



Board of Governors Meeting

Open Session

Friday, September 15, 2023, 3:30-4:30 p.m.

Lazaridis Institute, 72 Victoria Street South, Suite 102N, Kitchener, N2G 4Y9

Via Zoom: <https://zoom.us/j/93184820065?pwd=Y0puQVUzR1M4aWhpOHJFRWN1YXFTdz09>

Meeting ID: 931 8482 0065

Passcode: 469982

This meeting is in hybrid format



BOARD OF GOVERNORS AGENDA

Friday, September 15, 2023, 3:30 – 4:30 p.m.

Lazaridis Institute, 72 Victoria Street South, Kitchener

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A. Open Session

1. **Call to Order**, Paul Elliott, 3:30 p.m.
 - a. Declaration of Conflicts of Interest
 - b. Movement of Consent Items to the Main Agenda
Motion: that the Board of Governors approve the Consent items listed for approval under Item C.1.

2. **Chair's Report**, Paul Elliott, 3:35 p.m. (5 min)
 - a. Welcome to Incoming Board Members

3. **WLU Audited Financial Statements**, Doug Treleaven, 3:40 p.m. (20 min)
 - a. Audited Financial Statements as at April 30, 2023* Page 4
 - b. Commentary to the Audited Financial Statements* Page 34
 - c. Management Report on Budget vs. Actuals 2022-23* Page 49
 - d. Approval of the Audited Financial Statements
Motion: That on the recommendation of the Audit, Risk & Compliance Committee, the Board of Governors approve the Wilfrid Laurier University Audited Financial Statements for the year ended April 30, 2023 and authorize any two members of the Board of Governors to sign the financial statements as evidence of such approval.

4. **Pension Valuation as of January 1, 2023***, Abas Kanu, 4:00 p.m. (15 min) Page 64
Motion: That on the joint recommendation of the Pension and Finance, Investment and Property Committees, the Board of Governors approve the Pension Valuation as of January 1, 2023, to be filed by September 30, 2023.

5. **Other Business**

B. *In Camera* Session (if needed)

Motion: to move the meeting *in camera*.

C. Consent Items

The following items are provided for approval or information. The Agenda, Minutes and items noted for Approval will be approved by consent unless otherwise highlighted during Item A.1.b.

1. Items for Approval

- a. Agenda
- b. Minutes, Board of Governors, June 1, 2023*

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2. Items for Information

- a. Board and Committee Meeting Dates 2023-2024*
- b. President's Written Report*

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* Materials Attached

Note: If you need assistance or have a question about this agenda or the Board of Governors, please contact the University Secretariat office, by email to alukin@wlu.ca.



BRIEFING NOTE

Meeting: Board of Governors
Date: September 15, 2023
Agenda Item #: BoG A.3.a.

Agenda Item: **Wilfrid Laurier University Audited Financial Statements as at April 30, 2023**

Action Required: Approval Discussion Information

Motion **That on the recommendation of the Audit, Risk and Compliance Committee, the Board of Governors approve the Audited Financial Statements of Wilfrid Laurier University for the year ended April 30, 2023, and authorize any two members of the Board of Governors to sign the financial statements as evidence of such approval.**

Summary of critical points: The University is required to prepare and file annual audited financial statements. The financial statements and detailed schedules were prepared by the Financial Resources Department and audited by external auditors, KPMG. The statements are presented to the Audit, Risk and Compliance Committee of the Board, for recommendation that the Board of Governors approve the statements. The financial statement notes provide related descriptions, basis of statement preparation, and accounting policies. The audited financial statements reflect the financial results of the university, inclusion of all funds, as well as adjustments for adherence to Generally Accepted Accounting Principles (GAAP).

The 2022/23 Internal Management Report is also provided to the committee for review. This report reflects the 12-month results for the operating and ancillary funds against the Board approved budget for 2022/23. The Audited Financial Statements reflect an improvement over prior year results as the sale of assets produced an excess of revenue over expenses while the Internal Management Report reflects a deficit due to lower student enrolment as compared to budget.

In addition to the annual audited financial statement requirement, the university will continue to submit the following statutory remittances in accordance with submission requirements.

Type:	Remitted to:
Income Tax Deducted	Receiver General
Employment Insurance	Receiver General
Canada Pension Plan	Receiver General
Ontario Health Tax	Minister of Finance
Workplace Safety and Insurance	Workplace Safety & Insurance Board
HST	Receiver General

Any risks to the timeline of submission, or risks that pertain to the content of the submissions will be presented to the Audit, Risk and Compliance Committee.



Purpose and Key Considerations:

Key Considerations:

The University's financial statements provide various users with annual financial information that has been prepared and presented in accordance with Canadian accounting standards for not-for-profit organizations.

The motion is directed at members of the Audit, Risk and Compliance Committee as the external audit falls under their purview as outlined in the ARC Terms of Reference. The members of the Finance and Investments Committee are included in the meeting for information and discussion.

Financial Implications:

The Board has fiduciary responsibility and oversight of the University operations and financial position.

Questions/Input:

Risk Assessment:

Risk is minimal as the statements have been subject to external audit.

The regular update of the budget projections assists in managing and monitoring the overall financial health of the University.

Proposed by:

Lloyd Noronha, Vice-President: Finance & Administration
Zeynep Danis, Assistant Vice-President, Financial Resources
Dan Dawson, AVP, Student & Ancillary Services

Consultation:

N/A

Lead Author:

Christine Dale, Director, Financial Reporting & Systems

Item Frequency:

Standing Annual Ad-Hoc

Rationale for Board Oversight/Input:

The Board of Governors is responsible for approving the Wilfrid Laurier University audited financial statements.

The committee terms of reference require the audit, risk and compliance committee to 'review the annual audited financial statements and make recommendations to the Board'.

Compliance

Within the Board of Governors, the mandate of the Audit, Risk and Compliance Committee includes the responsibility to provide oversight on the financial reporting process, and to ensure there are processes and controls in place to efficiently and effectively use, manage and safeguard the University's resources.

Attachments:

Audited Financial Statement of Wilfrid Laurier University, YE April 30, 2023
Commentary to the Audited Financial Statements
Summary of Net Assets - Internally Restricted vs. Unrestricted
Appendix A-D
2022/23 Internal Management Report April 30, 2023

Financial Statements of

**WILFRID LAURIER
UNIVERSITY**

And Independent Auditors' Report thereon

Year ended April 30, 2023

WILFRID LAURIER UNIVERSITY

Statement of Financial Position
(In thousands of Canadian dollars)

April 30, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash and short-term deposits	\$ 76,789	\$ 79,493
Accounts receivable (note 2)	63,880	34,133
Short-term investments (note 4)	31,066	30,739
Inventories	1,623	1,936
Prepaid expenses and deposits	11,508	8,768
Current portion of notes receivable (note 3)	5,901	623
Asset held for sale (note 5)	1,150	3,328
	191,917	159,020
Notes receivable less current portion (note 3)	715	6,782
Assets held for sale (note 5)	-	3,165
Capital assets (note 5)	605,406	604,916
Long-term investments (note 4)	184,426	177,487
Restricted cash (note 6)	275	191
Total assets	\$ 982,739	\$ 951,561

WILFRID LAURIER UNIVERSITY

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

April 30, 2023, with comparative information for 2022

	2023	2022
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 60,212	\$ 53,681
Accrued vacation pay	7,157	7,386
Deferred revenue	43,336	43,610
Current portion of banker's acceptance (note 9)	3,381	3,284
Current portion of obligation under capital leases (note 10)	63	415
	<u>114,149</u>	<u>108,376</u>
Long-term financial liabilities:		
Debentures (note 8)	110,385	110,281
Banker's acceptance (note 9)	90,982	94,363
Obligation under capital leases (note 10)	-	63
	<u>201,367</u>	<u>204,707</u>
Other long-term liabilities:		
Retirement incentive plan (note 11)	2,337	1,155
Pension plans (note 12)	12,027	12,591
Other post-employment benefits (note 13)	87,966	79,990
Deferred contributions - operations (note 15)	56,626	58,345
Deferred contributions - capital (note 16)	201,155	202,416
Forgivable loans (note 17)	276	315
	<u>360,387</u>	<u>354,812</u>
Total liabilities	675,903	667,895
Net assets:		
Unrestricted	(98,464)	(86,675)
Internally restricted (note 18)	91,043	62,317
Invested in capital assets (note 19)	200,314	200,272
Endowments (notes 20 and 21)	113,943	107,752
	<u>306,836</u>	<u>283,666</u>
Commitments and contingencies (notes 22 and 23)		
Total liabilities and net assets	\$ 982,739	\$ 951,561

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, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Government grants	\$ 127,180	\$ 125,363
Student fees	223,197	221,405
Donations	6,382	4,351
Sales and service	21,009	19,850
Amortization of deferred contributions – capital (note 16)	8,437	8,435
Interest and investment income	12,913	7,618
Gain on sale of capital assets	23,002	-
Other revenues	15,093	12,227
	<u>437,213</u>	<u>399,249</u>
Expenses:		
Salaries	210,751	200,854
Benefits	27,354	26,419
Employee future benefits (note 14)	31,675	29,166
Operating costs	57,540	51,463
Amortization of capital assets	25,312	24,533
Cost of goods sold	7,042	7,495
Taxes, utilities, and rent	21,182	18,665
Scholarships and bursaries	30,968	32,237
Interest	9,196	9,296
	<u>421,020</u>	<u>400,128</u>
Excess (deficiency) of revenue over expenses	\$ 16,193	\$ (879)

See accompanying notes to financial statements.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2023, with comparative information for 2022

April 30, 2023	Unrestricted	Internally restricted	Invested in capital assets	Restricted for endowment	Total
Balance, beginning of year	\$ (86,675)	\$ 62,317	\$ 200,272	\$ 107,752	\$ 283,666
Excess (deficiency) of revenue over expenses	10,066	-	6,127	-	16,193
Internally imposed restrictions	(28,726)	28,726	-	-	-
Transfers (note 20)	-	-	-	(3,295)	(3,295)
Net endowment contributions and capitalized earnings (note 20)	-	-	-	9,486	9,486
Invested in capital assets	6,085	-	(6,085)	-	-
Employee future benefits (note 14)	786	-	-	-	786
Balance, end of year	\$ (98,464)	\$ 91,043	\$ 200,314	\$ 113,943	\$ 306,836

April 30, 2022	Unrestricted	Internally restricted	Invested in capital assets	Restricted for endowment	Total
Balance, beginning of year	\$ (72,617)	\$ 53,363	\$ 143,784	\$ 105,664	\$ 230,194
Excess (deficiency) of revenue over expenses	15,219	-	(16,098)	-	(879)
Internally imposed restrictions	(8,954)	8,954	-	-	-
Milton land donation (note 5)	-	-	59,772	-	59,772
Transfers (note 20)	-	-	-	(3,256)	(3,256)
Net endowment contributions and capitalized earnings (note 20)	-	-	-	5,344	5,344
Invested in capital assets	(12,814)	-	12,814	-	-
Employee future benefits (note 14)	(7,509)	-	-	-	(7,509)
Balance, end of year	\$ (86,675)	\$ 62,317	\$ 200,272	\$ 107,752	\$ 283,666

WILFRID LAURIER UNIVERSITY

Statement of Cash Flows
(In thousands of Canadian dollars)

Year ended April 30, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 16,193	\$ (879)
Items not providing or using cash:		
Amortization of deferred contributions – capital (note 16)	(8,437)	(8,435)
Amortization of capital assets	25,312	24,533
Employee future benefits expense	31,675	29,166
Non-cash interest expense	104	97
Gain on sale of capital assets	(23,002)	-
Unrealized loss (gain) on investments	(1,815)	76
Increase (decrease) in deferred contributions - operations	(1,719)	2,144
Net change in non-cash working capital	(26,147)	8,073
Contributions to employee future benefits	(22,294)	(22,765)
	(10,130)	32,010
Financing activities:		
Decrease in banker's acceptances - net	(3,284)	(3,189)
Repayment of obligation under capital leases	(415)	(402)
	(3,699)	(3,591)
Investing activities:		
Decrease in notes receivable	789	704
Purchase of capital assets	(27,924)	(16,604)
Proceeds on disposal of capital assets	30,467	-
Increase (decrease) in endowments, net	53	2,412
Purchase of investments	(1,695)	(63,910)
Proceeds on disposal of investments	2,382	33,430
Change in restricted cash	(84)	50
Deferred contributions - capital received (note 16)	7,137	7,284
	11,125	(36,634)
Increase (decrease) in cash	(2,704)	(8,215)
Cash, beginning of year	79,493	87,708
Cash, end of year	\$ 76,789	\$ 79,493

See accompanying notes to financial statements.

WILFRID LAURIER UNIVERSITY

Notes to Financial Statements
(In thousands of Canadian dollars)

Year ended April 30, 2023

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, 2023

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 has a supplementary pension plan which is available to select employees that meet certain conditions.

The University accrues its obligations under the defined benefit plans as the employees render the services necessary to earn the pension benefits. The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the funding valuation method. This cost reflects management's best estimates of the member's salary escalations, mortality of members, terminations, and the ages at which members will retire. The measurement date of the plan assets and accrued benefit obligation coincides with the University's fiscal year. The most recent actuarial valuation of the benefit plans for funding purposes was as of December 31, 2021 and the next required valuation will be as of December 31, 2024.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2023

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.

On November 11, 2020, the Accounting Standards Board adopted changes to Accounting Standards for Not-for-Profit Organizations Section 3463 *Reporting Employee Future Benefits by Not-for-Profit Organizations*. Specifically, for defined benefit plans without a funding valuation requirement such as the supplementary pension plan, the defined benefit obligation for these plans must be measured using an accounting valuation. This change is effective May 1, 2022 and has been reflected in the opening balance adjustment for this plan as at May 1, 2022. Prior to this date the defined benefit obligation for this plan was measured using a funding valuation.

(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.

On November 11, 2020, the Accounting Standards Board adopted changes to Accounting Standards for Not-for-Profit Organizations Section 3463 *Reporting Employee Future Benefits by Not-for-Profit Organizations*. Specifically, for defined benefit plans without a funding valuation requirement such as the retirement incentive plan and post-employment benefit, the defined benefit obligation for these plans must be measured using an accounting valuation. This change is effective May 1, 2022 and has been reflected in the opening balance

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2023

adjustment for these plans as at May 1, 2022. Prior to this date the defined benefit obligation for these plans was measured using a funding valuation.

(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, 2023

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.

2. Accounts receivable:

	2023		2022	
Student receivables	\$	35,341	\$	28,360
Other receivables		32,211		10,287
		67,552		38,647
Less allowance for doubtful accounts		(3,672)		(4,514)
	\$	63,880	\$	34,133

Other receivables include the proceeds from assets held for sale which were received on May 1, 2023.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2023

3. Notes receivable:

	2023	2022
Mortgage receivable:		
4.5% note, repayable by monthly payments of \$40 including principal and interest, due August 31, 2023	\$ 5,761	\$ 5,974
Wilfrid Laurier University Students' Union:		
4.1% note, repayable by monthly payments of \$13 including principal and interest, due September 1, 2025	844	969
Variable interest note, bearing interest at the rate earned by the University on its cash balances with minimum annual principal payments of \$150	11	462
	6,616	7,405
Less current portion	(5,901)	(623)
	\$ 715	\$ 6,782

4. Investments:

Investments are made up of the following amounts:

	2023	2022
Short-term investments		
Cash and money market	\$ 1,066	\$ 739
Guaranteed interest certificates	30,000	30,000
	31,066	30,739
Long-term investments		
Common stock	2,297	2,536
Bonds	118	123
Canadian equity funds	34,092	31,526
Global equity funds	44,663	39,565
Fixed income funds	48,581	49,750
Mortgage funds	25,315	27,093
Infrastructure funds	16,434	14,791
Real estate funds	12,926	12,103
	184,426	177,487
Total investments	\$ 215,492	\$ 208,226

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2023

4. Investments (continued):

Investments are allocated as follows:

	2023		2022	
Endowment investments	\$	113,943	\$	107,752
Sinking fund investments (note 8)		28,047		24,454
Other investments		73,502		76,020
	\$	215,492	\$	208,226

5. Capital assets:

			2023		2022			
	Cost	Accumulated amortization	Net book value	Net book value				
Land and land improvements	\$	178,086	\$	-	\$	178,086	\$	178,910
Buildings		585,942		209,392		376,550		391,273
Furniture and equipment		155,952		135,473		20,479		21,724
Library books		64,084		57,685		6,399		6,500
Assets under capital lease		2,266		1,176		1,090		1,373
Construction in progress		22,802		-		22,802		5,136
	\$	1,009,132	\$	403,726	\$	605,406	\$	604,916

As of December 8, 2022, the University has committed to a plan to sell three properties and is actively engaged in finalizing the sale. The properties have been measured at the carrying amount of \$1,150, are no longer amortized, and have been reclassified from capital assets to assets held for sale.

6. Restricted cash:

On April 30, 2023, the University held \$275 (2022 - \$191) 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 \$3,489 (2022 - \$3,292), 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, 2023

8. Debenture payable:

	2023	2022
Debenture payable, bearing interest at 5.429% payable semi-annually, due February 1, 2045 (beginning 2005)	\$ 115,000	\$ 115,000
Less deferred charges	(4,615)	(4,719)
	<u>\$ 110,385</u>	<u>\$ 110,281</u>

The approximate fair value of the debenture is \$111,000 (2022 - \$125,000).

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 \$28,047 (2022 - \$24,454) (note 4).

9. Banker's acceptance:

	2023	2022
Banker's acceptance, bearing interest at 2.85%, repayable in blended payments of \$281, due November 28, 2032	\$ 50,600	\$ 52,503
Bank loan, bearing interest at 3.02%, repayable in blended payments of \$227, due November 28, 2035	43,763	45,144
Total	94,363	97,647
Less principal payable within one year	(3,381)	(3,284)
Long-term portion	<u>\$ 90,982</u>	<u>\$ 94,363</u>

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, 2023

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:

2023/24	\$	3,381
2024/25		3,481
2025/26		3,584
2026/27		3,690
2027/28		3,800
Thereafter		76,427
	\$	94,363

10. Obligations under capital leases:

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

	2023	2022
Year ending April 30:		
2023	\$ -	\$ 427
2024	63	57
2025	-	-
Total minimum lease payments	63	484
Less amount representing interest at 3.12%	-	(6)
Present value of net minimum capital lease payments	63	478
Current portion of obligations under capital leases	(63)	(415)
	\$ -	\$ 63

Interest of \$12 (2022 - \$24) relating to capital lease obligations has been included in interest expense. The total amount of equipment under capital lease is \$2,266 with accumulated amortization of \$1,176.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2023

11. Retirement incentive plan:

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.

	2023	2022
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 1,155	\$ 1,490
Remeasurement of liability	107	-
Current service costs	27	24
Interest costs	54	77
Benefits paid	(315)	(270)
Actuarial loss (gain)	1,309	(166)
Benefit obligation, end of year	\$ 2,337	\$ 1,155
Change in plan assets:		
Employer contributions	\$ 315	\$ 270
Benefits paid	(315)	(270)
Plan assets, end of year	\$ -	\$ -
For determining benefit obligations as at April 30:		
Discount rate	4.40%	5.90%
For determining benefit costs for the year ending April 30:		
Discount rate	4.40%	5.90%
Components of benefit expense:		
Current service costs	\$ 27	\$ 24
Interest costs	54	77
Benefit expense	\$ 81	\$ 101

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2023

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.

	2023	2022
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 852,457	\$ 798,820
Remeasurement of liability	1,996	-
Current service costs	18,609	18,342
Employee contributions	17,255	16,383
Interest costs	50,100	47,225
Benefits paid	(41,035)	(31,518)
Actuarial loss	21,078	3,205
Benefit obligation, end of year	\$ 920,460	\$ 852,457
Change in plan assets:		
Plan assets, beginning of year	\$ 839,866	\$ 795,785
Employer contributions	18,920	19,497
Employee contributions	17,255	16,383
Return on plan assets:		
Interest income	45,715	43,652
Actuarial gain (loss)	27,711	(3,933)
Benefits paid	(41,035)	(31,518)
Plan assets, end of year	\$ 908,432	\$ 839,866
Funded status:		
Defined benefit liability	\$ 12,027	\$ 12,591
	2023	2022
For determining benefit obligations as at April 30:		
Discount rate	5.90%	5.90%
Rate of compensation increase	3.75-4.00%	3.75 - 4.00%
For determining benefit costs for the year ending April 30:		
Discount rate	5.90%	5.90%
Rate of compensation increase	3.75-4.00%	3.75 - 4.00%
Components of benefit expense:		
Current service costs	\$ 18,609	\$ 18,342
Interest costs, net of interest income	4,385	3,573
Benefit expense	\$ 22,994	\$ 21,915

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2023

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.

	2023	2022
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 79,990	\$ 75,302
Remeasurement of liability	18,379	-
Current service cost	3,840	2,623
Member contributions	133	-
Interest cost	4,760	4,527
Benefits paid	(3,192)	(2,999)
Actuarial (gain) loss	(15,944)	537
Benefit obligation, end of year	\$ 87,966	\$ 79,990
Change in plan assets:		
Plan assets, beginning of year	\$ -	\$ -
Employer contributions	3,059	2,999
Member contributions	133	-
Benefits paid	(3,192)	(2,999)
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, 2023, a 4.69% increase in the per capita cost of health care and a 5.14% annual increase in the cost of dental care was assumed.

	2023	2022
For determining benefit obligations as at April 30:		
Discount rate	4.71%	5.90%
For determining benefit costs for the year ending April 30:		
Discount rate	4.71%	5.90%
Components of benefit expense:		
Current service costs	\$ 3,840	\$ 2,623
Interest costs	4,760	4,527
Benefit expense	\$ 8,600	\$ 7,150

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2023

14. Employee future benefits:

	2023	2022
Employee future benefits expense consists of the following:		
Retirement incentive plans (note 11)	\$ 81	\$ 101
Pension plans (note 12)	22,994	21,915
Other post-employment benefits (note 13)	8,600	7,150
Total employee future benefits expense	\$ 31,675	\$ 29,166

	2023	2022
Components of employee future benefits recorded as a direct increase (decrease) to net assets:		
Remeasurement of liabilities:		
Retirement incentive plans (note 11)	\$ (107)	\$ -
Pension benefit obligation (note 12)	(1,996)	-
Other post-employment benefits (note 13)	(18,379)	-
Actuarial gains (losses)		
Retirement incentive plans (note 11)	(1,309)	166
Pension benefit obligation (note 12)	(21,078)	(3,205)
Pension plan assets (note 12)	27,711	(3,933)
Other post-employment benefits (note 13)	15,944	(537)
Total employee future benefits recorded as a direct decrease to net assets	\$ 786	\$ (7,509)

15. Deferred contributions - operations:

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

	2023	2022
Research grants	\$ 21,229	\$ 21,049
Scholarships and bursaries	11,312	11,251
Unspent designated donations	15,321	17,812
Other amounts	8,764	8,233
Total	\$ 56,626	\$ 58,345

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2023

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:

	2023	2022
Balance, beginning of year	\$ 202,416	\$ 203,528
Contributions received during the year	7,137	7,284
Loans forgiven during the year	39	39
Amortization for the year	(8,437)	(8,435)
Balance, end of year	\$ 201,155	\$ 202,416

17. Forgivable loans:

	2023	2022
Interest free loan, from the City of Brantford loan, non-interest bearing, forgivable over a period of 25 years beginning in 2009	\$ 276	\$ 315

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, 2023

18. Internally restricted net assets:

	2023	2022
Departmental operating budget carry-forwards	\$ 12,894	\$ 14,096
Operating fund general reserves	2,279	2,327
Operating fund specific projects	6,718	7,508
Ancillary operations	(161)	(6,076)
Capital infrastructure	19,537	-
Major repairs and maintenance	4,865	9,098
Equipment replacement and renewal fund	3,024	3,031
Research related	6,346	5,299
Sinking fund	28,047	24,454
Post-employment benefits, net of internal loans	7,494	2,580
	<u>\$ 91,043</u>	<u>\$ 62,317</u>

19. Invested in capital assets:

	2023	2022
Capital assets-net book value (note 5)	\$ 606,556	\$ 611,409
Less: Amounts financed by long-term debt (notes 8 and 9)	(204,748)	(207,928)
Amounts finance by capital leases (note 10)	(63)	(478)
Deferred contributions - capital (note 16)	(201,155)	(202,416)
Forgivable loans (note 17)	(276)	(315)
	<u>\$ 200,314</u>	<u>\$ 200,272</u>

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2023

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, 2023	Externally restricted	Internally restricted	Total
Beginning balance	\$ 101,649	\$ 6,103	\$ 107,752
Donations	686	-	686
Investment income and gains, net of fees and expenses	8,323	477	8,800
Transfers to unrestricted net assets	(2,924)	(371)	(3,295)
	\$ 107,734	\$ 6,209	\$ 113,943

April 30, 2022	Externally restricted	Internally restricted	Total
Beginning balance	\$ 99,623	\$ 6,041	\$ 105,664
Donations	552	1	553
Investment income and gains, net of fees and expenses	4,504	287	4,791
Transfers to unrestricted net assets	(3,030)	(226)	(3,256)
	\$ 101,649	\$ 6,103	\$ 107,752

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2023

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:

	2023		2022	
Expendable funds available for awards, beginning of year	\$	568	\$	587
Net transfer from endowment funds		278		316
Bursaries awarded		(258)		(335)
Expendable funds available for awards, end of year	\$	588	\$	568
Total Phase I - OSOTF, end of year	\$	7,536	\$	7,554
Number of bursaries awarded		230		267

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

	2023		2022	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 7,950	\$ 6,986	\$ 7,892	\$ 6,914
Unrealized gain (loss) for the year	412	-	(14)	-
Investment income, net of investment related expenses	240	240	388	388
Net transfer from endowment funds	(278)	(278)	(316)	(316)
Endowment balance, end of year	\$ 8,324	\$ 6,948	\$ 7,950	\$ 6,986

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2023

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:

	2023		2022	
Expendable funds available for awards, beginning of year	\$	124	\$	147
Net transfer from endowment funds		74		72
Bursaries awarded		(68)		(95)
Expendable funds available for awards, end of year	\$	130	\$	124
Total Phase II - OSOTF, end of year	\$	2,649	\$	2,640
Number of bursaries awarded		49		63

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

	2023		2022	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 2,863	\$ 2,516	\$ 2,803	\$ 2,456
Unrealized gain (loss) for the year	152	-	-	-
Investment income, net of investment related expenses	77	77	132	132
Net transfer from endowment funds	(74)	(74)	(72)	(72)
Endowment balance, end of year	\$ 3,018	\$ 2,519	\$ 2,863	\$ 2,516

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2023

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:

	2023		2022	
Expendable funds available for awards, beginning of year	\$	1,123	\$	1,340
Net transfer from endowment funds		673		769
Bursaries awarded		(618)		(986)
Expendable funds available for awards, end of year	\$	1,178	\$	1,123
Total OTSS, end of year	\$	24,038	\$	23,959
Number of bursaries awarded		441		657

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

	2023		2022	
	Market	Book	Market	Book
Endowment balance, beginning of year	\$ 25,987	\$ 22,836	\$ 25,558	\$ 22,390
Unrealized gain (loss) for the year	1,378	-	(17)	-
Investment income, net of investment related expenses	697	697	1,215	1,215
Net transfer from endowment funds	(673)	(673)	(769)	(769)
Endowment balance, end of year	\$ 27,389	\$ 22,860	\$ 25,987	\$ 22,836

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2023

22. Commitments and guarantees:

- (a) Future minimum payments for the next five years under non-cancellable operating leases and other agreements at April 30, 2023 are payable as follows:

2024	\$	16,526
2025		12,457
2026		11,431
2027		10,916
2028		6,194
Thereafter		2,997

- (b) The University has guaranteed debt for the Wilfrid Laurier University Students' Union in the amount of \$691 as at April 30, 2023 (2022 - \$862).
- (c) Costs to complete major capital projects in progress and commitments to purchase property as at April 30, 2023 are estimated to be \$11,934 (2022 - \$15,721).
- (d) WLU entered into a 20-year arrangement on April 28, 2023 to guarantee a minimum level of occupancy in a building that contains student residences as a term within a capital purchase and sale agreement. The maximum potential amount of future payments is \$48,709. The current carrying amount of the liability under the guarantee is \$0 as WLU expects to meet the minimum occupancy level.

23. Contingencies:

The University may currently be a defendant in legal and administrative proceedings. Claims against the University in such proceedings have not been reflected in these financial statements. It is the opinion of the administration that the resolution of any 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.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2023

(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.

(d) Market price risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. To manage this risk, the University has established a target mix by investment types designed to achieve optimal return with reasonable risk tolerances.

(e) Foreign currency risk:

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Some of the pooled funds are invested in financial instruments and entered into transactions denominated in various foreign currencies, other than the Canadian dollar. Consequently, the portfolio is exposed to risks that the exchange rate of the various currencies may change in a manner that has an adverse effect on the value of the portion of the investment portfolio denominated in currencies other than the Canadian dollar. The portfolio's overall currency positions and exposures are monitored by the University's Investment Managers.

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 2023. The interest rate on the line of credit, when drawn, is the Bank's Prime lending rate from time to time minus 0.75% (the prime rate at April 30, 2023 was 6.70%). Amounts are due on demand. 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.

WILFRID LAURIER UNIVERSITY

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

Year ended April 30, 2023

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 \$860 (2022 - \$813).

During the year, donations of \$492 (2022 - \$175) were received from certain members of the Board of Governors.

27. Comparative information:

The comparative financial information has been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year deficiency of revenue over expenses.

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WILFRID LAURIER UNIVERSITY

Commentary to the Audited Financial Statements For the year ending April 30, 2023

**Audit, Risk and Compliance Committee
Finance, Investments & Property Committee
September 7, 2023**

**Board of Governors
September 15, 2023**

Commentary to the Audit Financial Statements as at April 30, 2023

The draft audited financial statements (“AFS”) for Wilfrid Laurier University (the “University” or “WLU”) for the year ended April 30, 2023, are presented on September 7, 2023, to the Audit, Risk and Compliance Committee for their review and recommendation for approval by the Executive Committee on behalf of the Board of Governors on September 15, 2023.

These consolidated financial activities include the operating, ancillary, capital, scholarships and bursaries, endowment and sponsored research funds and are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The external auditors, KPMG, have issued an unqualified audit opinion.

The audited financial statements are comprised of the following major components: Statement of Financial Position (Balance Sheet), Statement of Operations (Income Statement), Statement of Changes in Net Assets (equivalent to Shareholder’s Equity for profit entities) and the Statement of Cash Flows. Notes are included which provide supplemental information to the audited financial statements.

The following information will highlight the major components and year-over-year variances noted in the financial statements. The information is provided for the fiscal year ending April 30, 2023 (referred hereafter as 2023) with comparative information for the year ending April 30, 2022 (referred hereafter as 2022). Variances greater than \$1M and 5% are included.

Statement of Financial Position

The Statement of Financial Position is a summary of the assets, liabilities, and equity of the University as of the report date. It provides a snapshot of the financial condition as of a specific date.

Assets

(In thousands of Canadian dollars)

April 30, 2023, with comparative information for 2022

	2023	2022	Change \$	Change %	Change Analysis
Assets					
Current assets:					
Cash and short-term investments	\$ 76,789	\$ 79,493	(2,704)	-3.40%	
Accounts receivable (note 2)	63,880	34,133	29,747	87.15%	A
Short-term investments (note 4)	31,066	30,739	327	1.06%	
Inventories	1,623	1,936	(313)	-16.17%	
Prepaid expenses and deposits	11,508	8,768	2,740	31.25%	B
Current portion of notes receivable (note 3)	5,901	623	5,278	847.19%	C
Assets held for sale (note 5)	1,150	3,328	(2,178)	-65.44%	D
	191,917	159,020	32,897		
Notes receivable less current portion (note 3)	715	6,782	(6,067)	-89.46%	C
Capital assets (note 5)	605,406	604,916	490	0.08%	
Assets held for sale (note 5)	-	3,165	(3,165)	-100.00%	D
Long-term investments (note 4)	184,426	177,487	6,939	3.91%	
Restricted cash (note 6)	275	191	84	43.98%	
Total assets	\$ 982,739	\$ 951,561	\$ 31,178		

- A. Accounts receivable increased by \$29.7M related to:
- \$23.2M for sale of two properties (closed on April 28, 2023, but funds were not received until May 1, 2023),
 - \$5.7M in student receivables due to student payment delays, and
 - \$1.5M in GIC interest.
- B. Prepaid expenses and deposits increased by \$2.7M related to \$1.5M reclass of graduate scholarships, \$1.6M invoice relating to WLU finalizing a change in business relationship and other small movements.

- C. Current portion of notes receivable increased by \$5.3M related to mortgage maturity on August 31, 2023.
- D. Asset held for sale decreased by \$5.3M related to the sale of three properties, and the addition of three properties currently available for sale. The amount represents the net carrying value (cost less accumulated amortization) of the properties.

Liabilities

(In thousands of Canadian dollars)

April 30, 2023, with comparative information for 2022

	2023	2022	Change \$	Change %	Change Analysis
Liabilities and Net Assets					
Current liabilities:					
Accounts payable and accrued liabilities (note 7)	\$ 60,212	\$ 53,682	6,530	12.16%	E
Accrued vacation pay	7,157	7,386	(229)	-3.10%	
Deferred revenue	43,336	43,610	(274)	-0.63%	
Current portion of banker's acceptance (note 9)	3,381	3,284	97	2.95%	
Current portion of obligation under capital lease (note 10)	63	415	(352)	-84.82%	
	114,149	108,377	5,772		
Long-term financial liabilities:					
Debentures (note 8)	110,385	110,281	104	0.09%	
Banker's acceptance (note 9)	90,982	94,363	(3,381)	-3.58%	F
Obligation under capital lease (note 10)	-	63	(63)	-100.00%	
	201,367	204,707	(3,340)		
Other long-term liabilities:					
Retirement incentives plans (note 11)	2,337	1,155	1,182	102.34%	G
Pension plans (note 12)	12,027	12,591	(564)	-4.48%	
Other post-employment benefits (note 13)	87,966	79,990	7,976	9.97%	H
Deferred contributions - operations (note 15)	56,626	58,345	(1,719)	-2.95%	
Deferred contributions - capital (note 16)	201,155	202,416	(1,261)	-0.62%	
Forgivable loans (note 17)	276	315	(39)	-12.38%	
	360,387	354,812	5,575		
Total liabilities	675,903	667,896	8,007		

- E. Accounts payable and accrued liabilities increased by \$6.5M related to:
- \$1.8M in general accrued invoices and WLU purchase card transactions due to the general return to regular activities (post-COVID),
 - \$1.6M in accruals for construction projects (primarily for the music building),
 - \$1.4M in student credits,
 - \$0.6M in faculty administrative leave due to the timing of the redemption of the time off, and
 - \$0.4M in WLUFAs merit pay which will be processed on July 1st, 2023

F. Banker's acceptance decreased by \$3.4M due to payments made in accordance with the amortization schedule.

Employee future benefits include the pension plan, retirement incentive plans and other post-employment benefits (OPEB). These obligations are based on actuarial estimates with changes explained in detail in Notes 11, 12 and 13.

G. Retirement incentive plans increased by \$1.2M due to an actuarial loss of \$1.3M.

H. Other post-employment benefits (OPEB) increased by \$8.0M resulting from:

- the remeasurement of the liability \$18.4M,
- increased service costs \$3.8M,
- and interest costs \$4.8M,

Totaling \$27M

Offset by:

- an actuarial gain of \$16.0M, and
- benefits paid of \$3.2M

Net Assets

Net assets represent the cumulative surpluses and deficits of the University. A separate **Statement of Changes in Net Assets** (page 4 of the audited financial statements) provides full details.

(In thousands of Canadian dollars)
April 30, 2023, with comparative information for 2022

	2023	2022	Change \$	Change %	Change Analysis
Net assets					
Unrestricted	(98,464)	(86,675)	(11,789)	13.60%	I
Internally restricted (note 18)	91,043	62,317	28,726	46.10%	J
Invested in capital assets (note 19)	200,314	200,272	42	0.02%	
Endowments (notes 20 and 21)	113,943	107,752	6,191	5.75%	K
	306,836	283,666	23,170		

I. Unrestricted net assets decreased by \$11.8M related to excess of assets that remains after accounting for the other three categories (below). Much of the unrestricted deficit is due to pension and post-employment benefit net liabilities which as of April 30, 2023, amounted to \$102.3M (PY: \$93.7M), a change of \$8.6M.

- J. Internally restricted net assets increased by \$28.7M related to:
- \$19.5M added to the capital infrastructure reserve from the sale of capital assets,
 - \$5.9M in the ancillary fund as these operations recover from pandemic losses,
 - \$4.9M in the other post-employment benefits reserve (net of internal loans) as payments are made on outstanding internal loans,
 - \$3.6M of contributions to the sinking fund, and
 - (\$4.9M) for major repairs and maintenance projects

These funds are not externally restricted by government or donors but are internally restricted to be used for specific purposes as designed by the Board. Note 18 provides the details of internally restricted net assets.

- K. Endowment increased by \$6.2M due to:
- \$8.8M investment income and gains, net of fees and expenses,
 - \$0.7M new donations, and
 - (\$3.3M) scholarship expenditures.

Statement of Operations

The Statement of Operation includes a consolidated summary of all revenues and expenses of the University prepared in accordance with Canadian accounting standards for not-for-profit organizations. These consolidated financial activities include the operating, ancillary, capital, scholarships and bursaries, endowments, and sponsored research funds.

(In thousands of Canadian dollars)
April 30, 2023, with comparative information for 2022

	2023	2022	Change \$	Change %	Change Analysis
Revenue:					
Government grants	\$127,180	\$125,363	1,817	1.45%	
Student fees	223,197	221,405	1,792	0.81%	
Donations	6,382	4,351	2,031	46.68%	L
Sales and service	21,009	19,850	1,159	5.84%	M
Amortization of deferred contributions - capital	8,437	8,435	2	0.02%	
Investment returns	12,913	7,618	5,295	69.51%	N
Gain (loss) on sale of capital assets	23,002	-	23,002	100.00%	O
Other revenues	15,093	12,227	2,866	23.44%	P
	437,213	399,249	37,964		
Expenses:					
Salaries	210,751	200,854	9,897	4.93%	Q
Benefits	27,354	26,419	935	3.54%	
Employee future benefits (note 14)	31,675	29,166	2,510	8.61%	R
Operating costs	57,540	51,463	6,077	11.81%	S
Amortization of capital assets	25,312	24,533	779	3.18%	
Cost of goods sold	7,042	7,495	(453)	-6.04%	
Taxes, utilities, and rent	21,182	18,665	2,517	13.49%	T
Scholarships and bursaries	30,968	32,237	(1,269)	-3.94%	
Interest	9,196	9,296	(100)	-1.08%	
	421,020	400,128	20,893		
Excess (deficiency) of revenue over expenses	16,193	(879)	17,071		

Overall, the result is a **surplus of \$16.2M** in 2023 compared to a deficit of \$0.9M in 2022.

The real estate activity resulted in a \$23.0M gain on sale and contributed to the year-end surplus. The capital asset sale is not a reoccurring transaction and will impact fiscal 2022-2023 only. Excluding the gain on sale, total revenue is \$414.2M and the deficiency of revenue over expense is (\$6.8M).

- L. Donations increased by \$2.0M due to the recognition of:
- \$1.1M of deferred contributions donations
 - \$0.8M of higher activity level for Lazaridis Investment (pre-pandemic levels)
 - \$0.6M of general donations for Music and the learners from care bursary, and
 - (\$0.5M) of deferred contributions capital
- M. Sales and service increased by \$1.2M due to increased commission from WLU's food services provider (\$0.3M), faculty and staff parking permits (\$0.3M), digital course materials (\$0.2M) and conference services (\$0.2M).
- N. Investment returns increased by \$5.3M due to a stronger investment market and heightened interest on GICs / bank deposits.
- O. Gain on sale of capital assets was \$23.0M and relates to WLU completing the purchase and sale agreements for three properties.
- P. Other revenues increased by \$2.9M due to amounts related to athletics gym rentals and conference accommodations \$1.6M, non-credit courses \$0.8M, and contractual royalties \$0.3M.
- Q. Salaries increased by \$9.9M due to:
- \$4.7M in WLUFAs full-time salaries due to salary and career development index increases, the hiring of positions related to the Inclusive Excellence program and the additional Faculty of Education cohort.
 - \$3.9M in management salaries due to salary increases, salary continuance costs, roles supporting equity, diversity and inclusion and student affairs, and cost recovery operations such as the Lazaridis institute (which is returning to post-pandemic operations) offset by hiring restrictions and unfilled positions
 - \$2.2M in staff salaries due to salary increases, overtime (security and CUPE), and hiring of roles to support enrolment growth and student services (i.e., learning, writing, etc.) offset by hiring restrictions and unfilled positions
 - \$0.6M in student employee salaries due to salary increases and the return to post pandemic operations for athletics operations
 - (\$0.7M) of accrued vacation due to employees drawing down vacation balances.
- R. Employee future benefits increased by \$2.5M due to \$1.0M from pension plans (\$0.2M current service costs + \$0.8M net interest costs) and \$1.5M from other post-employment benefits (\$1.2 current service costs + \$0.2M interest).

- S. Operating costs increased by \$7.3M due to:
- \$2.6M related to travel (air fare and accommodations)
 - \$1.2M related to communications and facilities general equipment
 - \$0.8M related to custodial services
 - \$0.8M related to inter-institutional research activity based on research awards
 - \$0.7M related to student union activities (i.e., orientation week, mini market, capital projects etc.)
- T. Taxes, utilities, and rent increased by \$2.5M due to:
- \$1.3M off campus facilities rentals supporting residence accommodations
 - \$1.0M for fuel and electricity expenses due to campus activity returning to post-pandemic levels

From: Lloyd Noronha, VP, Finance & Administration
 Zeynep Danis, AVP, Financial Resources
 Joe Krizmanic, Director, Treasury
 Date: September 7, 2023
 Subject: Summary of Net Assets - Internally Restricted vs. Unrestricted

WLU is required to segregate the Net Assets of the Balance Sheet into the following categories:

	2023	2022
Net assets:		
Unrestricted	(98,464)	(86,675)
Internally restricted (note 18)	91,043	62,317
Invested in capital assets (note 19)	200,314	200,272
Endowments (notes 20 and 21)	113,943	107,752
	306,836	283,666

The split between Unrestricted and Internally Restricted is determined by the University with consideration of funding requirements for identified commitments and financial risk considerations. WLU determines what assets should be set aside and used for internal purposes.

The following amounts were setup as Internally Restricted in fiscal 2023 and fiscal 2022:

	2023	2022
Departmental operating budget carry-forwards	\$ 12,894	\$ 14,096
Operating fund general reserves	2,279	2,327
Operating fund specific projects	6,718	7,508
Ancillary operations	(161)	(6,076)
Capital infrastructure	19,537	-
Major repairs and maintenance	4,865	9,098
Equipment replacement and renewal fund	3,024	3,031
Research related	6,346	5,299
Sinking fund	28,047	24,454
Post-employment benefits, net of internal loans	7,494	2,580
	\$ 91,043	\$ 62,317

(Appendix A has breakdown of the components of Internally Restricted Net Assets from 2014 to 2023).

For example, money is contributed to the sinking fund each year to build up a sufficient balance to repay the debenture when it matures in 2045. In another example, money is set aside for unspent operating funds for project purposes that will be spent in future years.

All the above categories are at the discretion of WLU and are based on management and Board decisions over time. For example, we are not *required* to have a sinking fund, but it is prudent to have one (lest we not have the funds to repay the debenture upon maturity). The establishment of the sinking fund was executed upon implementation of the debenture.

During the year, net income from the Income Statement flows into **Unrestricted** and **Invested in Capital Assets** categories of Net Assets. From there, an amount will be allocated from **Unrestricted** to **Internally Restricted** (net of any amounts taken from Internally Restricted to Unrestricted), based on a determination of what is to be setup as Internally Restricted at year end:

April 30, 2023	Unrestricted	Internally restricted	Invested in capital assets	Restricted for endowment	Total
Balance, beginning of year	\$ (86,675)	\$ 62,317	\$ 200,272	\$ 107,752	\$ 283,666
Excess (deficiency) of revenue over expenses	10,066	-	6,127	-	16,193
Internally imposed restrictions	(28,726)	28,726	-	-	-
Transfers (note 20)	-	-	-	(3,295)	(3,295)
Net endowment contributions and capitalized earnings (note 20)	-	-	-	9,486	9,486
Invested in capital assets	6,085	-	(6,085)	-	-
Employee future benefits (note 14)	786	-	-	-	786
Balance, end of year	\$ (98,464)	\$ 91,043	\$ 200,314	\$ 113,943	\$ 306,836

Appendix B recasts the Balance Sheet to show the components of Assets and Liabilities that make up the Unrestricted Net Assets (from 2014 to 2023). In all the years in question, Unrestricted Net Assets were in a deficit position. However, a significant component of that deficit relates to Future Benefits, which represents the obligation we must record for accounting purposes for pension plans, retirement incentives, and other post-employment benefits.

The pension plan (in the past 2 years) has been close to fully funded, and the retirement incentive plan is very minor. The leaves the other post-employment benefit obligation as being the main contributor to the deficit in Unrestricted Net Assets. *Excluding this future benefits obligation would cause the Unrestricted Net Assets to be in a surplus position for the past two years.*

Comparison to Other Universities

Appendix C lists the Net Assets for each University in Ontario for 2022 and 2021. This information was gathered directly from the audited financial statements of each school. However, there were some inconsistencies in how the Net Assets are presented for each school (i.e., not all schools use the same approach in presenting their Net Assets).

Appendix D takes the Net Assets and “normalizes” it to be in line with presentation format adopted by WLU and most other schools (i.e., the Employee Future Benefits deficit grouped under “Unrestricted”, and “Investment in Capital Assets” as a separate category).

From the above, a few comments can be made:

- All universities (except Laurentian) have a positive balance in Net Assets.
- When focusing only on the sum of the Unrestricted + Internally Restricted Net Assets (i.e., excluding Endowments and Investment in Capital Assets), most universities have a positive balance, except for the following:

	2022			2021		
	Unrestricted	Internally Restricted	TOTAL	Unrestricted	Internally Restricted	TOTAL
Guelph	- 295,808	172,341	- 123,467	- 368,365	222,919	- 145,446
Laurentian	- 85,033	1,164	- 83,869	- 103,180	3,302	- 99,878
Nippising	- 10,335	7,903	- 2,432	- 9,457	8,371	- 1,086
Trent	- 69,543	44,881	- 24,662	- 100,961	33,806	- 67,155
Wilfrid Laurier	- 86,675	62,317	- 24,358	- 72,617	53,363	- 19,254
Windsor	- 106,510	47,029	- 59,481	- 73,447	36,121	- 37,326

- As highlighted above, this overall deficit for WLU (and likely for the other 5 schools) is stemming from other post-employment benefit obligations.
- OCAD, Ontario Tech, and Western are unique amongst universities in Ontario in that they have a defined contribution pension plan (whereas most other schools have a defined benefit plan or hybrid plan).

Appendix

- A – Internally Restricted Net Assets
- B – Unrestricted Net Assets
- C – Summary of Net Assets
- D – Summary of Net Assets (Normalized)

Appendix A - Internally Restricted Net Assets

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Departmental operating budget carryforwards	12,894	14,096	13,495	13,564	17,081	22,052	21,542	21,049	21,021	14,969
General operating fund	2,279	2,327	1,780	2,668	3,192	2,668	2,668	1,956	2,147	9,158
Major repairs and maintenance	4,865	9,098	8,088	8,965	9,129	6,689	2,373	1,450	1,450	5,505
Operating fund specific projects	6,718	7,508	9,756	26,170	23,355	5,496	4,692	4,265	4,976	4,856
Development campaign budget reserve	-	-	-	-	1,314	1,506	3,382	4,605	5,797	2,492
Land banking	-	-	-	-	-	-	2	564	1,304	2,181
Capital related specific projects	-	-	-	-	-	-	1,116	846	1,875	2,593
Ancillary operations	- 161 -	- 6,076 -	- 9,786	9,903	8,645	9,723	7,240	8,572	4,698	3,318
Equipment replacement and renewal fund	3,024	3,031	2,382	2,494	2,638	2,745	2,893	2,657	2,202	1,967
Research related	6,346	5,299	4,320	3,382	3,382	3,288	2,745	1,972	1,912	1,896
Capital infrastructure	19,537	-	-	-	-	-	-	-	-	-
Real estate fund	-	-	-	108	169 -	129	880	1,060	929	1,250
Balsillie endowment reserve	-	-	-	-	662	662	662	662	662	662
Faculty professional and travel expenses	-	-	-	-	-	-	-	375	795	215
Sinking fund	28,047	24,454	22,550	18,020	17,424	14,848	13,384	-	-	-
Other post-employment benefits, net of internal loans	7,494	2,580	778	-	8,744	9,552	9,165	-	-	-
	91,043	62,317	53,363	85,274	95,735	79,100	72,744	50,033	49,768	51,062

Appendix B - Unrestricted Net Assets

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Cash	13,793	41,630	56,895 -	8,904 -	6,289	6,464	49,384	120,230	46,525	44,931
Accounts Receivable	63,880	35,614	44,382	42,211	40,265	42,932	28,218	18,297	20,780	16,210
Short Term Investments	31,066	30,739	32,096	60,493	60,482	62,530	30,711	3,718	11,485	7,657
Inventories	1,623	1,936	2,768	3,660	3,585	3,837	3,900	4,060	3,479	3,608
Prepaid expenses	11,508	7,287	6,671	7,979	8,686	7,145	5,988	5,028	3,990	3,602
Current portion of note receivable	5,901	623	544	1,548	1,337	430	417	406	226	224
Assets held for sale	-	-	-	-	-	-	-	-	12	241
Notes receivable less current portion	715	6,782	7,565	7,038	8,594	9,840	9,478	9,945	3,314	3,573
Long term investments	42,436	45,281	17,837	17,488	19,396	16,624	20,522	3,531	-	-
Restricted cash	275	191	241	240	538	1,406	5,496	6,786	36,191	30,379
Total Assets	171,197	170,083	168,999	131,753	136,594	151,208	154,114	172,001	126,002	110,425
Accounts payable	60,212	53,681	54,399	55,496	50,241	61,009	64,469	56,053	50,107	36,146
Accrued vacation pay	7,157	7,386	6,922	5,502	4,969	4,730	4,540	4,321	4,386	4,095
Deferred revenue	43,336	43,610	44,267	42,568	38,537	35,917	34,441	33,438	29,173	20,654
Current portion of banker's acceptance	-	-	-	-	-	-	2,838	2,756	2,677	1,515
Current portion of obligation under capital lease	-	-	-	-	-	-	55	106	100	95
Banker's acceptance	-	-	-	-	-	-	12,960	29,362	29,118	17,179
Mortgages payable	-	-	-	-	-	-	-	55	161	261
Internal advances	-	-	-	-	-	-	-	-	-	29,593
Deferred contributions - operations	56,626	58,345	56,201	49,919	52,094	50,195	48,450	48,463	27,262	28,817
Forgivable loans	-	-	-	-	-	471	510	882	1,421	1,960
Total Liabilities	167,331	163,022	161,789	153,485	145,841	152,322	168,263	175,436	144,405	140,315
Net Assets (Deficit) - Before Future Benefits	3,866	7,061	7,210 -	21,732 -	9,247 -	1,114 -	14,149 -	3,435 -	18,403 -	29,890
Future Benefits										
Retirement incentive plan	2,337	1,155	1,490	1,791	2,075	1,246	1,525	1,877	1,436	2,314
Pension plans	12,027	12,591	3,035	43,974	30,028	43,019	35,942	64,130	43,740	54,066
Other post-employment benefits	87,966	79,990	75,302	70,951	71,574	78,485	69,650	65,942	65,222	73,079
	102,330	93,736	79,827	116,716	103,677	122,750	107,117	131,949	110,398	129,459
Net Assets (Deficit) - After Future Benefits	- 98,464 -	- 86,675 -	- 72,617 -	- 138,448 -	- 112,924 -	- 123,864 -	- 121,266 -	- 135,384 -	- 128,801 -	- 159,349

Appendix C - Summary of Net Assets

	2022							2021						
	Unrestricted	Internally Restricted	Employee Future Benefits	Capital Assets	Collections	Endowment	TOTAL	Unrestricted	Internally Restricted	Employee Future Benefits	Capital Assets	Collections	Endowment	TOTAL
Algoma	18,189	15,279	-	-	-	3,660	37,128	7,574	16,107	-	-	-	3,807	27,488
Brock	103	84,022	33,719	82,670	-	119,025	252,101	102	76,763	29,700	86,920	-	123,810	257,895
Carleton	107,155	443,239	-	444,079	24,909	343,266	1,148,338	78,370	461,850	-	445,151	24,909	353,014	1,206,554
Guelph	295,808	172,341	-	715,333	-	411,628	1,003,494	368,365	222,919	-	690,636	-	418,073	963,263
Lakehead	13,713	41,261	-	-	-	64,417	91,965	16,126	62,906	-	-	-	63,404	110,184
Laurentian	65,682	1,164	19,351	18,474	-	60,961	4,434	89,207	3,302	13,973	23,030	-	61,482	15,366
McMaster	-	580,073	-	421,571	-	704,994	1,706,638	-	543,692	-	504,770	-	756,216	1,804,678
Nippissing	2,379	12,481	7,956	-	-	12,326	14,472	590	13,395	10,047	-	-	12,133	16,071
OCAD	595	26,994	-	-	-	19,897	47,486	356	20,903	-	-	-	20,021	41,280
Ontario Tech	21,776	29,215	-	39,733	-	24,916	115,640	1,230	20,127	-	57,074	-	24,350	102,781
Ottawa	72,553	1,544,893	-	-	-	321,301	1,793,641	-	1,629,606	-	-	-	338,769	1,968,375
Queens	18,390	433,170	-	201,195	-	1,407,026	2,023,001	11,486	410,633	-	197,579	-	1,393,708	1,990,434
Toronto Metro	235,075	391,918	106,698	697,475	-	148,873	1,109,889	260,961	392,152	51,593	715,264	-	140,867	1,038,915
Toronto	314,000	5,650,000	-	-	-	3,167,000	8,503,000	144,000	5,068,000	-	-	-	3,150,000	8,074,000
Trent	69,543	44,881	-	68,025	-	86,909	130,272	100,961	33,806	-	70,900	-	86,900	90,645
Waterloo	13,697	603,851	-	-	-	464,677	1,082,225	26,839	677,492	-	-	-	441,922	1,146,253
Western	415,230	1,881,987	-	-	-	1,044,844	2,511,601	489,594	1,726,754	-	-	-	990,121	2,227,281
Wilfrid Laurier	86,675	62,317	-	200,272	-	107,752	283,666	72,617	53,363	-	143,784	-	105,664	230,194
Windsor	106,510	144,029	-	-	-	140,486	178,005	73,447	129,593	-	-	-	142,414	198,560
York	53,673	1,336,418	-	-	-	533,567	1,816,312	47,568	1,357,483	-	-	-	579,189	1,889,104

Appendix D - Summary of Net Assets (Normalized)

	2022							2021						
	Unrestricted	Internally Restricted	Employee Future Benefits	Capital Assets	Collections	Endowment	TOTAL	Unrestricted	Internally Restricted	Employee Future Benefits	Capital Assets	Collections	Endowment	TOTAL
Algoma	-	15,279	-	18,189	-	3,660	37,128	-	16,107	-	7,574	-	3,807	27,488
Brock	33,616	84,022	-	82,670	-	119,025	252,101	29,598	76,763	-	86,920	-	123,810	257,895
Carleton	107,155	443,239	-	468,988	-	343,266	1,148,338	78,370	461,850	-	470,060	-	353,014	1,206,554
Guelph	295,808	172,341	-	715,333	-	411,628	1,003,494	368,365	222,919	-	690,636	-	418,073	963,263
Lakehead	13,713	45,743	-	4,482	-	64,417	91,965	16,126	67,579	-	4,673	-	63,404	110,184
Laurentian	85,033	1,164	-	18,474	-	60,961	4,434	103,180	3,302	-	23,030	-	61,482	15,366
McMaster	122,445	702,518	-	421,571	-	704,994	1,706,638	8,308	552,000	-	504,770	-	756,216	1,804,678
Nippissing	10,335	7,903	-	4,578	-	12,326	14,472	9,457	8,371	-	5,024	-	12,133	16,071
OCAD	595	22,251	-	4,743	-	19,897	47,486	356	18,078	-	2,825	-	20,021	41,280
Ontario Tech	21,776	29,215	-	39,733	-	24,916	115,640	1,230	20,127	-	57,074	-	24,350	102,781
Ottawa	138,902	272,091	-	1,339,151	-	321,301	1,793,641	27,853	277,889	-	1,323,864	-	338,769	1,968,375
Queens	114,178	528,958	-	201,195	-	1,407,026	2,023,001	119,781	518,928	-	197,579	-	1,393,708	1,990,434
Toronto Metro	128,377	391,918	-	697,475	-	148,873	1,109,889	209,368	392,152	-	715,264	-	140,867	1,038,915
Toronto	990,000	2,314,000	-	4,012,000	-	3,167,000	8,503,000	921,000	2,130,000	-	3,715,000	-	3,150,000	8,074,000
Trent	69,543	44,881	-	68,025	-	86,909	130,272	100,961	33,806	-	70,900	-	86,900	90,645
Waterloo	397,923	568,267	-	447,204	-	464,677	1,082,225	251,055	483,993	-	471,393	-	441,922	1,146,253
Western	415,230	1,121,939	-	760,048	-	1,044,844	2,511,601	489,594	1,027,161	-	699,593	-	990,121	2,227,281
Wilfrid Laurier	86,675	62,317	-	200,272	-	107,752	283,666	72,617	53,363	-	143,784	-	105,664	230,194
Windsor	106,510	47,029	-	97,000	-	140,486	178,005	73,447	36,121	-	93,472	-	142,414	198,560
York	53,673	601,618	-	734,800	-	533,567	1,816,312	47,568	701,146	-	656,337	-	579,189	1,889,104

NOTE

- Several universities include their "Investment in Capital Assets" under "Internally Restricted" --> amounts carved out of "Internally Restricted" and put under "Capital Assets"
- Several universities either disclose their "Employee Future Benefits" deficit separately or under "Internally Restricted" --> amounts carved out and grouped with "Unrestricted"
- "Collections" grouped under "Capital Assets"
- Universities highlighted in yellow are in a position where the sum of "Unrestricted" and "Internally Restricted" are negative

LAURIER



WILFRID LAURIER UNIVERSITY

2022/23 Internal Management Report Budget vs. Actual results For the year ending April 30, 2023

The following management financial information reports for the quarter ended April 30, 2023, are enclosed.

- 1) Consolidated Year End Financial Results
 - a) Table 1: Consolidated Internal Statement as of April 30, 2023
- 2) Operating Fund
 - a) Table 2: Operating Fund Statement as of April 30, 2023
 - b) Table 3: Student segmentation (headcount, enrolment [FTE], tuition [\$])
- 3) Ancillary Fund
 - a) Table 4: Ancillary Fund Statement as of April 30, 2023
 - b) Table 5: Ancillary Fund Statement by Ancillary Organization
- 4) >\$5M Capital Projects Update
 - a) Table 6: Capital Projects >\$5M
- 5) GAAP adjustments to the audited financial statements
 - a) Table 7: Detailed GAAP adjustments

1. Consolidated Financial Results

The consolidated Internal Management Report consists of the operating fund and the ancillary fund without the externally restricted funds or GAAP adjustments being included.

On April 21, 2022, the Board of Governors approved the 2022/23 operating and ancillary budgets. The operating fund budget planned for a balanced budget after \$2.0 contributions to reserves, and the ancillary budget planned for a surplus of \$4.1M.

The 2022/23 consolidated Internal Management Report as of April 30, 2023, reflects a consolidated deficit of (\$4.1M) and an unfavourable variance of \$8.1M versus budget \$4.1.

Consolidated revenues are unfavourable by (\$8.8M). Consolidated expenses were favourable by \$0.9M.

With the identification of a significant tuition revenue shortfall for 2023, management has worked to implement a number of tactics to achieve in-year savings.

Table 1 provides a summary of the Consolidated Internal Statement as of April 30, 2023.

2. Operating Fund

The operating fund includes the majority of the University's revenues and expenses. This report covers the fiscal year ended April 30, 2023.

The April 30, 2023, result was a deficit of (\$7.8M) versus a balanced budget after contributions to reserves.

The following commentary highlights the variances of actual results to final approved budget.

Revenue

Tuition revenue was lower than budget by (\$17.8M) or (9.0%) comprised of undergraduate (UG) tuition impact of (\$15.1M) or (8.7%) and graduate tuition impact of (\$2.8M) or (11.4%). Undergraduate enrolment is impacted by:

- Lower than anticipated registration in Sprummer courses due to student registration activity returning to pre-pandemic levels.
- Incoming UG international students targets for Fall 2022 were not realized and visa processing delays further impacted the size of the incoming class.

- Softening in returning student registrations for both domestic and international UG students

Graduate enrolment was impacted by a decrease in domestic enrolment, in particular new domestic students.

Table 2 provides the Budget to Actual by Expense Type

Table 3 provides the headcounts, FTEs, and financial impact of the current year versus the prior year. Table 3 helps to inform other related campus activities [revenue and expense] that are driven by enrolment.

Government Grant revenue is consistent with budget expectations.

Other income and fees are higher than budget by \$13.1M or 38.7%.

Other income and fees are favorable due to a few activities where small increases are occurring:

- Bank interest of \$3.8M was higher than budgeted amounts, based on interest rate increases since budget approval.
- Facilities Renewal Program (FRP) funding from the province of \$3.8M, previously unbudgeted, is now recognized in Other Income, with the associated expenses reflected in Operating Costs; this has no overall impact on the financial statements.
- Comprehensive student services fee of \$1.6M was higher than budgeted amounts. This has no overall impact on the financial statements as all student fees are restricted and held for use in accordance with the agreement between the university and student organizations.
- Bad debt expense of \$1.1M was recovered due to an adjustment of assumptions based on actual experience.
- Interest payments on student accounts were \$0.6M greater than budget due to students taking longer to pay tuition fees.
- Revenue from application fees of \$0.5M were above budget due to the number of applications received.
- Income related to Wilfrid Laurier International College of \$0.4M due to increased student enrolment.
- Research supports funds of \$0.4M greater than budget, based on funds received.
- Co-op fees of \$0.4M were above budget due to a 2% rate change and the number of students accepted into a co-op option.

Salary and benefits

Salary and benefits are lower than budget by \$3.6M or 1.5%.

- Faculty costs were close to budget by (\$0.1M) or (0.1%) due to timing related to Inclusive Excellence faculty start dates, lower direct cost

teaching and delays in hiring which were offset by CTF positions and instructional assistant hiring.

- Staff costs were lower than budget by \$1.5M or 1.8% due to delays in hiring, the delayed implementation of the WLUSA job evaluation results, and the usage of accrued vacation time. The savings were partially offset by increased costs for security, student employees, and increased complement of part-time and casual employees.
- Benefit costs were higher than budget by (\$0.4M) or (1.4%) due to mixture of items identified above and their applicability to statutory and fringe benefits.
- Based on WLU's most recent pension valuation as of December 31, 2021, current service costs have decreased by \$1.7M or 8.1% and pension plan deficiency payments are not currently required, resulting in a savings of \$1.0M.

Non-salary expenses

Non-salary expenses were higher than budget by (\$8.5M) or (9.7%).

- Scholarships & Bursaries:
 - Scholarships were higher than budget by (\$1.5M) or (7.4%) due to student enrolment, entering grades, and needs based scholarships.
- Operating Costs:
 - Supplies & general expenses were unfavourable by (\$6.3M) or (12.0%):
 - Facilities renewal program expenditures, in line with government funding of \$3.8M
 - Externally contracted services returning to pre-pandemic levels and units utilizing services for special purpose activities, analysis, or programs of \$2.4M
 - \$0.7M of other operating costs across multiple accounts
 - Equipment/software were higher than budget by (\$1.3M) or (22.8%) due to facilities equipment purchases for cleaning and maintenance, general repairs and computer and data equipment.
 - Offset by favourable savings in travel expenses of \$1.0M

Results for 12-month period versus prior year

The unadjusted deficit of (\$7.8M) is unfavourable by \$9.1M against the prior year surplus of \$1.3M after contributions to reserves.

- Tuition revenue is lower than the prior year by (\$3.0M) due to lower enrolments by international undergraduate students and domestic graduate student levels.
- Other revenue is greater than prior year by \$10.0M due to:
 - \$3.6M of bank interest from rate increases

- \$1.6M of bad debts recovery
- \$1.5M of funding related to research activities and other funding to offset operating fund costs
- \$1.0M of comprehensive student services fee (no overall impact as student fees is restricted and held for student use)
- \$1.0M of government grants (non-enrolment) for FRP
- \$0.7M of non-credit course revenue from the Faculty of Social Work
- \$0.6M of facilities rental revenue from activities post-pandemic
- Salaries and benefits are greater than the prior year (\$7.6M) due to across-the-board increases, hiring from the Inclusive Excellence program, partially offset by pension benefit cost reductions.
- Scholarship costs are favourable by \$1.4M due to decreased spend on entrance scholarships.
- Operating costs are unfavourable by (\$9.0M) due to:
 - supplies and general expenses of (\$6.2M) related to externally contracted services for facilities of (\$2.3M), capital projects (FRP) (\$1.0M) and supports for new Faculty of (\$0.9M),
 - the return of post-pandemic travel activities of (\$1.1M), and
 - equipment purchases to support custodial and facilities operations of (\$1.5M).
- Utilities, insurance, and taxes (\$1.9M) due to the return of post-pandemic levels of activities for electricity, gas, fuel, and insurance costs.

3. Ancillary Fund

The ancillary budget includes the self-sustaining organizations within the University. The 2022/23 approved Ancillary Services budget projected a surplus of \$4.1M. **The April 30, 2023, result was surplus of \$3.8M after \$2M contributions to reserves.**

Q4 Highlights

Overall results for the fiscal year reflect a surplus before adjustments of \$5.7M compared to a prior year surplus of \$3.4M.

The following commentary highlights the variances of actual results to final approved budget.

Revenue

The unfavourable revenue variance of (\$3.7M) is attributed to:

- A decrease in total sales of physical textbooks is offset by an increase in sales of digital and inclusive access products. This offers reduced prices to students but lowers overall revenue.

- Lower occupancy in the Brantford residence buildings in addition to the sale of Lucy Marco Place.
- The recovery of sales in Printing Services has been slower than expected in both fleet copies and print production departments.
- Summer of 2022 was slow with a lower volume of group conference activities as well as short term stay bookings at Hotel Laurier.

Salary and benefits

Salary and benefits expenses are favourable by \$0.7M or 10% based on an approved budget of \$7.2M. This favorability is related to vacant full-time positions due to delayed hiring.

Non-Salary Expenses

Non-salary expenses are favourable by \$5.1M.

- Lower overall revenue in bookstore operations corresponds to lower cost of goods sold.
- Capital and Deferred Maintenance trend less than budget due to some projects being constrained by availability of external contracting resources and/or project support.

For details about the ancillary fund budget to actual by expense type refer to **Table 4**.

Each ancillary organization fiscal year result is reflected in **Table 5**.

4. >\$5M Capital Project Update

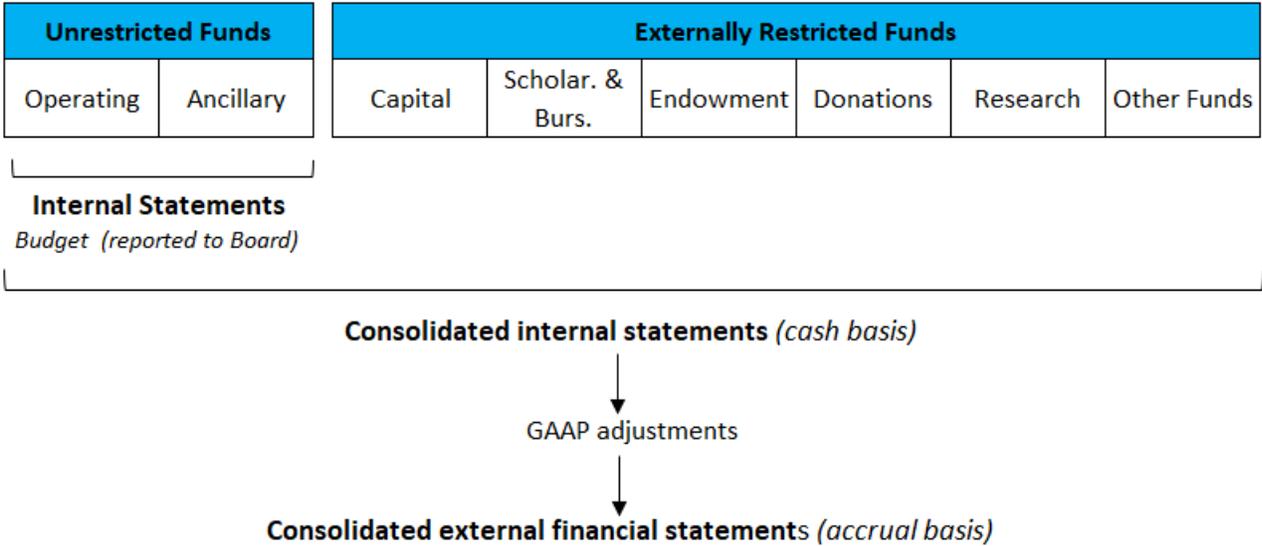
There are two capital projects that were approved by the Board of Governors valued at more than \$5M:

- Savvas Chamberlain Music Building, \$23.7M
- Seagram’s Athletics & Recreation Project Phase 1A, \$8.5M

Table 6 provides a summary of the funding and year-to-date expenditures.

6. GAAP adjustments to the audited financial statements

The Statement of Operations in the Audited Financial Statements [AFS] includes a consolidated summary of all revenue and expense activities of the University prepared in accordance with Canadian accounting standards for not-for-profit organizations. These consolidated financial activities include the operating, ancillary, capital, scholarship and bursary, endowment, and sponsored research funds.



Typical in not-for-profit entities, financial accounting systems are designed with multiple purposes such as budget control (e.g., operating, ancillary), project funds (e.g., capital projects), segregated fund accounting (e.g., scholarships and bursaries) as well as by funding source (e.g., carry forward and appropriation funds). Furthermore, all financial activities of the University are captured within the central university accounting system (incorporating all these separate funds) and reported throughout the year primarily on a cash basis with only full accrual accounting occurring as of year-end.

The University conducts its general-purpose operations through the Operating and Ancillary budget funds. The operating fund comprises the major annual revenues and expenditures (between 75-80%) of the University’s financial operations. The Ancillary fund includes those self-sustaining activities that are auxiliary to the University such as Food Services, One Card, Conferences, Residences, Bookstore, Parking, Printing and Copying Services. Projections include budget expenses that are assumed to be spent. If expenditure budgets remain unspent at the end of the year, these unspent funds are not reflected in the AFS but added to reserves for spending in subsequent years.

There are various designated revenues (grants, contracts, donations) received that are not available for general purpose operations but must be used for a restricted purpose such as externally- sponsored research, student scholarships and capital projects. The revenues and related expenses are included in segregated funds and not included in the budget funds.

Accounting adjustments have been made to ensure full accrual accounting occurs to record various financial activities in accordance with Canadian accounting standards for

not-for-profit organizations known as Generally Accepted Accounting Standards (GAAP). There are differences in the accounting treatment of certain revenues and expenses in the AFS from those reported in the budget funds. Often these differences relate to timing between when transactions are known and estimated for the AFS (e.g., retirement incentives) versus when they are paid and expensed in the budget funds. Other differences could be permanent, such as investment returns on sinking funds which will not be recorded as revenue in the operating budget as this interest revenue is not for general operating expenses.

One of the largest differences is with capital related activities. Budget allocations ensure that operating and ancillary type operations cover capital related expenses on a cash basis. For those acquired in the past with debt, these operations have to cover the interest and debt principal payments. Principal payments are not expenses in the AFS. Some are permanent differences (principal payments), and some are timing (capital expenses are recognized over time through depreciation). On the revenue side, government grants and donations received for capital spending projects are typically not included in operating revenues and are recorded into the AFS revenues at the same rate that the capital asset they funded is depreciated. The amortization of the capital contribution is a mirror image of the capital asset being expensed through depreciation. The unamortized grant/donation is held as a liability referred to as deferred capital contributions. Another major example is pension and post-employment benefits which are expensed on a cash basis in the operating budget but are expensed in the AFS according to the actuarially determined expense amount.

Below provides a summary of the GAAP adjustments made to adjust the cash basis internal operating fund statement to the accrual basis external AFS.

in '000's		
Operating Fund Budget	Operating Fund Actuals	External AFS
-	(7,849)	16,193
(7,849)		24,042
Revenue	(5,069)	Other Cash Basis Funds
Salaries & Benefits	3,624	Ancillary Fund
Non-Salary Expenses	(8,470)	5,739
Contributions	2,067	GAAP Adjustments (Accrual Basis):
	<u>(7,849)</u>	B/S items recorded in Operating and
		Ancillary funds
		16,836
		Actuarial adjustments to expenses
		(9,381)
		Capital depreciation & grant amortization
		(16,836)
		Revenues included in AFS
		29,016
		Expenses included in AFS
		(2,430)
		One-time GAAP Adjustments
		1,098
		<u>24,042</u>

Table 7 provides detailed information on the GAAP adjustments.

**Table 1 – Consolidated Internal Statement
As of April 30, 2023 [in \$000's]**

	2022/23 - Full Year				2021/22 - Full Year			
	Approved Budget (12 months) \$	Actual (12 months) \$	Actual Variance to Budget fav/(unfav) \$	Actual Variance to Budget (%)	Approved Budget (12 months) \$	Actuals (12 months) \$	Actuals Variance to Budget fav/(unfav) (\$)	Actuals Variance to Budget (%)
Revenue Total	387,307	378,530	(8,777)	(2)%	340,987	368,108	27,121	8%
Salary & Benefit Expenses	250,235	245,942	4,292	2%	237,726	238,454	(728)	(1)%
Non-Salary Expenses	131,313	134,698	(3,384)	(3)%	117,225	124,950	(7,725)	(7)%
Expenses Total	381,548	380,640	909	%	354,952	363,404	(8,453)	(2)%
Unadjusted Surplus/(Deficit)	5,759	(2,110)	(7,868)		(13,965)	4,703	18,668	
Adjustments:								
Surplus to appropriations (Operating)	2,067	-	2,067			1,321		
Surplus/(Deficit) to appropriations (Ancillary)	(360)	1,968	(2,328)			3,382		
Adjustments Total	1,707	1,968	(261)			4,703		
Adjusted Surplus/(Deficit)	4,051	(4,078)	(8,129)			-		

**Table 2 - Operating Fund Statement
As of April 30, 2023 [in \$000's]**

	2022 / 23 - Full Year				2021 / 22 - Year over Year		
	Approved Budget (12 months) \$	Actual (12 months) \$	Actual vs. Budget fav/(unfav) \$	Actual vs. Budget (%)	Prior Year Actual (12 Months) \$	Actual vs. Prior Year (12 months) fav/(unfav) \$	Actual vs. Prior Year (%)
Revenue							
Tuition Fees	197,661	179,817	(17,844)	(9)%	182,830	(3,013)	(2)%
Enrolment based Government Grants	101,077	100,799	(278)	()%	100,278	521	1%
Other Income & Fees	33,723	46,775	13,052	39%	36,758	10,017	27%
Revenue Total	332,461	327,392	(5,069)	(2)%	319,866	7,525	2%
Salary & Benefit Expenses							
Full/Part Time Faculty Costs	112,155	112,302	(146)	()%	110,094	(2,208)	(2)%
Full/Part Time Staff Costs	82,867	81,382	1,485	2%	78,680	(2,702)	(3)%
Statutory & Fringe Benefits	26,968	27,352	(384)	(1)%	24,178	(3,174)	(13)%
Current Service Cost	20,296	18,642	1,654	8%	18,113	(530)	(3)%
Pension Plan Deficiency	762	(254)	1,016	133%	727	981	135%
Salary & Benefit Expenses Total	243,048	239,424	3,624	2%	231,791	(7,634)	(3)%
Non-Salary Expenses							
Scholarships & Bursaries	20,611	22,138	(1,527)	(7)%	23,583	1,445	6%
Operating Costs	51,992	58,290	(6,300)	(12)%	49,251	(9,040)	(18)%
Debt Service	5,915	5,918	(3)	()%	5,912	(6)	()%
Utilities, Insurance & Taxes	6,829	7,470	(641)	(9)%	5,594	(1,876)	(34)%
Contingency	2,000	2,000	(0)	-	1,895	(105)	(6)%
Non-Salary Expenses	87,346	95,817	(8,470)	(10)%	86,234	(9,581)	(11)%
Expenses Total	330,394	335,241	(4,847)	(2)%	318,025	(17,216)	(5)%
Unadjusted Surplus/(Deficit)	2,067	(7,849)	(9,916)		1,841	(9,690)	
Contribution to Operating Reserves	1,000	0	1,000	100%	520	520	100%
Contribution to Other Reserves *	1,067	0	1,067	100%	0	0	-
Surplus/(Deficit) after Contribution	0	(7,849)	(7,849)		1,321	(9,170)	

* Contribution to Other Reserves will be determined through the Financial Sustainability Project reserve strategy

**Table 3 - Student segmentation (headcount, enrolment [Full-time equivalent], tuition [\$])
[does not include Martin Luther University College]**

Sprummer 2022, Fall 2022, & Winter 2023	*Fall Headcount (FT & PT) as of Nov 1, 2022					Enrolment (UG Sprummer, Fall & Winter FTE, GR Fall FTE)					Sprummer, Fall & Winter Tuition (in \$000's)				
	2021-22	2022-23	2022-23	2022-23 /2021-22	2022-23	2021-22	2022-23	2022-23	2022-23 /2021-22	2022-23	2021-22	2022-23	2022-23	2022-23 /2021-22	2022-23
	Actual	Approved Budget	Actual	Actual / Actual	Actual / Approved	Actual	Approved Budget	Actual	Actual / Actual	Actual / Approved	Actual	Approved Budget	Actual	Actual / Actual	Actual / Approved
Undergraduate															
Domestic	18,833	18,989	18,778	-0.3%	-1.1%	17,787	18,378	18,001	1.2%	-2.1%	\$123,692	\$128,127	\$125,354	1.3%	-2.2%
International	1,254	1,440	1,128	-10.0%	-21.7%	1,298	1,518	1,177	-9.3%	-22.5%	\$35,189	\$45,217	\$32,929	-6.4%	-27.2%
Full Time	16,173	16,661	16,226	0.3%	-2.6%	16,148	16,933	16,413	1.6%	-3.1%					
Part Time	3,914	3,768	3,680	-6.0%	-2.3%	2,937	2,964	2,765	-5.9%	-6.7%					
Graduate															
Domestic	2,026	2,045	1,843	-9.0%	-9.9%	1,231	1,258	1,112	-9.6%	-11.6%	\$20,155	\$19,546	\$17,164	-14.8%	-12.2%
International	150	168	163	8.7%	-3.0%	147	160	159	8.4%	-0.5%	\$3,794	\$4,770	\$4,371	15.2%	-8.4%
Full Time	1,035	1,076	956	-7.6%	-11.2%	1,035	1,076	956	-7.6%	-11.2%					
Part Time	1,141	1,137	1,050	-8.0%	-7.7%	342	341	315	-8.0%	-7.7%					
Undergraduate	20,087	20,429	19,906	-0.9%	-2.6%	19,085	19,896	19,178	0.5%	-3.6%	\$158,881	\$173,344	\$158,282	-0.4%	-8.7%
Graduate	2,176	2,213	2,006	-7.8%	-9.4%	1,377	1,417	1,271	-7.7%	-10.3%	\$23,949	\$24,316	\$21,535	-10.1%	-11.4%
Total	22,263	22,642	21,912	-1.6%	-3.2%	20,462	21,313	20,449	-0.1%	-4.1%	\$182,831	\$197,661	\$179,817	-1.6%	-9.0%
Domestic	20,859	21,034	20,621	-1.1%	-2.0%	19,018	19,636	19,113	0.5%	-2.7%	\$143,847	\$147,673	\$142,517	-0.9%	-3.5%
International	1,404	1,608	1,291	-8.0%	-19.7%	1,445	1,678	1,336	-7.5%	-20.4%	\$38,984	\$49,988	\$37,299	-4.3%	-25.4%
Total	22,263	22,642	21,912	-1.6%	-3.2%	20,462	21,313	20,449	-0.1%	-4.1%	\$182,831	\$197,661	\$179,817	-1.6%	-9.0%
Full Time	17,208	17,737	17,182	-0.2%	-3.1%	17,183	18,009	17,369	1.1%	-3.6%					
Part Time	5,055	4,905	4,730	-6.4%	-3.6%	3,280	3,305	3,080	-6.1%	-6.8%					
Total	22,263	22,642	21,912	-1.6%	-3.2%	20,462	21,313	20,449	-0.1%	-4.1%					

* # of registered students in Fall Term

**Table 4 - Ancillary Fund Statement
As of April 30, 2023 [in \$000's]**

	2022 /23 - Full Year				2021 /22 - Year-over-Year		
	Budget (12 Months) \$	Actual (12 Months) \$	Actuals Variance to Budget fav / (unfav) \$	Actuals Variance to Budget fav / (unfav) (%)	Prior Year Actual (12 months) \$	Actual vs. Prior Year (12 Months) fav/(unfav) \$	Actuals Variance to Prior Year (%)
Revenue							
Residence Fees	29,105	28,473	(632)	(2)%	25,924	2,549	10%
Other Income & Fees	25,741	22,665	(3,076)	(12)%	22,277	388	2%
Revenue Total:	54,846	51,138	(3,708)	(7)%	48,200	2,937	6%
Salary & Benefit Expenses							
Full/Part Time Staff Costs	5,236	4,221	1,015	19%	4,537	317	7%
Statutory & Fringe Benefits	1,920	2,297	(378)	(20)%	2,096	(202)	(10)%
Pension Plan Deficiency	31	-	31	100%	30	30	100%
Salary & Benefit Expenses Total:	7,187	6,518	669	9%	6,663	145	2%
Non-Salary Expenses							
Cost of Goods Sold	9,369	6,848	2,521	27%	8,528	1,680	20%
Facility Rentals/Occupancy Costs	10,161	10,321	(160)	(2)%	9,304	(1,017)	(11)%
Operating Costs	9,566	9,403	164	2%	6,982	(2,421)	(35)%
Debt Service	8,745	8,581	164	2%	8,807	226	3%
Capital and Deferred Maintenance	2,447	1,155	1,293	53%	1,373	218	16%
Utilities, Insurance & Taxes	2,934	2,119	816	28%	2,657	539	20%
Interest on Reserve Deficit	318	134	183	58%	163	29	18%
Annual Cont. to Operating Fund	428	320	108	25%	340	20	6%
Non-Salary Expenses Total:	43,968	38,881	5,087	12%	38,155	(726)	(2)%
Expenses Total	51,155	45,399	5,756	11%	44,818	(581)	(1)%
Unadjusted Net Surplus/(Deficit)	3,691	5,739	2,048	56%	3,382	2,357	70%
Appropriations (used)/added in year	(360)	(36)	(324)	90%	(48)	(12)	26%
Surplus/(deficit) to appropriations	-	2,004	(2,004)		-	(2,004)	
Adjustments Total	(360)	1,968	(2,328)	647%	(48)	(2,016)	26%
Adjusted Surplus/Deficit	4,051	3,771	(280)	-7%	3,430	341	10%

Table 5 - Ancillary Fund Statement by Ancillary Organization
As of April 30, 2023 [in \$000's]

	2022 / 23 - Full Year				2021 / 22 - Year-over-Year		
	Budget (12 Months) \$	Actual (12 Months) \$	Actuals Variance to Budget fav / (unfav) \$	Actuals Variance to Budget fav / (unfav) (%)	Prior Year Actual (12 months) \$	Actual vs. Prior Year (12 Months) fav/(unfav) \$	Actuals Variance to Prior Year (%)
Bookstore Operations							
Revenue Total:	11,532	8,296	(3,236)	(28)%	10,379	(2,083)	(20)%
Expenses Total	11,550	9,101	2,449	21%	10,578	1,477	14%
Adjusted Net Surplus/(Deficit)	(18)	(805)	(787)	4381%	(199)	(606)	304%
Business Development							
Revenue Total:	-	50	50	-	-	50	-
Expenses Total	-	109	(109)	-	-	(109)	-
Adjusted Net Surplus/(Deficit)	-	(59)	(59)	-	-	(59)	-
Conference Services							
Revenue Total:	976	628	(348)	(36)%	24	604	2484%
Expenses Total	830	683	147	18%	402	(281)	(70)%
Adjusted Net Surplus/(Deficit)	146	(55)	(201)	(138)%	(378)	323	(86)%
Food Services							
Revenue Total:	2,120	2,161	41	2%	1,827	334	18%
Expenses Total	874	1,011	(137)	(16)%	796	(215)	(27)%
Adjusted Net Surplus/(Deficit)	1,246	1,150	(96)	(8)%	1,031	119	12%
HUB Operations							
Revenue Total:	99	25	(73)	(74)%	-	25	-
Expenses Total	97	36	61	63%	-	(36)	-
Adjusted Net Surplus/(Deficit)	2	(10)	(12)	(628)%	-	(10)	-
Off Campus Housing: Ezra-Bricker Apartments							
Revenue Total:	6,038	6,030	(8)	(1)%	5,594	436	8%
Expenses Total	5,910	5,957	(47)	(1)%	5,775	(181)	(3)%
Adjusted Net Surplus/(Deficit)	128	73	(55)	(43)%	(182)	255	(140)%
Off Campus Housing: Houses							
Revenue Total:	1,227	1,304	78	6%	1,069	235	22%
Expenses Total	1,204	1,333	(130)	(11)%	1,295	(38)	(3)%
Adjusted Net Surplus/(Deficit)	23	(29)	(52)	(226)%	(226)	197	(87)%
OneCard							
Revenue Total:	672	773	102	15%	589	184	31%
Expenses Total	632	653	(21)	(3)%	611	(43)	(7)%
Adjusted Net Surplus/(Deficit)	40	120	80	198%	(21)	142	(659)%
Parking Resources							
Revenue Total:	1,490	1,872	381	26%	1,157	714	62%
Expenses Total	903	887	16	2%	822	(65)	(8)%
Adjusted Net Surplus/(Deficit)	588	985	398	68%	335	650	194%
Printing Services							
Revenue Total:	1,161	685	(477)	(41)%	364	321	88%
Expenses Total	1,080	954	126	12%	886	(68)	(8)%
Adjusted Net Surplus/(Deficit)	81	(270)	(351)	(431)%	(522)	253	(48)%
Residence Operations - Waterloo							
Revenue Total:	25,330	26,258	928	4%	23,903	2,355	10%
Expenses Total	24,310	23,593	717	3%	20,678	(2,915)	(14)%
Adjusted Net Surplus/(Deficit)	1,020	2,665	1,644	161%	3,225	(560)	(17)%
Residence Operations - Brantford							
Revenue Total:	4,200	3,054	(1,146)	(27)%	3,293	(239)	(7)%
Expenses Total	3,407	3,048	359	11%	2,925	(123)	(4)%
Unadjusted Net Surplus/(Deficit)	793	6	(787)	(99)%	368	(362)	(98)%
Adjusted Net Surplus/(Deficit)	4,051	3,771	(279)	(7)%	3,430	341	10%

**Table 6 – Capital Projects >\$5M
As of April 30, 2023 [in \$Millions]**

Savvas Chamberlain Music Building

BUDGET	
	\$

Total Budget Approved	26.1
-----------------------	------

EXPENSES	\$	% of budget expended
Expenditures as of June 30, 2023	14.8	56.5%
Forecasted expenditures	11.4	43.5%
Total project expenditure forecast	26.1	
Surplus/(Deficit)	0.0	

% of budget expended



■ Expenditures as of June 30, 2023 ■ Forecasted expenditures
\$14.8M \$11.4M

% complete of construction: 70%

**Seagram's Athletics and Recreation
Project Phase 1A**

BUDGET	
	\$

Total Budget Approved	8.5
-----------------------	-----

EXPENSES	\$	% of budget expended
Expenditures as of June 30, 2023	0.0	0.0%
Forecasted expenditures	8.5	100.0%
Total project expenditure forecast	8.5	
Surplus/(Deficit)	0.0	

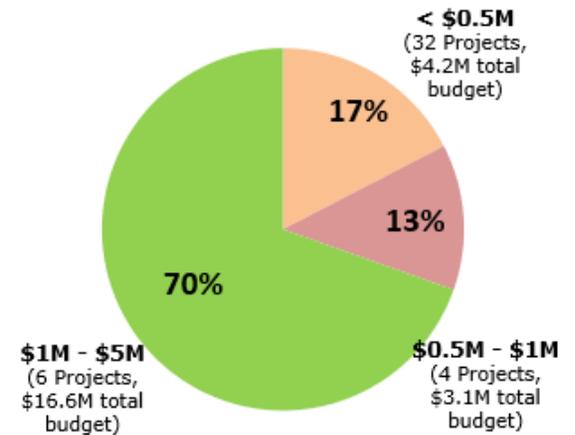
% of budget expended



■ Expenditures as of June 30, 2023 ■ Forecasted expenditures
\$0.0M \$8.5M

% complete of construction: 0%

Capital Projects <\$5 million



**Table 7 – Detailed GAAP adjustments
As of April 30, 2023**

	2022/2023	2021/2022
	(000's)	(000's)
Internal Statements (Cash Basis)		
Operating Fund	(7,849)	1,321
Ancillary Fund	3,771	3,382
	<u>(4,078)</u>	<u>4,703</u>
GAAP Adjustments (Accrual Basis)		
B/S items recorded in Operating and Ancillary funds		
Principal debt payments	4,284	4,189
Capitalized equipment	10,689	6,923
Internal loan payments	1,863	2,077
	<u>16,836</u>	<u>13,189</u>
Actuarial adjustments impacting expenses		
Pension	(4,073)	(2,418)
Retirement	234	168
Other Post Employment Benefits	(5,542)	(4,151)
	<u>(9,381)</u>	<u>(6,401)</u>
Capital depreciation & grant amortization		
Depreciation of capital assets	(25,312)	(24,533)
Amortization of deferred capital contributions (grants / donations)	8,476	8,435
	<u>(16,836)</u>	<u>(16,098)</u>
Revenues recorded in AFS		
Investment income earned on the sinking & internally restricted funds	2,592	904
Deferred rental revenue	129	773
Internal Portion of DOC - Operations	3,293	856
Adjustment for sale of building(s)	23,002	-
	<u>29,016</u>	<u>2,533</u>
Expenses recorded in AFS		
Record extra costs of senior administrative leaves and other salary accruals	(1,586)	(152)
Expenses funded from appropriations, carryforwards & project funds	1,124	(170)
	<u>(462)</u>	<u>(322)</u>
One-time GAAP Adjustments		
Retirement incentive plan	674	4,651
Long term disability benefit	424	(3,135)
	<u>1,098</u>	<u>1,516</u>
Audited Financial Statements (Accrual Basis)	<u>16,193</u>	<u>(879)</u>



BRIEFING NOTE

Meeting: Board of Governors
Date: September 15, 2023
Agenda Item #: BoG A.4.

Agenda Item: **Actuarial Valuation of WLU Pension Plan @ January 1, 2023**

Action Required: Approval Discussion Information

Motion **That on the joint recommendation of the Pension and Finance, Investment and Property Committees, the Board of Governors approve the Pension Valuation as of January 1, 2023, to be filed by September 30, 2023.**

Summary of critical points: The Actuary has recently updated the Plan's going concern funded position using updated member data and assumptions. With this updated analysis, the plan surplus has increased to \$29.5M (from \$20.2M at December 31, 2021). A significant factor in this is the going concern discount rate has increased to 6.1% (from 5.6%) as a result of the higher expected long-term returns. If this valuation is filed, the university current service contributions to fund the minimum guaranteed pension will reduce from from 3.13% to 2.00% of pensionable payroll. This equates to a reduction in annual contributions of approximately \$2 million.

The solvency discount rates as at January 1, 2023 have also increased from the prior valuation and therefore the funded status will remain in a surplus. Given the solvency funded ratio is greater than the 85% threshold, solvency special payments are not required.

With net investment returns of 6.2% year to date as of June 30, 2023, and the discount rate remaining at 6.1%, the funded status of the Plan is currently as good if not better than it was at January 1, 2023.

Purpose and Key Considerations: **Key Considerations:** The Actuary and the University are recommending that the January 1, 2023 valuation of the WLU Pension Plan be approved and filed with the pension regulator by September 30, 2023. This will allow the University to lock in lower funding contributions (no deficit payments and lower current service cost to fund the defined benefit portion of the Plan) and have certainty around total contribution levels for the fiscal years ending 2024 and 2025. The next required valuation will be January 1, 2026. This corresponds with the target date to convert from the WLU Pension Plan to the UPP.

The University has an agreement with its unions that, in any Plan year, if the combination of the University contributions to the money purchase accounts and the University contributions in respect of the minimum guarantee pension for active members, which shall include both current service cost and special payments, is less than the member contributions to the money purchase accounts then the University's combined contributions in that plan



year shall be made equal to the member contributions, either by increasing university contributions, reducing member contributions, or a combination thereof, at the discretion of the University.

In preparing the actuarial valuation, the Actuary added a margin of 0.2% to the university normal cost to ensure the total university contribution do not fall lower than the level of the employee required contributions.

Financial Implications: Filing the January 1, 2023 valuation will reduce the University's required contributions effective January 1, 2023 with no deficit special payments required and a reduction in current service cost to fund the minimum guarantee pension from 3.13% to 2.00% of pensionable payroll. This equates to a reduction of approximately \$2 million annually. This reduced operating expense will assist in temporarily mitigating against the current structural deficit Laurier is currently experiencing in its operating budget. This mitigation measure will only be relied upon, from a multi-year perspective, until the UPP conversion in 2026.

Risk Assessment:

Approving and filing the valuation as prepared by the actuary meets the regulatory requirements of preparing and filing a valuation at least every 3 years. Valuations can be filed more frequently than every 3 years, but not less frequently. Filing the valuation at January 1, 2023 reflects an improved funded status for the Plan, lowers required university contributions, and maintains a surplus position with no University deficit special payments for the next 3 years until January 1, 2026. The analysis prepared by the actuary using the UPP assumptions and methods demonstrates that the liability calculated at January 1, 2023 based on a transfer to the UPP is lower than the liability in the January 1, 2023 going concern valuation prepared for the WLU Pension Plan, including the grandparenting of the factor 80 early retirement provisions.

The Actuary has advised that filing this early valuation will not present any increased risks to member's pensions, nor to the UPP conversion process.

Proposed by:

Pamela Cant, Chief HR & Equity Officer
Lloyd Noronha, VP Finance & Administration

Consultation:

Deborah MacLatchy, President & Vice Chancellor
Zeynep Danis, AVP Financial Resources

Lead Author:

Pamela Cant, CHREO
Linda Byron, Plan Actuary, AON

Item Frequency:

Standing Annual Ad-Hoc

Rationale for Board Oversight/Input:

The Pension Committee is mandated to ensure the University has satisfied all its pension plan governance and fiduciary obligations. The Finance, Investments & Property Committee is mandated to review and recommend to the Board financial assumptions used to develop the operating, ancillary and capital budgets. The Board is the legal Administrator of the WLU Pension Plan and is obligated to act in the best interests of the Plan's beneficiaries and is subject to fiduciary obligations under common law and the Ontario *Pension Benefits Act* ("PBA") and the Regulation thereto (the "Regulation") with respect to the Plan. In its role as Administrator, the Board

is responsible for reviewing and approving actuarial valuations prepared by the actuary and recommended by the Committees.

Compliance

The University is required by law to perform and file an actuarial valuation of the pension plan at least once every three years. The last valuation was filed at December 31, 2021 and the next valuation must be filed no later than December 31, 2024. The University has the option to file a valuation sooner than December 31, 2024.

Attachments:

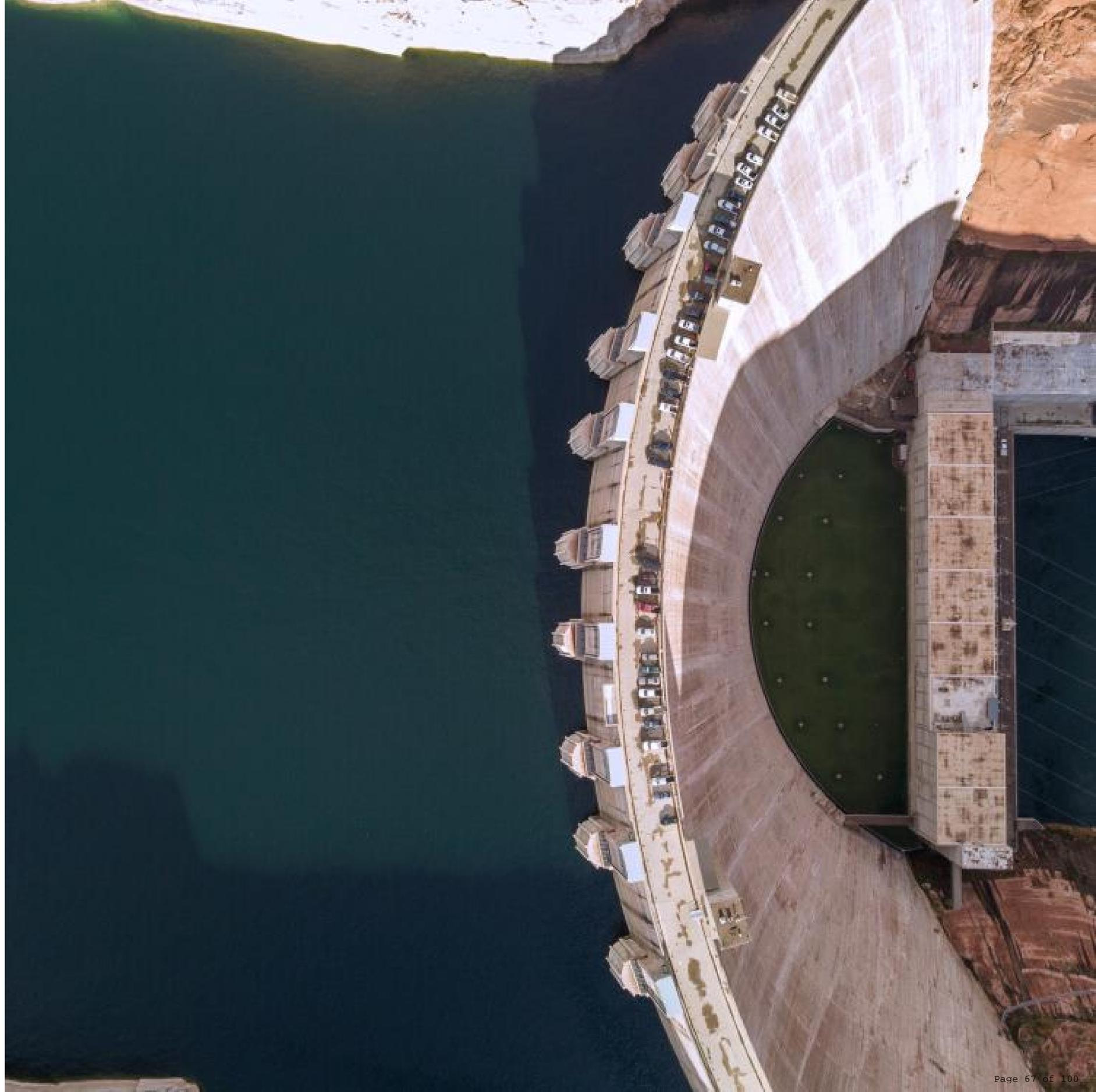
- Wilfrid Laurier University Pension Plan Actuarial Valuation as at January 1, 2023 (prepared by AON, Plan Actuary)



Wilfrid Laurier University Pension Plan

Actuarial Valuation as at
January 1, 2023

September 2023



1

Context

AON



January 1, 2023 Actuarial Valuation

Aon has performed a valuation of the Wilfrid Laurier University Pension Plan (WLU Pension Plan) as at January 1, 2023 on a going concern, solvency and wind-up basis.

In addition, Aon has estimated the liability and funded status of the WLU Pension Plan using the current assumptions used by the University Pension Plan (UPP) to calculate liabilities. This estimate is done to estimate whether a conversion date surplus or deficit would exist in the event the WLU Pension Plan were to transfer to the UPP.

The WLU Pension Plan is fully funded at January 1, 2023 on a going concern and solvency basis. If this valuation were filed, WLU's required contributions would decrease by approximately \$2M a year in 2023 and the subsequent two calendar years

Based on the January 1, 2023 UPP assumptions, the WLU Pension Plan would be in a surplus position. This is a hypothetical position as any conversion date surplus or deficit will be determined using UPP assumptions in effect at the conversion date.

The valuation date has been changed from December 31 to January 1 to align with the UPP's valuation date and provide for a possible transfer to the UPP. There are no implications of changing from December 31 to January 1 since less than 3 years have elapsed since the last filed valuation .

Funding Valuations – Overview

- Actuarial valuations of the WLU Pension Plan are required by law at least once every three years
- Actuarial valuations serve several purposes:

Set the minimum Company funding requirements in accordance with provincial legislation

Set the maximum allowable Company funding under the *Income Tax Act*

Report on the surplus or deficit position of the plan on several bases

- The most recent actuarial valuation was filed with the regulators effective December 31, 2021
- If this valuation at January 1, 2023 is to be filed with the regulators, it must be done by **September 30, 2023** and will set WLU's funding requirements for up to three years (unless a valuation is filed earlier)
- Next valuation must be filed with a valuation date no later than January 1, 2026
- Note that January 1, 2026 aligns with a potential transfer date to UPP

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Valuation Results



Key Results

Going Concern Funded Status (\$000)	Jan. 1, 2023	Dec. 31, 2021
Assets (Market Value)	864,684	880,885
MPP Liabilities	724,471	722,815
Supplemental Liabilities	82,709	111,540
Provision for Adverse Deviation (PfAD)	<u>28,041</u>	<u>26,412</u>
Liabilities plus PfAD	835,221	860,767
Funded Status (after PFAD)	29,463	20,118
Funded Ratio (After PfAD)	104%	102%

Solvency (\$000)	Jan. 1, 2023	Dec. 31, 2021
Assets (net of expenses)	863,684	879,885
Liabilities	<u>776,935</u>	<u>843,669</u>
Surplus/ (Deficit)	86,749	36,216
Funded Ratio	111%	104%
Hypothetical Wind-Up (\$000)	Jan. 1, 2023	Dec. 31, 2021
Assets (net of expenses)	863,684	879,885
Liabilities	<u>941,267</u>	<u>1,072,206</u>
Surplus/ (Deficit)	(77,583)	(192,321)
Funded Ratio	92%	82%

What happened?

- Funded status on all bases improved
- Assets performed below expectation over the period
- Increase in going concern discount rate and interest rates used to value solvency and hypothetical wind-up liability reduced liabilities and more than offset the impact of the asset performance
- The going concern position is in a surplus position (after PfAD), therefore no going concern special payments are required
- The solvency ratio exceeds 85%, therefore no additional funding is required
- Hypothetical wind-up deficit does not need to be funded except in event of actual wind-up

University Pension Plan Basis

- Aon estimates the going concern liability of the WLU Pension Plan at January 1, 2023 using the most recent published assumptions used to value the UPP to be approximately \$824 million
- Compared to the market value of assets at January 1, 2023 this results in a funding excess of approximately \$40 million.

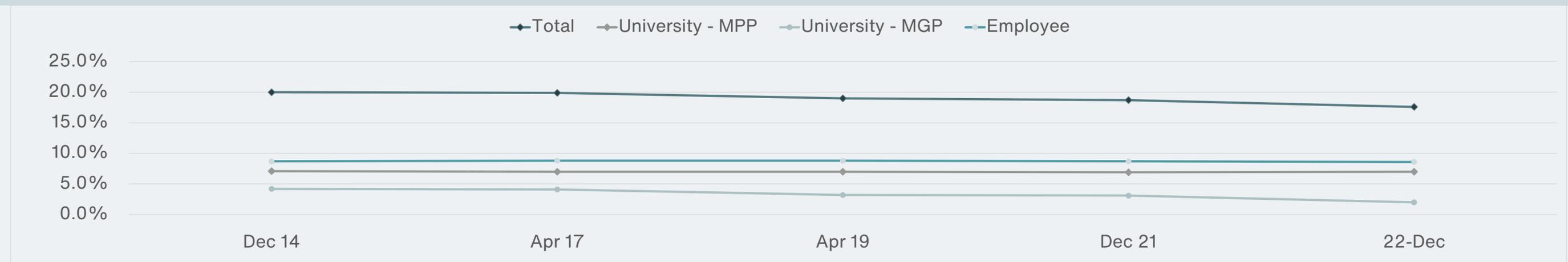
Key Results (cont'd)

Required Contributions (\$000)	Jan. 1, 2023 (year following)	Dec. 31, 2021 (year following)
Member MPP contributions	16,842	16,426
University MPP contributions	13,636	13,050
Supplementary pension normal cost	3,219	5,550
Provision for Adverse Deviation (PfAD)	255	362
Additional margin	422	N/A
Total University Normal Cost	17,532	18,962
University Supplemental Normal Cost and expense as % of pensionable earnings	2.00%	3.13%
Amortization payments to fund deficit	Nil	Nil
Estimated pensionable earnings	194,803	188,749

What happened?

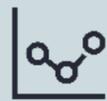
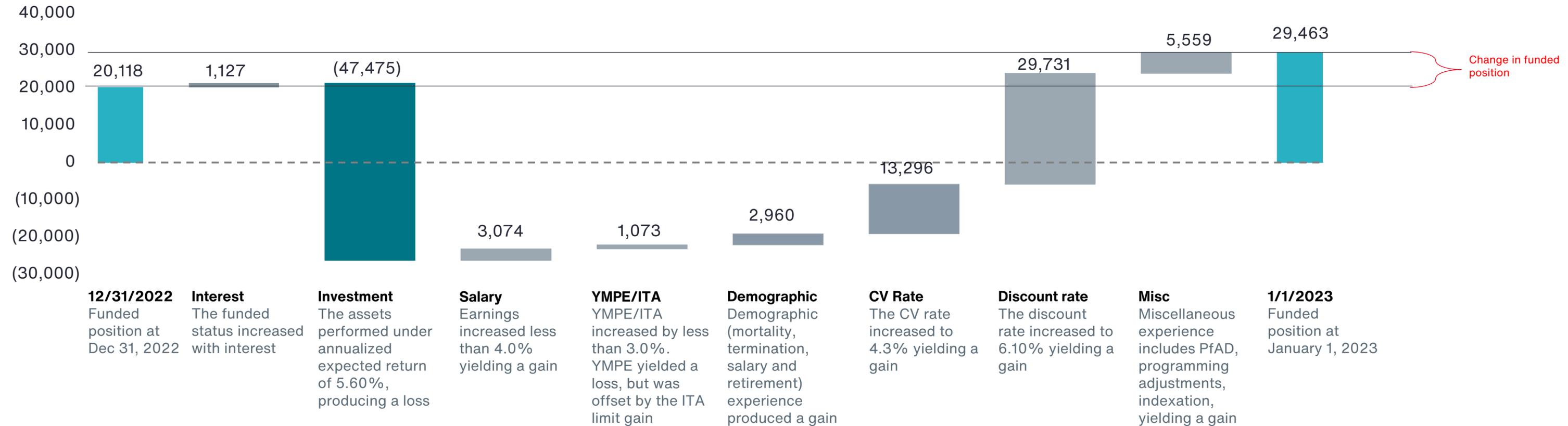
- The use of a higher discount rate offsets the impact of the asset performance with a net decrease in Supplementary pension Normal Cost
- No additional funding is required since solvency funded ratio exceeds 85% and going concern funded ratio exceeds 100%
- Net impact is a decrease in WLU required contributions measured as a % of pensionable earnings from 10.13% of earnings to 9.0% of earnings
- Margin of 0.2% was added to university normal cost to ensure the total university contribution shall not fall under employee required contributions

Normal Cost as % of Pay



Gain and Loss Analysis (\$000)

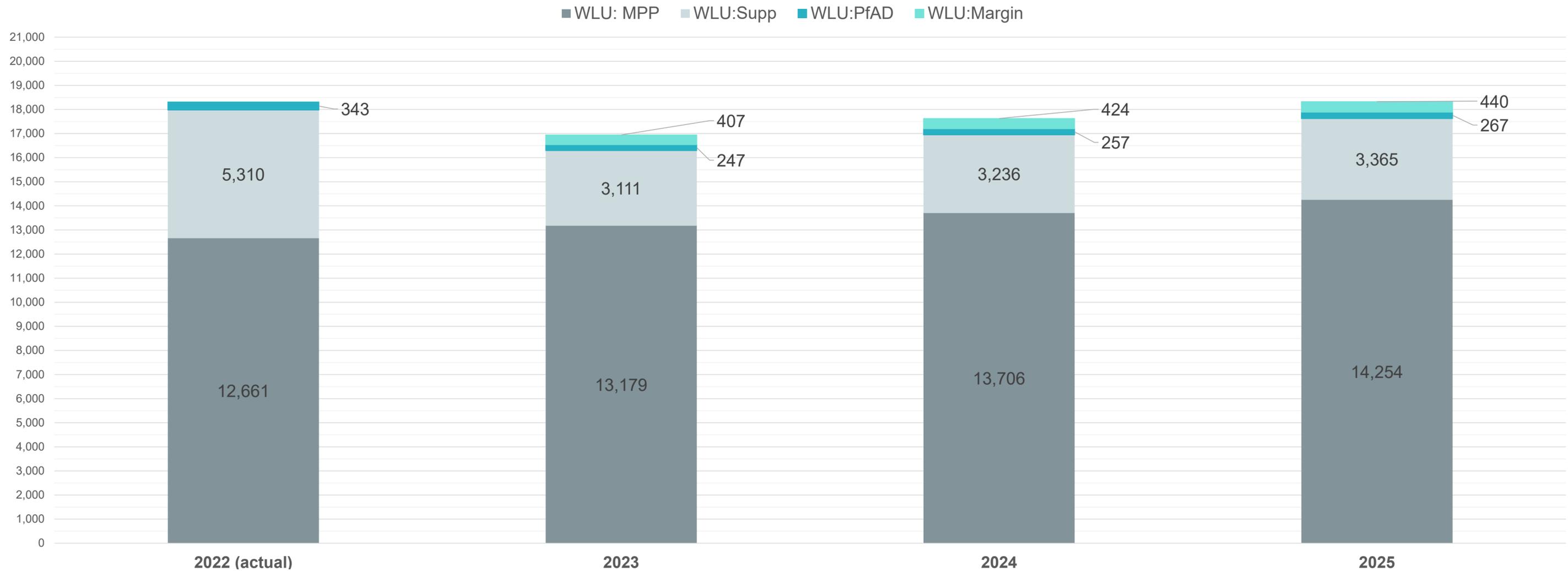
The Gains and Loss analysis provides an overview on what impacted the going concern funded status of the plan between valuations



Observations

- Key economic assumption changes are:
 - increase in discount rate from 5.60% to 6.10% per year
 - increase in lump sum commuted value rates from 2.80% per year to 4.30% per year
- Other includes retirement, termination, salary, mortality experience and miscellaneous

WLU Contribution Requirements (\$000)





Observations

- University normal cost includes a margin to ensure the total university contribution shall not fall under employee required contributions
- Special payments are no longer required; no solvency deficiency payments required since solvency ratio exceeds 85%
- This valuation will set employer contribution requirements through 2025
- If the valuation is filed, the University contributions will decrease by \$2.156M for fiscal year 2024 and \$2.242 million for fiscal year 2025, compared to not filing the valuation. In addition, a retroactive reduction in contributions of \$709K for the period January 2023 to April 2023 is recognized in fiscal year 2024.

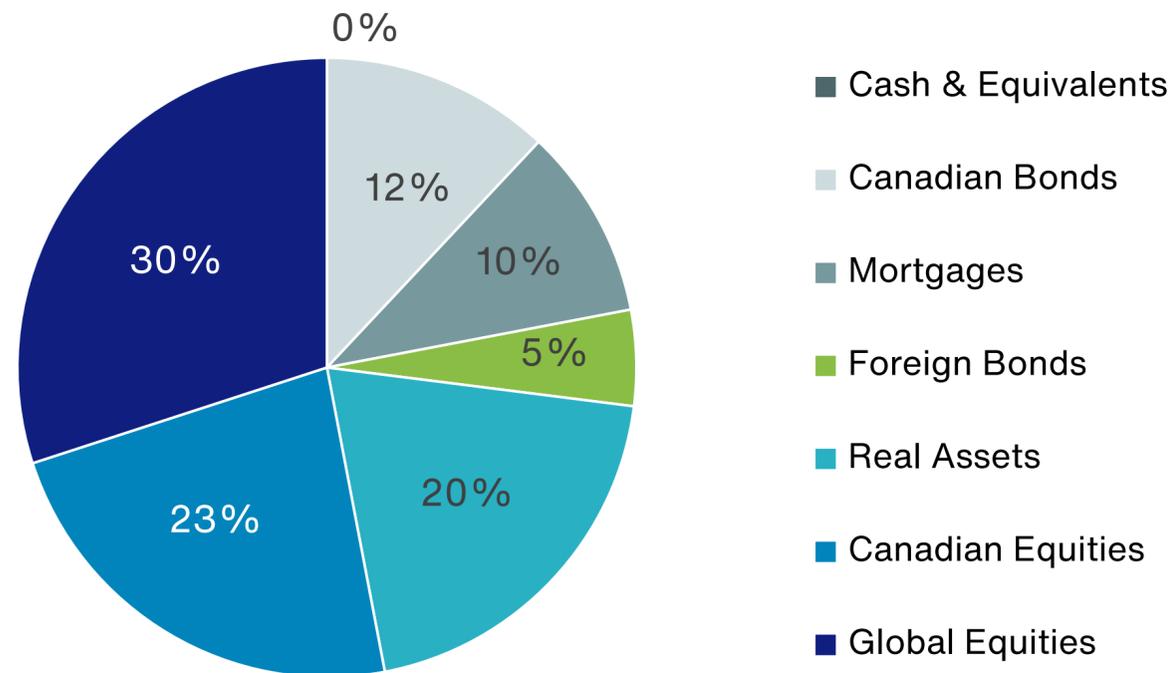
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Assumptions



Discount Rate Development

Plan Asset Mix - Target



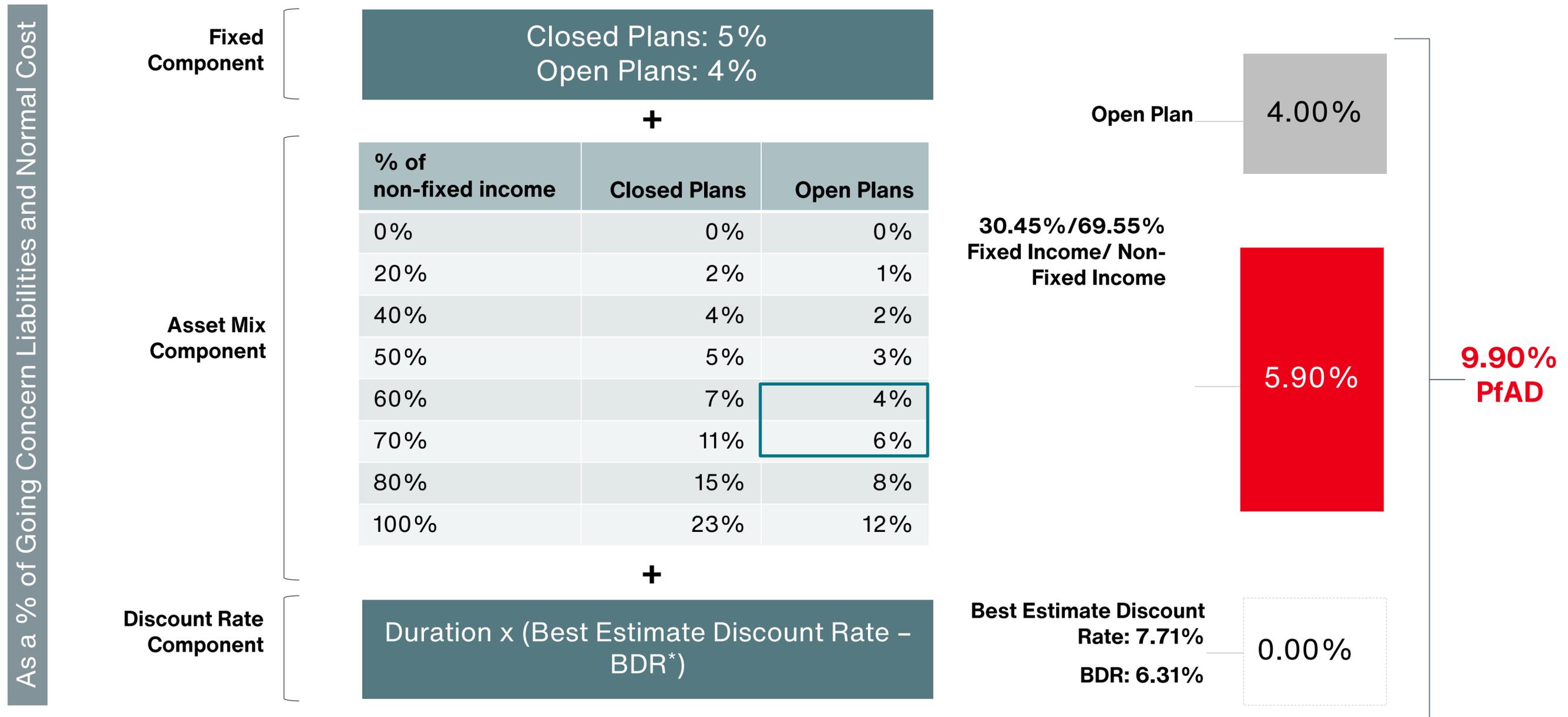
Discount Rate Development

	Dec 31, 2021	Jan 1, 2023
Expected return of benchmark portfolio	5.78%	6.31%
Minus investment management fees (passive)	(0.05%)	(0.06%)
Minus non-investment expenses	(0.13%)	(0.15%)
Discount Rate	5.60%	6.10%


Observations

Higher expected returns in fixed income and equity components compared to 1 year prior drives higher discount rate

Provision for Adverse Deviation (PfAD)



* Benchmark Discount Rate = V39056 Rate + 5% x % of Non-Fixed Income + 1.5% x % of Fixed Income + 0.5% for diversification

Other Going Concern Assumptions (“Best-estimate basis”)

Economic Assumptions	January 1, 2023	December 31, 2021
Discount Rate	6.10% per year	5.60% per year
MPP conversion rate	3.50% per year	Same
Discount rate for lump sum values	4.30% per year	2.80% per year
Inflation	2.00% per year	Same
YMPE and ITA limit increase	3.00% per year	Same
Salary Increases	4.00% per year	Same
Non-investment expenses	Implicit in discount rate	Implicit in discount rate
Demographic Assumptions		
Mortality Rates	CPM 2014 Combined	Same
Retirement Rates	Age 64	Same
% Electing Lumpsum at retirement or termination in lieu of pension	15%	Same
Termination Rates	Variable by age	Same

Observations



- Discount rate increased to reflect higher expected returns on all asset classes at December 31, 2022 compared to 1 year prior

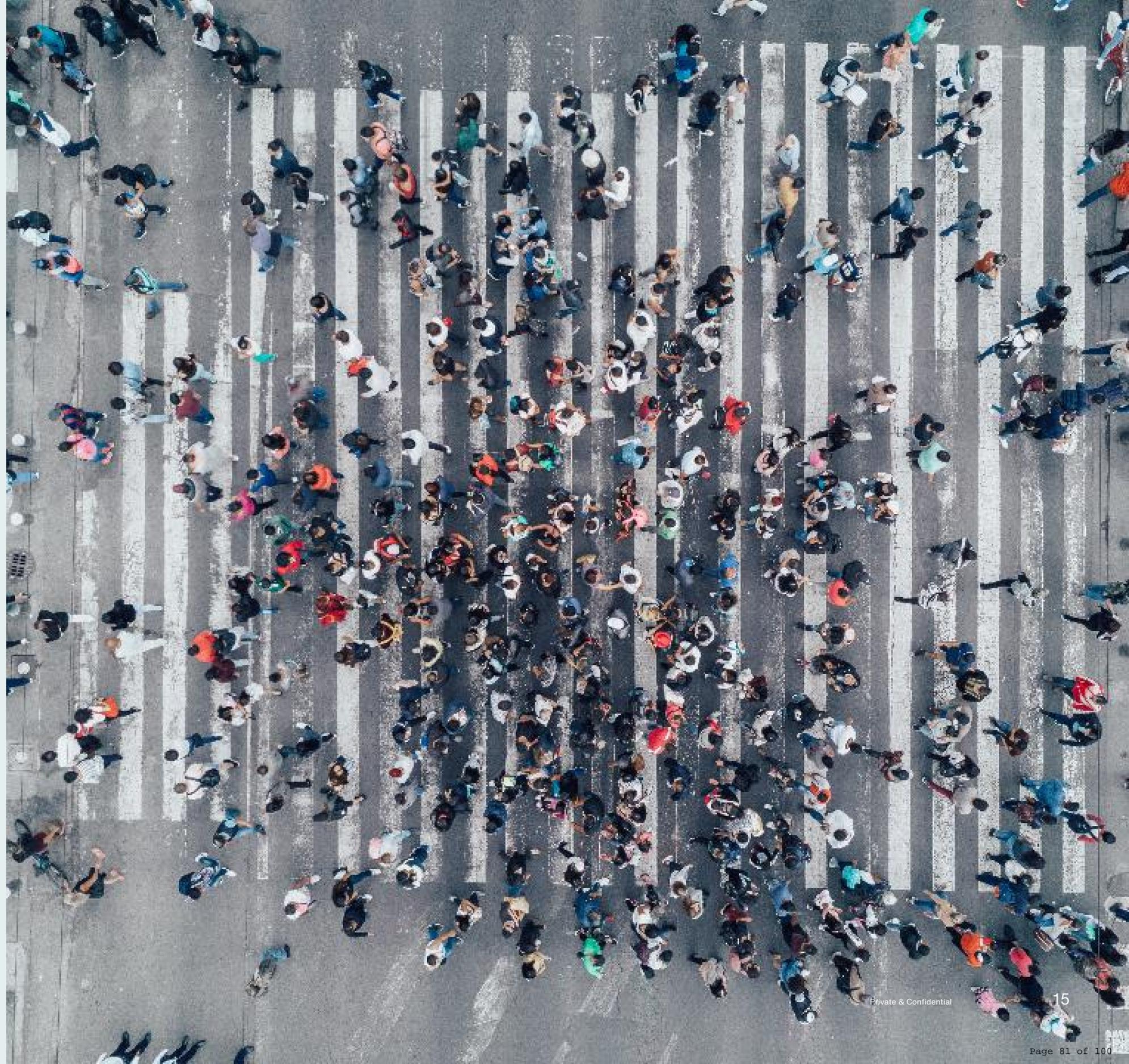
Solvency/Hypothetical Wind-Up Assumptions

Solvency Economic Assumptions without indexation	January 1, 2023	December 31, 2021
Assumed to be settled by lumpsum transfer		
• First 10 years	4.30%	2.30%
• Thereafter	4.70%	3.40%
Assumed to be settled by annuity purchase	4.91%	2.67%
Money Purchase Conversion Basis	2.92%	2.36%
Hypothetical Wind-up Economic Assumptions (with 100% indexation)		
Assumed to be settled by lumpsum transfer		
• First 10 years	2.20%	0.80%
• Thereafter	2.60%	1.20%
Assumed to be settled by annuity purchase	0.99%	(0.54%)
Hypothetical Wind-up Economic Assumptions (with 50% indexation)		
Assumed to be settled by lumpsum transfer		
• First 10 years	3.30%	1.60%
• Thereafter	3.60%	2.30%
Assumed to be settled by annuity purchase	2.93%	1.04%

Interest rates used to determine solvency and hypothetical wind-up liabilities are prescribed by legislation and Canadian Institute of Actuaries Standards of Practice;

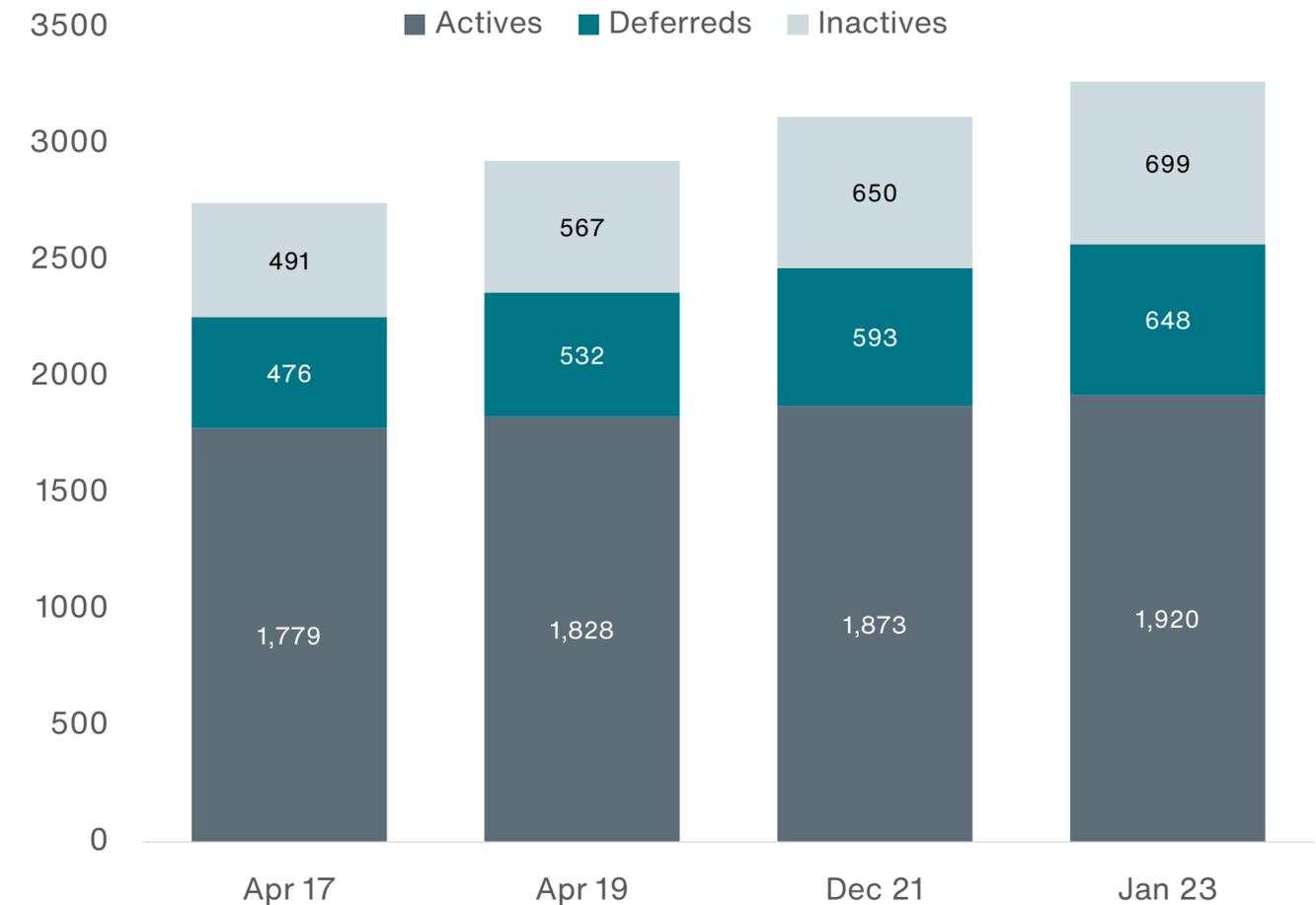
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Population Review



Overall Pension Plan Population Trends

Key Statistics	Jan. 1, 2023	Dec, 31, 2021
Active Members	1,920	1,873
Avg. Age	47.1	47.4
Credited Service	9.8	10.2
Average Pensionable Earnings	101,609	100,926
Average MPP balance	211,814	230,509
Deferred Members	648	593
Avg. Age	48.3	49.1
Annual Lifetime Pension	4,431	4,941
Average MPP balance	84,579	91,823
Retired & Beneficiaries	699	650
Avg. Age	77.1	77.3
Average Annual MGP pension	31,733	29,804
Average Annual variable pension	28,926	27,390



Observations

- 79 active and deferred members were terminated and paid lump sums
- 112 active members terminated with deferred pensions

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Appendix – Supplemental Information



Three Primary Liability and Funded Status Measures

Liability Measure	Asset Measure	Primary Purpose	Disc. Rate	Inflation Assumption	Other Comments
Hypothetical Wind Up	Market	Health of plan on termination basis with all benefits included	See Appendix	Included – market rate	Prescribed assumptions
Solvency	Market	Minimum funding of plan determined on plan wind-up basis excluding certain benefits (indexation)	See Appendix	Excluded	Prescribed assumptions
Going Concern	Market or smoothing	Determine minimum contribution and health on long term basis	6.10% (up from 5.60%);	2.00% (same)	Actuary's best estimate assumptions

Funding Valuations – Going Concern Valuation

Going Concern (Assumes WLU Pension Plan continues indefinitely):

- Compares assets to liabilities assuming plan continues indefinitely
- Actuary is primarily responsible for setting assumptions, with input from WLU; Assumptions are to be “best estimate”
- A provision for adverse deviation (PfAD) is mandated to be included in the non-indexed going concern liabilities and total normal cost
- Going concern deficiencies (including PfAD) can be amortized over period of up to 10 years



Solvency and Wind-Up Valuations – Key Assumptions and Methods



The solvency and wind-up valuation assumptions are prescribed by regulation, and fluctuate on a monthly basis:

- Discount rates are set with reference to long-term nominal and real return Government of Canada bonds plus credit spread based on corporate and provincial bonds



The solvency valuation compares assets to liabilities on a plan termination basis with liabilities determined **excluding** certain benefits (e.g., **indexation**); it is used to determine if additional employer contributions are required

- Solvency deficiencies below 85% funded must be funded over no more than 5 years



The wind-up valuation represents the estimated liability of all benefits to be settled; it is the same as solvency liability but it **includes indexation**

- The wind-up deficit is not required to be funded except on actual plan wind-up
- The wind-up ratio (transfer ratio) is reported on member pension statements annually

Plan Assets – Market Value (\$000)

Market Value of Assets Reconciliation	January 1, 2022 to December 31, 2022
Opening Assets (Adjusted)	\$ 877,800
Contributions	EE: 17,332
	ER MPP NC: 12,661
	ER Supp NC: 5,310
	ER Supp PfAD NC: 343
	ER Special Pay: 0
Benefits	(37,285)
Expenses	(3,518)
Return	<u>(11,621)</u>
Closing Assets	\$ 861,022

Plan assets are adjusted by \$3.662M at December 31, 2022 for expenses and payments in transit.

About Aon

Aon plc (NYSE: AON) exists to shape decisions for the better—to protect and enrich the lives of people around the world. Our colleagues provide our clients in over 120 countries with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their business.

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BOARD OF GOVERNORS MINUTES

Thursday, June 1, 2023, 2:00 – 6:00 p.m.

Hybrid Format – Senate & Board Chamber, One Market Building, Brantford, ON
and via Zoom

Attended: Paul Elliott (Chair), Nasik Amanullah, Royce Bodaly, Kathie Cameron, Savvas Chamberlain, Simon Chan, Chinyere Eni, Andrew Herman, Chantal Huinink, Mary Kelly, Lynda Hawton, Lindsay Lawrence, Sarah Lewis, Kristine Lund, Deb MacLatchy, Avvey Peters, M. Fabricio Perez, Jim Phillips, Patricia Polischuk, Michael Ras, Marc Richardson, Karin Schnarr, Rick Sterne, Cynthia Sundberg, Doug Treleaven, Tyler Van Herzele, Brandon Vale

Regrets: Shelley Boettger, Abas Kanu, Eileen Mercier, Shaun Miller, Joe Rooney, Ken Seiling, Berry Vrbanovic

Secretariat: Ana Juhik, Shannon Kelly, Anna Kornobis, Anne Lukin, Phil Marfisi, Parker Nicholls

A. Open Session

1. **Call to Order**, Paul Elliott, 2:00 p.m.

a. Declaration of Conflicts of Interest: None.

b. Movement of Consent Items to the Main Agenda

Consent items also included several policies and other items for approval. The Chair flagged the dates for Board and committee meetings over the next two years and asked members to book their calendars to hold these dates.

Motion (Brandon Vale/Rick Sterne): that the Board of Governors approve the Consent items listed for approval under Item C.1. Carried.

2. **Chair's Report**, Paul Elliott

a. Welcome to Future Board Members

The Chair welcomed Michael Ras to his first Board meeting as a recent provincial appointee; and noted incoming members Mohammad Abu-Rshaid, Ken Maly, Catharine Dutt, Adam Grogan, Janis Monture, Ling Chu and Ryan Eldred, who will join the Board in July.

b. Thanks to Outgoing Board Members

The Chair noted thanks to outgoing members Lynda Hawton, Shaun Miller, Joe Rooney, Kathie Cameron, Sarah Lewis, Fabricio Perez and Nasik Amanullah. These members were formally recognized at a luncheon.

c. Canadian University Board Association (CUBA) Update, Simon Chan

The Vice-Chair commented on a recent national conference for leaders of

university boards and governance professionals held in Saskatoon, with a theme of governing through change. He highlighted the amount of change in post-secondary education over the past decade, the challenges of addressing and supporting mental health and wellness, the impacts of the pandemic, the rise of social media use, the need to identify non-traditional revenue sources, and the overall complexity faced by the sector.

3. **Leadership Update**

- a. **President's Report, Deb MacLatchy**
The President also expressed her thanks to Board members both returning and outgoing, and to faculty, staff, and senior leaders for their contributions to a successful year. She commented on: Pride Month and Indigenous History Month activities throughout June; that the Indigenous Strategic Plan is coming for approval; advocacy work by COU; Laurier's request for adjustments to tuition anomalies; and a meeting with MPP Will Bouma and MCU staff on corridor funding. Board members discussed alternative revenue streams, noting goals and a strategy for asset monetization opportunities, such as filling out One Market in Brantford with leased space while remaining focused on the University's core mission.
- b. **Q and A on Reports of the Senior Executives**
The senior leaders provided written summaries of activity within their portfolios. Board members discussed fundraising.
- c. **Report on Senate Activities**
Doug Treleaven reported that at recent meetings, Senate held robust discussion on and approved the Indigenous Strategic Plan, the Milton Business Plan and academic programming for Milton. The request for Departmentalization of Indigenous Studies, Social and Environmental Justice, Law and Society, and Social Justice and Community Engagement was also approved.

1. **Strategic Indigenous Plan, Darren Thomas**

The AVP, Indigenous Initiatives shared the Plan and noted that there was extensive consultation. The Plan outlines aspirational steps and brings together initiatives, documenting inputs, activities and desired outcomes and results. The Plan includes logic models defining the resources and activities required to achieve objectives and outcomes for the three distinct approaches of Indigenization, reconciliation, and decolonization.

Board members discussed: Laurier's stated commitment to Indigenization; that Laurier is ahead of other universities in this work; that this is exciting work where Laurier can show leadership; that areas across the University are at different stages in this work, with some completely untapped and other areas progressing well; that an area of opportunity is to work with Indigenous communities in developing entrepreneurship, with some work underway by the Lazaridis Institute; the duty to consult on land use, with Darren Thomas working

with local municipalities and Six Nations; the need to enhance governance; and trends in the sector toward intentional procurement from Indigenous businesses and tuition reduction or elimination for Six Nations students.

Motion (Deb MacLatchy/Lynda Hawton Kitamura): That the Board of Governors approve the Strategic Indigenous Plan, as presented. Carried.

2. Reports from the Standing Committees of the Board

a. Q&A on Chair's Updates on Committee Activity

The Board received written summaries of recent Committee meetings. There were no questions.

b. Audit, Risk & Compliance, Lynda Hawton Kitamura (5 min)

1. Pension Plan Audited Financial Statements

As required under pension legislation, the assets of the WLU Pension Plan are audited annually. External auditor KPMG undertook this review and reported a clean audit.

Motion (Simon Chan/Patricia Polischuk): That on the recommendation of the Audit, Risk & Compliance Committee, the Board of Governors approve the audited financial statements of the Wilfrid Laurier University Pension Plan, and authorize any two members of the Board of Governors to sign the financial statements as evidence of such approval. Carried.

c. Finance, Investments and Property (FIP) Committee, Jim Phillips

1. Tuition Anomaly, Heidi Northwood / Lloyd Noronha

The Board approved the Tuition Fee Report for 2023-2024 at the April 2023 meeting. However, the province recently approved Laurier's request to address tuition anomalies for the BBA, Computer Science and Data Science programs by authorizing an increase in tuition for these programs. Staff are requesting an amendment to the Tuition Fee Report to reflect these approved changes. The BBA program will increase annually up to a cap of \$10,358 which is still low compared to the sector average. Changes to Computer and Data Sciences will result over time in these programs just keeping up with the sector. The tuition increases will apply only to new year 1 students in 2023/24 with future increases ongoing and also applied to all future incoming students.

Board members discussed: progress in addressing this long-standing disparity in tuition; why the province applied a cap; waiting to hear from the province on more details and which institutions were considered competitors; that future changes to the tuition framework might increase tuition for all institutions; that advocacy will continue; potential impact on enrolment; plans for communications to incoming students, coordinated with other schools; that Laurier will look at increasing supports for these programs; and that these

anomalies have been a long-standing gap for over 20 years from a time when Laurier got out of sync with its competitors.

Motion (Rick Sterne/Kathie Cameron): That on the recommendation of the Finance, Investments and Property Committee, the Board of Governors approve an amendment to the Tuition Fee Report for 2023-2024, as proposed. Carried.

2. Milton Leased Space Business Plan, Lloyd Noronha / Heidi Northwood / Jonathan Newman

Staff presented a revised vision for moving ahead on the Milton campus with a de-risked approach which proposes starting with three academic programs, the use of leased space for a longer period of time and a delay in any capital construction and related costs. This was presented at a joint meeting between FIP and the Senate Executive & Finance Committee (SEFC), then discussed again at FIP, and at Senate in May, where there was lively discussion followed by an endorsement by Senate.

It is proposed that programming will take place in the leased Milton Education Village Innovation Centre (MEVIC), with Computer Science and Psychology being launched in Fall 2024 and Software Engineering added in Fall 2025. The initial focus will be on commuter students, in a cohort model with classes compressed to 2 days/week. Focus groups and being held to identify which supports are most useful to commuters. No proactive international recruitment is planned for this phase. Laurier will provide some financial assistance to students, and will plan to grow via word of mouth as well as other recruitment methods. Full-time faculty will help provide stability, and staff will provide student supports.

The Board received information on space layout in the MEVIC building, and high level assumptions for expenses and revenue including tuition and grant contributions. While this revised model for Milton reduces risk from earlier business plans, it was flagged that it is late in the recruitment cycle to be marketing these programs for Fall 2024. Modest initial enrolment targets have been set of 50 computer science students and 15 psychology students for Fall 2024. Staff project a fiscal deficit for the first four years in Milton, with a surplus projected to occur in years five and six.

Motion (Cynthia Sundberg/Patricia Polischuk): to move the meeting *in camera* for discussion on this item. Carried.

Following *in camera* discussion, the Board returned to open session.

Motion (Jim Phillips/Savvas Chamberlain): That on the recommendation of the Finance, Investments & Property Committee, and with the endorsement of Senate, the Board of Governors approve the Milton Leased Space Business Plan, as proposed. Carried, with one opposed and three abstentions.

3. Capital Planning & Financing Policies, Zeynep Danis / Ulrike Gross
Staff provided proposed versions of new and revised policies related to capital planning. There were no questions.

- a. Policy 4.14, Capital Planning, Ulrike Gross

Motion (Brandon Vale/Cynthia Sundberg): That on the recommendation of the Finance, Investments & Property Committee, the Board of Governors approve Policy 4.14, Capital Planning, as revised. Carried.

- b. Policy 4.15, Capital Budgeting, Zeynep Danis

Motion (Brandon Vale/Cynthia Sundberg): That on the recommendation of the Finance, Investments & Property Committee, the Board of Governors approve Policy 4.15, Capital Budgeting, as proposed. Carried.

- c. Policy 4.16, Capital Debt, Zeynep Danis

Motion (Brandon Vale/Cynthia Sundberg): That on the recommendation of the Finance, Investments & Property Committee, the Board of Governors approve Policy 4.16, Capital Debt, as proposed. Carried.

- d. Policy 5.2, Budget Planning, Zeynep Danis

Motion (Brandon Vale/Cynthia Sundberg): That on the recommendation of the Finance, Investments & Property Committee, the Board of Governors approve Policy 5.2, Budget Planning, as revised. Carried.

- d. Governance Committee, Lynda Hawton Kitamura

1. Implementation of a Working Group on Next Steps in Climate Risk Management

The Board had previously approved in 2016 a working group to consider and recommend strategies and action steps on investment policies to incorporate responsible investing practices. These included the reduction of carbon intensity for equities held within the University endowment fund, and the creation of a Fossil Fuel Free Fund for endowment donations. The Board-approved targets set by the working group have been met ahead of schedule. It is now proposed to establish another working group to look at developing recommendations not only for investments but for other ESG-related initiatives and targets to help address climate risk management. Staff are seeking approval to create the group and will come back to the Governance Committee with a proposed Terms of Reference including mandate and composition. It is being brought to the Governance Committee rather than FIP as the focus is broader than just financial investments.

Motion (Sarah Lewis/Patricia Polischuk): that on the recommendation of the Governance Committee, the Board of Governors approve the implementation of a Working Group to consider strategy and next steps in climate risk management. Carried.

3. **Other Business:** None.

B. *In Camera* Session

Motion (Lynda Hawton Kitamura/Cynthia Sundberg): to move the meeting *in camera*. Carried.

C. Consent Items

The following items were provided for approval or information. The Agenda, Minutes and items noted for Approval were approved by consent.

1. Items for Approval

- a. Agenda
- b. Minutes, Board of Governors, April 20, 2023
- c. Policy 8.7, Employment Accommodation
Motion: that on the recommendation of the Human Resources Committee, the Board of Governors approve Policy 8.7, Employment Accommodation, as revised.
- d. Policy 9.1, Use of Information Technology
Motion: that on the recommendation of the Audit, Risk & Compliance Committee, the Board of Governors approve Policy 9.1, Use of Information Technology, as revised.
- e. Endowment Spending Rate for Fiscal 2022-2023
Motion: that the Finance, Investments & Property Committee recommend the Board of Governors approve the following for all endowment funds:
 - the inflation adjustment factor be set at 6%, and
 - the spending rate be set at up to 3% with the option of an additional spending allocation of up to 2% for endowments with a stabilization account valued at greater than 20% of market value.
- f. 2023-2024 (revised) and 2024-2025 Board & Committee Dates
Motion: that the Board of Governors approve the dates for Board and Committee meetings for 2023-2024 and 2024-2025, as proposed.
- g. Departmentalization of Indigenous Studies, Social and Environmental Justice, Law and Society, and Social Justice and Community Engagement
Motion: That on the recommendation of Senate, the Board of Governors approve the departmentalization request for the Department of Indigenous Studies, Law and Social Justice.
- h. 2023-2024 Capital Budget Approval (Annual)
Motion: that on the recommendation of the Finance, Investments & Property Committee, the Board of Governors approve the 2023-2024 Capital Budget investment of \$1M for digital strategy priorities.
- i. Policy 12.4, Gendered and Sexual Violence
Motion: that on the recommendation of the Audit, Risk & Compliance Committee, the Board of Governors approve

Policy 12.4, Gendered and Sexual Violence, as revised.**2. Items for Information**

- a. Donor Thank You Note
- b. Employment Equity Annual Report
- c. Employee Insights Pulse Check: Preliminary Results
- d. Annual Sustainability Report 2022-2023
- e. Digital Strategy Update
- f. Q1 Investment Performance Summary – Proteus
- g. Sustainability Action Plan 2023-2028

Note: If you need assistance or have a question about this meeting or the Board of Governors, please contact the University Secretariat office, by email to alukin@wlu.ca.



Board & Committee 2023-2024 and 2024-2025 Meeting Dates

Dates are subject to change, with notice

WLU BOARD OF GOVERNORS MEETING DATES

(Note: all dates were approved at the June 1, 2023 meeting of the Board of Governors.)

2023-2024: APPROVED

Wednesday, September 6, 2023	2:00 – 4:00 p.m.	New Member Orientation
Thursday, September 14, 2023	6:00 – 9:00 p.m.	Joint Board & Senate Governance Event
Friday, September 15, 2023	8:00 a.m. – 3:30 p.m.	Board Kick-Off
Friday, September 15, 2023	3:30 – 4:30 p.m.	Board Meeting (review AFS)
Thursday, November 16, 2023	2:00 – 6:00 p.m.	Board Meeting
Thursday, February 15, 2024	2:00 - 6:00 p.m.	Board Meeting
<u>Friday, March 1, 2024</u>	<u>2:00-5:00 p.m.</u>	<u>Mid-Year Board Strategic Session (TBC)</u>
Thursday, April 18, 2024	2:00 – 6:00 p.m.	Board Meeting + Lunch or Dinner, Location TBC
Thursday, June 6, 2024	2:00 – 6:00 p.m.	Location TBC
<u>Education sessions:</u>	11:00 a.m. – 1:00 p.m.	Education Session Topics to be determined
Friday, October 27, 2023		
Friday, December 1, 2023		
Friday, April 12, 2024		<i>Three education sessions proposed for 2023-2024</i>

101 Sessions

Thursday, October 5, 2023	1:00 – 5:00 p.m.	<i>Including sessions that cover: Finance, Investments, Pension and Risk topics</i>
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2024-2025: APPROVED

Wednesday, September 4, 2024	2:00 – 4:00 p.m.	New Member Orientation
Thursday, September 12, 2024	6:00 – 9:00 p.m.	Joint Board & Senate Governance Event
Friday, September 13, 2024	8:00 a.m. – 4:30 p.m.	Board Kick-Off & Meeting
Thursday, November 14, 2024	2:00 – 6:00 p.m.	Board Meeting
Thursday, February 13, 2025	2:00 - 6:00 p.m.	Board Meeting
<u>Friday, March 7, 2025</u>	<u>2:00-5:00 p.m.</u>	<u>Mid-Year Board Strategic Session (TBC)</u>
Thursday, April 17, 2025	2:00 – 6:00 p.m.	Board Meeting + Lunch or Dinner, Location TBC
Thursday, June 5, 2025	2:00 – 6:00 p.m.	Location TBC
<u>Education sessions:</u>	11:00 a.m. – 1:00 p.m.	Education Session Topics to be determined
Friday December 6, 2024		<i>Two education sessions proposed for 2024-2025</i>
Friday April 11, 2025		

2023-2024 and 2024-2025 Laurier Board & Committee Dates

101 Sessions

Thursday, October 3, 2024

1:00 – 4:30 p.m.

Including sessions that cover: Finance, Investments, Pension and Risk topics

COMMITTEE MEETING DATES

2023-2024 EXECUTIVE COMMITTEE MEETING DATES (8:00 – 10:00 a.m.): APPROVED

Thursday August 24, 2023

Tuesday, October 3, 2023

Wednesday, December 6, 2023

Thursday, March 7, 2024

2024-2025 EXECUTIVE COMMITTEE MEETING DATES (8:00 – 10:00 a.m.): APPROVED

Thursday August 22, 2024

Tuesday, October 1, 2024

Thursday, December 5, 2024

Thursday, March 6, 2025

COMMITTEE DAY MEETING DATES (8:00 a.m. – 6:00 p.m.)

2023-2024: Approved

Thursday, October 19, 2023

Thursday, January 18, 2024

Thursday, March 21, 2024

Thursday, May 16, 2024

Note additional meeting date below for ARC & FIP

2024-2025: Approved

Thursday, October 24, 2024

Thursday, January 23, 2025

Thursday, March 20, 2025

Thursday, May 15, 2025

Schedule for the Day (exact times to be confirmed; start & end times may shift to accommodate agenda items)

8:00 a.m. Audit, Risk & Compliance (ARC)#

10:30 a.m. Human Resources (HR)

11:30 a.m. Compensation (Comp)

1:00 p.m. Finance, Investments & Property (FIP)#

4:00 p.m. Joint FIP/Pension (FIP/Pen)

5:00 p.m. Pension (Pen)

Additional Committee Meetings

2023-2024 Additional Committee Meetings: Approved

JOINT ARC/FIP to review audited Financial Statements

September 7, 2023 9:00 – 11:00 a.m.

2024-2025 Additional Committee Meetings: Approved

JOINT ARC/FIP to review audited Financial Statements

September 5, 2024 9:00 – 11:00 a.m.

2023-2024 GOVERNANCE COMMITTEE DATES (9:00 – 11:00 a.m.): APPROVED

Wednesday, October 4, 2023

Tuesday, November 28, 2023

Tuesday, February 6, 2024

Tuesday, March 5, 2024

Wednesday, April 3, 2024

Tuesday, May 7, 2024

2023-2024 and 2024-2025 Laurier Board & Committee Dates

2024-2025 GOVERNANCE COMMITTEE DATES (9:00 – 11:00 a.m.): APPROVED

Thursday, October 10, 2024
Tuesday, November 26, 2024
Monday, February 5, 2025
Tuesday, March 4, 2025
Wednesday, April 1, 2025
Tuesday, May 6, 2025

2023-2024 DEVELOPMENT COMMITTEE DATES (10:00 a.m. – 12:00 p.m.): APPROVED

Tuesday September 26, 2023
Tuesday, November 7, 2023
Wednesday, January 31, 2024
Tuesday, April 9, 2024
Tuesday, May 14, 2024

2024-2025 DEVELOPMENT COMMITTEE DATES (10:00 a.m. – 12:00 p.m.): APPROVED

Tuesday September 24, 2024
Tuesday, November 5, 2024
Tuesday, January 28, 2025
Tuesday, April 8, 2025
Tuesday, May 13, 2025

2023-2024 INVESTMENT OVERSIGHT SUB-COMMITTEE DATES (2:00 – 6:00 p.m.): APPROVED

Thursday September 21, 2023
Thursday, December 7, 2023
Thursday, February 29, 2024
Thursday May 2, 2024

2024-2025 INVESTMENT OVERSIGHT SUB-COMMITTEE DATES (2:00 – 6:00 p.m.): APPROVED

Thursday September 19, 2024
Thursday November 28, 2024
Thursday February 27, 2025
Thursday May 1, 2025

Board of Governors

President's Written Report

September 15, 2023

- On June 2, the president presented three awards (the Hoffman-Little Ward, the Sustained Excellence Award in part-time and full-time teaching) at *Celebrate Teaching Excellence at Laurier*.
- On June 5, the president and Jason Coolman met with Waterloo Mayor Dorothy McCabe on the Waterloo Campus.
- On June 9, the president met with Chair Redman of the Waterloo Region.
- On June 20, the president met with the president and executive director of the Students' Union, welcoming the new president, Megan Spenler (monthly meeting).
- On June 20, the president met with the new president, Taylor Coleman, and executive director of the Graduate Students' Association (monthly meeting).
- On June 24, the president and Jason Coolman attended an announcement event at the Waterloo Campus Athletics Centre with representatives of Sun Life who donated \$750,000 over five years in support of the Sun Life Centre for Healthy Communities.
- On July 5, the president and Jason Coolman met with Naveed Irshad, new CEO of Manulife, on the Waterloo campus.
- On July 24, the president and Matthew Grills, Director of Government and Community Relations, met with Mayor Gord Krantz and CAO Andrew Siltala of Milton.
- On July 24, the president hosted the faculty & staff Brantford campus Ice Cream Social at The Melting Spot.
- On July 25, the president hosted the faculty & staff Waterloo campus Ice Cream Social in the Quad for faculty.
- On July 28, the president and Matthew Grills met with Minister Parm Gill in Milton.
- On July 28, the president met with the new Deputy Minister of Ministries, Colleges and Universities, David Wai.

- On August 15, the president and members of ELT participated in the Indigenous mural painting community engagement for the Library mural project.
- On August 23, the president met with faculty new to Laurier as part of the Vice-President: Academic's "New Faculty Orientation" day.
- On August 30, the president met with Brantford Mayor Kevin Davis and Brantford CAO Brian Hutchings.
- On August 31, the president met with Waterloo mayor Dorothy McCabe and the presidents of the University of Waterloo and Conestoga.
- On September 1 and 2, the president toured and met incoming students (and their families) as they moved into Waterloo residences (with Ivan Joseph, Jason Coolman and Lloyd Noronha).
- On September 3, the president toured and met incoming student (and their families) as they moved into Brantford residences (with Ivan Joseph).
- On September 3, the president attended the Laurier football home opener against Carleton.
- On September 5, the president attended a meeting of Canadian Ashoka campus presidents.
- On September 6, the president and Jason Coolman hosted the Mayor and several Councillors of Waterloo for a tour of the campus.
- On September 7, the president attended the Brantford campus Get Involved Fair, welcoming students back to campus.
- On September 8, the president attended the Waterloo campus Get Involved Fair, welcoming students back to campus.
- On September 8, the president attended the Brantford campus O-Carnival, connecting with first-year students.
- On September 9, the president and members of ELT participated in the Shine Carnival on the Waterloo campus, connecting with first-year students.
- On September 11 & 12, the president led a retreat at the BSIA building with the Executive Leadership Team.
- On September 13, the president gave remarks that the annual WLU Alumni Association retreat.
- On September 14, the president participated in United Way's March of 1000 Umbrellas in KW.