

Financial Statements of

**WILFRID LAURIER
UNIVERSITY**

Year ended April 30, 2018



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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, 2018 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, 2018 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 tapers at both ends.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada
September 13, 2018

WILFRID LAURIER UNIVERSITY

Statement of Financial Position
(In thousands of Canadian dollars)

April 30, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash and short-term deposits	\$ 70,716	\$ 122,128
Accounts receivable (note 3)	42,932	28,218
Short-term investments (note 5)	62,530	30,711
Inventories	3,837	3,900
Prepaid expenses and deposits	7,145	5,988
Current portion of notes receivable (note 4)	430	417
	<u>187,590</u>	<u>191,362</u>
Notes receivable less current portion (note 4)	9,840	9,478
Capital assets (note 6)	537,607	510,590
Long-term investments (note 5)	123,329	122,285
Restricted cash (note 7)	1,406	5,496
Total assets	<u>\$ 859,772</u>	<u>\$ 839,211</u>

WILFRID LAURIER UNIVERSITY



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

April 30, 2018, with comparative information for 2017

	2018	2017
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 61,009	\$ 64,469
Accrued vacation pay	4,730	4,540
Deferred revenue	35,917	34,441
Current portion of banker's acceptance (note 10)	2,922	2,838
Current portion of mortgage payable	-	55
	<u>104,578</u>	<u>106,343</u>
Long-term financial liabilities:		
Debentures (note 9)	109,921	109,842
Banker's acceptance (note 10)	106,943	109,865
	<u>216,864</u>	<u>219,707</u>
Other long-term liabilities:		
Retirement incentive plans (note 11)	1,246	1,525
Pension plans (note 12)	43,019	35,942
Other post-employment benefits (note 13)	78,485	69,650
Deferred contributions - operations (note 15)	50,195	48,450
Deferred contributions - capital (note 16)	201,563	200,005
Forgivable loans (note 17)	471	510
	<u>374,979</u>	<u>356,082</u>
Total liabilities	696,421	682,132
Net assets:		
Unrestricted	(123,864)	(121,266)
Internally restricted (note 18)	79,100	72,744
Invested in capital assets (note 19)	116,258	117,222
Endowments (notes 20 and 21)	91,857	88,379
	<u>163,351</u>	<u>157,079</u>
Commitments and contingencies (notes 22 and 23)		
Total liabilities and net assets	\$ 859,772	\$ 839,211

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, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Government grants	\$ 122,665	\$ 122,601
Student fees	199,340	182,383
Donations	4,613	7,109
Sales and service	25,255	25,014
Amortization of deferred contributions - capital	7,421	6,567
Investment returns	8,003	8,260
Gain on sale of capital assets	2,775	2,775
Other revenues	12,912	10,987
	<u>382,984</u>	<u>365,696</u>
Expenses:		
Salaries	179,602	170,709
Benefits	22,135	22,891
Employee future benefits (note 14)	30,114	30,308
Operating costs	51,711	50,926
Amortization of capital assets	19,874	17,955
Cost of goods sold	11,474	11,449
Taxes, utilities, and rent	19,959	18,540
Scholarships and bursaries	25,802	23,959
Interest	9,594	9,679
	<u>370,265</u>	<u>356,416</u>
Excess of revenue over expenses	<u>\$ 12,719</u>	<u>\$ 9,280</u>

See accompanying notes to financial statements.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2018, with comparative information for 2017

April 30, 2018	Unrestricted	Internally restricted	Invested in capital assets	Restricted for endowment	Total
Balance, beginning of year	\$ (121,266)	\$ 72,744	\$ 117,222	\$ 88,379	\$ 157,079
Excess (deficiency) of revenue over expenses	22,397	-	(9,678)	-	12,719
Internally imposed restrictions	(6,356)	6,356	-	-	-
Net endowment contributions and capitalized earnings (losses)	-	-	-	3,478	3,478
Invested in capital assets	(8,714)	-	8,714	-	-
Employee future benefits (note 14)	(9,925)	-	-	-	(9,925)
Balance, end of year	\$ (123,864)	\$ 79,100	\$ 116,258	\$ 91,857	\$ 163,351

April 30, 2017	Unrestricted	Internally restricted	Invested in capital assets	Restricted for endowment	Total
Balance, beginning of year	\$ (135,384)	\$ 50,033	\$ 115,319	\$ 83,179	\$ 113,147
Excess (deficiency) of revenue over expenses	17,893	-	(8,613)	-	9,280
Internally imposed restrictions	(22,711)	22,711	-	-	-
Net endowment contributions and capitalized earnings (losses)	-	-	-	5,200	5,200
Invested in capital assets	(10,516)	-	10,516	-	-
Employee future benefits (note 14)	29,452	-	-	-	29,452
Balance, end of year	\$ (121,266)	\$ 72,744	\$ 117,222	\$ 88,379	\$ 157,079

WILFRID LAURIER UNIVERSITY

Statement of Cash Flows
(In thousands of Canadian dollars)

Year ended April 30, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 12,719	\$ 9,280
Items not providing or using cash:		
Amortization of deferred contributions – capital (note 16)	(7,421)	(6,567)
Amortization of capital assets	19,874	17,955
Employee future benefits expense	30,114	30,308
Non cash interest expense	79	74
Gain on sale of capital assets	(2,775)	(2,775)
Increase in deferred contributions - operations	4,520	2,762
Net change in non-cash working capital	(17,602)	(1,083)
Contributions to employee future benefits	(24,406)	(25,688)
	15,102	24,266
Financing activities:		
Decrease in mortgages - net	(55)	(106)
Decrease in banker's acceptances - net	(2,838)	(2,756)
	(2,893)	(2,862)
Investing activities:		
Decrease (increase) in notes receivable	(375)	456
Purchase of capital assets	(46,891)	(37,048)
Increase in endowments	3,478	5,200
Increase in investments	(32,863)	(51,429)
Decrease in restricted cash	4,090	1,290
Deferred contributions - capital received (note 16)	8,940	11,992
	(63,621)	(69,539)
Decrease in cash	(51,412)	(48,135)
Cash, beginning of year	122,128	170,263
Cash, end of year	\$ 70,716	\$ 122,128

See accompanying notes to financial statements.

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements
(In thousands of Canadian dollars)

Year ended April 30, 2018

Wilfrid Laurier University (the "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:

Investments in equity instruments that are quoted in an active market are recorded at fair value. All other equity instruments are recorded at cost less any reduction for impairment.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2018

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 April 30, 2017 and the next required valuation will be as of April 30, 2020.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2018

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, 2018

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 an indicator of impairment exists, 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. Future accounting changes:

In March 2018, the Accounting Standards Board issued Section 4433, Tangible capital assets held by not-for-profit organizations; Section 4434, Intangible assets held by not-for-profit organizations; and Section 4441, Collections held by not-for-profit organizations in Chartered Professional Accountants of Canada Handbook Part III - Canadian accounting standards for not-for-profit organizations.

These new standards are effective for annual financial statements relating to fiscal years beginning on or after January 1, 2019 and requires that tangible capital assets, intangible assets, and collections recorded at cost be written down to their fair value or replacement cost to reflect partial impairment.

For tangible capital assets and intangible assets, a write down is required when conditions indicate that the assets no longer contribute to an organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the assets are less than their net carrying amount.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2018

2. Future accounting changes (continued):

For collections recorded at cost, a writedown is required whenever events or changes in circumstances indicate that the net carrying value may exceed fair value.

The University intends to adopt these new standards in its financial statements for the annual period beginning on May 1, 2019. The University does not expect these new standards to have a material impact on the financial statements.

3. Accounts receivable:

	2018	2017
Student receivables	\$ 25,343	\$ 13,971
Other receivables	19,732	16,253
	45,075	30,224
Less allowance for doubtful accounts	(2,143)	(2,006)
	\$ 42,932	\$ 28,218

4. Notes receivable:

	2018	2017
Wilfrid Laurier University Students' Union:		
4.1% note, repayable by monthly payments of \$13 including principal and interest, due September 1, 2020	\$ 1,410	\$ 1,507
Variable interest note, bearing interest at the rate earned by the University on its cash balances with minimum annual principal payments of \$150	1,321	1,482
Mortgage receivable:		
4.5% note, repayable by monthly payments of \$40 including principal and interest, due August 31, 2023	6,737	6,906
Waterloo Lutheran Seminary:		
Variable interest line of credit, bearing interest at the Royal Bank of Canada prime rate less 1.2%, due November 1, 2019	802	-
	10,270	9,895
Less current portion	(430)	(417)
	\$ 9,840	\$ 9,478

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2018

5. Investments:

Investments are made up of the following amounts:

	2018	2017
Short-term investments		
Cash and money market	\$ 2,530	\$ 711
Guaranteed interest certificates	60,000	30,000
	<u>62,530</u>	<u>30,711</u>
Long-term investments		
Common stock	1,753	1,894
Bonds	131	141
Canadian equity funds	9,480	9,651
Global equity funds	22,284	21,389
Fixed income funds	50,390	50,908
Balanced funds	30,402	38,302
Infrastructure funds	8,889	-
	<u>123,329</u>	<u>122,285</u>
Total investments	<u>\$ 185,859</u>	<u>\$ 152,996</u>

Investments are allocated as follows:

	2018	2017
Endowment investments	\$ 91,857	\$ 88,379
Sinking fund investments	14,848	13,384
Other investments	79,154	51,233
	<u>\$ 185,859</u>	<u>\$ 152,996</u>

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2018

6. Capital assets:

	Cost	Amortization value	2018 Net book value	2017 Net book value
Land and land improvements	\$ 117,949	\$ -	\$ 117,949	\$ 114,990
Buildings	473,392	143,501	329,891	340,182
Furniture and equipment	122,954	96,699	26,255	24,873
Library books	51,234	44,699	6,535	6,691
Construction in progress	56,977	-	56,977	23,854
	<u>\$ 822,506</u>	<u>\$ 284,899</u>	<u>\$ 537,607</u>	<u>\$ 510,590</u>

There was no interest capitalized during the year (2017 - \$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. Restricted cash:

On April 30, 2018, the University held \$1,406 (2017 - \$5,496) of monies received from the Province of Ontario to be used in the construction of an athletic facility in Brantford.

8. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$1,952 (2017 - \$1,272), which includes amounts payable for HST and payroll related taxes.

9. Debenture payable:

	2018	2017
Debenture payable, bearing interest at 5.429% payable semi-annually, due February 1, 2045	\$ 115,000	\$ 115,000
Less deferred charges	(5,079)	(5,158)
	<u>\$ 109,921</u>	<u>\$ 109,842</u>

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2018

9. Debenture payable (continued):

The approximate fair market value of the debenture is \$133,000 (2017 - \$138,000).

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 \$14,848 (2017 - \$13,384) (note 5).

10. Banker's acceptance:

	2018	2017
Banker's acceptance, bearing interest at 2.85%, repayable in blended payments of \$281, due November 28, 2032	\$ 59,597	\$ 61,247
Bank loan, bearing interest at 3.02%, repayable in blended payments of \$227, due November 28, 2035	50,268	51,456
Total	109,865	112,703
Less principal payable within one year	(2,922)	(2,838)
Long-term portion	\$ 106,943	\$ 109,865

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.

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.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2018

10. Banker's acceptance (continued):

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

2019	\$	2,922
2020		3,009
2021		3,098
2022		3,189
2023		3,284
Thereafter		94,363

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. During the prior year, the SVEP was completed with no obligation or assets remaining. The figures stated here provide information for these plans.

	2018	2017
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 1,525	\$ 1,877
Current service costs	81	76
Interest costs	79	97
Benefits paid	(469)	(580)
Actuarial loss	30	55
Benefit obligation, end of year	\$ 1,246	\$ 1,525
Change in plan assets:		
Employer contributions	\$ 469	\$ 580
Benefits paid	(469)	(580)
Plan assets, end of year	\$ -	\$ -
For determining benefit obligations as at April 30:		
Discount rate	5.50%	5.75%
For determining benefit costs for the year ending April 30:		
Discount rate	5.75%	5.75%

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2018

11. Retirement incentive plans (continued):

	2018	2017
Components of benefit expense:		
Current service costs	\$ 81	\$ 76
Interest costs	79	97
Benefit expense	\$ 160	\$ 173

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.

	2018	2017
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 607,352	\$ 551,863
Current service costs	17,964	17,061
Employee contributions	13,832	13,606
Interest costs	35,109	32,915
Benefits paid	(25,305)	(20,205)
Actuarial loss	1,210	12,112
Benefit obligation, end of year	\$ 650,162	\$ 607,352
Change in plan assets:		
Plan assets, beginning of year	\$ 571,410	\$ 487,733
Employer contributions	21,842	23,036
Employee contributions	13,832	13,606
Return on plan assets:		
Interest income	30,402	26,358
Actuarial gain (loss)	(5,038)	40,882
Benefits paid	(25,305)	(20,205)
Plan assets, end of year	\$ 607,143	\$ 571,410
Funded status:		
Defined benefit liability	\$ 43,019	\$ 35,942

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2018

12. Pension plans (continued):

	2018	2017
For determining benefit obligations as at April 30:		
Discount rate	5.50%	5.75%
Rate of compensation increase	4.00%	3.75% - 4.25%
For determining benefit costs for the year ending April 30:		
Discount rate	5.75%	5.75%
Rate of compensation increase	3.75% - 4.25%	3.75% - 4.25%
Components of benefit expense:		
Current service costs	\$ 17,964	\$ 17,061
Interest costs, net of interest income	4,707	6,557
Benefit expense	\$ 22,671	\$ 23,618

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.

	2018	2017
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 69,650	\$ 65,942
Current service cost	3,152	2,627
Interest cost	4,131	3,890
Benefits paid	(2,095)	(2,072)
Actuarial loss (gain)	3,647	(737)
Benefit obligation, end of year	\$ 78,485	\$ 69,650
Change in plan assets:		
Plan assets, beginning of year	\$ -	\$ -
Employer contributions	2,095	2,072
Benefits paid	(2,095)	(2,072)
Plan assets, end of year	\$ -	\$ -

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2018

13. Other post-employment benefits (continued):

For measurement purposes, a 7% increase in the per capita cost of health care costs are assumed for 2018, 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.

	2018	2017
For determining benefit obligations as at April 30:		
Discount rate	5.50%	5.75%
For determining benefit costs for the year ending April 30:		
Discount rate	5.75%	5.75%
Components of benefit expense:		
Current service costs	\$ 3,152	\$ 2,627
Interest costs	4,131	3,890
Benefit expense	\$ 7,283	\$ 6,517

14. Employee future benefits:

	2018	2017
Employee future benefits expense consists of the following:		
Retirement incentive plans (note 11)	\$ 160	\$ 173
Pension plans (note 12)	22,671	23,618
Other post-employment benefits (note 13)	7,283	6,517
Total employee future benefits expense	\$ 30,114	\$ 30,308

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2018

14. Employee future benefits (continued):

	2018	2017
Components of employee future benefits recorded as a direct increase (decrease) to net assets:		
Actuarial loss - retirement incentive plans (note 11)	\$ (30)	\$ (55)
Actuarial loss - pension benefit obligation (note 12)	(1,210)	(12,112)
Actuarial gain (loss) - pension plan assets (note 12)	(5,038)	40,882
Actuarial gain (loss) - other post-employment benefits (note 13)	(3,647)	737
Total employee future benefits recorded as a direct increase (decrease) to net assets	\$ (9,925)	\$ 29,452

15. Deferred contributions - operations:

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

	2018	2017
Research grants	\$ 12,614	\$ 11,749
Scholarships and bursaries	8,212	6,907
Unspent designated donations	23,200	25,340
Other amounts	6,169	4,454
	\$ 50,195	\$ 48,450

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:

	2018	2017
Balance, beginning of year	\$ 200,005	\$ 194,208
Contributions received during the year	8,940	11,992
Loans forgiven during the year	39	372
Amortization for the year	(7,421)	(6,567)
Balance, end of year	\$ 201,563	\$ 200,005

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2018

17. Forgivable loans:

	2018	2017
Interest free loan, from the City of Brantford, for the Wilkes House renovations, forgivable over a period of 25 years beginning in 2009	\$ 471	\$ 510

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

18. Internally restricted net assets:

	2018	2017
Departmental operating budget carryforwards	\$ 22,052	\$ 21,542
Operating budget general reserves	2,668	2,668
Major repairs and maintenance	6,709	2,373
Operating fund specific projects	5,496	4,692
Development campaign budget reserve	1,506	3,382
Land banking	-	2
Capital related specific projects	(20)	1,116
Ancillary operations	9,723	7,240
Equipment replacement and renewal fund	2,745	2,893
Research related	3,288	2,745
Real estate fund	(129)	880
Balsillie endowment reserve	662	662
Sinking fund	14,848	13,384
Post-employment benefits, net of internal loans	9,552	9,165
	\$ 79,100	\$ 72,744

19. Invested in capital assets:

	2018	2017
Capital assets-net book value (note 6)	\$ 537,607	\$ 510,590
Add: Sinking fund investments and internally restricted cash held to discharge long-term debt	-	13,384
	537,607	523,974
Less: Amounts financed by long-term debt	(219,786)	(206,747)
Deferred contributions - capital (note 16)	(201,563)	(200,005)
	\$ 116,258	\$ 117,222

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2018

20. Endowments:

Endowments include restricted donations received by the University and funds 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:

April 30, 2018	Externally restricted	Internally restricted	Total
Beginning balance	\$ 83,238	\$ 5,141	\$ 88,379
Donations	2,882	-	2,882
Investment income and gains, net of fees and expenses	3,105	216	3,321
Transfers to disbursement fund	(2,529)	(196)	(2,725)
	\$ 86,696	\$ 5,161	\$ 91,857

April 30, 2017	Externally restricted	Internally restricted	Total
Beginning balance	\$ 78,083	\$ 5,096	\$ 83,179
Donations	732	1	733
Investment income and gains, net of fees and expenses	7,821	520	8,341
Transfers to disbursement fund	(3,398)	(476)	(3,874)
	\$ 83,238	\$ 5,141	\$ 88,379

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2018

21. Ontario Student Trust Fund:

Externally restricted endowments include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund and the Ontario Trust for Student Support programs. Under these programs, the government matched endowed donations made to the University.

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

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

	2018		2017	
Expendable funds available for awards, beginning of year	\$	430	\$	414
Net transfer from endowment funds		342		346
Bursaries awarded		(315)		(330)
Expendable funds available for awards, end of year	\$	457	\$	430
Total OSOTF, Phase I, end of year	\$	7,299	\$	6,804
Number of bursaries awarded		254		259

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

	2018		2017	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 7,351	\$ 6,375	\$ 6,978	\$ 6,448
Unrealized gain (loss) for the year	(430)	-	446	-
Investment income, net of investment related expenses	739	739	273	273
Net transfer from endowment funds	(342)	(342)	(346)	(346)
Endowment balance, end of year	\$ 7,318	\$ 6,772	\$ 7,351	\$ 6,375

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2018

21. Ontario Student Trust Fund (continued):

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

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

	2018		2017	
Expendable funds available for awards, beginning of year	\$	103	\$	98
Net transfer from endowment funds		76		77
Bursaries awarded		(74)		(72)
Expendable funds available for awards, end of year	\$	105	\$	103
Total OSOTF, Phase II, end of year	\$	2,458	\$	2,282
Number of bursaries awarded		59		49

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

	2018		2017	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 2,498	\$ 2,179	\$ 2,335	\$ 2,166
Unrealized gain (loss) for the year	(146)	-	150	-
Investment income, net of investment related expenses	250	250	90	90
Net transfer from endowment funds	(76)	(76)	(77)	(77)
Endowment balance, end of year	\$ 2,526	\$ 2,353	\$ 2,498	\$ 2,179

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2018

21. Ontario Student Trust Fund (continued):

Ontario Trust Fund Student Support (OTSS):

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

	2018		2017	
Expendable funds available for awards, beginning of year	\$	787	\$	730
Net transfer from endowment funds		693		703
Bursaries awarded		(663)		(646)
Expendable funds available for awards, end of year	\$	817	\$	787
Total OTSS, end of year	\$	22,239	\$	20,628
Number of bursaries awarded		527		433

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

	2018		2017	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 22,748	\$ 19,839	\$ 21,272	\$ 19,720
Unrealized gain (loss) for the year	(1,330)	-	1,357	-
Investment income, net of investment related expenses	2,275	2,275	822	822
Net transfer from endowment funds	(693)	(693)	(703)	(703)
Endowment balance, end of year	\$ 23,000	\$ 21,421	\$ 22,748	\$ 19,839

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2018

22. Commitments and guarantees:

Costs to complete major capital projects in progress and commitments to purchase property as at April 30, 2018 are estimated to be \$56,977 (2018 - \$23,854) and will be financed primarily by provincial and municipal grants, borrowings and fundraisings.

Future minimum payments for the next three years under non-cancellable operating leases and other agreements at April 30, 2018 are payable as follows:

2019	\$	7,405
2020		5,649
2021		4,874

The University has guaranteed debt for the Wilfrid Laurier University Students' Union in the amount of \$1,657 as at April 30, 2018 (2017 - \$1,800).

The University has committed expenses regarding a software licensing contract in the amount of \$1,551 as at April 30, 2018 (2017 - \$1,551)

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.

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.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2018

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 2018. 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 \$1,009 (2017 - \$852).

27. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.