

Financial Statements of

**WILFRID LAURIER
UNIVERSITY**

Year ended April 30, 2019



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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Wilfrid Laurier University

Opinion

We have audited the financial statements of Wilfrid Laurier University (the Entity), which comprise:

- the statement of financial position as at April 30, 2019
- the statement of operations for the year then ended
- the statement of changes net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at April 30, 2019, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

September 13, 2019

WILFRID LAURIER UNIVERSITY

Statement of Financial Position
(In thousands of Canadian dollars)

April 30, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash and short-term deposits	\$ 72,022	\$ 70,716
Accounts receivable (note 3)	40,265	42,932
Short-term investments (note 5)	60,482	62,530
Inventories	3,585	3,837
Prepaid expenses and deposits	8,686	7,145
Current portion of notes receivable (note 4)	1,337	430
	<u>186,377</u>	<u>187,590</u>
Notes receivable less current portion (note 4)	8,594	9,840
Capital assets (note 6)	550,634	537,607
Long-term investments (note 5)	132,887	123,329
Restricted cash (note 7)	538	1,406
Total assets	\$ 879,030	\$ 859,772

WILFRID LAURIER UNIVERSITY

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


April 30, 2019, with comparative information for 2018

	2019	2018
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 50,241	\$ 61,009
Accrued vacation pay	4,969	4,730
Deferred revenue	38,537	35,917
Current portion of banker's acceptance (note 10)	3,009	2,922
	<u>96,756</u>	<u>104,578</u>
Long-term financial liabilities:		
Debentures (note 9)	110,003	109,921
Banker's acceptance (note 10)	103,934	106,943
	<u>213,937</u>	<u>216,864</u>
Other long-term liabilities:		
Retirement incentive plans (note 11)	2,075	1,246
Pension plans (note 12)	30,028	43,019
Other post-employment benefits (note 13)	71,574	78,485
Deferred contributions - operations (note 15)	52,094	50,195
Deferred contributions - capital (note 16)	210,292	201,563
Forgivable loans (note 17)	432	471
	<u>366,495</u>	<u>374,979</u>
Total liabilities	677,188	696,421
Net assets:		
Unrestricted	(112,924)	(131,845)
Internally restricted (note 18)	95,735	87,552
Invested in capital assets (note 19)	122,964	115,787
Endowments (notes 20 and 21)	96,067	91,857
	<u>201,842</u>	<u>163,351</u>
Commitments and contingencies (notes 22 and 23)		
Total liabilities and net assets	\$ 879,030	\$ 859,772

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, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Government grants	\$ 122,839	\$ 122,665
Student fees	207,709	199,375
Donations	4,713	4,613
Sales and service	25,775	25,255
Amortization of deferred contributions - capital	7,116	7,421
Investment returns	10,241	8,003
Gain on sale of capital assets	935	2,775
Other revenues	16,864	12,912
	<u>396,192</u>	<u>383,019</u>
Expenses:		
Salaries	186,407	179,617
Benefits	22,958	22,446
Employee future benefits (note 14)	32,589	30,114
Operating costs	51,644	51,212
Amortization of capital assets	24,997	19,874
Cost of goods sold	10,933	11,474
Taxes, utilities, and rent	21,369	20,167
Scholarships and bursaries	25,737	25,802
Interest	9,524	9,594
	<u>386,158</u>	<u>370,300</u>
Excess of revenue over expenses	\$ 10,034	\$ 12,719

See accompanying notes to financial statements.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2019, with comparative information for 2018

April 30, 2019	Unrestricted	Internally restricted	Invested in capital assets	Restricted for endowment	Total
Balance, beginning of year	\$ (131,845)	\$ 87,552	\$ 115,787	\$ 91,857	\$ 163,351
Excess (deficiency) of revenue over expenses	26,980	-	(16,946)	-	10,034
Internally imposed restrictions	(8,183)	8,183	-	-	-
Net endowment contributions and capitalized earnings	-	-	-	4,210	4,210
Invested in capital assets	(24,123)	-	24,123	-	-
Employee future benefits (note 14)	24,247	-	-	-	24,247
Balance, end of year	\$ (112,924)	\$ 95,735	\$ 122,964	\$ 96,067	\$ 201,842

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	(14,808)	14,808	-	-	-
Net endowment contributions and capitalized earnings	-	-	-	3,478	3,478
Invested in capital assets	(8,243)	-	8,243	-	-
Employee future benefits (note 14)	(9,925)	-	-	-	(9,925)
Balance, end of year	\$ (131,845)	\$ 87,552	\$ 115,787	\$ 91,857	\$ 163,351

WILFRID LAURIER UNIVERSITY

Statement of Cash Flows

(In thousands of Canadian dollars)

Year ended April 30, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 10,034	\$ 12,719
Items not providing or using cash:		
Amortization of deferred contributions – capital (note 16)	(7,116)	(7,421)
Amortization of capital assets	24,997	19,874
Employee future benefits expense	32,589	30,114
Non cash interest expense	82	79
Gain on sale of capital assets	(935)	(2,775)
Increase in deferred contributions - operations	2,834	4,520
Net change in non-cash working capital	(6,531)	(17,602)
Contributions to employee future benefits	(27,415)	(24,406)
	<u>28,539</u>	<u>15,102</u>
Financing activities:		
Decrease in mortgages - net	-	(55)
Decrease in banker's acceptances - net	(2,922)	(2,838)
	<u>(2,922)</u>	<u>(2,893)</u>
Investing activities:		
Decrease (increase) in notes receivable	339	(375)
Purchase of capital assets	(38,024)	(46,891)
Increase in endowments	4,210	3,478
Increase in investments	(7,510)	(32,863)
Decrease in restricted cash	868	4,090
Deferred contributions - capital received (note 16)	15,806	8,940
	<u>(24,311)</u>	<u>(63,621)</u>
Increase (decrease) in cash	1,306	(51,412)
Cash, beginning of year	70,716	122,128
Cash, end of year	<u>\$ 72,022</u>	<u>\$ 70,716</u>

See accompanying notes to financial statements.

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements
(In thousands of Canadian dollars)

Year ended April 30, 2019

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%

(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, 2019

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, 2019

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 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, 2019

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, 2019

2. Future accounting changes (continued):

For collections recorded at cost, a write-down 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:

	2019	2018
Student receivables	\$ 27,139	\$ 25,343
Other receivables	15,783	19,732
	42,922	45,075
Less allowance for doubtful accounts	(2,657)	(2,143)
	\$ 40,265	\$ 42,932

4. Notes receivable:

	2019	2018
Wilfrid Laurier University Students' Union:		
4.1% note, repayable by monthly payments of \$13 including principal and interest, due September 1, 2020	\$ 1,309	\$ 1,410
Variable interest note, bearing interest at the rate earned by the University on its cash balances with minimum annual principal payments of \$150	1,168	1,321
Mortgage receivable:		
4.5% note, repayable by monthly payments of \$40 including principal and interest, due August 31, 2023	6,559	6,737
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	895	802
	9,931	10,270
Less current portion	(1,337)	(430)
	\$ 8,594	\$ 9,840

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2019

5. Investments:

Investments are made up of the following amounts:

	2019	2018
Short-term investments		
Cash and money market	\$ 482	\$ 2,530
Guaranteed interest certificates	60,000	60,000
	60,482	62,530
Long-term investments		
Common stock	1,960	1,753
Bonds	134	131
Canadian equity funds	23,934	9,480
Global equity funds	33,967	22,284
Fixed income funds	46,746	50,390
Balanced funds	16,031	30,402
Infrastructure funds	10,115	8,889
	132,887	123,329
Total investments	\$ 193,369	\$ 185,859

Investments are allocated as follows:

	2019	2018
Endowment investments	\$ 96,067	\$ 91,857
Sinking fund investments (note 9)	17,424	14,848
Other investments	79,878	79,154
	\$ 193,369	\$ 185,859

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2019

6. Capital assets:

	Cost	Amortization value	2019 Net book value	2018 Net book value
Land and land improvements	\$ 119,284	\$ -	\$ 119,284	\$ 117,949
Buildings	522,863	154,835	368,028	329,891
Furniture and equipment	130,596	107,758	22,838	26,255
Library books	54,037	47,303	6,734	6,535
Construction in progress	33,750	-	33,750	56,977
	<u>\$ 860,530</u>	<u>\$ 309,896</u>	<u>\$ 550,634</u>	<u>\$ 537,607</u>

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, 2019, the University held \$538 (2018 - \$1,406) 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 \$2,261 (2018 - \$1,952), which includes amounts payable for HST and payroll related taxes.

9. Debenture payable:

	2019	2018
Debenture payable, bearing interest at 5.429% payable semi-annually, due February 1, 2045	\$ 115,000	\$ 115,000
Less deferred charges	(4,997)	(5,079)
	<u>\$ 110,003</u>	<u>\$ 109,921</u>

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2019

9. Debenture payable (continued):

The approximate fair market value of the debenture is \$141,000 (2018 - \$133,000).

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 \$17,424 (2018 - \$14,848) (note 5).

10. Banker's acceptance:

	2019	2018
Banker's acceptance, bearing interest at 2.85%, repayable in blended payments of \$281, due November 28, 2032	\$ 57,898	\$ 59,597
Bank loan, bearing interest at 3.02%, repayable in blended payments of \$227, due November 28, 2035	49,045	50,268
Total	106,943	109,865
Less principal payable within one year	(3,009)	(2,922)
Long-term portion	\$ 103,934	\$ 106,943

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, 2019

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:

2020	\$	3,009
2021		3,098
2022		3,189
2023		3,284
2024		3,381
Thereafter		90,982

11. Retirement incentive plans:

The University has a phased in retirement option (PIRO) plan which provides faculty with an incentive to retire. The figures stated here provide information for these plans.

	2019	2018
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 1,246	\$ 1,525
Current service costs	87	81
Interest costs	63	79
Benefits paid	(576)	(469)
Actuarial loss	1,255	30
Benefit obligation, end of year	\$ 2,075	\$ 1,246
Change in plan assets:		
Employer contributions	\$ 576	\$ 469
Benefits paid	(576)	(469)
Plan assets, end of year	\$ -	\$ -
For determining benefit obligations as at April 30:		
Discount rate	5.50%	5.50%
For determining benefit costs for the year ending April 30:		
Discount rate	5.50%	5.75%

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2019

11. Retirement incentive plans (continued):

	2019	2018
Components of benefit expense:		
Current service costs	\$ 87	\$ 81
Interest costs	63	79
Benefit expense	\$ 150	\$ 160

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.

	2019	2018
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 650,162	\$ 607,352
Current service costs	18,503	17,964
Employee contributions	15,028	13,832
Interest costs	35,978	35,109
Benefits paid	(25,560)	(25,305)
Actuarial loss	3,498	1,210
Benefit obligation, end of year	\$ 697,609	\$ 650,162
Change in plan assets:		
Plan assets, beginning of year	\$ 607,143	\$ 571,410
Employer contributions	24,506	21,842
Employee contributions	15,028	13,832
Return on plan assets:		
Interest income	30,062	30,402
Actuarial gain (loss)	16,402	(5,038)
Benefits paid	(25,560)	(25,305)
Plan assets, end of year	\$ 667,581	\$ 607,143
Funded status:		
Defined benefit liability	\$ 30,028	\$ 43,019

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2019

12. Pension plans (continued):

	2019	2018
For determining benefit obligations as at April 30:		
Discount rate	5.50%	5.50%
Rate of compensation increase	4.00%	4.00%
For determining benefit costs for the year ending April 30:		
Discount rate	5.50%	5.75%
Rate of compensation increase	4.00%	3.75% - 4.25%
Components of benefit expense:		
Current service costs	\$ 18,503	\$ 17,964
Interest costs, net of interest income	5,916	4,707
Benefit expense	\$ 24,419	\$ 22,671

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.

	2019	2018
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 78,485	\$ 69,650
Current service cost	3,564	3,152
Interest cost	4,456	4,131
Benefits paid	(2,333)	(2,095)
Actuarial (gain) loss	(12,598)	3,647
Benefit obligation, end of year	\$ 71,574	\$ 78,485
Change in plan assets:		
Plan assets, beginning of year	\$ -	\$ -
Employer contributions	2,333	2,095
Benefits paid	(2,333)	(2,095)
Plan assets, end of year	\$ -	\$ -

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2019

13. Other post-employment benefits (continued):

For measurement purposes, health care and dental trend rates follow the CIA McMaster Model with prescribed rates through 2040. For the year ended April 30, 2019 a 3.83% increase in the per capital cost of health care and a 4.28% annual increase in the cost of dental care were assumed.

	2019	2018
For determining benefit obligations as at April 30:		
Discount rate	5.50%	5.50%
For determining benefit costs for the year ending April 30:		
Discount rate	5.50%	5.75%
Components of benefit expense:		
Current service costs	\$ 3,564	\$ 3,152
Interest costs	4,456	4,131
Benefit expense	\$ 8,020	\$ 7,283

14. Employee future benefits:

	2019	2018
Employee future benefits expense consists of the following:		
Retirement incentive plans (note 11)	\$ 150	\$ 160
Pension plans (note 12)	24,419	22,671
Other post-employment benefits (note 13)	8,020	7,283
Total employee future benefits expense	\$ 32,589	\$ 30,114

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2019

14. Employee future benefits (continued):

	2019	2018
Components of employee future benefits recorded as a direct increase (decrease) to net assets:		
Actuarial loss - retirement incentive plans (note 11)	\$ (1,255)	\$ (30)
Actuarial loss - pension benefit obligation (note 12)	(3,498)	(1,210)
Actuarial gain (loss) - pension plan assets (note 12)	16,402	(5,038)
Actuarial gain (loss) - other post-employment benefits (note 13)	12,598	(3,647)
Total employee future benefits recorded as a direct increase (decrease) to net assets	\$ 24,247	\$ (9,925)

15. Deferred contributions - operations:

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

	2019	2018
Research grants	\$ 12,883	\$ 12,614
Scholarships and bursaries	9,019	8,212
Unspent designated donations	23,773	23,200
Other amounts	6,419	6,169
	\$ 52,094	\$ 50,195

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:

	2019	2018
Balance, beginning of year	\$ 201,563	\$ 200,005
Contributions received during the year	15,806	8,940
Loans forgiven during the year	39	39
Amortization for the year	(7,116)	(7,421)
Balance, end of year	\$ 210,292	\$ 201,563

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2019

17. Forgivable loans:

	2019	2018
Interest free loan, from the City of Brantford, for the Wilkes House renovations, forgivable over a period of 25 years beginning in 2009	\$ 432	\$ 471

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

18. Internally restricted net assets:

	2019	2018
Departmental operating budget carryforwards	\$ 17,081	\$ 22,052
Operating budget general reserves	3,192	2,668
Major repairs and maintenance	9,129	6,689
Operating fund specific projects	23,355	13,948
Development campaign budget reserve	1,314	1,506
Ancillary operations	8,645	9,723
Equipment replacement and renewal fund	2,638	2,745
Research related	3,382	3,288
Real estate fund	169	(129)
Balsillie endowment reserve	662	662
Sinking fund	17,424	14,848
Post-employment benefits, net of internal loans	8,744	9,552
	\$ 95,735	\$ 87,552

19. Invested in capital assets:

	2019	2018
Capital assets-net book value (note 6)	\$ 550,634	\$ 537,607
Less: Amounts financed by long-term debt	(216,946)	(219,786)
Deferred contributions - capital (note 16)	(210,292)	(201,563)
Forgivable loans (note 17)	(432)	(471)
	\$ 122,964	\$ 115,787

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2019

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, 2019	Externally restricted	Internally restricted	Total
Beginning balance	\$ 86,696	\$ 5,161	\$ 91,857
Donations	762	-	762
Investment income and gains, net of fees and expenses	6,298	384	6,682
Transfers to disbursement fund	(2,904)	(330)	(3,234)
	\$ 90,852	\$ 5,215	\$ 96,067

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

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2019

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:

	2019		2018	
Expendable funds available for awards, beginning of year	\$	457	\$	430
Net transfer from endowment funds		360		342
Bursaries awarded		(321)		(315)
Expendable funds available for awards, end of year	\$	496	\$	457
Total OSOTF, Phase I, end of year	\$	7,463	\$	7,299
Number of bursaries awarded		271		254

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

	2019		2018	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 7,318	\$ 6,772	\$ 7,351	\$ 6,375
Unrealized loss for the year	(11)	-	(430)	-
Investment income, net of investment related expenses	555	555	739	739
Net transfer from endowment funds	(360)	(360)	(342)	(342)
Endowment balance, end of year	\$ 7,502	\$ 6,967	\$ 7,318	\$ 6,772

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2019

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:

	2019		2018	
Expendable funds available for awards, beginning of year	\$	105	\$	103
Net transfer from endowment funds		91		76
Bursaries awarded		(94)		(74)
Expendable funds available for awards, end of year	\$	102	\$	105
Total OSOTF, Phase II, end of year	\$	2,555	\$	2,458
Number of bursaries awarded		70		59

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

	2019		2018	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 2,526	\$ 2,353	\$ 2,498	\$ 2,179
Unrealized loss for the year	(4)	-	(146)	-
Investment income, net of investment related expenses	191	191	250	250
Net transfer from endowment funds	(91)	(91)	(76)	(76)
Endowment balance, end of year	\$ 2,622	\$ 2,453	\$ 2,526	\$ 2,353

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2019

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:

	2019		2018	
Expendable funds available for awards, beginning of year	\$	817	\$	787
Net transfer from endowment funds		775		693
Bursaries awarded		(661)		(663)
Expendable funds available for awards, end of year	\$	931	\$	817
Total OTSS, end of year	\$	23,319	\$	22,239
Number of bursaries awarded		489		527

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

	2019		2018	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 23,000	\$ 21,421	\$ 22,748	\$ 19,839
Unrealized loss for the year	(35)	-	(1,330)	-
Investment income, net of investment related expenses	1,742	1,742	2,275	2,275
Net transfer from endowment funds	(775)	(775)	(693)	(693)
Endowment balance, end of year	\$ 23,932	\$ 22,388	\$ 23,000	\$ 21,421

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2019

22. Commitments and guarantees:

Costs to complete major capital projects in progress and commitments to purchase property as at April 30, 2019 are estimated to be \$26,141.

Future minimum payments for the next three years under non-cancellable operating leases and other agreements at April 30, 2019 are payable as follows:

2020	\$	12,755
2021		11,361
2022		8,207

The University has guaranteed debt for the Wilfrid Laurier University Students' Union in the amount of \$1,510 as at April 30, 2019 (2018 - \$1,657).

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, 2019

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 2019. 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 \$952 (2018 - \$1,009).

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.