

**Wilfrid Laurier University**  
**Financial Statements**  
**April 30, 2007**



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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, 2007 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, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

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 starts under the 'K' and ends under the 'P'.

Chartered Accountants, Licensed Public Accountants

Waterloo, Canada  
July 6, 2007

# Wilfrid Laurier University

## Statement of Financial Position

as at April 30, 2007

(in thousands of dollars)

	2007	2006
<b>Assets</b>		
<b>Current assets</b>		
Cash and short-term deposits	\$ 39,095	\$ 30,354
Accounts receivable (note 10)	6,969	6,499
Stocks, bonds, debentures and pooled funds (market value \$2,753; 2006 - \$3,363)	2,473	3,301
Inventories	2,371	1,970
Prepaid expenses	2,278	2,279
Current portion of notes receivable (note 5)	193	186
	<u>53,379</u>	<u>44,589</u>
<b>Long-term assets</b>		
Notes receivable less current portion (note 5)	749	939
Deferred charges (note 6)	5,489	5,634
Deferred pension costs (note 7)	560	924
	<u>6,798</u>	<u>7,497</u>
<b>Restricted assets</b>		
Cash (note 4)	850	1,350
Endowments -		
Stocks, bonds, debentures and pooled funds (market value \$36,005; 2006 - \$29,141)	35,158	28,615
Hedge fund investments (note 8)	650	650
	<u>35,808</u>	<u>29,265</u>
<b>Capital assets (note 9)</b>	219,787	211,487
<b>Sinking fund investments</b>	<u>10,726</u>	<u>8,008</u>
<b>Total assets</b>	<u>\$ 327,348</u>	<u>\$ 302,196</u>

Signed on behalf of the Board of Governors

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**Wilfrid Laurier University**  
**Statement of Financial Position (continued)**  
**as at April 30, 2007**

(in thousands of dollars)

	<b>2007</b>	<b>2006</b> (restated see note 2)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 10)	\$ 18,466	\$ 16,007
Accrued vacation pay	3,190	3,020
Deferred revenue	11,801	10,402
Current portion of mortgage payable (note 12)	148	140
Current portion of term bank loans (note 13)	62	52
Current portion of other loans (note 14)	242	282
	<u>33,909</u>	<u>29,903</u>
<b>Long-term liabilities</b>		
Debenture payable (note 11)	115,000	115,000
Mortgages payable (note 12)	11,290	11,433
Term bank loans (note 13)	890	963
Other loans (note 14)	290	533
Retirement incentive plans (note 15)	7,365	7,706
Post retirement benefits (note 7)	34,407	31,482
	<u>169,242</u>	<u>167,117</u>
<b>Deferred contributions (note 16)</b>	16,271	13,978
<b>Deferred capital contributions (note 17)</b>	72,411	70,233
<b>Forgivable loans (note 18)</b>	<u>5,736</u>	<u>4,030</u>
<b>Total liabilities</b>	<u>\$ 297,569</u>	<u>\$ 285,261</u>
<b>Net assets</b>		
Unrestricted	\$ (67,882)	\$ (69,710)
Internally restricted (note 19)	19,821	13,625
Invested in capital assets (note 20)	42,032	43,755
Endowments (note 21)	35,808	29,265
	<u>29,779</u>	<u>16,935</u>
<b>Total liabilities and net assets</b>	<u>\$ 327,348</u>	<u>\$ 302,196</u>

# Wilfrid Laurier University

## Statement of Operations

for the year ended April 30, 2007

(in thousands of dollars)

	<b>2007</b>	<b>2006</b> (restated see note 2)
<b>Revenue</b>		
Government grants	\$ 87,229	\$ 72,319
Student fees	89,506	81,070
Grants, contracts, and donations	4,423	4,051
Sales and service	19,461	19,426
Amortization of deferred capital contributions (note 17)	4,208	3,625
Investment returns	2,972	2,540
Other revenues	5,303	4,800
	<u>213,102</u>	<u>187,831</u>
<b>Expenses</b>		
Salaries	98,700	88,195
Benefits	24,353	22,589
Operating costs	32,621	27,957
Amortization of capital assets	12,133	11,560
Cost of goods sold	15,450	15,295
Taxes, utilities, and rent	6,781	6,770
Scholarships and bursaries	9,988	9,149
Interest on long term debt	7,308	7,313
Loss on disposal of capital assets	75	-
	<u>207,409</u>	<u>188,828</u>
<b>Excess of revenue over expenses (expenses over revenue)</b>	<u>\$ 5,693</u>	<u>\$ (997)</u>

# Wilfrid Laurier University

## Statement of Changes in Net Assets for the year ended April 30, 2007

(in thousands of dollars)

	Unrestricted	Internally Restricted	Invested in Capital Assets	Restricted for Endowment	2007	2006
Balance - beginning of year	\$ (62,004)	\$ 13,625	\$ 43,755	\$ 29,265	\$ 24,641	\$ 21,434
Change in accounting policy (note 2)	(7,706)				(7,706)	(7,416)
	(69,710)	13,625	43,755	29,265	16,935	14,018
Excess of revenue over expenses	13,695		(8,002)		5,693	(997)
Internally imposed restrictions	(6,338)	6,196	-	142	-	-
Endowment earnings reserve transferred to deferred contributions	-	-	-	-	-	(947)
Net endowment contributions	-	-	-	5,038	5,038	3,194
Endowment earnings capitalized	-	-	-	1,363	1,363	1,667
Invested in capital assets	(5,529)	-	6,279	-	750	-
Balance - end of year	\$ (67,882)	\$ 19,821	\$ 42,032	\$ 35,808	\$ 29,779	\$ 16,935

# Wilfrid Laurier University

## Statement of Cash Flows

for the year ended April 30, 2007

(in thousands of dollars)

	2007	2006
<b>Cash provided by (used in) operating activities</b>		(restated see note 2)
Excess of revenue over expenses (expenses over revenue)	\$ 5,693	\$ (997)
Changes to earnings not involving cash		
Amortization of deferred capital contributions	(4,208)	(3,625)
Amortization of capital assets	12,133	11,560
Increase in deferred contributions	2,293	1,527
Loss on disposal of capital assets	75	297
Decrease in deferred pension cost	364	1,080
Increase (decrease) in retirement incentive plans	(341)	290
Increase in post retirement benefits	2,925	3,078
Amortization and write down of deferred charges	145	146
Net change in non-cash working capital (note 23)	<u>3,104</u>	<u>2,420</u>
	<u>22,183</u>	<u>15,776</u>
<b>Financing activities</b>		
Payment of deferred financing costs	-	(120)
Decrease in term bank loans - net	(63)	(52)
Decrease in other loans	(283)	(199)
Increase in forgivable loans	2,238	3,100
Decrease in mortgages - net	<u>(135)</u>	<u>(132)</u>
	<u>1,757</u>	<u>2,597</u>
<b>Investing activities</b>		
Endowment received	5,038	3,194
Endowment earnings capitalized	1,363	1,667
Decrease in notes receivable	183	175
Purchase of capital assets (note 24)	(20,508)	(24,592)
Proceeds on sale of capital assets	-	44
Increase in accounts payable related to capital assets	54	422
Increase in sinking fund investment	(2,718)	(6,739)
Increase in restricted endowment investments	(6,543)	(4,964)
Decrease in restricted cash	500	6,650
Decrease in stocks, bonds and debentures	828	751
Deferred capital contributions received	<u>6,604</u>	<u>6,062</u>
	<u>(15,199)</u>	<u>(17,330)</u>

# Wilfrid Laurier University

Notes to Financial Statements

**April 30, 2007**

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(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, revenue, 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. Change in Accounting Policy

Wilfrid Laurier University has two retirement incentive plans to encourage eligible employees to retire. They are the special voluntary exit plan (SVEP) and the phased in retirement option (PIRO). The SVEP allows employees who meet certain age and service criteria to retire early and receive fifty percent of their reference salary until they activate their university pension. The PIRO allows faculty who meet certain criteria to gradually reduce their workload while receiving a lesser percentage reduction in their compensation. In previous fiscal periods, these two plans were accounted for on a cash basis with the annual expenses recorded being equal to the cash outlay for each plan. For the 2006/2007 fiscal period, the University has adopted full accrual accounting for these plans in accordance with the rules as stated in Section 3461- Employee Future Benefits of the CICA Handbook.

As a result of this change, which was applied retroactively, the opening net assets as at May 1, 2005 were reduced by \$7,416 while the long term liabilities were increased by a similar amount. Further, in the fiscal year ending April 30, 2006, the impact of this change was to increase the excess of expenses over revenue by \$290 from \$707 to \$997. This change in policy for the 2006/2007 fiscal year, resulted in increasing the excess of revenue over expenses by \$340.

## 3. 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.



# Wilfrid Laurier University

Notes to Financial Statements

April 30, 2007

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(in thousands of dollars)

Category	Amortization Rate
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.

## Revenue recognition

The University follows the deferral method of accounting for contributions, which include donations and government grants, specifically:

- 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. The Statement of Operations includes 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, determined in consultation with the University's external actuaries, of the member's salary escalations, mortality of members, terminations, and the ages at which members will

# Wilfrid Laurier University

Notes to Financial Statements

**April 30, 2007**

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(in thousands of dollars)

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.

## **Retirement incentive plans and post retirement benefits**

The University has a plan which provides dental and extended health care benefits for the 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 costs for these plans are recognized using the Projected Unit Credit Actuarial Cost method, and the Statement of Operations includes 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, as determined by management in consultation with the University's external actuaries, 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, 2007 the carrying amounts reported in the statement of financial position 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 8.

## **4. Restricted Cash**

The Board of Governors has internally restricted \$850 of cash to be put towards an investment fund for the funding of the post retirement benefits. The restricted amount for 2006 of \$1,350 included \$1,250 to be put towards the sinking fund for the retirement of the debenture (note 11) and \$100 for the funding of the post retirement benefits.

# Wilfrid Laurier University

Notes to Financial Statements

**April 30, 2007**

(in thousands of dollars)

## 5. Notes Receivable

The details of the notes receivable are as follows:

	<b>2007</b>	<b>2006</b>
<b>Wilfrid Laurier University Students' Union</b>		
5% note, repayable by quarterly payments of \$55 including principal and interest, due November 1, 2011	\$ 895	\$ 1,065
<b>Wilfrid Laurier University Graduate Students Association</b>		
6% note, repayable by quarterly payments of \$4 minimum, including principal and interest	<u>47</u>	<u>60</u>
	\$ 942	\$ 1,125
Less: Principal due within one year	<u>193</u>	<u>186</u>
	<u>\$ 749</u>	<u>\$ 939</u>

## 6. 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.

	<b>2007</b>	<b>2006</b>
Bond forward costs	\$ 5,223	\$ 5,223
Other costs	<u>592</u>	<u>592</u>
	<u>5,815</u>	<u>5,815</u>
Less: Accumulated amortization	<u>(326)</u>	<u>(181)</u>
	<u>\$ 5,489</u>	<u>\$ 5,634</u>

# Wilfrid Laurier University

Notes to Financial Statements

**April 30, 2007**

(in thousands of dollars)

## 7. Deferred Pension and Post Retirement Benefits Costs

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

	2007			2006		
	Pension	Retirement Benefits	Total	Pension	Retirement Benefits	Total
Change in benefit obligation						
Benefit obligation, beginning of year	\$ 289,998	\$ 29,280	\$ 319,278	\$ 240,510	\$ 30,081	\$ 270,591
Employee contributions	5,922	-	5,922	5,038	-	5,038
Benefits paid	(11,479)	(782)	(12,261)	(8,661)	(675)	(9,336)
Current service costs	8,181	1,953	10,134	7,546	1,939	9,485
Interest Costs	16,410	1,696	18,106	13,681	1,743	15,424
Actuarial loss (gain)	(45)	2,779	2,734	31,884	(3,808)	28,076
Benefit obligation, end of year	<u>\$ 308,987</u>	<u>\$ 34,926</u>	<u>\$ 343,913</u>	<u>\$ 289,998</u>	<u>\$ 29,280</u>	<u>\$ 319,278</u>
Change in plan assets						
Plan assets, beginning of year	\$ 245,627	\$ -	\$ 245,627	\$ 211,091	\$ -	\$ 211,091
Employee contributions	5,922	-	5,922	5,038	-	5,038
Employer contributions	8,301	782	9,083	6,763	675	7,438
Benefits paid	(11,480)	(782)	(12,262)	(8,661)	(675)	(9,336)
Actual return on plan assets	26,873	-	26,873	31,396	-	31,396
Plan assets, end of year	<u>\$ 275,243</u>	<u>\$ -</u>	<u>\$ 275,243</u>	<u>\$ 245,627</u>	<u>\$ -</u>	<u>\$ 245,627</u>
Funded status	\$ (33,744)	\$ (34,926)	\$ (68,670)	\$ (44,371)	\$ (29,280)	\$ (73,651)
Unamortized net actuarial loss (gain)	34,304	113	34,417	45,295	(2,666)	42,629
Unamortized past service costs	-	406	406	-	464	464
Deferred (accrued) benefit costs	<u>\$ 560</u>	<u>\$ (34,407)</u>	<u>\$ (33,847)</u>	<u>\$ 924</u>	<u>\$ (31,482)</u>	<u>\$ (30,558)</u>

The date used to measure the plan assets and accrued benefit obligation is April 30, 2007.

For measurement purposes, a 10% increase in the per capita health care cost was assumed for 2007/2008, with the annual increase decreasing by .5% per annum until the annual rate of annual increase reaches an ultimate rate of 5% in 2017/2018. In addition, a 4% annual increase in the cost of dental care was assumed.

# Wilfrid Laurier University

Notes to Financial Statements

**April 30, 2007**

(in thousands of dollars)

	<u>2007</u>		<u>2006</u>	
	<b>Pension</b>	<b>Retirement Benefits</b>	<b>Pension</b>	<b>Retirement Benefits</b>
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%	5.50%	5.50%
Rate of compensation increase	4.50%	n/a	4.50%	n/a
Expected return on plan assets	7.00%	n/a	6.50%	n/a

	<u>2007</u>			<u>2006</u>		
	<b>Pension</b>	<b>Retirement Benefits</b>	<b>Total</b>	<b>Pension</b>	<b>Retirement Benefits</b>	<b>Total</b>
<b>Components of benefit expense</b>						
Current service costs	\$ 8,181	\$ 1,953	\$ 10,134	\$ 7,546	\$ 1,939	\$ 9,485
Interest costs	16,410	1,696	18,106	13,681	1,743	15,424
Expected return on plan assets	(17,290)	-	(17,290)	(13,832)	-	(13,832)
Amortization of net actuarial loss (gain)	1,364	-	1,364	611	-	611
Amortization of past service costs	-	58	58	-	58	58
<b>Benefit expense</b>	<b>\$ 8,665</b>	<b>\$ 3,707</b>	<b>\$ 12,372</b>	<b>\$ 8,006</b>	<b>\$ 3,740</b>	<b>\$ 11,746</b>

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

Registered Pension Plan	December 31, 2006
Other Benefit Plan	April 30, 2007

For the University's registered pension plan, the next funding valuation is required to be filed no later than December 31, 2009.

The assets of the pension plan at fair value, as at the measurement date of April 30, are allocated as follows:

Percentage of plan assets as at April 30	<b>2007</b>	<b>2006</b>
Equity securities	60.26%	60.77%
Debt securities	39.74%	39.02%
Cash and short term investments	0.00%	0.21%
	<u>100.00%</u>	<u>100.00%</u>

# Wilfrid Laurier University

Notes to Financial Statements

**April 30, 2007**

(in thousands of dollars)

## 8. 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, 2007 is \$1,856 (2006 - \$1,814) 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.

## 9. Capital Assets

	2007			2006		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Land and land improvements	\$ 13,567	\$ -	\$ 13,567	\$ 13,100	\$ -	\$ 13,100
Buildings	226,156	55,070	171,086	213,064	49,762	163,302
Furniture and equipment	64,363	45,479	18,884	58,269	40,949	17,320
Library books	24,176	19,379	4,797	22,197	17,526	4,671
Construction in progress	11,453	-	11,453	13,094	-	13,094
	<u>\$ 339,715</u>	<u>\$ 119,928</u>	<u>\$ 219,787</u>	<u>\$ 319,724</u>	<u>\$ 108,237</u>	<u>\$ 211,487</u>

There was no interest capitalized during the 2007 or 2006 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. Accounts Receivable/Payable

Included in accounts payable as at April 30, 2007 was \$50 owed by the University to Waterloo Lutheran Seminary. Included in accounts receivable as at April 30, 2006 was \$330 owed by Waterloo Lutheran Seminary to the University.

## 11. Debenture Payable

	2007	2006
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 \$117,225 (2006 - \$118,013).

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.

# Wilfrid Laurier University

Notes to Financial Statements

**April 30, 2007**

(in thousands of dollars)

## 12. Mortgages Payable

	Rate	Due Date	2007	2006
Bricker Street Residence	11.04%	November 1, 2010	\$ 10,000	\$ 10,000
Conrad Hall, A & B Wings	5.38%	January 1, 2012	101	118
Dining Hall, MacDonald House	5.13%	March 1, 2013	196	223
Willison Hall, Conrad Hall, C Wing	5.13%	July 1, 2013	244	273
Conrad Hall D Wing, Little House, Euler Residence, Leupold Residence, Dining Hall	5.38%	July 1, 2017	897	959
			<u>\$ 11,438</u>	<u>\$ 11,573</u>
Less: Principal payable within one year			<u>(148)</u>	<u>(140)</u>
			<u>\$ 11,290</u>	<u>\$ 11,433</u>

The approximate fair market value of mortgages payable is \$13,632 (2006 - \$14,407).

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

Year ending April 30,	2008	\$ 148
	2009	155
	2010	163
	2011	10,172
	2012	176
	Thereafter	<u>624</u>
		<u>\$ 11,438</u>

# Wilfrid Laurier University

Notes to Financial Statements

**April 30, 2007**

(in thousands of dollars)

## 13. Term Bank Loan

	<b>2007</b>	<b>2006</b>
Bank loan, bearing interest at 5.31%, repayable in blended payments of \$9, due September 30, 2008	\$ 952	\$ 1,015
Less: Principal payable within one year	<u>(62)</u>	<u>(52)</u>
	<u>\$ 890</u>	<u>\$ 963</u>

The approximate fair market value of the term bank loan is \$958 (2006 - \$1,020).

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

Year ending April 30, 2008	\$ 62
2009	<u>890</u>
	<u>\$ 952</u>

## 14. Other Loans

	<b>2007</b>	<b>2006</b>
Energy savings loan, bearing interest at 7.5%, repayable in blended monthly payments of \$21 due May 1, 2009	\$ 532	\$ 752
Interest free loan repayable September 1, 2006	<u>-</u>	<u>63</u>
	532	815
Less: Principal payable within one year	<u>(242)</u>	<u>(282)</u>
	<u>\$ 290</u>	<u>\$ 533</u>

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

Year ending April 30, 2008	\$ 242
2009	267
2010	<u>23</u>
	<u>\$ 532</u>



# Wilfrid Laurier University

Notes to Financial Statements

**April 30, 2007**

(in thousands of dollars)

## 15. 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. The figures stated here provide information for these plans.

	2007			2006		
	SVEP	PIRO	Total	SVEP	PIRO	Total
Change in benefit obligation						
Benefit obligation, beginning of year	\$ 7,109	\$ 67	\$ 7,176	\$ 7,362	\$ 54	\$ 7,416
Employee contributions	-	-	-	-	-	-
Benefits paid	(770)	-	(770)	(823)	-	(823)
Curtailement	-	-	-	692	-	692
Current service costs	180	11	191	218	10	228
Interest Costs	293	3	296	239	3	242
Plan amendment cost (gain)	-	-	-	(584)	-	(584)
Actuarial loss (gain)	-	-	-	5	-	5
<b>Benefit obligation, end of year</b>	<b>\$ 6,812</b>	<b>\$ 81</b>	<b>\$ 6,893</b>	<b>\$ 7,109</b>	<b>\$ 67</b>	<b>\$ 7,176</b>
Change in plan assets						
Plan assets, beginning of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee contributions	-	-	-	-	-	-
Employer contributions	770	-	770	823	-	823
Benefits paid	(770)	-	(770)	(823)	-	(823)
Actual return on plan assets	-	-	-	-	-	-
<b>Plan assets, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Funded status	\$ (6,812)	\$ (81)	\$ (6,893)	\$ (7,109)	\$ (67)	\$ (7,176)
Unamortized net actuarial loss (gain)	5	-	5	5	-	5
Unamortized plan amendment	(477)	-	(477)	(535)	-	(535)
Unamortized past service costs	-	-	-	-	-	-
<b>Accrued benefit costs</b>	<b>\$ (7,284)</b>	<b>\$ (81)</b>	<b>\$ (7,365)</b>	<b>\$ (7,639)</b>	<b>\$ (67)</b>	<b>\$ (7,706)</b>

# Wilfrid Laurier University

Notes to Financial Statements

**April 30, 2007**

(in thousands of dollars)

	<u>2007</u>		<u>2006</u>	
	<u>SVEP</u>	<u>PIRO</u>	<u>SVEP</u>	<u>PIRO</u>
For determining benefit costs for the year ending April 30				
Discount rate	4.25%	4.25%	4.00%	4.00%
Rate of compensation increase	4.50%	4.50%	4.50%	4.50%
For determining benefit costs for the year ending April 30				
Discount rate	4.25%	4.25%	4.00%	4.00%
Rate of compensation increase	4.50%	4.50%	4.50%	4.50%
Expected return on plan assets	7.00%	7.00%	6.50%	6.50%

	<u>2007</u>			<u>2006</u>		
	<u>SVEP</u>	<u>PIRO</u>	<u>Total</u>	<u>SVEP</u>	<u>PIRO</u>	<u>Total</u>
Components of benefit expense						
Current service costs	\$ 180	\$ 11	\$ 191	\$ 218	\$ 10	\$ 228
Interest costs	293	3	296	239	3	242
Amortization of net actuarial loss (gain)	(59)	-	(59)	(49)	-	(49)
	<u>\$ 414</u>	<u>\$ 14</u>	<u>\$ 428</u>	<u>\$ 408</u>	<u>\$ 13</u>	<u>\$ 421</u>

# Wilfrid Laurier University

Notes to Financial Statements

**April 30, 2007**

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(in thousands of dollars)

## 16. Deferred Contributions

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

	<b>2007</b>	<b>2006</b>
Research grants	\$ 4,887	\$ 3,955
Scholarships and bursaries	1,996	1,553
Unspent designated donations	5,158	4,250
Endowment reserve	1,280	998
Other amounts	2,950	3,222
	<u>\$ 16,271</u>	<u>\$ 13,978</u>

## 17. 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:

	<b>2007</b>	<b>2006</b>
Balance - Beginning of year	\$ 70,233	\$ 67,106
Add: Contributions received during the year	6,604	6,062
Add: Loans forgiven during year	532	690
Less: Transfer to equity related to contributed land	(750)	-
Less: Amortization for the year	(4,208)	(3,625)
	<u>\$ 72,411</u>	<u>\$ 70,233</u>

# Wilfrid Laurier University

Notes to Financial Statements

**April 30, 2007**

(in thousands of dollars)

## 18. Forgivable Loans

	<b>2007</b>		<b>2006</b>
Interest free loan, from the City of Brantford, for the Old Post House renovations, forgivable over a period of five years, beginning in 2005, due May 2009	\$ 460	\$	690
Interest free loan, from the City of Brantford, for the Odeon Theatre project, forgivable over a period of five years, beginning in 2006, due May 2010	180		240
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 period of 25 years beginning in 2009	263		100
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	<u>4,833</u>		<u>3,000</u>
	<u>\$ 5,736</u>	<u>\$</u>	<u>4,030</u>

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

# Wilfrid Laurier University

Notes to Financial Statements

April 30, 2007

(in thousands of dollars)

## 19. Internally Restricted Net Assets

Details of internally restricted net assets are as follows:

	2007	2006
Departmental carry forwards	\$ 4,960	\$ 3,332
2007/2008 operating budget	4,495	-
Capital projects	2,000	-
University stadium remediation	1,500	-
2008/2009 operating budget	1,250	-
Facility renewal projects	1,000	-
Library acquisitions	830	1,008
Program development	640	640
Operating budget stabilization reserve	581	632
Development campaign budget reserve	555	-
Cooling tower replacement	425	425
Capital levy	366	366
Bookstore capital	344	344
CFI IOF science grants	204	215
Bricker Academic - Faculty of Education renovations	200	-
Parking capital	123	199
Post retirement benefit reserve	100	100
Special pension appropriation	60	60
Repair reserve	50	50
Capital plan initiatives	44	285
Major capital equipment	39	40
Northdale lighting reserve	30	30
University Plan initiatives	10	10
Access to Opportunities Program	8	8
Biology microscopes	4	70
Residences	3	3
Dr. Alvin Woods building renovations	-	4,000
2006/2007 budget	-	1,060
Co-op & Career Services project	-	400
Generation and battery back up	-	336
Aird renovations - Faculty of Music	-	12
	<u>\$ 19,821</u>	<u>\$ 13,625</u>

# Wilfrid Laurier University

Notes to Financial Statements

**April 30, 2007**

(in thousands of dollars)

## 20. Net Assets - Invested in Capital Assets

Invested in capital assets consists of the following:

	<b>2007</b>	<b>2006</b>
Capital assets - net book value (see note 9)	\$ 219,787	\$ 211,487
Add: Sinking fund investments held to discharge long term debt	<u>10,726</u>	<u>8,008</u>
	\$ 230,513	\$ 219,495
Less: Amounts financed by long term debt	(107,280)	(106,055)
Deferred capital contributions (see note 16)	(72,411)	(70,233)
Internal advances	<u>(8,790)</u>	<u>548</u>
	<u>\$ 42,032</u>	<u>\$ 43,755</u>

## 21. 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:

	<b>2007</b>	<b>2006</b>
Endowments restricted externally	\$ 30,628	\$ 24,282
Endowments restricted internally	<u>5,180</u>	<u>4,983</u>
	<u>\$ 35,808</u>	<u>\$ 29,265</u>

The endowment earnings, which includes interest, dividends, realized and unrealized gains and losses, were used as follows:

	<b>2007</b>	<b>2006</b>
to fund the academic development program	\$ 274	\$ 147
to fund endowed scholarship, bursaries, and other projects	1,085	828
to increase the endowment balance	1,363	1,667
to fund the endowment reserve	<u>345</u>	<u>51</u>
Total Earnings	<u>\$ 3,067</u>	<u>\$ 2,693</u>

# Wilfrid Laurier University

Notes to Financial Statements

**April 30, 2007**

(in thousands of dollars)

## 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.

	2007	2006
<b>Schedule of Changes in Endowment Fund Balance for the year ended April 30</b>		
Endowment balance - beginning of year	\$ 5,922	\$ 5,357
Increase due to change in endowment stabilization policy	-	155
Investment income capitalized	354	410
	<u>6,276</u>	<u>5,922</u>
Endowment balance - end of year	<u>\$ 6,276</u>	<u>\$ 5,922</u>

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

Expendable funds - beginning of year	\$ 518	\$ 210
Investment income, net of direct investment related expenses	248	643
Interest capitalized	-	(410)
Bursaries awarded (total number 2007: 208, 2006: 181)	(203)	(201)
Endowment Stabilization Reserve Fund	20	276
	<u>583</u>	<u>518</u>
Expendable funds - end of year	<u>\$ 583</u>	<u>\$ 518</u>

The market value of the endowment is \$6,427 (2006 - \$6,034) and expendable funds is \$583 (2006 - \$518)

# Wilfrid Laurier University

Notes to Financial Statements

**April 30, 2007**

(in thousands of dollars)

## Ontario Student Opportunity Trust Fund - Phase II

	2007	2006
<b>Schedule of Changes in Endowment Funds Balance for the year ended April 30</b>		
Fund balance - beginning of year	\$ 2,038	\$ 2,244
Cash donations received	-	-
Matching funds received	-	-
Audited unmatched cash donations received between March 27, 2003 and March 31, 2005 transferred to OTSS in 2005/06	-	(287)
Preservation of capital	<u>112</u>	<u>81</u>
Fund balance - end of year	<u>\$ 2,150</u>	<u>\$ 2,038</u>

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

	2007	2006
Balance - beginning of year	\$ 156	\$ 31
Realized investment income, net of direct investment related expenses and preservation of capital contribution	82	84
Endowment Stabilization Reserve Fund	-	92
Bursaries awarded (total number: 2007:72, 2006:71)	<u>(74)</u>	<u>(51)</u>
Balance - end of year	<u>164</u>	<u>156</u>
Endowment total based on book value	<u>2,314</u>	<u>2,194</u>
Endowment total based on market value	<u>\$ 2,370</u>	<u>\$ 2,234</u>



# Wilfrid Laurier University

Notes to Financial Statements

**April 30, 2007**

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(in thousands of dollars)

## 23. Statement of Cash Flows

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

	<b>2007</b>		<b>2006</b>
Accounts receivable	\$ (470)	\$	3,005
Inventories	(401)		(291)
Prepaid expenses	1		(819)
Accounts payable and accrued liabilities - net of amounts related to capital assets	2,405		(398)
Accrued vacation pay	170		184
Deferred revenue	1,399		739
	<u>\$ 3,104</u>		<u>\$ 2,420</u>

# Wilfrid Laurier University

Notes to Financial Statements

**April 30, 2007**

(in thousands of dollars)

## 24. Additions to Capital Assets

The additions to capital assets consist of the following:

	2007	2006
<u>Waterloo Campus</u>		
Dr. Alvin Woods building renovations	\$ 7,371	\$ 1,064
Furniture and equipment	3,190	5,782
Library books	1,978	1,654
Centre for Co-operative Education & Career Development	1,963	-
Alumni Field	1,957	-
University Stadium remediation	641	-
12 Lodge Street building	405	-
Software purchases	275	-
Alumni Hall renovations	251	-
Aird building renovations	8	-
Land	5	15
Athletic Complex, Phase 3	-	2,246
King Street residence	-	299
Science research building	-	163
	<hr/> 18,044	<hr/> 11,223
<u>Brantford Campus</u>		
Journalism House	413	146
Wilkes House	238	4,526
Brantford Student Centre	12	2,291
Land	12	582
Student residence	-	146
	<hr/> 675	<hr/> 7,691
<u>Kitchener Campus</u>		
Faculty of Social Work	1,789	5,678
	<hr/> \$ 20,508	<hr/> \$ 24,592

# Wilfrid Laurier University

Notes to Financial Statements

**April 30, 2007**

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(in thousands of dollars)

## 25. 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	\$ 415,734
Furniture and equipment	60,850
Library books	<u>175,418</u>
Total	<u>\$ 652,002</u>

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

## 26. Commitments and Guarantees

Costs to complete major capital projects in progress and commitments to purchase property as at April 30, 2007 are estimated to be \$12,229 (2006 - \$13,916) and will be financed primarily by provincial grants, fundraising and internally restricted net assets.

Future minimum payments for the next four years under non-cancellable operating leases and other agreements at April 30, 2007 are payable as follows:

2008	\$ 534
2009	155
2010	25
2011	5

The University has also guaranteed debt for Wilfrid Laurier University Student Union in the amount of \$3,000 as at April 30, 2007. The outstanding balance of these loans, as at April 30, 2007 was \$2,562.

# Wilfrid Laurier University

Notes to Financial Statements

**April 30, 2007**

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(in thousands of dollars)

## 27. 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.

## 28. Supplemental Disclosure of Cash Flow Information

	<b>2007</b>	<b>2006</b>
Interest paid on long term debt	\$ 7,530	\$ 7,555