

Financial Statements of

**WILFRID LAURIER
UNIVERSITY**

And Independent Auditors' Report thereon

Year ended April 30, 2020



KPMG LLP
115 King Street South
2nd Floor
Waterloo ON N2J 5A3
Canada
Tel 519-747-8800
Fax 519-747-8830

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, 2020
- 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, 2020, 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.



Page 2

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.



Page 3

- 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.

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 horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the right end.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

September 24, 2020

WILFRID LAURIER UNIVERSITY

Statement of Financial Position
(In thousands of Canadian dollars)

April 30, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash and short-term deposits	\$ 58,350	\$ 72,022
Accounts receivable (note 2)	42,211	40,265
Short-term investments (note 4)	60,493	60,482
Inventories	3,660	3,585
Prepaid expenses and deposits	7,979	8,686
Current portion of notes receivable (note 3)	1,548	1,337
	<u>174,241</u>	<u>186,377</u>
Notes receivable less current portion (note 3)	7,038	8,594
Capital assets (note 5)	560,511	550,634
Long-term investments (note 4)	130,893	132,887
Restricted cash (note 6)	240	538
Total assets	\$ 872,923	\$ 879,030

WILFRID LAURIER UNIVERSITY

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

April 30, 2020, with comparative information for 2019

	2020	2019
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 55,496	\$ 50,241
Accrued vacation pay	5,502	4,969
Deferred revenue	42,568	38,537
Current portion of banker's acceptance (note 9)	3,098	3,009
Current portion of obligation under capital leases (note 10)	390	-
	<u>107,054</u>	<u>96,756</u>
Long-term financial liabilities:		
Debentures (note 8)	110,091	110,003
Banker's acceptance (note 9)	100,836	103,934
Obligation under capital leases (note 10)	880	-
	<u>211,807</u>	<u>213,937</u>
Other long-term liabilities:		
Retirement incentive plans (note 11)	1,791	2,075
Pension plans (note 12)	43,974	30,028
Other post-employment benefits (note 13)	70,951	71,574
Deferred contributions - operations (note 15)	49,919	52,094
Deferred contributions - capital (note 16)	205,087	210,292
Forgivable loans (note 17)	393	432
	<u>372,115</u>	<u>366,495</u>
Total liabilities	690,976	677,188
Net assets:		
Unrestricted	(138,448)	(112,924)
Internally restricted (note 18)	85,274	95,735
Invested in capital assets (note 19)	139,736	122,964
Endowments (notes 20 and 21)	95,385	96,067
	<u>181,947</u>	<u>201,842</u>
Commitments and contingencies (notes 22 and 23)		
Total liabilities and net assets	\$ 872,923	\$ 879,030

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, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Government grants	\$ 123,372	\$ 124,784
Student fees	208,752	207,326
Donations	7,158	5,564
Sales and service	23,095	23,782
Amortization of deferred contributions – capital (note 16)	8,308	7,116
Interest and investment income	7,544	10,624
Gain on sale of capital assets	126	935
Other revenues	12,981	17,472
	<u>391,336</u>	<u>397,603</u>
Expenses:		
Salaries	199,817	187,920
Benefits	25,928	23,135
Employee future benefits (note 14)	29,722	32,589
Operating costs	54,976	50,522
Amortization of capital assets	23,439	24,997
Cost of goods sold	10,457	10,940
Taxes, utilities, and rent	21,063	21,589
Scholarships and bursaries	27,555	26,353
Interest	9,502	9,524
	<u>402,459</u>	<u>387,569</u>
Excess (deficiency) of revenue over expenses	\$ (11,123)	\$ 10,034

See accompanying notes to financial statements.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2020, with comparative information for 2019

April 30, 2020	Unrestricted	Internally restricted	Invested in capital assets	Restricted for endowment	Total
Balance, beginning of year	\$ (112,924)	\$ 95,735	\$ 122,964	\$ 96,067	\$ 201,842
Excess (deficiency) of revenue over expenses	3,882	-	(15,005)	-	(11,123)
Internally imposed restrictions	10,461	(10,461)	(640)	640	-
Transfers (note 20)	-	-	-	(2,669)	(2,669)
Net endowment contributions and capitalized earnings (note 20)	-	-	-	1,347	1,347
Invested in capital assets	(32,417)	-	32,417	-	-
Employee future benefits (note 14)	(7,450)	-	-	-	(7,450)
Balance, end of year	\$ (138,448)	\$ 85,274	\$ 139,736	\$ 95,385	\$ 181,947

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	-	-	-
Transfers (note 20)	-	-	-	(3,234)	(3,234)
Net endowment contributions and capitalized earnings (note 20)	-	-	-	7,444	7,444
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

WILFRID LAURIER UNIVERSITY

Statement of Cash Flows
(In thousands of Canadian dollars)

Year ended April 30, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (11,123)	\$ 10,034
Items not providing or using cash:		
Amortization of deferred contributions – capital (note 16)	(8,308)	(7,116)
Amortization of capital assets	23,439	24,997
Employee future benefits expense	29,722	32,589
Non cash interest expense	166	82
Gain on sale of capital assets	(126)	(935)
Unrealized loss (gain) on investments	1,358	(558)
Increase in deferred contributions - operations	(2,175)	2,834
Net change in non-cash working capital	8,505	(6,531)
Contributions to employee future benefits	(24,133)	(27,415)
	17,325	27,981
Financing activities:		
Decrease in banker's acceptances - net	(3,009)	(2,922)
Increase in obligation under capital leases	2,187	-
Repayment of obligation under capital leases	(995)	-
	(1,817)	(2,922)
Investing activities:		
Decrease in notes receivable	1,345	339
Purchase of capital assets	(34,996)	(38,024)
Proceeds on disposal of capital assets	1,806	-
Increase (decrease) in endowments, net	2,342	3,342
Purchase of investments	(67,044)	(72,091)
Proceeds on disposal of investments	64,005	66,007
Decrease in restricted cash	298	868
Deferred contributions - capital received (note 16)	3,064	15,806
	(29,180)	(23,753)
Increase (decrease) in cash	(13,672)	1,306
Cash, beginning of year	72,022	70,716
Cash, end of year	\$ 58,350	\$ 72,022

See accompanying notes to financial statements.

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements
(In thousands of Canadian dollars)

Year ended April 30, 2020

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 and building components	20 – 40 years
Furniture equipment	3 – 10 years
Library books	5 years

(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, 2020

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, 2019 and the next required valuation will be as of April 30, 2022.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2020

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, 2020

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, fair value of investments held in real estate and infrastructure funds, and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

(j) New accounting standards adopted during the year:

In March 2018, the Accounting Standards Board issued "Basis for Conclusions - Accounting Standards Improvements for Not-for-Profit Organizations" resulting in the introduction of three new handbook sections in the accounting standards for not-for-profit organizations - Part III of the Handbook as follows:

- (i) Section 4433, Tangible capital assets held by not-for-profit organizations, which directs organizations to apply the accounting guidance of Section 3061, Property Plant and Equipment in Part II of the Handbook. In so doing, the new section requires that organizations annually assess for partial impairment of tangible capital assets, to be recorded where applicable, as a non-reversible impairment expense. In addition, where practical, to componentize capital assets when estimates can be made of the useful lives of the separate components.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2020

1. Significant accounting policies (continued):

- (j) New accounting standards adopted during the year (continued):
- (ii) Section 4434, Intangible assets held by not-for-profit organizations, which directs organizations to annually assess intangible assets, and where applicable to record an impairment expenses should the net carrying value be higher than the asset's fair value or replacement cost.
 - (iii) Section 4441, Collections held by not-for-profit organizations, which defines a collection and directs organizations to record such assets on the statement of financial position at either cost or nominal value. It is anticipated that all collections will be accounted for using the same method, with the exception of organizations that opt to account for collections at cost, whereby the cost for certain collections either held or contributed cannot be determined. Such items are to be accounted for at a nominal value. In addition, collections are written down when there is evidence that the net carrying amount exceeds fair value.

The University adopted these standards effective May 1, 2019. The implementation of these changes had no impact on the financial statements.

2. Accounts receivable:

	2020	2019
Student receivables	\$ 31,230	\$ 27,139
Other receivables	14,250	15,783
	45,480	42,922
Less allowance for doubtful accounts	(3,269)	(2,657)
	\$ 42,211	\$ 40,265

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2020

3. Notes receivable:

	2020	2019
Mortgage receivable:		
4.5% note, repayable by monthly payments of \$40 including principal and interest, due August 31, 2023	\$ 6,372	\$ 6,559
Wilfrid Laurier University Students' Union:		
4.1% note, repayable by monthly payments of \$13 including principal and interest, due September 1, 2020	1,203	1,309
Variable interest note, bearing interest at the rate earned by the University on its cash balances with minimum annual principal payments of \$150	1,011	1,168
Waterloo Lutheran Seminary:		
Variable interest line of credit, bearing interest at the Royal Bank of Canada prime rate less 1.2%, repaid during the year	-	895
	8,586	9,931
Less current portion	(1,548)	(1,337)
	\$ 7,038	\$ 8,594

4. Investments:

Investments are made up of the following amounts:

	2020	2019
Short-term investments		
Cash and money market	\$ 493	\$ 482
Guaranteed interest certificates	60,000	60,000
	60,493	60,482
Long-term investments		
Common stock	1,974	1,960
Bonds	134	134
Canadian equity funds	21,446	23,934
Global equity funds	32,763	33,967
Fixed income funds	16,120	15,089
Balanced funds	14,923	16,031
Mortgage funds	31,858	31,657
Infrastructure funds	11,675	10,115
	130,893	132,887
Total investments	\$ 191,386	\$ 193,369

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2020

4. Investments (continued):

Investments are allocated as follows:

	2020	2019
Endowment investments	\$ 95,385	\$ 96,067
Sinking fund investments (note 8)	18,020	17,424
Other investments	77,981	79,878
	\$ 191,386	\$ 193,369

5. Capital assets:

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land and land improvements	\$ 118,904	\$ -	\$ 118,904	\$ 119,284
Buildings	546,925	167,599	379,326	368,028
Furniture and equipment	140,250	115,100	25,150	22,838
Library books	56,052	49,925	6,127	6,734
Assets under capital lease	2,266	327	1,939	-
Construction in progress	29,065	-	29,065	33,750
	\$ 893,462	\$ 332,951	\$ 560,511	\$ 550,634

6. Restricted cash:

On April 30, 2020, the University held \$240 (2019 - \$538) of monies received from the Province of Ontario to be used in the construction of an athletic facility in Brantford.

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$2,920 (2019 - \$2,261), 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, 2020

8. Debenture payable:

	2020	2019
Debenture payable, bearing interest at 5.429% payable semi-annually, due February 1, 2045	\$ 115,000	\$ 115,000
Less deferred charges	(4,909)	(4,997)
	\$ 110,091	\$ 110,003

The approximate fair market value of the debenture is \$161,000 (2019 - \$141,000).

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 \$18,020 (2019 - \$17,424) (note 4).

9. Banker's acceptance:

	2020	2019
Banker's acceptance, bearing interest at 2.85%, repayable in blended payments of \$281, due November 28, 2032	\$ 56,151	\$ 57,898
Bank loan, bearing interest at 3.02%, repayable in blended payments of \$227, due November 28, 2035	47,783	49,045
Total	103,934	106,943
Less principal payable within one year	(3,098)	(3,009)
Long-term portion	\$ 100,836	\$ 103,934

The banker's acceptances are issued under a long-term credit facility entered into by the University during fiscal 2014. The banker's acceptance is secured by a mortgage constituting a fixed charge on certain lands and buildings.

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, 2020

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:

2021	\$	3,098
2022		3,189
2023		3,284
2024		3,381
2025		3,481
Thereafter		87,501

10. Obligations under capital leases:

The University has financed certain equipment by entering into capital leasing arrangements. Capital lease repayments are due as follows:

	2020	2019
Year ending April 30:		
2021	\$ 427	\$ -
2022	427	-
2023	427	-
2024	57	-
Total minimum lease payments	1,338	-
Less amount representing interest at 3.12%	(68)	-
Present value of net minimum capital lease payments	1,270	-
Current portion of obligations under capital leases	(390)	-
	\$ 880	\$ -

Interest of \$59 (2019 – \$nil) relating to capital lease obligations has been included in interest expense.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2020

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 this plan.

	2020	2019
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 2,075	\$ 1,246
Current service costs	22	87
Interest costs	105	63
Benefits paid	(253)	(576)
Actuarial (gain) loss	(158)	1,255
Benefit obligation, end of year	\$ 1,791	\$ 2,075
Change in plan assets:		
Employer contributions	\$ 253	\$ 576
Benefits paid	(253)	(576)
Plan assets, end of year	\$ -	\$ -
	2020	2019
For determining benefit obligations as at April 30:		
Discount rate	5.90%	5.50%
For determining benefit costs for the year ending April 30:		
Discount rate	5.50%	5.50%
Components of benefit expense:		
Current service costs	\$ 22	\$ 87
Interest costs	105	63
Benefit expense	\$ 127	\$ 150

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2020

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.

	2020	2019
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 697,609	\$ 650,162
Current service costs	18,319	18,503
Employee contributions	15,886	15,028
Interest costs	38,594	35,978
Benefits paid	(26,010)	(25,560)
Actuarial (gain) loss	(20,520)	3,498
Benefit obligation, end of year	\$ 723,878	\$ 697,609
Change in plan assets:		
Plan assets, beginning of year	\$ 667,581	\$ 607,143
Employer contributions	21,163	24,506
Employee contributions	15,886	15,028
Return on plan assets:		
Interest income	33,967	30,062
Actuarial gain (loss)	(32,683)	16,402
Benefits paid	(26,010)	(25,560)
Plan assets, end of year	\$ 679,904	\$ 667,581
Funded status:		
Defined benefit liability	\$ 43,974	\$ 30,028
	2020	2019
For determining benefit obligations as at April 30:		
Discount rate	5.90%	5.50%
Rate of compensation increase	3.75 - 4.00%	4.00%
For determining benefit costs for the year ending April 30:		
Discount rate	5.50%	5.50%
Rate of compensation increase	4.00%	4.00%
Components of benefit expense:		
Current service costs	\$ 18,319	\$ 18,503
Interest costs, net of interest income	4,627	5,916
Benefit expense	\$ 22,946	\$ 24,419

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2020

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 the plan.

	2020	2019
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 71,574	\$ 78,485
Current service cost	2,632	3,564
Interest cost	4,017	4,456
Benefits paid	(2,717)	(2,333)
Actuarial gain	(4,555)	(12,598)
Benefit obligation, end of year	\$ 70,951	\$ 71,574
Change in plan assets:		
Plan assets, beginning of year	\$ -	\$ -
Employer contributions	2,716	2,333
Benefits paid	(2,716)	(2,333)
Plan assets, end of year	\$ -	\$ -

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, 2020, a 4.04% increase in the per capita cost of health care and a 4.50% annual increase in the cost of dental care was assumed.

	2020	2019
For determining benefit obligations as at April 30:		
Discount rate	5.90%	5.50%
For determining benefit costs for the year ending April 30:		
Discount rate	5.50%	5.50%
Components of benefit expense:		
Current service costs	\$ 2,632	\$ 3,564
Interest costs	4,017	4,456
Benefit expense	\$ 6,649	\$ 8,020

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2020

14. Employee future benefits:

	2020	2019
Employee future benefits expense consists of the following:		
Retirement incentive plans (note 11)	\$ 127	\$ 150
Pension plans (note 12)	22,946	24,419
Other post-employment benefits (note 13)	6,649	8,020
Total employee future benefits expense	\$ 29,722	\$ 32,589

	2020	2019
Components of employee future benefits recorded as a direct increase (decrease) to net assets:		
Actuarial gain (loss) - retirement incentive plans (note 11)	\$ 158	\$ (1,255)
Actuarial gain (loss) - pension benefit obligation (note 12)	20,520	(3,498)
Actuarial gain (loss) - pension plan assets (note 12)	(32,683)	16,402
Actuarial gain - other post-employment benefits (note 13)	4,555	12,598
Total employee future benefits recorded as a direct increase (decrease) to net assets	\$ (7,450)	\$ 24,247

15. Deferred contributions - operations:

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

	2020	2019
Research grants	\$ 13,349	\$ 12,883
Scholarships and bursaries	8,859	9,019
Unspent designated donations	20,927	23,773
Other amounts	6,784	6,419
Total	\$ 49,919	\$ 52,094

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2020

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:

	2020	2019
Balance, beginning of year	\$ 210,292	\$ 201,563
Contributions received during the year	3,064	15,806
Loans forgiven during the year	39	39
Amortization for the year	(8,308)	(7,116)
Balance, end of year	\$ 205,087	\$ 210,292

17. Forgivable loans:

	2020	2019
City of Brantford loan, non-interest bearing, forgivable at \$39 annually, to be fully forgiven in May 2030	\$ 393	\$ 432

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

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2020

18. Internally restricted net assets:

	2020	2019
Departmental operating budget carryforwards	\$ 13,564	\$ 17,081
Operating budget general reserves	2,668	3,192
Major repairs and maintenance	8,965	9,129
Operating fund specific projects	24,448	23,355
Development campaign budget reserve	1,314	1,314
Ancillary operations	9,903	8,645
Equipment replacement and renewal fund	2,494	2,638
Research related	3,382	3,382
Real estate fund	108	169
Balsillie endowment reserve	408	662
Sinking fund	18,020	17,424
Post-employment benefits, net of internal loans	-	8,744
	<u>\$ 85,274</u>	<u>\$ 95,735</u>

19. Invested in capital assets:

	2020	2019
Capital assets-net book value (note 5)	\$ 560,511	\$ 550,634
Less: Amounts financed by long-term debt (notes 8 and 9)	(214,025)	(216,946)
Amounts finance by capital leases (note 10)	(1,270)	-
Deferred contributions - capital (note 16)	(205,087)	(210,292)
Forgivable loans (note 17)	(393)	(432)
	<u>\$ 139,736</u>	<u>\$ 122,964</u>

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2020

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, 2020	Externally restricted	Internally restricted	Total
Beginning balance	\$ 90,852	\$ 5,215	\$ 96,067
Donations	1,356	640	1,996
Investment income and gains, net of fees and expenses	(5)	(4)	(9)
Transfers to unrestricted net assets	(2,640)	(29)	(2,669)
	\$ 89,563	\$ 5,822	\$ 95,385

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 unrestricted net assets	(2,904)	(330)	(3,234)
	\$ 90,852	\$ 5,215	\$ 96,067

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2020

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:

	2020		2019	
Expendable funds available for awards, beginning of year	\$	496	\$	457
Net transfer from endowment funds		309		360
Bursaries awarded		(307)		(321)
Expendable funds available for awards, end of year	\$	498	\$	496
Total OSOTF, Phase I, end of year	\$	7,450	\$	7,463
Number of bursaries awarded		259		271

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

	2020		2019	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 7,502	\$ 6,967	\$ 7,318	\$ 6,772
Unrealized loss for the year	(301)	-	(11)	-
Investment income, net of investment related expenses	294	294	555	555
Net transfer from endowment funds	(309)	(309)	(360)	(360)
Endowment balance, end of year	\$ 7,186	\$ 6,952	\$ 7,502	\$ 6,967

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2020

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:

	2020		2019	
Expendable funds available for awards, beginning of year	\$	102	\$	105
Net transfer from endowment funds		60		91
Bursaries awarded		(58)		(94)
Expendable funds available for awards, end of year	\$	104	\$	102
Total OSOTF, Phase II, end of year	\$	2,600	\$	2,555
Number of bursaries awarded		45		70

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

	2020		2019	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 2,622	\$ 2,453	\$ 2,526	\$ 2,353
Unrealized loss for the year	(105)	-	(4)	-
Investment income, net of investment related expenses	103	103	191	191
Net transfer from endowment funds	(60)	(60)	(91)	(91)
Endowment balance, end of year	\$ 2,560	\$ 2,496	\$ 2,622	\$ 2,453

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2020

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:

	2020		2019	
Expendable funds available for awards, beginning of year	\$	931	\$	817
Net transfer from endowment funds		546		775
Bursaries awarded		(523)		(661)
Expendable funds available for awards, end of year	\$	954	\$	931
Total OTSS, end of year	\$	23,740	\$	23,319
Number of bursaries awarded		404		489

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

	2020		2019	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 23,932	\$ 22,388	\$ 23,000	\$ 21,421
Unrealized loss for the year	(960)	-	(35)	-
Investment income, net of investment related expenses	944	944	1,742	1,742
Net transfer from endowment funds	(546)	(546)	(775)	(775)
Endowment balance, end of year	\$ 23,370	\$ 22,786	\$ 23,932	\$ 22,388

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2020

22. Commitments and guarantees:

- (a) Future minimum payments for the next five years under non-cancellable operating leases and other agreements at April 30, 2020 are payable as follows:

2021	\$	12,103
2022		8,847
2023		6,692
2024		2,336
2025		934
Thereafter		2,315

- (b) Costs to complete major capital projects in progress and commitments to purchase property as at April 30, 2020 are estimated to be \$8,459.
- (c) The University has guaranteed debt for the Wilfrid Laurier University Students' Union in the amount of \$1,358 as at April 30, 2020 (2019 - \$1,510).

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 and 9.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2020

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 2020. 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 \$961 (2019 - \$952).

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.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2020

28. Impact of COVID-19 pandemic:

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world.

(a) Current year transactions:

At the time of approval of these financial statements, the University has experienced the following in relation to the pandemic:

- temporary declines in the fair value of investments and investment income; and
- mandatory working from home requirements for those able to do so.

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed as at year end. Management completed this assessment and did not identify any such adjustment.

(b) Subsequent events related to COVID-19

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the University's operations and financial position is not known at this time. There remains uncertainty over the following for the upcoming year:

- fall and winter term enrolment;
- ancillary services available for students; and
- receipt of future donations.

These impacts could include a decline in future cash flows, changes to the value of assets and liabilities, and the use of accumulated net assets to sustain operations. An estimate of the financial effect of the pandemic on the University is not practicable at this time.