

Financial Statements of

**WILFRID LAURIER
UNIVERSITY**

Year ended April 30, 2014



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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, 2014 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.

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



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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, 2014 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.

Amended Financial Statements

Without modifying our opinion, we draw attention to Note 30 to the financial statements, which explains that the financial statements for the year ended April 30, 2014 have been amended from those which we originally reported on September 18, 2014.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small arrowhead pointing to the right.

Chartered Professional Accountants, Licensed Public Accountants

September 18, 2014, except as to Note 30, which is as of February 26, 2015
Waterloo, Canada

WILFRID LAURIER UNIVERSITY

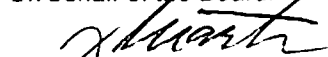
Statement of Financial Position, continued
(In thousands of Canadian dollars)

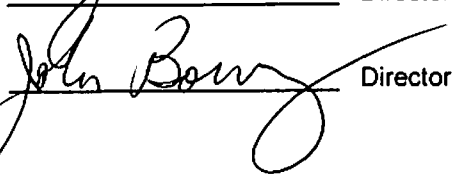
April 30, 2014, with comparative information for 2013

	2014	2013
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 9)	\$ 36,146	\$ 31,757
Accrued vacation pay	4,095	4,040
Deferred revenue	20,654	19,835
Current portion of banker's acceptance (note 8)	1,515	1,473
Current portion of mortgage payable (note 10)	95	101
Current portion of term bank loan (note 11)	-	86
	<u>62,505</u>	<u>57,292</u>
Long-term financial liabilities:		
Debentures (note 7)	109,632	109,570
Banker's acceptance (note 8)	89,710	73,963
Mortgages payable (note 10)	261	356
Term bank loan (note 11)	-	432
	<u>199,603</u>	<u>184,321</u>
Other long-term liabilities:		
Retirement incentive plans (note 12)	2,314	3,068
Pension plans (note 13)	54,066	88,269
Other post employment benefits (note 14)	73,079	66,541
Deferred contributions - operations (note 15)	28,817	23,078
Deferred contributions - capital (note 16)	137,098	122,283
Forgivable loans (note 17)	1,960	2,499
	<u>297,334</u>	<u>305,738</u>
Total liabilities	559,442	547,351
Net assets:		
Unrestricted	(159,349)	(203,260)
Internally restricted (note 18)	51,062	53,407
Invested in capital assets (note 19)	142,742	142,836
Endowments (notes 20 and 21)	80,011	75,193
	<u>114,466</u>	<u>68,176</u>
Commitments and contingencies (notes 24 and 25)		
Total liabilities and net assets	\$ 673,908	\$ 615,527

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, 2014, with comparative information for 2013

	2014	2013
Revenue:		
Government grants	\$ 118,994	\$ 115,312
Student fees	158,013	148,734
Grants, contracts, and donations	5,381	4,189
Sales and service	27,506	26,563
Amortization of deferred contributions - capital	4,715	4,586
Investment returns	6,463	5,455
Gain on sale of capital assets	206	-
Other revenues	11,871	12,053
	<u>333,149</u>	<u>316,892</u>
Expenses:		
Salaries	156,984	148,399
Benefits	19,351	19,427
Employee future benefits	31,664	29,366
Operating costs	45,057	46,948
Amortization of capital assets	17,117	16,133
Cost of goods sold	12,332	14,216
Taxes, utilities, and rent	15,852	14,852
Scholarships and bursaries	19,012	17,579
Interest	8,178	7,106
	<u>325,547</u>	<u>314,026</u>
Excess of revenue over expenses	\$ 7,602	\$ 2,866

See accompanying notes to financial statements.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2014, with comparative information for 2013

April 30, 2014	Unrestricted	Internally restricted	Invested in capital assets	Restricted for endowment	Total
Balance, beginning of year	\$ (203,260)	\$ 53,407	\$ 142,836	\$ 75,193	\$ 68,176
Excess of revenue over expenses	19,798	-	(12,196)	-	7,602
Internally imposed restrictions	2,345	(2,345)	-	-	-
Net endowment contributions and capitalized earnings	-	-	-	4,818	4,818
Invested in capital assets	(12,102)	-	12,102	-	-
Employee future benefits (note 13)	33,870	-	-	-	33,870
Balance, end of year	\$ (159,349)	\$ 51,062	\$ 142,742	\$ 114,466	\$ 114,230

April 30, 2013	Unrestricted	Internally restricted	Invested in capital assets	Restricted for endowment	Total
Balance, beginning of year	\$ (174,949)	\$ 45,105	\$ 144,481	\$ 70,143	\$ 84,780
Excess of revenue over expenses	14,413	-	(11,547)	-	2,866
Internally imposed restrictions	(8,316)	8,302	-	14	-
Net endowment contributions and capitalized earnings	-	-	-	5,036	5,036
Invested in capital assets	(9,902)	-	9,902	-	-
Employee future benefits (note 13)	(24,506)	-	-	-	(24,506)
Balance, end of year	\$ (203,260)	\$ 53,407	\$ 142,836	\$ 75,193	\$ 68,176

WILFRID LAURIER UNIVERSITY

Statement of Cash Flows
(In thousands of Canadian dollars)

Year ended April 30, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 7,602	\$ 2,866
Items not providing or using cash:		
Amortization of deferred contributions - capital	(4,715)	(4,586)
Amortization of capital assets	17,117	16,133
Increase in deferred contributions - operations	5,739	2,335
Employee future benefits expense	31,664	29,366
Non cash interest expense	62	58
Gain on sale of capital assets	(206)	-
Net change in non-cash working capital	3,800	2,237
Contributions to employee future benefits	(26,213)	(25,431)
	<u>34,850</u>	<u>22,978</u>
Financing activities:		
Decrease in term bank loans - net	(518)	(82)
Increase in sinking fund investment	(1,522)	(1,561)
Decrease in mortgages - net	(101)	(166)
Increase in banker's acceptances	15,789	18,146
	<u>13,648</u>	<u>16,337</u>
Investing activities:		
Increase in restricted endowment investments	(4,818)	(5,050)
Decrease (increase) in notes receivable	402	(2,296)
Decrease (increase) in deposits on capital assets	(241)	15
Purchase of capital assets (note 22)	(34,312)	(25,888)
Proceeds on sale of capital assets	638	-
Endowments received	4,818	5,036
Increase in restricted cash	(5,861)	(12,919)
Increase in stocks, bonds and debentures	(3,177)	(1,461)
Deferred contributions - capital received	19,766	21,007
	<u>(22,785)</u>	<u>(21,556)</u>
Increase in cash	25,713	17,759
Cash, beginning of year	70,280	52,521
Cash, end of year	<u>\$ 95,993</u>	<u>\$ 70,280</u>

See accompanying notes to financial statements.

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements
(In thousands of Canadian dollars)

Year ended April 30, 2014

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, debentures and pooled funds:

All stocks, bonds, debentures, investments, 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, 2014

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, 2012 and the next required valuation will be as of December 31, 2015.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2014

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, 2014

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 there is an indicator of impairment, 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. Changes to accounting policies:

Effective January 1, 2014, the University adopted the new Chartered Professional Accountants of Canada Handbook Part III Section 3463, *Reporting Employee Future Benefits by Not-for-Profit Organizations* which incorporates Section 3462, *Employee Future Benefits*.

Under the new accounting standard, actuarial gains and losses and past service costs are no longer deferred and amortized into future periods through operations. Rather, the full actuarial liability net of assets is recorded on the Statement of Financial Position, the annual benefit cost is recorded in the Statement of Operations and the change in unamortized gains and losses is recognized in the Statements of Changes in Net Assets. In addition, interest cost and expected rate of return on plan assets are replaced with a net interest amount that is calculated by applying the discount rate used to calculate the net defined benefit obligation.

For defined benefit plans for which an actuarial valuation for funding purposes exists, an accounting policy choice between using the funding valuation or an accounting valuation is available. The University has elected to use a valuation for funding purposes. This change impacts the University's retirement incentive plans, supplemental pension plans, and other post employment benefits, since the University previously used a valuation for funding purposes to measure its pension obligation for its registered pension plan.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2014

2. Changes to accounting policies:

The University implemented the new standard retrospectively. The impact on the University's net assets as of May 1, 2012 and its excess of revenue over expenses (expenses over revenue) for the year ended April 30, 2013 is as follows:

	Excess of revenue over expenses (expenses over revenue) for the year ended April 30, 2013	Unrestricted net assets as at May 1, 2012
As previously reported	\$ (29,173)	\$ (194,475)
Adjustment to retirement incentive plans	(35)	361
Adjustment to pension plans	21,764	(1,187)
Adjustment to other post-employment benefits	10,310	20,352
Restated	\$ 2,866	\$ (174,949)

3. Accounts receivable:

	2014	2013
Student receivables	\$ 7,773	\$ 7,727
Other receivables	8,928	7,570
	16,701	15,297
Less allowance for doubtful accounts	(491)	(637)
	\$ 16,210	\$ 14,660

4. Notes receivable:

	2014	2013
Wilfrid Laurier University Students' Union: 4.89% note, repayable by monthly payments of \$13 including principal and interest, due September 1, 2015	\$ 1,767	\$ 1,838
Variable interest note, bearing interest at the rate earned by the University on its cash balances with minimum annual principal payments of \$150	2,030	2,361
	3,797	4,199
Less current portion	(224)	(219)
	\$ 3,573	\$ 3,980

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2014

5. Restricted cash:

The Board of Governors has restricted \$21,850 (2013 - \$16,600) of cash to be put towards an investment fund for the funding of the post-employment benefits and \$500 (2013 - \$nil) designated for contribution to the sinking fund. In addition, on April 30, 2014, the University held \$8,529 (2013 - \$8,419) of monies received from the Province of Ontario to be used in the construction of an athletic facility in Brantford.

	2014		2013	
Cash for funding post-employment benefits	\$	21,850	\$	16,600
Cash for construction of Brantford athletic facility		8,530		8,419
Cash for funding of sinking fund		500		-
	\$	30,880	\$	25,019

6. Capital assets:

	Cost		Amortization value		2014 Net book value		2013 Net book value	
Land and land improvements	\$	100,220	\$	-	\$	100,220	\$	99,202
Buildings		373,552		105,559		267,993		264,070
Furniture and equipment		96,667		75,704		20,963		21,205
Library books		40,779		34,524		6,255		6,399
Construction in progress		28,450		-		28,450		17,017
	\$	639,668	\$	215,787	\$	423,881	\$	407,893

Interest was capitalized during the year in the amount of \$261 (2013 - \$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.

7. Debenture payable:

	2014		2013	
Debenture payable, bearing interest at 5.429% payable semi-annually, due February 1, 2045	\$	115,000	\$	115,000
Less deferred charges		(5,368)		(5,430)
	\$	109,632	\$	109,570

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2014

7. Debenture payable (continued):

The approximate fair market value of the debenture is \$135,000 (2013 - \$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. Payments into the sinking fund were suspended for a three year period but commenced again in the 2013 fiscal year. Sinking fund investments and restricted cash held to discharge the debenture payable are \$8,529 as at April 30, 2014 (2013 - \$6,507).

8. Banker's acceptance:

	2014	2013
Banker's acceptance, bearing interest at 2.52% fixed through a swap transaction, plus a stamping fee of 0.33% for a total of 2.85%, repayable in monthly blended payments of \$281, due November 28, 2042	\$ 65,926	\$ 67,398
Banker's acceptance, bearing interest at 2.69% fixed through a swap transaction, plus a stamping fee of 0.33% for a total of 3.02%, repayable in monthly blended payments of \$281, due November 28, 2045	25,299	8,038
	91,225	75,436
Less principal payable within one year	(1,515)	(1,473)
	\$ 89,710	\$ 73,963

The banker's acceptances are issued under a long-term credit facility entered into by the University during fiscal 2013.

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.

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.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2014

8. Banker's acceptance (continued):

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:

2015	\$	1,515
2016		2,677
2017		2,756
2018		2,838
2019		2,923
Thereafter		78,517

9. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$1,870 (2013 - \$1,048), which includes amounts payable for HST and payroll related taxes.

10. Mortgages payable:

	Rate	Due date	2014	2013
Willison Hall, Conrad Hall, C Wing	5.13%	July 1, 2013	\$ -	\$ 11
Residence, Leupold Residence, Dining Hall	5.38%	July 1, 2017	356	446
			356	457
Less principal payable within one year			(95)	(101)
			\$ 261	\$ 356

The approximate fair market value of the mortgages is \$379 (2013 - \$494).

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

2015	\$	95
2016		100
2017		106
2018		55

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2014

11. Term bank loan:

	2014		2013	
Bank loan, bearing interest at 4.79%, repayable in monthly blended payments of \$9, due September 30, 2013	\$	-	\$	518
Less principal payable within one year		-		(86)
	\$	-	\$	432

The approximate fair market value of the term bank loan is \$nil (2013 - \$549).

12. 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.

	SVEP		PIRO		Total 2014		Total 2013	
Change in benefit obligation:								
Benefit obligation, beginning of year	\$	1,917	\$	1,151	\$	3,068	\$	4,136
Current service costs		-		89		89		80
Interest costs		89		63		152		219
Benefits paid		(750)		(245)		(995)		(1,403)
Actuarial loss		-		-		-		36
Benefit obligation, end of year	\$	1,256	\$	1,058	\$	2,314	\$	3,068
Change in plan assets:								
Plan assets, beginning of year	\$	-	\$	-	\$	-	\$	-
Employer contributions		750		245		995		1,403
Benefits paid		(750)		(245)		(995)		(1,403)
Plan assets, end of year	\$	-	\$	-	\$	-	\$	-

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2014

12. Retirement incentive plans (continued):

			2014	2013
For determining benefit obligations as at April 30:				
Discount rate			5.75%	5.75%
Rate of compensation increase			4.50%	4.50%
For determining benefit costs for the year ending April 30:				
Discount rate			5.75%	6.25%
Rate of compensation increase			4.50%	4.50%
	SVEP	PIRO	Total 2014	Total 2013
Components of benefit expense:				
Current service costs	\$ -	\$ 89	\$ 89	\$ 80
Interest costs	89	63	152	219
	\$ 89	\$ 152	\$ 241	\$ 299

13. 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.

	2014	2013
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 447,563	\$ 387,883
Current service costs	16,647	15,528
Employee contributions	11,063	11,334
Interest costs	26,758	25,298
Benefits paid	(19,839)	(19,957)
Actuarial (gain) loss	(4,285)	27,477
Benefit obligation, end of year	\$ 477,907	\$ 447,563

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2014

13. Pension plans (continued):

	2014	2013
Change in plan assets:		
Plan assets, beginning of year	\$ 359,294	\$ 318,172
Employer contributions	23,881	22,765
Employee contributions	11,063	11,334
Interest income	21,094	20,328
Return on plan assets	29,585	8,399
Benefits paid	(19,839)	(19,957)
Administrative cost	(1,237)	(1,747)
Plan assets, end of year	\$ 423,841	\$ 359,294
Funded status:		
Defined benefit liability	\$ 54,066	\$ 88,269
	2014	2013
For determining benefit obligations as at April 30:		
Discount rate	5.75%	5.75%
Rate of compensation increase	4.00% - 4.50%	4.00% - 4.50%
For determining benefit costs for the year ending April 30:		
Discount rate	5.75%	6.25%
Rate of compensation increase	4.00% - 4.50%	4.50%
	2014	2013
Components of benefit expense:		
Current service costs	\$ 16,647	\$ 15,528
Administrative costs	1,237	1,747
Interest costs	5,664	4,970
Benefit expense	\$ 23,548	\$ 22,245

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2014

13. Pension plans (continued):

	2014	2013
Components of employee future benefits recorded as a direct increase (decrease) to net assets:		
Return on plan assets - pension	\$ 29,585	\$ 8,399
Actuarial gain (loss) - pension	4,285	(27,477)
Actuarial loss - retirement incentive plans (note 12)	-	(36)
Actuarial loss - other post employment benefits (note 14)	-	(5,392)
Total employee future benefits recorded as a direct increase (decrease) to net assets	\$ 33,870	\$ (24,506)

14. 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.

	2014	2013
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 66,541	\$ 55,590
Current service cost	3,865	3,188
Interest cost	4,010	3,634
Benefits paid	(1,337)	(1,263)
Actuarial loss	-	5,392
Benefit obligation, end of year	\$ 73,079	\$ 66,541
Change in plan assets:		
Plan assets, beginning of year	\$ -	\$ -
Employer contributions	1,337	1,263
Benefits paid	(1,337)	(1,263)
Plan assets, end of year	\$ -	\$ -

The date used to measure the plan assets and accrued benefit obligation is April 30, 2012.

For measurement purposes, a 7.6% increase in the per capital cost of health care costs are assumed for 2014, 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.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2014

14. Other post employment benefits (continued):

	2014	2013
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%	6.25%
	2014	2013
Components of benefit expense:		
Current service costs	\$ 3,865	\$ 3,188
Interest costs	4,010	3,634
Benefit expense	\$ 7,875	\$ 6,822

15. Deferred contributions - operations:

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

	2014	2013
Research grants	\$ 7,433	\$ 7,817
Scholarships and bursaries	7,432	6,087
Unspent designated donations	7,154	6,960
Other amounts	6,798	2,214
	\$ 28,817	\$ 23,078

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:

	2014	2013
Balance, beginning of year	\$ 122,283	\$ 105,323
Contributions received during the year	19,766	21,007
Loans forgiven during the year	539	539
Income realized regarding disposal of capital equipment	(775)	-
Amortization for the year	(4,715)	(4,586)
Balance, end of year	\$ 137,098	\$ 122,283

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2014

17. Forgivable loans:

	2014	2013
Interest free loan, from the City of Brantford, for the Wilkes House renovations, forgivable over a period of 25 years beginning in 2009	\$ 627	\$ 666
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	1,333	1,833
	\$ 1,960	\$ 2,499

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

18. Internally restricted net assets:

	2014	2013
Departmental operating budget carryforwards	\$ 14,969	\$ 11,227
Operating budget general reserves	9,158	9,800
Major repairs and maintenance	5,505	6,850
Operating fund specific projects	4,856	5,087
Development campaign budget reserve	2,492	3,317
Land banking	2,181	3,244
Capital related specific projects	2,593	3,216
Ancillary operations	3,318	2,745
Equipment replacement and renewal fund	1,967	2,575
Research related	1,896	1,959
Real estate fund	1,250	1,522
Balsillie endowment reserve	662	1,230
Faculty professional and travel expenses	215	635
	\$ 51,062	\$ 53,407

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2014

19. Invested in capital assets:

	2014	2013
Capital assets-net book value (note 6)	\$ 423,881	\$ 407,893
Add: Sinking fund investments and internally restricted cash held to discharge long-term debt	8,529	6,507
	432,410	414,400
Less: Amounts financed by long-term debt	(182,163)	(167,532)
Deferred contributions - capital (note 16)	(137,098)	(122,283)
Internal advances	29,593	18,251
	\$ 142,742	\$ 142,836

20. 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 and by crediting the capital account by an inflation adjustment factor where applicable.

The details of the endowments are as follows:

	2014	2013
Endowments restricted externally	\$ 74,957	\$ 70,228
Endowments restricted internally	5,054	4,965
	\$ 80,011	\$ 75,193

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2014

21. Ontario Student Trust Fund:

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

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

	2014		2013	
Expendable funds available for awards, beginning of year	\$	483	\$	395
Net transfer from endowment funds		253		248
Bursaries awarded		(230)		(160)
Expendable funds available for awards, end of year	\$	506	\$	483
Total OSOTF, Phase I, end of year	\$	6,927	\$	6,779
Number of bursaries awarded		202		139

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

	2014		2013	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 6,567	\$ 6,296	\$ 6,280	\$ 6,267
Unrealized gain for the year	306	-	258	-
Investment income, net of investment related expenses	379	379	277	277
Net transfer from endowment funds	(253)	(253)	(248)	(248)
Endowment balance, end of year	\$ 6,999	\$ 6,422	\$ 6,567	\$ 6,296

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

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

	2014		2013	
Expendable funds available for awards, beginning of year	\$	108	\$	86
Net transfer from endowment funds		80		73
Bursaries awarded		(69)		(51)
Expendable funds available for awards, end of year	\$	119	\$	108
Total OSOTF, Phase II, end of year	\$	2,224	\$	2,170
Number of bursaries awarded		50		40

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2014

21. Ontario Student Trust Fund (continued):

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

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

	2014		2013	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 2,149	\$ 2,062	\$ 2,050	\$ 2,046
Unrealized gain for the year	99	-	83	-
Investment income, net of investment related expenses	123	123	89	89
Net transfer from endowment funds	(80)	(80)	(73)	(73)
Endowment balance, end of year	\$ 2,291	\$ 2,105	\$ 2,149	\$ 2,062

Ontario Trust Fund Student Support (OTSS):

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

	2014	2013
Expendable funds available for awards, beginning of year	\$ 832	\$ 611
Net transfer from endowment funds	721	664
Bursaries awarded	(632)	(443)
Expendable funds available for awards, end of year	\$ 921	\$ 832
Total OTSS, Phase II, end of year	\$ 20,082	\$ 19,596
Number of bursaries awarded	448	347

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

	2014		2013	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 19,562	\$ 18,764	\$ 18,652	\$ 18,614
Unrealized gain for the year	905	-	760	-
Investment income, net of investment related expenses	1,118	1,118	814	814
Net transfer from endowment funds	(721)	(721)	(664)	(664)
Endowment balance, end of year	\$ 20,864	\$ 19,161	\$ 19,562	\$ 18,764

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2014

22. Additions to capital assets:

	2014	2013
Waterloo campus:		
Furniture and equipment	\$ 4,044	\$ 4,603
Library books	2,321	2,621
Global exchange project	15,750	5,954
Athletic complex, change room renovations	-	269
Fitness centre expansion	2,625	2,175
Centre for Cold Region and Water Science	2,214	4,330
Student residences	-	1,249
Landscaping improvements	-	219
Northdale parking expansion	564	19
Ezra/Bricker properties sprinkler system	1,413	-
Laurier exterior signage	78	-
Wellness Centre renovation	16	-
Science Building roof	2,070	-
E-Procurement solution	547	-
148 Albert Street	82	-
Land	323	3,091
	<u>32,047</u>	<u>24,530</u>
Brantford campus:		
YMCA/Laurier Athletic Centre	946	124
Research and Academic Centre - Lab	6	1,234
45 Market Street	408	-
32 Market Street	210	-
Land	695	-
	<u>2,265</u>	<u>1,358</u>
	<u>\$ 34,312</u>	<u>\$ 25,888</u>

23. 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, 2018. During this time, the University is obligated to share proportionately in gains and losses realized by the member universities.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2014

23. Insurance (continued):

The University insures its capital assets for the following amounts:

Building	\$	713,648
Furniture and equipment		91,726
Library books		133,397
	\$	938,771

The University has artwork which is insured for \$2,350.

24. Commitments and guarantees:

Costs to complete major capital projects in progress and commitments to purchase property as at April 30, 2014 are estimated to be \$51,370 (2013 - \$68,446) 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 20, 2014 are payable as follows:

2015	\$	6,340
2016		5,552
2017		3,055
2018		1,246
2019		388

The University has also guaranteed debt for the Wilfrid Laurier University Students' Union in the amount of \$2,184 as at April 30, 2014 (2013 - \$2,301).

25. 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.

26. 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.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2014

26. Financial risks and concentration of credit risk (continued):

(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 7, 8, 10 and 11.

27. 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 2013. 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.

28. Related party transactions:

During the year, professional fees 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 and all fees are assessed at market rates. Professional fees paid to these entities during the year were \$164 (2013 - \$120).

29. Comparative figures:

Certain comparative figures have been reclassified to conform to the financial statements presentation adopted in the current year.

30. Amendment of the previously issued Financial Statements.

The previously issued financial statements which included an audit report date of September 18, 2014 contained an error. The error was contained in the actuarial calculations in the determination of pension plan liabilities, pension expense and actuarial gains and losses for the years ended April 30, 2014 and 2013. The change is reflected in each of the Statement of Financial Position, Statement of Operations, Statement of Changes in Net Assets, Statement of Cash Flows and Notes 2 and 13.