benefits \$	Total \$	Pension \$	Retirement Benefits \$	Total \$
Change in benefit obligation						
Benefit obligation, beginning of year	240,510	30,081	270,591	213,077	26,135	239,212
Employee contributions	5,038	0	5,038	4,923	0	4,923
Benefits paid	(8,661)	(675)	(9,336)	(11,744)	(635)	(12,379)
Current service costs	7,546	1,939	9,485	6,719	1,804	8,523
Interest costs	13,681	1,743	15,424	13,150	1,648	14,798
Actuarial loss (gain)	31,884	(3,808)	28,076	14,385	1,129	15,514
Benefit obligation, end of year	289,998	29,280	319,278	240,510	30,081	270,591
Change in plan assets						
Plan assets, beginning of year	211,091	0	211,091	193,825	0	193,825
Employee contributions	5,038	0	5,038	4,923	0	4,923
Employer contributions	6,763	675	7,438	7,751	635	8,386
Benefits paid	(8,661)	(675)	(9,336)	(11,744)	(635)	(12,379)
Actual return on plan assets	31,396	0	31,396	16,336	0	16,336
Plan assets, end of year	245,627	0	245,627	211,091	0	211,091
Funded status	(44,371)	(29,280)	(73,651)	(29,419)	(30,081)	(59,500)
Unamortized net actuarial loss/(gain)	45,295	(2,666)	42,629	31,423	524	31,947
Unamortized past service costs		464	464		1,153	1,153
Prepaid (accrued) benefit costs	924	(31,482)	(30,558)	2,004	(28,404)	(26,400)

The date used to measure the plan assets and accrued benefit obligation in April 30, 2006.

Wilfrid Laurier University

Notes to Financial Statements

April 30, 2006

(in thousands of dollars)

For measurement purposes, a 10% increase in the per capita cost of health care costs was assumed for 2006/2007, with the rate of annual increase decreasing by .5% per annum until the annual rate of increase reaches an ultimate rate of 5% in 2016/2017. In addition, a 4% annual increase in the cost of dental care was assumed.

	2006		2005	
	Retirement		Retirement	
	Pension	Benefits	Pension	Benefits
For determining accrued benefit obligations as at April 30				
Discount rate	5.50%	5.50%	5.50%	5.50%
Rate of compensation increase	4.50%	n/a	4.50%	n/a

For determining benefit costs for the year ended April 30

Discount rate	5.50%	5.50%	6.00%	6.00%
Rate of compensation increase	4.50%	n/a	4.50%	n/a
Expected return on plan assets	6.50%	n/a	6.50%	n/a

	2006			2005		
	Retirement			Retirement		
	Pension	Benefits	Total	Pension	Benefits	Total
	\$	\$	\$	\$	\$	\$
Components of benefit expense						
Current service costs	7,546	1,939	9,485	6,719	1,804	8,523
Interest costs	13,681	1,743	15,424	13,150	1,648	14,798
Expected return on plan assets	(13,832)	0	(13,832)	(12,649)	0	(12,649)
Amortization of net actuarial loss/(gain)	611	0	611	17	0	17
Amortization of past service costs	0	58	58	0	58	58
Benefit expense	8,006	3,740	11,746	7,237	3,510	10,747

The most recent actuarial valuations for the University's deferred benefit plans are as follows:

Registered Pension Plan	December 31, 2004
Other Benefit Plan	April 30, 2006

For the University's registered pension plan, the next funding valuation is required to be filed no later than December 31, 2007.

The assets of the pension plan on a cost basis, as at the measurement date of April 30th, are allocated as follows:

	2006	2005
Percentage of plan assets at April 30		
Equity securities	53.17%	58.85%
Debt securities	46.59%	40.61%
Cash and short term investments	0.24%	0.54%
	<u>100.00%</u>	<u>100.00%</u>

Wilfrid Laurier University

Notes to Financial Statements

April 30, 2006

(in thousands of dollars)

9. Capital Assets

	2006			2005		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
	\$	\$	\$	\$	\$	\$
Land and land improvements	13,100	0	13,100	12,503	0	12,503
Buildings	213,064	49,762	163,302	204,587	44,534	160,053
Furniture and equipment	58,269	40,949	17,320	52,723	36,662	16,061
Library books	22,197	17,526	4,671	20,543	15,673	4,870
Construction in progress	13,094	0	13,094	5,309	0	5,309
	<u>319,724</u>	<u>108,237</u>	<u>211,487</u>	<u>295,665</u>	<u>96,869</u>	<u>198,796</u>

There was no interest capitalized during the 2006 or 2005 fiscal years.

The line of credit is secured by a collateral mortgage in the amount of \$7,000 constituting a fixed charge on the lands and improvements located at Laurier Place and a general assignment of rents with respect to Laurier Place.

10 Mortgages Payable

	Rate	Due Date	2006	2005
			\$	\$
Bricker Street Residence	11.04%	November 1, 2010	10,000	10,000
Conrad Hall, A & B Wings	5.38%	January 1, 2012	118	135
Dining Hall, MacDonald House	5.13%	March 1, 2013	223	249
Willison Hall, Conrad Hall, C Wing	5.13%	July 1, 2013	273	303
Conrad Hall D Wing, Little House, Euler Residence, Leupold Residence, Dining Hall	5.38%	July 1, 2017	959	1,018
			<u>11,573</u>	<u>11,705</u>
Less: Principal payable within one year			<u>(140)</u>	<u>(133)</u>
			<u>11,433</u>	<u>11,572</u>

The approximate fair market value of mortgages payable is \$14,407 (2005 - \$12,505).

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

		\$
Year ending April 30,	2007	140
	2008	147
	2009	155
	2010	163
	2011	10,172
	Thereafter	<u>796</u>
		<u>11,573</u>

Wilfrid Laurier University

Notes to Financial Statements

April 30, 2006

(in thousands of dollars)

11 Term Bank Loan

	2006	2005
	\$	\$
Bank loan, bearing interest at 5.31%, repayable in blended monthly payments of \$9, due September 30, 2008	1,015	1,067
Less: Principal payable within one year	(52)	(56)
	<u>963</u>	<u>1,011</u>

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

	\$
Year ending April 30,	
2007	52
2008	55
2009	<u>908</u>
	<u>1,015</u>

12. Other Loans

	2006	2005
	\$	\$
Interest free loan from the City of Brantford for the Grand River Hall renovations, repayable September 1, 2006.	63	463
Energy savings loan, bearing interest at 7.5%, repayable in blended monthly payments of \$21, due May 1, 2009	752	951
Interest free loan from the City of Brantford for the Old Post House renovations, forgivable over a 5 year period, beginning in 2005, due May, 2009.	690	920
Interest free loan from the City of Brantford for the Odeon Theatre Project forgivable for a 5 year period, beginning in 2006, due May 2010	240	300
Interest free loan from the City of Brantford for the Wilkes House renovations, which will total \$900 when fully advanced by May 1, 2009, forgivable over a 25 year period, beginning in 2009.	100	0
Interest free loan from the City of Kitchener, for renovations to accommodate the Faculty of Social Work, which will total \$5,000 when fully advanced; forgivable over a 10 year period, beginning January, 2007.	<u>3,000</u>	<u>0</u>
	4,845	2,634
Less: Principal payable within one year	(282)	(279)
	<u>4,563</u>	<u>2,355</u>

Wilfrid Laurier University

Notes to Financial Statements

April 30, 2006

(in thousands of dollars)

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

		\$
Principals Payments year ending April 30	2007	282
	2008	242
	2009	266
	2010	25
Principal eligible to be forgiven		4,030
		<u>4,845</u>

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

13. Debenture Payable

	2006	2005
	\$	\$
Debenture payable, bearing interest at 5.429% payable semi-annually, due February 1, 2045	115,000	115,000

The approximate fair market value of debentures payable is \$118,013 (2005 - \$115,000).

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.

14. Deferred Contributions

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

	2006	2005
	\$	\$
Research grants	3,955	4,030
Scholarships and bursaries	1,553	1,445
Unspent designated donations	4,250	2,796
Other amounts	4,220	3,233
	<u>13,978</u>	<u>11,504</u>

15. Deferred Capital Contributions

Deferred capital contributions 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:

	2006	2005
	\$	\$
Balance - Beginning of year	67,106	57,582
Add: Contributions received during the year	6,752	12,544
Less: Amortization for the year	(3,625)	(3,020)
Balance - End of year	<u>70,233</u>	<u>67,106</u>

Wilfrid Laurier University

Notes to Financial Statements

April 30, 2006

(in thousands of dollars)

16 Internally Restricted Net Assets

Details of internally restricted net assets are as follows:

	2006	2005
	\$	\$
Dr. Alvin Woods building renovations	4,000	3,000
Departmental carry forwards	3,332	1,365
2006/2007 budget	1,060	0
Library acquisitions	1,008	250
Program development	640	640
Operating budget stabilization reserve	632	581
Cooling tower replacement	425	425
Co-op and Career Services project	400	0
Capital levy	366	366
Bookstore capital	344	90
Generator and battery back up	336	0
Century plan initiatives	285	0
Science Special Projects	215	0
Parking capital	199	120
Post retirement benefit reserve	100	0
Biology microscopes	70	0
Special pension appropriation	60	60
Repair reserve	50	50
Major capital equipment	40	38
Northdale lighting reserve	30	0
Aird renovations-Faculty of Music	12	0
University Plan initiatives	10	10
Access to Opportunities Program	8	8
Residences	3	3
Endowment reserve	0	948
	<u>13,625</u>	<u>7,954</u>

17. Net Assets - Invested in Capital Assets

Invested in capital assets consists of the following

	2006	2005
	\$	\$
Capital assets - net book value (see note 9)	211,487	198,796
Add: Sinking fund investments held to discharge long term debt	<u>8,008</u>	<u>1,269</u>
	219,495	200,065
Less: Amounts financed by long term debt	(106,055)	(97,445)
Deferred capital contributions	(70,233)	(67,106)
Internal advances	<u>548</u>	<u>614</u>
	<u>43,755</u>	<u>36,128</u>

Wilfrid Laurier University

Notes to Financial Statements

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(in thousands of dollars)

18. Endowments

Endowments include restricted donations received by the University and endowments 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. The balance is used to establish a reserve or increase the endowment balances.

The details of the endowments are as follows:

	2006	2005
	\$	\$
Endowments restricted externally	23,284	19,510
Endowments restricted internally	5,981	4,791
	<u>29,265</u>	<u>24,301</u>

The disposition of the endowment earnings, which include interest, dividends and realized gains and losses, can be summarized as follows:

	2006	2005
	\$	\$
Total Earnings	<u>2,693</u>	<u>1,438</u>
Disposition of earnings:		
used to fund the academic development program	147	240
used to fund endowed scholarship, bursaries, and other projects	828	653
used to increase the endowment balance	1,667	17
used to fund the endowment reserve	51	284
used to fund Century Campaign expenses	0	244
	<u>2,693</u>	<u>1,438</u>

19. Additions to Capital Assets

The additions to capital assets consist of the following:

	2006	2005
	\$	\$
<u>Waterloo campus</u>		
Furniture and equipment	5,782	3,703
Athletic Complex, Phase 3	2,246	2,665
Library books	1,654	2,219
Dr. Alvin Woods building renovations	1,064	0
King Street residence	299	0
Science research building	163	526
Land	15	0
Northdale School	0	1,400
St. Michaels School	0	1,300
Bricker Academic building	0	396
King Street residence	0	435
Northwest campus development	0	224
Waterloo College Hall	0	5
	<u>11,223</u>	<u>12,873</u>

Wilfrid Laurier University

Notes to Financial Statements

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(in thousands of dollars)

	2006	2005
	\$	\$
<u>Brantford Campus</u>		
Wilkes House	4,526	0
Brantford Student Centre	2,291	520
Land	582	0
Faculty house	146	0
Student residence	146	0
Odeon Theatre project	0	1,143
Carnegie building	0	1,000
Grand River Hall	0	128
	<u>7,691</u>	<u>2,791</u>
<u>Kitchener Campus</u>		
Faculty of Social Work	<u>5,678</u>	<u>1,100</u>
	<u>24,592</u>	<u>16,764</u>

20. Statement of Cash Flows

The change in the non-cash working capital balances consists of the following:

	2006	2005
	\$	\$
Accounts receivable	3,005	3,744
Inventories	(291)	(209)
Prepaid expenses	(819)	419
Accounts payable and accrued liabilities - net of amounts related to capital assets	(398)	3,881
Accrued vacation pay	184	(8)
Deferred revenue	<u>739</u>	<u>319</u>
	<u>2,420</u>	<u>8,146</u>

21. Insurance

The University, in conjunction with other Canadian universities, formed an insurance reciprocal called the Canadian University Reciprocal Insurance Exchange. The Exchange provides property and general liability insurance coverage and replaces the coverage previously obtained through commercial sources. The University is committed to a five year program which continues until January 1, 2008. During this time, the University is obligated to share proportionately in gains and losses realized by the member universities.

The University insures its capital assets for the following amounts:

	\$
Buildings	393,522
Furniture and equipment	51,979
Library books	<u>172,334</u>
Total	<u>617,835</u>

The University has artwork which is insured for \$3,000

Wilfrid Laurier University

Notes to Financial Statements

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22. Ontario Student Opportunity Trust Fund - Phase I

Externally restricted endowments include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund. Under the program, the government matched funds raised by the University. The purpose of the program is to assist academically qualified individuals who, for financial reasons, would not otherwise be able to attend university.

	2006 \$	2005 \$
Schedule of Changes in Endowment Fund Balance for the year ended April 30		
Endowment balance - beginning of year	5,357	5,302
Increase due to change in endowment stabilization policy	155	0
Investment income capitalized	410	55
Endowment balance - end of year	5,922	5,357

Schedules of Changes in Expendable Funds Available for Awards for the year ending April 30

Expendable funds - beginning of year	210	234
Investment income, net of direct investment related expenses	643	213
Interest capitalized	(410)	(55)
Bursaries awarded (total number 2006: 181, 2005: 196)	(201)	(182)
Endowment Stabilization Reserve Fund	276	0
Expendable funds - end of year	518	210

The market value of the endowment is \$6,034 (2005 - \$5,415) and expendable funds is \$518 (2005 - \$210)

Ontario Student Opportunity Trust Fund - Phase II

	2006 \$	2005 \$
Schedule of Changes in Endowment Funds Balance for the year ended April 30		
Fund balance - beginning of year	2,244	331
Cash donations received	0	1,082
Matching funds received	0	826
Audited unmatched cash donations received between March 27, 2003 and March 31, 2005 transferred to OTSS in 2005/06	(287)	0
Preservation of capital	81	5
Fund balance - end of year	2,038	2,244

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Schedule of Changes in Expendable Funds Available for Awards for the year ended April 30

	2006	2005
Balance - beginning of year	31	7
Realized investment income, net of direct investment related expenses and preservation of capital contribution	84	35
Endowment Stabilization Reserve Fund	92	0
Bursaries awarded (total number: 71)	(51)	(11)
Balance - end of year	156	31
Endowment total based on book value	2,194	2,275
Endowment total based on market value	2,234	2,317

23. Commitments and Guarantees

Costs to complete major capital projects in progress and commitments to purchase property as at April 30, 2006 are estimated to be \$13,916 (2005 - \$10,096) and will be financed primarily by provincial and municipal grants, borrowings, fundraising and internally restricted net assets.

Future minimum payments for the next five years under non-cancellable operating leases and other agreements at April 30, 2006 are payable as follows:

	\$
2007	538
2008	489
2009	461
2010	76

The University has also guaranteed debt for Wilfrid Laurier University Student Union in the amount of \$750 as at April 30, 2006. This guarantee was increased to \$3,000 on June 26, 2006 to facilitate the financing for the Brantford Student Centre.

24. Contingency

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.

25. Supplemental Disclosure of Cash Flow Information

	2006	2005
	\$	\$
Interest paid	7,315	6,086