

Financial Statements of

**WILFRID LAURIER  
UNIVERSITY**

Year ended April 30, 2016



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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, 2016 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.



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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Wilfrid Laurier University as at as at April 30, 2016 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that extends to the right, serving as a signature line.

Chartered Professional Accountants, Licensed Public Accountants

September 15, 2016  
Waterloo, Canada

# WILFRID LAURIER UNIVERSITY

Statement of Financial Position  
(In thousands of Canadian dollars)

April 30, 2016, with comparative information for 2015

	2016	2015
<b>Assets</b>		
Current assets:		
Cash and short-term deposits	\$ 132,743	\$ 96,293
Accounts receivable (note 2)	18,297	20,780
Stocks, bonds and pooled funds (note 4)	9,771	11,485
Inventories	4,060	3,479
Prepaid expenses	4,997	3,990
Deposit on capital assets	31	12
Current portion of notes receivable (note 3)	406	226
	<hr/>	<hr/>
	170,305	136,265
Notes receivable less current portion (note 3)	9,945	3,314
Capital assets (note 5)	491,497	470,279
Sinking fund investments (note 4)	8,617	8,688
Restricted cash (note 6)	44,306	37,697
Endowments investments (note 4)	83,179	83,989
	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 807,849</b>	<b>\$ 740,232</b>

# WILFRID LAURIER UNIVERSITY

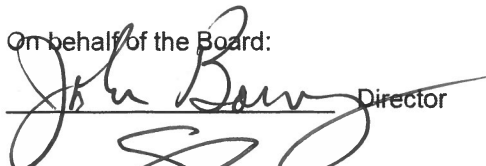
Statement of Financial Position, continued  
(In thousands of Canadian dollars)

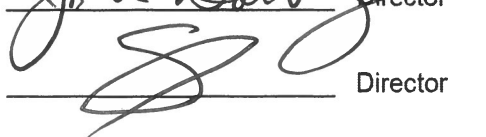
April 30, 2016, with comparative information for 2015

	2016	2015
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 56,053	\$ 50,107
Accrued vacation pay	4,321	4,386
Deferred revenue	33,438	29,173
Current portion of banker's acceptance (note 9)	2,756	2,677
Current portion of mortgage payable (note 10)	106	100
	<u>96,674</u>	<u>86,443</u>
Long-term financial liabilities:		
Debentures (note 8)	109,768	109,698
Banker's acceptance (note 9)	112,703	115,459
Mortgages payable (note 10)	55	161
	<u>222,526</u>	<u>225,318</u>
Other long-term liabilities:		
Retirement incentive plans (note 11)	1,877	1,436
Pension plans (note 12)	64,130	43,740
Other post-employment benefits (note 13)	65,942	65,222
Deferred contributions - operations (note 14)	48,463	27,262
Deferred contributions - capital (note 15)	194,208	160,782
Forgivable loans (note 16)	882	1,421
	<u>375,502</u>	<u>299,863</u>
Total liabilities	<u>694,702</u>	<u>611,624</u>
Net assets:		
Unrestricted	(135,384)	(128,801)
Internally restricted (note 17)	50,033	49,768
Invested in capital assets (note 18)	115,319	123,652
Endowments (notes 19 and 20)	83,179	83,989
	<u>113,147</u>	<u>128,608</u>
Commitments and contingencies (notes 22 and 23)		
Total liabilities and net assets	<u>\$ 807,849</u>	<u>\$ 740,232</u>

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, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Government grants	\$ 117,152	\$ 115,186
Student fees	169,511	162,201
Grants, contracts, and donations	2,929	5,077
Sales and service	24,318	25,065
Amortization of deferred contributions - capital	5,401	5,952
Investment returns	4,283	6,624
Gain on sale of capital assets	1,520	561
Other revenues	9,952	9,185
	<u>335,066</u>	<u>329,851</u>
Expenses:		
Salaries	161,620	169,994
Benefits	19,645	23,503
Employee future benefits	29,418	31,718
Operating costs	45,321	41,754
Amortization of capital assets	15,381	18,228
Cost of goods sold	10,327	11,099
Taxes, utilities, and rent	17,921	15,949
Scholarships and bursaries	23,700	20,829
Interest	9,767	9,127
	<u>333,100</u>	<u>342,201</u>
Excess (deficiency) of revenue over expenses	\$ 1,966	\$ (12,350)

See accompanying notes to financial statements.

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2016, with comparative information for 2015

April 30, 2016	Unrestricted	Internally restricted	Invested in capital assets	Restricted for endowment	Total
Balance, beginning of year	\$ (128,801)	\$ 49,768	\$ 123,652	\$ 83,989	\$ 128,608
Excess (deficiency) of revenue over expenses	10,426	-	(8,460)	-	1,966
Internally imposed restrictions	(265)	265	-	-	-
Net endowment contributions and capitalized earnings (losses)	-	-	-	(810)	(810)
Invested in capital assets	(127)	-	127	-	-
Employee future benefits (note 12)	(16,617)	-	-	-	(16,617)
<b>Balance, end of year</b>	<b>\$ (135,384)</b>	<b>\$ 50,033</b>	<b>\$ 115,319</b>	<b>\$ 83,179</b>	<b>\$ 113,147</b>

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
Deficiency 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>

# WILFRID LAURIER UNIVERSITY

Statement of Cash Flows  
(In thousands of Canadian dollars)

Year ended April 30, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 1,966	\$ (12,350)
Items not providing or using cash:		
Amortization of deferred contributions – capital (note 15)	(5,401)	(5,952)
Amortization of capital assets	15,381	18,228
Employee future benefits expense	29,418	31,718
Non cash interest expense	70	66
Gain on sale of capital assets	(1,520)	(561)
Deferred gain on sale of capital assets	(6,485)	-
Increase (decrease) in deferred contributions - operations	21,201	(1,555)
Net change in non-cash working capital	11,039	17,941
Contributions to employee future benefits	(24,483)	(27,970)
	41,186	19,565
Financing activities:		
Decrease (increase) in sinking fund investment	71	(660)
Decrease in mortgages - net	(100)	(95)
Increase (decrease) in banker's acceptances - net	(2,677)	26,911
	(2,706)	26,156
Investing activities:		
Decrease (increase) in restricted endowment investments	810	(3,978)
Decrease (increase) in notes receivable	(6,811)	257
Decrease (increase) in deposits on capital assets	(20)	229
Purchase of capital assets	(39,254)	(65,582)
Proceeds on sale of capital assets	10,661	1,136
Endowments received (expended)	(810)	3,978
Increase in restricted cash	(6,609)	(6,817)
Decrease (increase) in stocks, bonds and pooled funds	1,715	(3,828)
Deferred contributions - capital received (note 15)	38,288	29,184
	(2,030)	(45,421)
Increase in cash	36,450	300
Cash, beginning of year	96,293	95,993
Cash, end of year	\$ 132,743	\$ 96,293

See accompanying notes to financial statements.



# WILFRID LAURIER UNIVERSITY

Notes to Financial Statements  
(In thousands of Canadian dollars)

Year ended April 30, 2016

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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, 2016

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

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2016

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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, 2016

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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:

	2016	2015
Student receivables	\$ 10,952	\$ 9,500
Other receivables	8,148	11,909
	19,100	21,409
Less allowance for doubtful accounts	(803)	(629)
	\$ 18,297	\$ 20,780

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2016

### 3. Notes receivable:

	2016	2015
Wilfrid Laurier University Students' Union: 4.1% note, repayable by monthly payments of \$13 including principal and interest, due September 1, 2020	\$ 1,600	\$ 1,697
Variable interest note, bearing interest at the rate earned by the University on its cash balances with minimum annual principal payments of \$150	1,681	1,843
Mortgage receivable: 4.5% note, repayable by monthly payments of \$40 including principal and interest, due October 14, 2018	7,070	-
	<u>10,351</u>	<u>3,540</u>
Less current portion	(406)	(226)
	<u>\$ 9,945</u>	<u>\$ 3,314</u>

### 4. Investments:

Investments are made up of the following amounts:

	2016	2015
Cash and money market	\$ 3,718	\$ 687
Common stock	867	841
Bonds	136	4,236
Canadian equity funds	18,856	19,345
Global equity funds	14,685	14,758
Fixed income funds	39,395	34,287
Hedge funds	5,081	4,794
Balanced funds	18,829	25,214
	<u>\$ 101,567</u>	<u>\$ 104,162</u>

Investments are allocated as follows:

	2016	2015
Stocks, bonds and pooled funds	\$ 9,771	\$ 11,485
Sinking fund investments	8,617	8,688
Endowment investments	83,179	83,989
	<u>\$ 101,567</u>	<u>\$ 104,162</u>

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2016

## 5. Capital assets:

	Cost	Amortization value	2016 Net book value	2015 Net book value
Land and land improvements	\$ 112,876	\$ -	\$ 112,876	\$ 112,128
Buildings	380,702	121,959	258,743	269,418
Furniture and equipment	107,821	85,567	22,254	23,512
Library books	45,967	39,543	6,424	6,082
Construction in progress	91,200	-	91,200	59,139
	\$ 738,566	\$ 247,069	\$ 491,497	\$ 470,279

There was no interest capitalized during the year (2015 - nil).

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

## 6. Restricted cash:

The Board of Governors has restricted \$34,998 (2015 - \$27,954) of cash to be put towards an investment fund for the funding of the post-employment benefits and \$2,522 (2015 - \$1,506) designated for contribution to the sinking fund for repayment of the debenture. In addition, on April 30, 2016, the University held \$6,786 (2015 - \$8,237) of monies received from the Province of Ontario to be used in the construction of an athletic facility in Brantford.

	2016	2015
Cash for funding post-employment benefits	\$ 34,998	\$ 27,954
Cash for construction of Brantford athletic facility	6,786	8,237
Cash for funding of sinking fund	2,522	1,506
	\$ 44,306	\$ 37,697

## 7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities is an accrual for early retirement expenses in the amount of \$7,690 (2015 - \$9,449). The year-over-year change has been included in the statement of operations in the current year.

Included in accounts payable and accrued liabilities are government remittances payable of \$750 (2015 - \$657), 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, 2016

## 8. Debenture payable:

	2016	2015
Debenture payable, bearing interest at 5.429% payable semi-annually, due February 1, 2045	\$ 115,000	\$ 115,000
Less deferred charges	(5,232)	(5,302)
	\$ 109,768	\$ 109,698

The approximate fair market value of the debenture is \$132,000 (2015 - \$132,000).

The Board of Governors has approved that a sinking fund be established for the repayment of the \$115,000 at maturity and that the annual contribution be set at a minimum of \$1,000. Sinking fund investments held to discharge the debenture payable are \$8,617 (2015 - \$8,688).

## 9. Banker's acceptance:

	2016	2015
Banker's acceptance, bearing interest at 2.85%, repayable in blended payments of \$281, due November 28, 2042	\$ 62,851	\$ 64,410
Bank loan, bearing interest at 3.02%, repayable in blended payments of \$281, due November 28, 2045	52,608	53,726
	115,459	118,136
Less principal payable within one year	(2,756)	(2,677)
	\$ 112,703	\$ 115,459

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, 2016

## 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:

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2017	\$	2,756
2018		2,838
2019		2,922
2020		3,211
2021		3,098
Thereafter		100,634

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## 10. Mortgages payable:

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	Rate	Due date	2016	2015
Residence, Leupold Residence, Dining Hall	5.38%	July 1, 2017	\$ 161	\$ 261
Less principal payable within one year			(106)	(100)
			\$ 55	\$ 161

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The approximate fair market value of the mortgages is \$162 (2015 - \$265). The aggregate amount of principal payments in each of the next two years to meet retirement provisions is as follows:

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2017	\$	106
2018		55

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# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2016

## 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 2016		Total 2015	
Change in benefit obligation:								
Benefit obligation, beginning of year	\$	512	\$	924	\$	1,436	\$	2,314
Current service costs		-		99		99		94
Interest costs		14		50		64		107
Benefits paid		(526)		(291)		(817)		(1,079)
Actuarial loss		-		1,095		1,095		-
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Benefit obligation, end of year	\$	-	\$	1,877	\$	1,877	\$	1,436
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Change in plan assets:								
Employer contributions	\$	526	\$	291	\$	817	\$	1,079
Benefits paid		(526)		(291)		(817)		(1,079)
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Plan assets, end of year	\$	-	\$	-	\$	-	\$	-
<hr/>								
					2016		2015	
<hr/>								
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 2016		Total 2015	
Components of benefit expense:								
Current service costs	\$	-	\$	99	\$	99	\$	94
Interest costs		14		50		64		107
<hr/>								
	\$	14	\$	149	\$	163	\$	201
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# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2016

## 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.

	2016	2015
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 523,118	\$ 477,907
Current service costs	16,433	17,019
Employee contributions	13,606	11,256
Interest costs	30,959	28,292
Benefits paid	(29,465)	(25,861)
Actuarial (gain) loss	(2,788)	14,505
<b>Benefit obligation, end of year</b>	<b>\$ 551,863</b>	<b>\$ 523,118</b>
Change in plan assets:		
Plan assets, beginning of year	\$ 479,378	\$ 423,841
Employer contributions	21,909	25,785
Employee contributions	13,606	11,256
Return on plan assets:		
Interest income	25,385	22,265
Actuarial gain (loss)	(23,080)	22,092
Benefits paid	(29,465)	(25,861)
<b>Plan assets, end of year</b>	<b>\$ 487,733</b>	<b>\$ 479,378</b>
Funded status:		
Defined benefit liability	\$ 64,130	\$ 43,740
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, 2016

## 12. Pension plans (continued):

	2016	2015
Components of benefit expense:		
Current service costs	\$ 16,433	\$ 17,019
Interest costs	5,574	6,027
<b>Benefit expense</b>	<b>\$ 22,007</b>	<b>\$ 23,046</b>

	2016	2015
Components of employee future benefits recorded as a direct increase (decrease) to net assets:		
Return on plan assets - pension	\$ (23,080)	\$ 22,092
Actuarial gain (loss) - pension	2,788	(14,505)
Actuarial gain - other post employment benefits (note 13)	4,770	14,927
Actuarial loss – retirement incentive plans (note 11)	(1,095)	-
<b>Total employee future benefits recorded as a direct increase (decrease) to net assets</b>	<b>\$ (16,617)</b>	<b>\$ 22,514</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.

	2016	2015
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 65,222	\$ 73,079
Current service cost	3,354	4,087
Interest cost	3,892	4,384
Benefits paid	(1,756)	(1,401)
Actuarial gain	(4,770)	(14,927)
<b>Benefit obligation, end of year</b>	<b>\$ 65,942</b>	<b>\$ 65,222</b>
Change in plan assets:		
Plan assets, beginning of year	\$ -	\$ -
Employer contributions	1,756	1,401
Benefits paid	(1,756)	(1,401)
<b>Plan assets, end of year</b>	<b>\$ -</b>	<b>\$ -</b>

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2016

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

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

For measurement purposes, a 7.4% increase in the per capita cost of health care costs are assumed for 2016, 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.

	2016	2015
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%
	2016	2015
Components of benefit expense:		
Current service costs	\$ 3,354	\$ 4,087
Interest costs	3,892	4,384
Benefit expense	\$ 7,246	\$ 8,471

## 14. Deferred contributions - operations:

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

	2016	2015
Research grants	\$ 8,957	\$ 7,552
Scholarships and bursaries	7,401	8,129
Unspent designated donations	24,436	7,818
Other amounts	7,669	3,763
	\$ 48,463	\$ 27,262

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2016

## 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:

	2016	2015
Balance, beginning of year	\$ 160,782	\$ 137,098
Contributions received during the year	38,288	29,184
Loans forgiven during the year	539	539
Income realized regarding disposal of capital equipment	-	(87)
Amortization for the year	(5,401)	(5,952)
Balance, end of year	\$ 194,208	\$ 160,782

## 16. Forgivable loans:

	2016	2015
Interest free loan, from the City of Brantford, for the Wilkes House renovations, forgivable over a period of 25 years beginning in 2009	\$ 549	\$ 588
Interest free loan, from the City of Kitchener, for the renovations to accommodate the Faculty of Social Work, forgivable at the rate of \$500 per year commencing January 1, 2007	333	833
	\$ 882	\$ 1,421

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, 2016

## 17. Internally restricted net assets:

	2016	2015
Departmental operating budget carryforwards	\$ 21,049	\$ 21,021
Operating budget general reserves	1,956	2,147
Major repairs and maintenance	1,450	1,450
Operating fund specific projects	4,265	4,976
Development campaign budget reserve	4,605	5,797
Land banking	564	1,304
Capital related specific projects	846	1,875
Ancillary operations	8,572	4,698
Equipment replacement and renewal fund	2,657	2,202
Research related	1,972	1,912
Real estate fund	1,060	929
Balsillie endowment reserve	662	662
Faculty professional and travel expenses	375	795
	\$ 50,033	\$ 49,768

## 18. Invested in capital assets:

	2016	2015
Capital assets-net book value (note 5)	\$ 491,497	\$ 470,279
Add: Sinking fund investments and internally restricted cash held to discharge long-term debt	11,139	10,194
	502,636	480,473
Less: Amounts financed by long-term debt	(193,109)	(196,039)
Deferred contributions - capital (note 15)	(194,208)	(160,782)
	\$ 115,319	\$ 123,652

## 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, 2016

## 19. Endowments (continued):

The details of the endowments are as follows:

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

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

## 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:

	2016	2015
Expendable funds available for awards, beginning of year	\$ 477	\$ 506
Net transfer from endowment funds	273	385
Bursaries awarded	(336)	(413)
Expendable funds available for awards, end of year	\$ 414	\$ 478
Total OSOTF, Phase I, end of year	\$ 6,862	\$ 6,954
Number of bursaries awarded	252	306

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2016

## 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:

	2016		2015	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 7,196	\$ 6,476	\$ 6,999	\$ 6,422
Unrealized gain for the year	(190)	-	143	-
Investment income, net of investment related expenses	245	245	439	439
Net transfer from endowment funds	(273)	(273)	(385)	(385)
<b>Endowment balance, end of year</b>	<b>\$ 6,978</b>	<b>\$ 6,448</b>	<b>\$ 7,196</b>	<b>\$ 6,476</b>

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

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

	2016	2015
Expendable funds available for awards, beginning of year	\$ 133	\$ 119
Net transfer from endowment funds	66	95
Bursaries awarded	(101)	(81)
<b>Expendable funds available for awards, end of year</b>	<b>\$ 98</b>	<b>\$ 133</b>
<b>Total OSOTF, Phase II, end of year</b>	<b>\$ 2,265</b>	<b>\$ 2,285</b>
<b>Number of bursaries awarded</b>	<b>65</b>	<b>54</b>

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

	2016		2015	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 2,384	\$ 2,152	\$ 2,291	\$ 2,105
Unrealized gain for the year	(63)	-	46	-
Investment income, net of investment related expenses	80	80	142	142
Net transfer from endowment funds	(66)	(66)	(95)	(95)
<b>Endowment balance, end of year</b>	<b>\$ 2,335</b>	<b>\$ 2,166</b>	<b>\$ 2,384</b>	<b>\$ 2,152</b>



# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2016

## 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:

	2016		2015	
Expendable funds available for awards, beginning of year	\$	1,052	\$	921
Net transfer from endowment funds		601		864
Bursaries awarded		(923)		(733)
Expendable funds available for awards, end of year	\$	730	\$	1,052
Total OTSS, Phase II, end of year	\$	20,451	\$	20,642
Number of bursaries awarded		589		491

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

	2016		2015	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 21,715	\$ 19,590	\$ 20,863	\$ 19,161
Unrealized gain for the year	(573)	-	423	-
Investment income, net of investment related expenses	731	731	1,293	1,293
Net transfer from endowment funds	(601)	(601)	(864)	(864)
Endowment balance, end of year	\$ 21,272	\$ 19,720	\$ 21,715	\$ 19,590

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2016

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## 21. Insurance:

The University, in conjunction with other Canadian universities, formed an insurance reciprocal called the Canadian University Reciprocal Insurance Exchange. The Exchange provides property and general liability insurance coverage and replaces the coverage previously obtained through commercial sources. The University is committed to a five year program which continues until January 1, 2018. During this time, the University is obligated to share proportionately in gains and losses realized by the member universities.

## 22. Commitments and guarantees:

Costs to complete major capital projects in progress and commitments to purchase property as at April 30, 2016 are estimated to be \$32,174 (2015 - \$22,456) 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, 2016 are payable as follows:

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2017	\$	6,722
2018		4,968
2019		949
2020		330

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The University has also guaranteed debt for the Wilfrid Laurier University Students' Union in the amount of \$1,936 as at April 30, 2016 (2015 - \$2,063).

## 23. Contingencies:

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

# WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2016

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

(a) Liquidity risk:

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

(b) Credit risk:

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

(c) Interest rate risk:

The University is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the long-term debt are included in notes 8, 9, and 10.

## 25. Capital management:

In managing capital, the University focuses on maintaining sufficient liquidity. The objective is to have sufficient liquid resources to continue operating even if adverse financial events were to occur and to provide it with the flexibility to take advantage of opportunities that will advance its mission. The need for sufficient liquidity is considered in the preparation of its annual operating, ancillary and capital budgets. The University maintains a line of credit of \$50 million which is available, if needed. The line of credit was not used in 2016. In addition, the University can, subject to the approval of the Board of Governors, issue unsecured debentures or long-term debt to assist in the financing of capital projects.

## 26. Related party transactions:

During the year, fees for regulated services were incurred with entities with which certain members of the Board of Governors are related. These transactions are considered to be in the normal course of business. Amounts paid to these entities during the year were \$215 (2015 - \$308).