

Financial Statements of

**WILFRID LAURIER  
UNIVERSITY**

Year ended April 30, 2015



**KPMG LLP**  
115 King Street South, 2<sup>nd</sup> Floor  
Waterloo ON N2J 5A3

Telephone 519-747-8800  
Fax 519-747-8830  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **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, 2015 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, 2015 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

September 17, 2015

Waterloo, Canada

# WILFRID LAURIER UNIVERSITY

Statement of Financial Position  
(In thousands of Canadian dollars)

April 30, 2015, with comparative information for 2014

	2015	2014
<b>Assets</b>		
Current assets:		
Cash and short-term deposits	\$ 96,293	\$ 95,993
Accounts receivable (note 2)	20,780	16,210
Stocks, bonds and pooled funds (note 4)	11,485	7,657
Inventories	3,479	3,608
Prepaid expenses	3,990	3,602
Deposit on capital assets	12	241
Current portion of notes receivable (note 3)	226	224
	<hr/>	<hr/>
	136,265	127,535
Notes receivable less current portion (note 3)	3,314	3,573
Capital assets (note 5)	470,279	423,881
Sinking fund investments (note 4)	8,688	8,028
Restricted cash (note 6)	37,697	30,880
Endowments investments (note 4)	83,989	80,011
	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 740,232</b>	<b>\$ 673,908</b>

# WILFRID LAURIER UNIVERSITY


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


April 30, 2015, with comparative information for 2014

	2015	2014
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities (note 7)	\$ 50,107	\$ 36,146
Accrued vacation pay	4,386	4,095
Deferred revenue	29,173	20,654
Current portion of banker's acceptance (note 9)	2,677	1,515
Current portion of mortgage payable (note 10)	100	95
	<u>86,443</u>	<u>62,505</u>
<b>Long-term financial liabilities:</b>		
Debentures (note 8)	109,698	109,632
Banker's acceptance (note 9)	115,459	89,710
Mortgages payable (note 10)	161	261
	<u>225,318</u>	<u>199,603</u>
<b>Other long-term liabilities:</b>		
Retirement incentive plans (note 11)	1,436	2,314
Pension plans (note 12)	43,740	54,066
Other post-employment benefits (note 13)	65,222	73,079
Deferred contributions - operations (note 14)	27,262	28,817
Deferred contributions - capital (note 15)	160,782	137,098
Forgivable loans (note 16)	1,421	1,960
	<u>299,863</u>	<u>297,334</u>
<b>Total liabilities</b>	<b>611,624</b>	<b>559,442</b>
<b>Net assets:</b>		
Unrestricted	(128,801)	(159,349)
Internally restricted (note 17)	49,768	51,062
Invested in capital assets (note 18)	123,652	142,742
Endowments (notes 19 and 20)	83,989	80,011
	<u>128,608</u>	<u>114,466</u>
<b>Commitments and contingencies (notes 23 and 24)</b>		
<b>Total liabilities and net assets</b>	<b>\$ 740,232</b>	<b>\$ 673,908</b>

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, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Government grants	\$ 115,186	\$ 118,994
Student fees	162,201	158,013
Grants, contracts, and donations	5,077	5,381
Sales and service	25,065	27,506
Amortization of deferred contributions - capital	5,952	4,715
Investment returns	6,624	6,463
Gain on sale of capital assets	561	206
Other revenues	9,185	11,871
	<u>329,851</u>	<u>333,149</u>
Expenses:		
Salaries	169,994	156,984
Benefits	23,503	19,351
Employee future benefits	31,718	31,664
Operating costs	41,754	45,057
Amortization of capital assets	18,228	17,117
Cost of goods sold	11,099	12,332
Taxes, utilities, and rent	15,949	15,852
Scholarships and bursaries	20,829	19,012
Interest	9,127	8,178
	<u>342,201</u>	<u>325,547</u>
Excess (deficiency) of revenue over expenses	\$ (12,350)	\$ 7,602

See accompanying notes to financial statements.

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2015, with comparative information for 2014

April 30, 2015	Unrestricted	Internally restricted	Invested in capital assets	Restricted for endowment	Total
Balance, beginning of year	\$ (159,349)	\$ 51,062	\$ 142,742	\$ 80,011	\$ 114,466
Excess of revenue over expenses	(635)	-	(11,715)	-	(12,350)
Internally imposed restrictions	1,294	(1,294)	-	-	-
Net endowment contributions and capitalized earnings	-	-	-	3,978	3,978
Invested in capital assets	7,375	-	(7,375)	-	-
Employee future benefits (note 12)	22,514	-	-	-	22,514
<b>Balance, end of year</b>	<b>\$ (128,801)</b>	<b>\$ 49,768</b>	<b>\$ 123,652</b>	<b>\$ 83,989</b>	<b>\$ 128,608</b>

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 12)	33,870	-	-	-	33,870
<b>Balance, end of year</b>	<b>\$ (159,349)</b>	<b>\$ 51,062</b>	<b>\$ 142,742</b>	<b>\$ 80,011</b>	<b>\$ 114,466</b>

# WILFRID LAURIER UNIVERSITY

Statement of Cash Flows  
(In thousands of Canadian dollars)

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ (12,350)	\$ 7,602
Items not providing or using cash:		
Amortization of deferred contributions - capital	(5,952)	(4,715)
Amortization of capital assets	18,228	17,117
Increase (decrease) in deferred contributions - operations	(1,555)	5,739
Employee future benefits expense	31,718	31,664
Non cash interest expense	66	62
Gain on sale of capital assets	(561)	(206)
Net change in non-cash working capital	17,941	3,800
Contributions to employee future benefits	(27,970)	(26,213)
	<u>19,565</u>	<u>34,850</u>
Financing activities:		
Decrease in term bank loans - net	-	(518)
Increase in sinking fund investment	(660)	(1,522)
Decrease in mortgages - net	(95)	(101)
Increase in banker's acceptances - net	26,911	15,789
	<u>26,156</u>	<u>13,648</u>
Investing activities:		
Increase in restricted endowment investments	(3,978)	(4,818)
Decrease in notes receivable	257	402
Decrease (increase) in deposits on capital assets	229	(241)
Purchase of capital assets (note 21)	(65,582)	(34,312)
Proceeds on sale of capital assets	1,136	638
Endowments received	3,978	4,818
Increase in restricted cash	(6,817)	(5,861)
Increase in stocks, bonds and pooled funds	(3,828)	(3,177)
Deferred contributions - capital received	29,184	19,766
	<u>(45,421)</u>	<u>(22,785)</u>
Increase in cash	300	25,713
Cash, beginning of year	95,993	70,280
Cash, end of year	<u>\$ 96,293</u>	<u>\$ 95,993</u>

See accompanying notes to financial statements.



# WILFRID LAURIER UNIVERSITY

Notes to Financial Statements  
(In thousands of Canadian dollars)

Year ended April 30, 2015

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

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

## 1. Significant accounting policies:

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

### (a) Valuation of inventories:

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

### (b) Capital assets:

Capital assets are stated at cost, less accumulated amortization.

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

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

Category	Amortization Rate
Buildings	2 1/2 - 10%
Furniture equipment	10 - 33 1/3%
Library books	20%

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

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

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

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2015

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## 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, 2015

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## 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, 2015

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## 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. Accounts receivable:

	2015	2014
Student receivables	\$ 9,500	\$ 7,773
Other receivables	11,909	8,928
	21,409	16,701
Less allowance for doubtful accounts	(629)	(491)
	\$ 20,780	\$ 16,210

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2015

### 3. Notes receivable:

	2015	2014
Wilfrid Laurier University Students' Union: 4.89% note, repayable by monthly payments of \$13 including principal and interest, due September 1, 2015	\$ 1,697	\$ 1,767
Variable interest note, bearing interest at the rate earned by the University on its cash balances with minimum annual principal payments of \$150	1,843	2,030
	3,540	3,797
Less current portion	(226)	(224)
	\$ 3,314	\$ 3,573

### 4. Investments:

Investments are made up of the following amounts:

	2015	2014
Cash and money market	\$ 687	\$ 586
Common stock	841	784
Bonds	4,236	8,155
Canadian equity funds	19,345	16,240
Global equity funds	14,758	10,466
Fixed income funds	34,287	32,222
Hedge funds	4,794	4,623
Balanced funds	25,214	22,620
	\$ 104,162	\$ 95,696

Investments are allocated as follows:

	2015	2014
Stocks, bonds and pooled funds	\$ 11,485	\$ 7,657
Sinking fund investments	8,688	8,028
Endowment investments	83,989	80,011
	\$ 104,162	\$ 95,696

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2015

## 5. Capital assets:

	Cost	Amortization value	2015 Net book value	2014 Net book value
Land and land improvements	\$ 112,128	\$ -	\$ 112,128	\$ 100,220
Buildings	384,373	114,955	269,418	267,993
Furniture and equipment	105,101	81,589	23,512	20,963
Library books	43,090	37,008	6,082	6,255
Construction in progress	59,139	-	59,139	28,450
	<b>\$ 703,831</b>	<b>\$ 233,552</b>	<b>\$ 470,279</b>	<b>\$ 423,881</b>

There was no interest capitalized during the year (2014 - \$261).

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

## 6. Restricted cash:

The Board of Governors has restricted \$27,954 (2014 - \$21,850) of cash to be put towards an investment fund for the funding of the post-employment benefits and \$1,506 (2014 - \$500) designated for contribution to the sinking fund for repayment of the debenture. In addition, on April 30, 2015, the University held \$8,237 (2014 - \$8,529) of monies received from the Province of Ontario to be used in the construction of an athletic facility in Brantford.

	2015	2014
Cash for funding post-employment benefits	\$ 27,954	\$ 21,850
Cash for construction of Brantford athletic facility	8,237	8,530
Cash for funding of sinking fund	1,506	500
	<b>\$ 37,697</b>	<b>\$ 30,880</b>

## 7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities is an accrual for early retirement expenses in the amount of \$9,449. This charge has been included in the statement operations in the current year.

Included in accounts payable and accrued liabilities are government remittances payable of \$657 (2014 - \$1,870), which includes amounts payable for HST and payroll related taxes.

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2015

## 8. Debenture payable:

	2015	2014
Debenture payable, bearing interest at 5.429% payable semi-annually, due February 1, 2045	\$ 115,000	\$ 115,000
Less deferred charges	(5,302)	(5,368)
	\$ 109,698	\$ 109,632

The approximate fair market value of the debenture is \$132,000 (2014 - \$135,000).

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 2014 fiscal year. Sinking fund investments and restricted cash held to discharge the debenture payable are \$10,194 as at April 30, 2015 (2014 - \$8,529).

## 9. Banker's acceptance:

	2015	2014
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	\$ 64,410	\$ 65,926
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 \$227, due November 28, 2045	53,726	25,299
	118,136	91,225
Less principal payable within one year	(2,677)	(1,515)
	\$ 115,459	\$ 89,710

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

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

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2015

## 9. Banker's acceptance (continued):

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

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

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

2016		\$	2,677
2017			2,756
2018			2,838
2019			2,922
2020			3,009
Thereafter			103,934

## 10. Mortgages payable:

	Rate	Due date	2015	2014
Residence, Leupold Residence, Dining Hall	5.38%	July 1, 2017	\$ 261	\$ 356
Less principal payable within one year			(100)	(95)
			\$ 161	\$ 261

The approximate fair market value of the mortgages is \$265 (2014 - \$379). The aggregate amount of principal payments in each of the next four years to meet retirement provisions is as follows:

2016		\$	100
2017			106
2018			55



# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2015

## 11. Retirement incentive plans:

The University has two plans, the special voluntary exit plan (SVEP) and the phased in retirement option (PIRO) which provide eligible staff and faculty with an incentive to retire. The figures stated here provide information for these plans.

	SVEP		PIRO		Total 2015		Total 2014	
Change in benefit obligation:								
Benefit obligation, beginning of year	\$	1,256	\$	1,058	\$	2,314	\$	3,068
Current service costs		-		94		94		89
Interest costs		49		58		107		152
Benefits paid		(793)		(286)		(1,079)		(995)
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Benefit obligation, end of year	\$	512	\$	924	\$	1,436	\$	2,314
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Change in plan assets:								
Plan assets, beginning of year	\$	-	\$	-	\$	-	\$	-
Employer contributions		793		793		793		995
Benefits paid		(793)		(793)		(793)		(995)
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Plan assets, end of year	\$	-	\$	-	\$	-	\$	-
<hr/>								
					2015		2014	
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For determining benefit obligations as at April 30:								
Discount rate					5.75%		5.75%	
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For determining benefit costs for the year ending April 30:								
Discount rate					5.75%		5.75%	
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	SVEP		PIRO		Total 2015		Total 2014	
Components of benefit expense:								
Current service costs	\$	-	\$	94	\$	94	\$	89
Interest costs		49		58		107		152
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	\$	49	\$	152	\$	201	\$	241
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# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2015

## 12. Pension plans:

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

	2015	2014
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 477,907	\$ 447,563
Current service costs	17,019	16,647
Employee contributions	11,256	11,063
Interest costs	28,292	26,758
Benefits paid	(25,861)	(19,839)
Actuarial (gain) loss	14,505	(4,285)
<b>Benefit obligation, end of year</b>	<b>\$ 523,118</b>	<b>\$ 477,907</b>
Change in plan assets:		
Plan assets, beginning of year	\$ 423,841	\$ 359,294
Employer contributions	25,785	23,881
Employee contributions	11,256	11,063
Interest income	22,265	19,857
Return on plan assets	22,092	29,585
Benefits paid	(25,861)	(19,839)
<b>Plan assets, end of year</b>	<b>\$ 479,378</b>	<b>\$ 423,841</b>
Funded status:		
Defined benefit liability	\$ 43,740	\$ 54,066
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%	5.75%
Rate of compensation increase	4.00% - 4.50%	4.00% - 4.50%

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2015

## 12. Pension plans (continued):

	2015		2014
Components of benefit expense:			
Current service costs	\$ 17,019	\$	16,647
Interest costs	6,027		6,901
<b>Benefit expense</b>	<b>\$ 23,046</b>	<b>\$</b>	<b>23,548</b>

	2015		2014
Components of employee future benefits recorded as a direct increase (decrease) to net assets:			
Return on plan assets - pension	\$ 22,092	\$	29,585
Actuarial gain (loss) - pension	(14,505)		4,285
Actuarial gain - other post employment benefits (note 13)	14,927		-
<b>Total employee future benefits recorded as a direct increase to net assets</b>	<b>\$ 22,514</b>	<b>\$</b>	<b>33,870</b>

## 13. Other post employment benefits:

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

	2015		2014
Change in benefit obligation:			
Benefit obligation, beginning of year	\$ 73,079	\$	66,541
Current service cost	4,087		3,865
Interest cost	4,384		4,010
Benefits paid	(1,401)		(1,337)
Actuarial gain	(14,927)		-
<b>Benefit obligation, end of year</b>	<b>\$ 65,222</b>	<b>\$</b>	<b>73,079</b>
Change in plan assets:			
Plan assets, beginning of year	\$ -	\$	-
Employer contributions	1,401		1,337
Benefits paid	(1,401)		(1,337)
<b>Plan assets, end of year</b>	<b>\$ -</b>	<b>\$</b>	<b>-</b>

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2015

## 13. Other post employment benefits (continued):

The date used to measure the plan assets and accrued benefit obligation is April 30, 2015.

For measurement purposes, a 7.4% increase in the per capital cost of health care costs are assumed for 2015, 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.

	2015	2014
For determining benefit obligations as at April 30:		
Discount rate	5.75%	5.75%
For determining benefit costs for the year ending April 30:		
Discount rate	5.75%	5.75%
	2015	2014
Components of benefit expense:		
Current service costs	\$ 4,087	\$ 3,865
Interest costs	4,384	4,010
Benefit expense	\$ 8,471	\$ 7,875

## 14. Deferred contributions - operations:

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

	2015	2014
Research grants	\$ 7,552	\$ 7,433
Scholarships and bursaries	8,129	7,432
Unspent designated donations	7,818	7,154
Other amounts	3,763	6,798
	\$ 27,262	\$ 28,817

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2015

## 15. 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:

	2015	2014
Balance, beginning of year	\$ 137,098	\$ 122,283
Contributions received during the year	29,184	19,766
Loans forgiven during the year	539	539
Income realized regarding disposal of capital equipment	(87)	(775)
Amortization for the year	(5,952)	(4,715)
Balance, end of year	\$ 160,782	\$ 137,098

## 16. Forgivable loans:

	2015	2014
Interest free loan, from the City of Brantford, for the Wilkes House renovations, forgivable over a period of 25 years beginning in 2009	\$ 588	\$ 627
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	833	1,333
	\$ 1,421	\$ 1,960

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, continued  
(In thousands of Canadian dollars)

Year ended April 30, 2015

## 17. Internally restricted net assets:

	2015	2014
Departmental operating budget carryforwards	\$ 21,021	\$ 14,969
Operating budget general reserves	2,147	9,158
Major repairs and maintenance	1,450	5,505
Operating fund specific projects	4,976	4,856
Development campaign budget reserve	5,797	2,492
Land banking	1,304	2,181
Capital related specific projects	1,875	2,593
Ancillary operations	4,698	3,318
Equipment replacement and renewal fund	2,202	1,967
Research related	1,912	1,896
Real estate fund	929	1,250
Balsillie endowment reserve	662	662
Faculty professional and travel expenses	795	215
	\$ 49,768	\$ 51,062

## 18. Invested in capital assets:

	2015	2014
Capital assets-net book value (note 5)	\$ 470,279	\$ 423,881
Add: Sinking fund investments and internally restricted cash held to discharge long-term debt	10,194	8,529
	480,473	432,410
Less: Amounts financed by long-term debt	(196,039)	(182,163)
Deferred contributions - capital (note 15)	(160,782)	(137,098)
Internal advances	-	29,593
	\$ 123,652	\$ 142,742

## 19. 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.

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2015

## 19. Endowments (continued):

The details of the endowments are as follows:

April 30, 2015	Externally restricted	Internally restricted	Total
Beginning balance	\$ 74,957	\$ 5,054	\$ 80,011
Donations	1,356	-	1,356
Investment income and gains, net of fees and expenses	6,197	420	6,617
Transfers to disbursement fund	(3,629)	(366)	(3,995)
	\$ 78,881	\$ 5,108	\$ 83,989

April 30, 2014	Externally restricted	Internally restricted	Total
Beginning balance	\$ 70,228	\$ 4,965	\$ 75,193
Donations	846	16	862
Investment income and gains, net of fees and expenses	6,488	519	7,007
Transfers to disbursement fund	(2,605)	(446)	(3,051)
	\$ 74,957	\$ 5,054	\$ 80,011

## 20. 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:

	2015	2014
Expendable funds available for awards, beginning of year	\$ 506	\$ 483
Net transfer from endowment funds	385	253
Bursaries awarded	(413)	(230)
Expendable funds available for awards, end of year	\$ 478	\$ 506
Total OSOTF, Phase I, end of year	\$ 6,954	\$ 6,927
Number of bursaries awarded	306	202

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2015

## 20. Ontario Student Trust Fund (continued):

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

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

	2015		2014	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 6,999	\$ 6,422	\$ 6,567	\$ 6,296
Unrealized gain for the year	143	-	306	-
Investment income, net of investment related expenses	439	439	379	379
Net transfer from endowment funds	(385)	(385)	(253)	(253)
<b>Endowment balance, end of year</b>	<b>\$ 7,196</b>	<b>\$ 6,476</b>	<b>\$ 6,999</b>	<b>\$ 6,422</b>

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

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

	2015	2014
Expendable funds available for awards, beginning of year	\$ 119	\$ 108
Net transfer from endowment funds	95	80
Bursaries awarded	(81)	(69)
<b>Expendable funds available for awards, end of year</b>	<b>\$ 133</b>	<b>\$ 119</b>
<b>Total OSOTF, Phase II, end of year</b>	<b>\$ 2,285</b>	<b>\$ 2,224</b>
<b>Number of bursaries awarded</b>	<b>54</b>	<b>50</b>

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

	2015		2014	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 2,291	\$ 2,105	\$ 2,149	\$ 2,062
Unrealized gain for the year	46	-	99	-
Investment income, net of investment related expenses	142	142	123	123
Net transfer from endowment funds	(95)	(95)	(80)	(80)
<b>Endowment balance, end of year</b>	<b>\$ 2,384</b>	<b>\$ 2,152</b>	<b>\$ 2,291</b>	<b>\$ 2,105</b>



# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2015

## 20. Ontario Student Trust Fund (continued):

Ontario Trust Fund Student Support (OTSS) (continued):

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

	2015		2014	
Expendable funds available for awards, beginning of year	\$	921	\$	832
Net transfer from endowment funds		864		721
Bursaries awarded		(733)		(632)
Expendable funds available for awards, end of year	\$	1,052	\$	921
Total OTSS, Phase II, end of year	\$	20,642	\$	20,082
Number of bursaries awarded		491		448

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

	2015		2014	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 20,863	\$ 19,161	\$ 19,562	\$ 18,764
Unrealized gain for the year	423	-	905	-
Investment income, net of investment related expenses	1,293	1,293	1,118	1,118
Net transfer from endowment funds	(864)	(864)	(721)	(721)
Endowment balance, end of year	\$ 21,715	\$ 19,590	\$ 20,864	\$ 19,161

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2015

## 21. Additions to capital assets:

	2015	2014
Waterloo campus:		
Lazaridis Hall (formerly Global Innovation Exchange)	\$ 30,777	\$ 15,750
Science Building roof	3,450	2,070
Library books	2,310	2,321
Furniture and equipment	1,826	4,044
Greenhouse	1,559	-
Fitness centre expansion	-	2,625
Centre for Cold Region and Water Science	-	2,214
Northdale parking expansion	-	564
Ezra/Bricker properties sprinkler system	-	1,413
Laurier exterior signage	94	78
Wellness Centre renovation	284	16
E-Procurement solution	432	547
128 Albert Street	146	-
130 Albert Street	271	-
148 Albert Street	57	82
33 Bricker Avenue	35	-
46 Bricker Avenue	103	-
47 Bricker Avenue	455	-
49 Bricker Avenue	126	-
63 Ezra Avenue	231	-
65 Ezra Avenue	182	-
72 Hickory Street	130	-
Land	4,072	323
	<u>46,540</u>	<u>32,047</u>
Brantford campus:		
YMCA/Laurier Athletic Centre	\$ 2,624	\$ 946
Research and Academic Centre - Lab	-	6
1 Market Street	7,885	-
32 Market Street	-	210
45 Market Street	-	408
50 Market Street	500	-
Land	8,033	695
	<u>19,042</u>	<u>2,265</u>
	<u>\$ 65,582</u>	<u>\$ 34,312</u>

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2015

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## 22. 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.

The University insures its capital assets for the following amounts:

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Building	\$	720,273
Furniture and equipment		83,583
Library books		138,551
	\$	942,407

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The University has artwork which is insured for \$5,500.

## 23. Commitments and guarantees:

Costs to complete major capital projects in progress and commitments to purchase property as at April 30, 2015 are estimated to be \$22,456 (2014 - \$51,370) and will be financed primarily by provincial and municipal grants, borrowings and fundraisings.

Future minimum payments for the next five years under non-cancellable operating leases and other agreements at April 30, 2015 are payable as follows:

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2016	\$	7,163
2017		4,369
2018		1,831
2019		638
20110		502

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The University has also guaranteed debt for the Wilfrid Laurier University Students' Union in the amount of \$2,063 as at April 30, 2015 (2014 - \$2,184).

## 24. 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.

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2015

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## 25. Financial risks and concentration of credit risk:

(a) Liquidity risk:

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

(b) Credit risk:

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

(c) Interest rate risk:

The University is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the long-term debt are included in notes 7, 9, and 10.

## 26. 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 2014. 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.

## 27. 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 \$308 (2014 - \$164).