

ANNUAL FINANCIAL REPORT

Fiscal year ended April 30, 2016



LaurentianUniversity
Université **Laurentienne**

Sudbury, ON laurentian.ca



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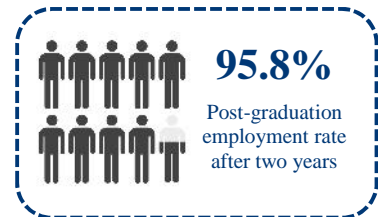
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REVIEW OF FISCAL 2015-2016

Highlights

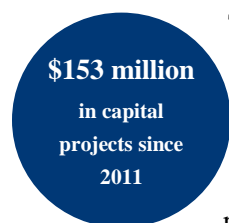
Laurentian University of Sudbury (the University or Laurentian) moved forward on its strategic initiatives during 2015-16. Over the past seven years, our enrolment outside Simcoe increased annually by a total of 1,112 full-time equivalent (FTE) students, despite declining demographics of the university-age population, increased competition and government cuts to teacher education spaces. Our average entry grade has risen since 2008-09 from **79%** to **82%**. The number of admitted students with an average entry grade over 85% has nearly doubled, while the number of admitted students with an average entry grade below 85% declined.

We have the highest post-graduation employment rate among Ontario universities for a fourth consecutive year at 92.6% after 6 months of graduation and 95.8% after two years.



Laurentian graduates also earn the second highest income 2 years after graduation among all Ontario universities.

Our national Tri-Council research funding has increased by 22% since 2008-09, leading to an increase in our allocation of Canada Research Chairs.



Total capital investments in 2015-16 were over \$50 million. The investments were in three major capital projects: Sudbury Campus Modernization, School of Architecture Phase 2, and the Cardiovascular Metabolic Research Lab.

The Graduate Expansion Plan is underway with an approval of 76 additional graduate spaces through the 2014-2017 Strategic Mandate Agreement (SMA) process. The University has surpassed the allocated funded graduate spaces for 2015-16.

Student recruitment and retention are key drivers of the University's revenues. Provincial government funding continues to decline on a per student basis and the provincial tuition framework capped total annual domestic tuition increases at an average of three percent (3%) until 2016. Enrolment for the Sudbury Campus continues to grow with the introduction of new programs such as Architecture combined with a strong demand in professional programs. Enrolment increased in Sudbury by close to 185 students. The Barrie campus had an enrolment decline of 73 students.



In February 2016 the Board of Governors made the difficult decision to exit from Barrie due to extensive and ongoing interference by government in academic programming and resource decisions. 2016-17 will be the final year that most programs will be offered in Barrie; 2018-19 for Bachelor of Social Work. Most students, faculty and staff are being welcomed to the Sudbury campus.

The University faced many financial pressures during 2015-16. Investments in both endowment funds and the pension plan declined in the last quarter of 2015 with small recoveries in the first quarter of 2016. Since year end, the asset base of the endowment fund increased by \$1.9 million or the equivalent of 18.8% annual return. A proportion of enrolment greater than expected attributed to domestic students, Georgian College and federated universities created an in-year pressure of \$1.2 million.

Financially, the University continues to meet its commitment to repay its unrestricted operating deficit accumulated between 2008-09 and 2010-11. The unrestricted operating deficit at the end of fiscal 2016 was \$9,211 thousand.

Highlights (continued):

The Board of Governors of the University approved the Research, Innovation and Engineering Centre Project in the amount of \$30 million for which the funding is to be provided through Government grants and philanthropy. The Research and Innovation component will total roughly 15,000 square feet and is scheduled to be completed by spring 2018.

Laurentian had 89 recipients of grants from the Natural Science and Engineering Research Council of Canada (NSERC). Total NSERC funding awarded to Laurentian researchers tops \$5.2 million.

The feature, "Summer U" on the CBC Northern Ontario radio program Morning North highlighted a series of Laurentian University researchers and their work. We applaud them for taking the time to share their expertise with the public. With our nine Canada Research Chairs, nineteen research centres, and more than \$100 million in research income in the past five years, we have a lot to talk about.

An exceptional lecture by Canadian astronaut Chris Hadfield in front of 1,200 guests in the auditorium of the Fraser with overflow in the Alumni Hall.



A sunrise and groundbreaking ceremony for the \$3.4 million Indigenous Sharing and Learning Centre.



The Voyageurs introduced two new varsity teams, women's golf and men's cross-country/track and field.

The 2016 Breakthrough Prize in Fundamental Physics was awarded to the Sudbury Neutrino Observatory (SNO) Collaboration, represented by SNO Project Director, Dr. Art McDonald. Laurentian was part of this global recognition as many faculty and graduate students contributed to the research.

An honorary doctorate was awarded to Sue Johanson.



The third season of The Amazing Race Canada made a stop in Sudbury, with the Detour challenge taking place on Laurentian University's Sudbury Campus. It was "amazing" exposure for the city of Greater Sudbury and for our beautiful northern campus and facilities. It is estimated that well over two million Canadian viewers watched the episode, as competitors tested their skills in two challenges. The first one saw teams dipping into the Jenő Tihanyi Olympic Gold Pool to learn and perform a synchronized swimming routine. The second challenge sent teams to the forensic training facility, to locate 10 pieces of bone and teeth in a 3x3ft "crime scene."



Sudbury Star readers chose Laurentian University as their favourite post-secondary institution for 2015.

Planning, Capital Projects & Financing

❖ Campus Modernization

The Board of Governors approved the Campus Modernization project in 2013 as a \$50.1 million renovation of approximately 250,000 sq. ft. of existing buildings and 20,000 sq. ft. of new construction on the Sudbury campus, in addition to \$2.6 million to modernize food service facilities.

The final outcome of this project will be accessible student services, a “front door” welcoming centre, classrooms designed to accommodate diverse teaching and learning styles, dynamic student experiences in new social spaces that nurture a strong sense of community and belonging as well as enhanced gathering spaces for faculty, staff, graduate students and alumni. The creation of the Indigenous Sharing and Learning Centre and the University Club, both generously supported by donations, as well as a new Student Centre funded by student fees resulting from a positive referendum, are also being managed as part of this umbrella project known as Campus Modernization.



❖ McEwen School of Architecture

On June 29th, 2016, Rob and Cheryl McEwen made a personal \$10 million donation toward our award-winning School of Architecture. The donation will ensure the full funding of the completion of the School of Architecture as well as enhance the student experience and maximize their capacity to become agents of change for architecture globally.

The School of Architecture was launched in downtown Sudbury in September 2013, resulting from strong advocacy and leadership by a local steering committee dedicated to urban renewal. The capital construction of \$44.1 million brings significant economic activity to the region over the construction period of 2012-2016. An Economic Impact Study undertaken during the pursuit phase of planning for the school estimated annual incremental economic activity in the region to be \$15 million.

Planning, Capital Projects & Financing (continued)

❖ McEwen School of Architecture (continued)

Like the Northern Ontario School of Medicine (NOSM), Laurentian's School of Architecture develops new knowledge in the north, for the north. Use of design and materials that respond to northern cultures, communities, and climate are expected to generate new opportunities for industry to grow in northern communities.

Facilities for the School of Architecture are being built in two phases: Phase 1 was completed in the summer of 2013 in preparation to welcome the inaugural class in September 2013. Phase 2 consists of 55,000 sq. ft. of new construction, which began in March 2014.

A Master of Architecture was approved by senate in the Spring of 2016, and the first undergraduate cohort will graduate in the spring.



❖ Cardiovascular and Metabolic Research Lab

The Board of Governors approved the construction of a one-storey expansion of the “Education” building of approximately 3,800 sq. ft. at an estimated cost of \$5.5 million. The lab space houses a new Cardiovascular and Metabolic Research Unit.

The mission of this research unit is to foster excellence in cardiovascular and metabolic research by facilitating activity and collaboration among scientists at Laurentian, the Northern Ontario School of Medicine and Health Sciences North. Members of the research unit will also be involved in studies on asthma and aging development.

This new research team will be bringing to Laurentian approximately 50 pieces of sophisticated research equipment worth approximately \$1.3 million.



Planning, Capital Projects & Financing (continued):

❖ Research, Innovation and Engineering Centre

The Board of Governors approved the construction of the Research, Innovation and Engineering Centre at an estimated cost of \$30.3 million. The Centre will consist of a 47,000 square feet expansion of the 46-year old Fraser Building featuring:

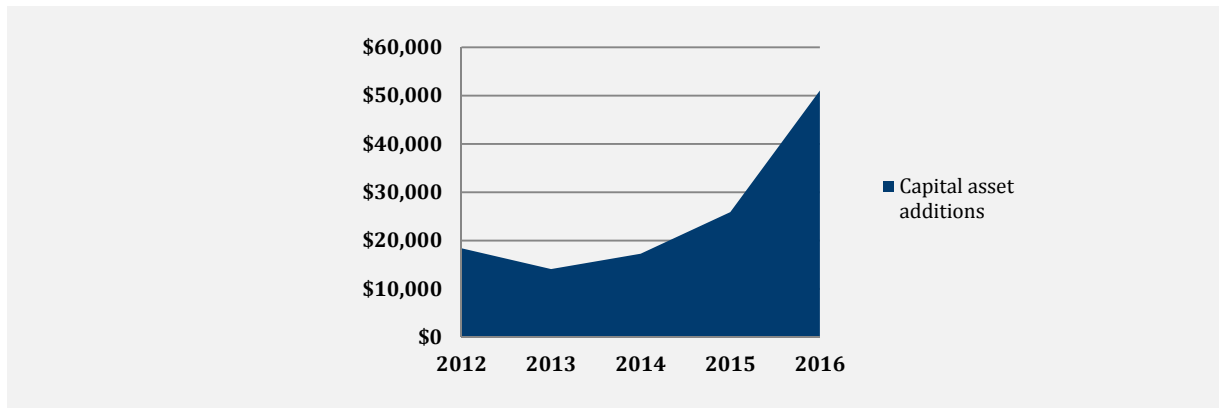
- Collaborative Research and Development Space of 10,000 sq. ft. enabling researchers across the University's seven Faculties to share equipment and expertise to operate highly specialized instruments that require appropriate technical support to use;
- Innovation and Commercialization Space of 5,000 sq. ft. to help emerging start-ups by bridging the existing gap between laboratory and market. To do so, the University will leverage its partnership with the Northern Centre for Advanced Technology Inc. (NORCAT), Sudbury's Regional Innovation Centre thus avoiding duplication of expertise in the region;
- Four Engineering Capstone Innovation Labs totalling 6,000 sq. ft. in civil, chemical, mechanical and mining engineering enabling over 160 fourth year engineering students working in groups of four to put their knowledge and skills to work to address creative design problems for actual clients. These projects include problem definition, development of concepts, concept presentation to industry and the creation of a working physical prototype at the end of their year-long project;
- A Materials Analysis Lab of 3,000 sq. ft. to support researchers, students and industry partners in chemical analysis as well as mechanical, metallurgical, corrosion, heat treatment and capability testing;
- An Environmental and Soil Mechanics Lab of 2,000 sq. ft. will contain instrumentation, environmental chambers and other specialized equipment to support research, innovation and industry partners in the design of foundation and earth structures, and address issues in water chemistry, environmental microbiology, physical and chemical processes, and microbiological processes in addition to analytical equipment and bench-scale treatment systems;
- A Prototype Development and Machine Shop of 2,000 sq. ft. enabling innovation requiring a physical system;
- An Integrated Software Lab and Lecture Theatre of 2,000 sq. ft. will be equipped for computer-based activities using engineering software. This additional capacity will allow students to complete years 3 and 4 in civil engineering at Laurentian, and will accommodate bilingual engineering students who currently travel 400-600 km to complete their degrees;
- A Hydraulics and Fluid Mechanics Lab of 1,500 sq. ft. enabling engineering students to learn and research about open channel and closed channel fluid flows;

The project is expected to be fully funded through government grants and philanthropy.

Planning, Capital Projects & Financing (continued):

❖ Capital additions by fiscal year (000's)

Over the past five years, Laurentian has invested heavily in its physical resources to a total of approximately \$127 million. The graph below illustrates these investments by year.



❖ Capital Financing

Capital and operational projects are financed through long-term debt and through internal funding. Total outstanding long-term debt was \$88.0 million at the end of fiscal 2016, \$39.8 million of this is related to ancillary operations, \$15.0 million to the School of Education and \$7.2 to the Voyageur Recreation Centre, which is 60% supported by student fees. Additional long-term debt of \$14.2 million has been secured for completion of the campus modernization project in January 2017.

At April 30, 2016, \$23.8 million in capital projects were financed by internal financing. Ongoing major capital projects are financed by internal debt until receipt of funding or long-term borrowing.

The University has access to a Royal Bank unsecured line of credit of \$5 million and a Desjardins unsecured line of credit of \$20 million. At April 30, 2016 the University had drawn \$3.6 million.

Energy and Sustainability:

The University recognizes the importance of sustainability in all of its activities. Sustainability, defined as *“the ability to meet the needs of the present organization, without compromising the ability of future generations to meet their own needs”* is reflected in the following projects undertaken in 2015-2016:

- In partnership with the broader community of the City of Greater Sudbury, the campus saw the installation of a new rain garden. The rain garden will help keep nearby waterways clean by slowing stormwater runoff and filtering pollutants from the campus, all while providing a natural habitat and food for birds, bees, and butterflies.
- The Office of Sustainability in collaboration with the Residence Life team and students from Enactus Laurentian hosted a Move-Out Campaign. This initiative helped students moving out of residence to divert their waste from landfills by donating electronics, clothing, food and household items to local beneficiaries.
- A new bike repair station is on campus where students, faculty and staff who chose to have a greener commute, such as cycling, can now perform minor repairs to their bikes for free.
- Laurentian University, along with their local distribution company, commissioned detailed engineering studies aimed at retrofitting heating equipment across campus to a more energy efficient system.
- Among the first post-secondary education institutions to sign on to the Paris Climate Action pledge.
- Students from the School of the Environment Student Association in partnership with the Office of Sustainability were awarded a grant to install an indoor living wall on campus. The green wall will provide improved indoor air quality, beautiful indoor aesthetics and learning opportunities for the campus community.
- Working with Greater Sudbury Utilities, a cutting edge “Cogeneration” project has been built into the new Research Innovation and Research centre. It would allow the capture and repurposing of heat created in the original electrical generation reducing electrical consumption from the grid by 79%.

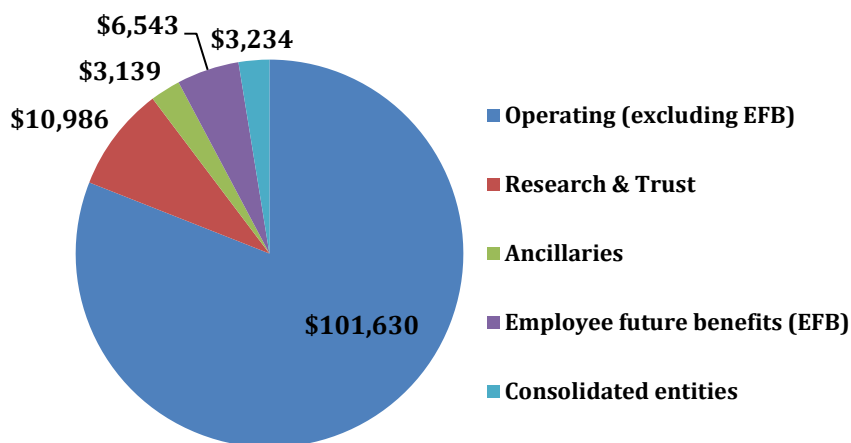


❖ Cap and Trade

Ontario’s new Cap and Trade Regulation is designed to help fight climate change. Laurentian University has been heavily involved in consultations with the Ministry of the Environment and Climate Change to understand the impacts of the new Regulation beginning January 2017. Based on annual greenhouse gas emissions, Laurentian University is currently evaluated as a "Market Participant". Under this category, the institution does not have annual reporting and compliance obligations, however costs of the Cap and Trade program will be passed on to "Market Participants" like Laurentian through their fuel distributors. For Laurentian University, this means additional costs to natural gas consumption through Union Gas. Union Gas has asked the Ontario Energy Board (OEB) for approval to introduce a cap-and-trade rate on applicable customer's natural gas bill, effective January 1, 2017. Laurentian University is actively pursuing opportunities to reduce the impacts of this Regulation on annual operating costs through energy efficient upgrades, changes in delivery locations and price hedging.

Compensation and Benefits

Salaries and benefits represent 70% of the University's expenses. Salaries and benefits expense increased 2.9% over prior year to \$125.5 million with a breakdown as follows:



Employee Future Benefits (EFB)

The University has three post-employment benefit plans. The first is a defined benefit pension plan (formerly a hybrid plan until 2012) in which the University contributes the required funding to support its current obligation and any past service cost. The employees contribute a set amount as determined either through collective bargaining or through decisions made by the Board. The benefits are based on years of service and the average of the best five consecutive years of salary at retirement. The second benefit is the Retiree Health Benefit Plan (RHBP) to which the employees contribute during their employment. The benefit is based upon a fixed annual maximum reimbursement of actual expenses claimed. The third benefit is a supplemental pension plan to provide eligible employees with benefits otherwise available should the Canada Revenue Agency limitations not have been imposed.

The University determines its obligations for its employee future benefits using funding assumptions within its financial statements.

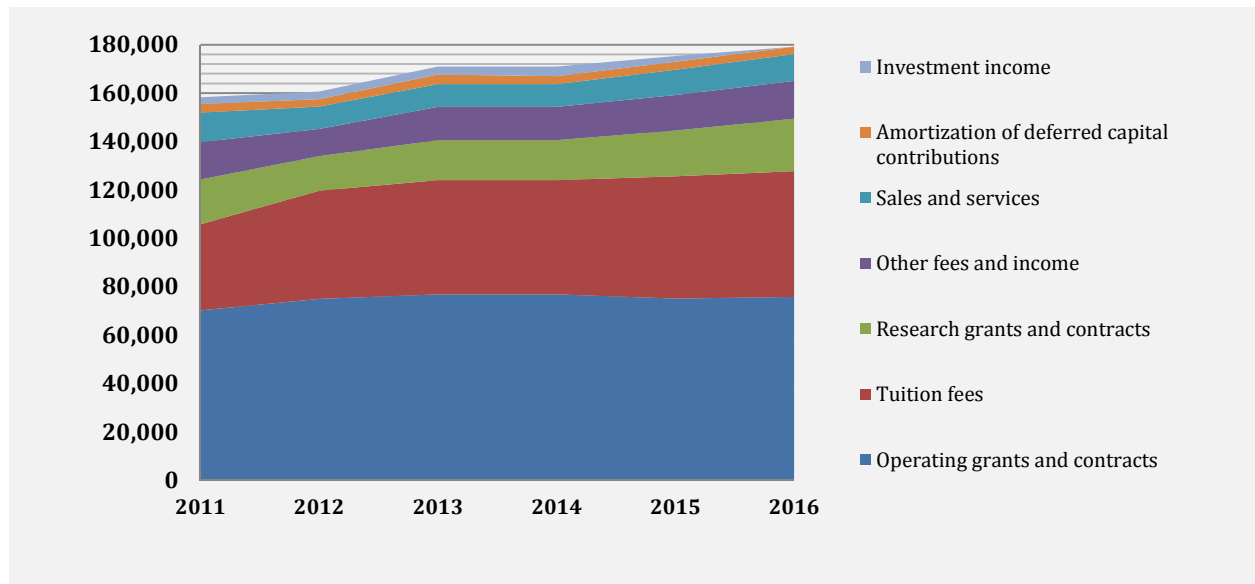
The going concern surplus of the Pension Plan at April 30, 2016 is \$3.1 million (2014-2015 surplus of \$18.7 million). The solvency deficit, which will need to be funded commencing in 2018 continues to increase with decreasing long-term interest rates, and is estimated to be a deficit of \$78.0 million at April 30, 2016. The University currently has a solvency exemption until 2018. The supplemental pension plan is not funded and has a liability of \$2.7 million.

The RHBP has been underfunded since its inception and currently has a deficit of \$6.0 million. The University is seeking to resolve this problem through discussions with full-time unionized and non-unionized employees.

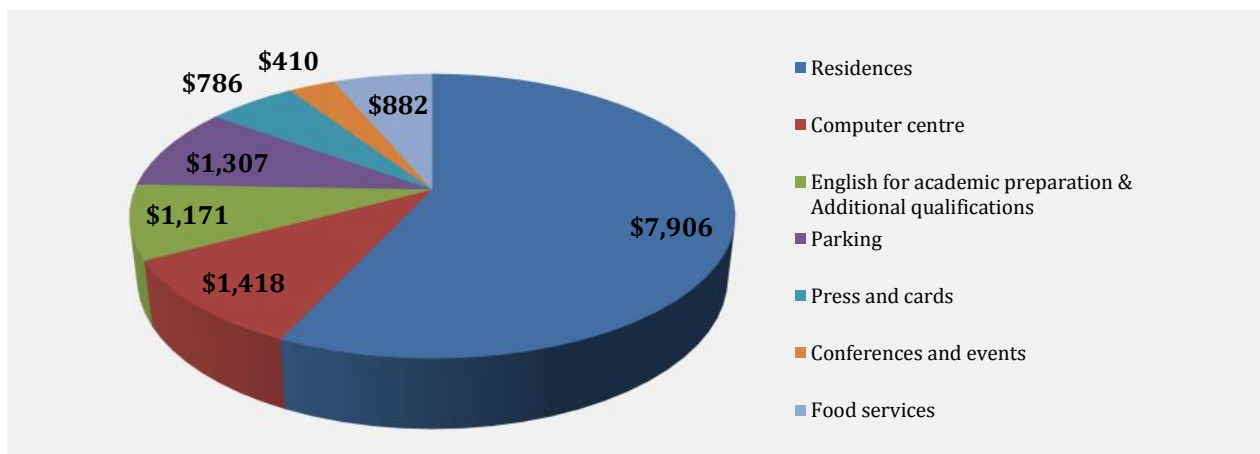
Laurentian University, like many other Ontario Universities, is examining options to solve the funding requirements for pension plan solvency deficits. The University is participating in a joint Council of Ontario Universities (COU) / Ontario Confederation of University Faculty Association (OCUFA) University Pensions Project and is also working with its actuaries to determine solutions to solvency deficit funding.

Revenue Trends (in 000's)

The following chart depicts the University's revenue sources over the past 6 years. Grant revenue has seen minimal increases over the years. This trend has increased the reliance on tuition fees to cover inflation and increasing expenses. Tuition fees represented 22% of total revenue in 2011 and this has climbed to 29% in 2016.



Ancillary Revenues (in 000's)



Overall, ancillary revenues have increased 3.7% from 2015. This is primarily due to an increase in residence revenue.

Externally Funded Research

(in 000`s and excludes related entities)	2016	2015
Revenue	\$ 12,738	\$ 10,984
Expenses		
Salaries and benefits	8,221	7,174
Other	4,458	4,177
	12,679	11,351
Excess (deficiency) of revenue over expenses, being increase (decrease) in deferred research contributions	59	(367)
Deferred research contributions, beginning of year	11,677	12,044
Deferred research contributions, end of year	\$ 11,736	\$ 11,677

External research revenue increased 16.0% over 2014-2015, largely as a result of an increase in funding from the Natural Sciences and Engineering Research Council (NSERC).

A team of researchers from the University was awarded a grant of \$1.65M under the Collaborative Research and Training Experience (CREATE) program of NSERC. The award will support a new program to train conservation professionals for zoos/aquariums and their conservation partners. The University also completed the successful renewal of four of its Canada Research Chairs and was awarded a new Canada Research Chair Tier II in Aboriginal Health.

During 2015-2016, the University appointed two new Associate Vice-Presidents: Vic Pakalnis, Associate Vice- Laurentian Mining, Innovation and Technology (LMIT) and Craig Fowler, Associate Vice-President Research Partnerships, Innovation and Economic Development.

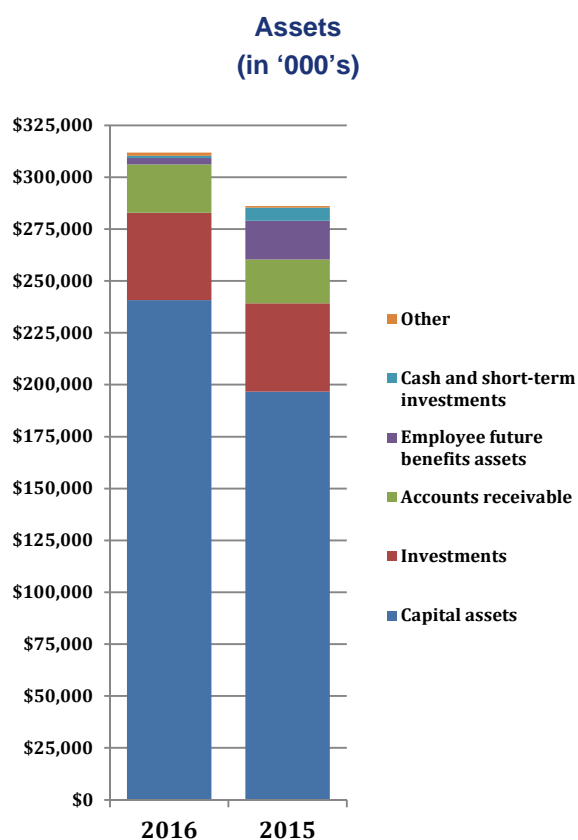
Another highlight of fiscal 2016 was the Sudbury Protocol Conference, funded by the Social Sciences and Humanities Research Council (SSHRC), the Northern Ontario Heritage Fund Corporation (NOHFC), the City of Greater Sudbury and Science North. Over 160 people from academia, all levels of government, industry and community groups attended the three-day conference that brought together researchers, community leaders, and industry partners. The conference precipitated a great exchange of ideas among humanities and social science scholars, researchers in natural sciences and engineering fields as well as in health-related disciplines, industry representatives, municipal leaders, First Nations and community groups.



www.laurentian.ca/sudburyprotocol

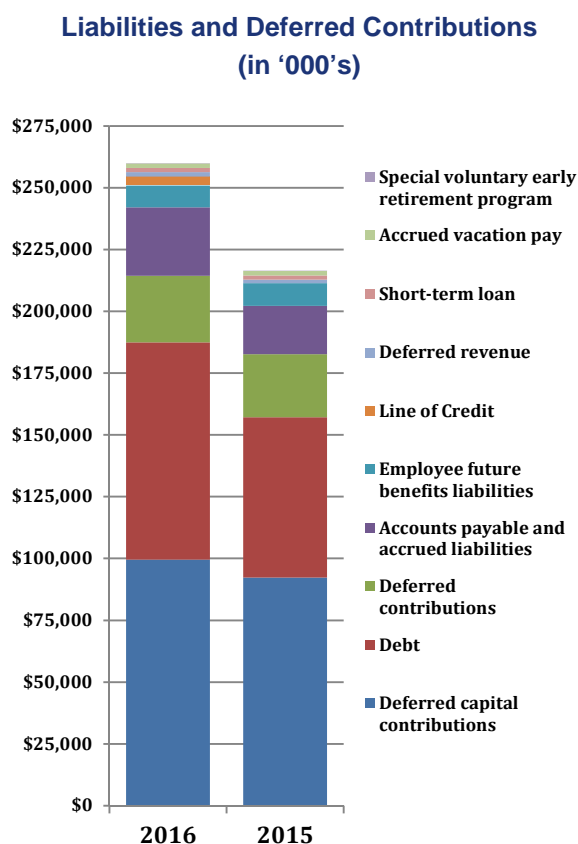
FINANCIAL STATEMENT HIGHLIGHTS

Consolidated Statement of Financial Position



Cash and short-term investments were reduced by \$5.1 million during fiscal 2016. This is mainly a result of an increase in capital project spending financed by internal debt. Accounts receivable are up \$2.2 million as a result of an increase in HST rebates receivable and research grants receivable. Investments are down primarily due to the decrease in market value of equity investments, which has seen improvement after year end. Finally, capital assets experienced a significant increase because of capital project spending on the School of Architecture (\$12 million), Campus Modernization (\$30 million), Cardiovascular and Metabolic Research Lab (\$5 million) and other small projects (\$4 million) less amortization of \$6.7 million.

Overall, assets have increased 9%.

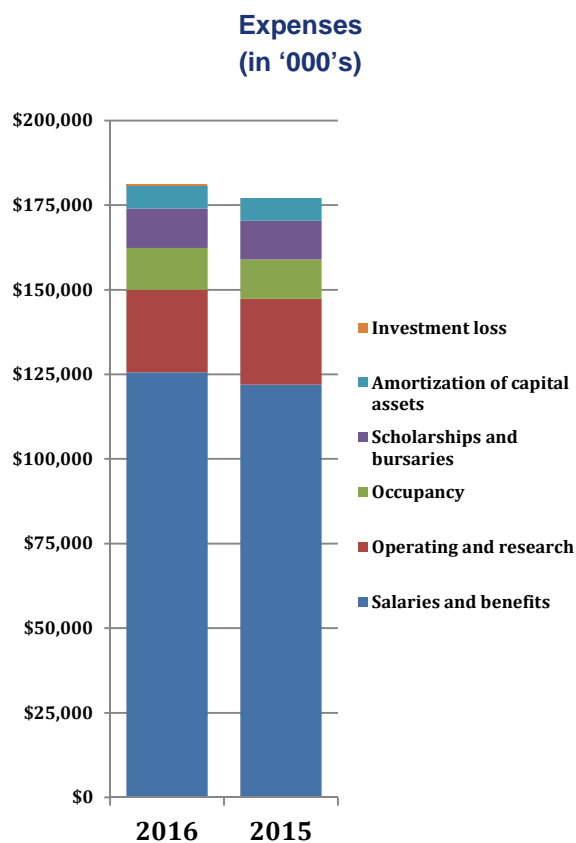
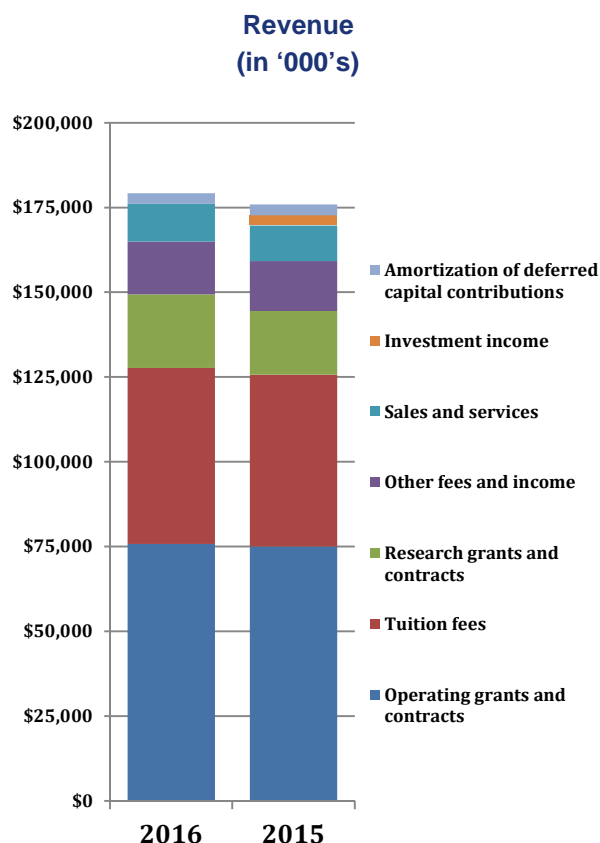


Accounts payable and accrued liabilities have increased \$8.1 million; this is primarily due to the timing of large capital related expenditures. On April 30, 2016, the University had drawn \$3.6 million on its line of credit. Long-term debt is also up this year due to new debt advanced in the amounts of \$23.8 million for the Campus Modernization project and \$1.3 million for the SSR project, less principal repayments of \$2.1 million. Deferred capital contributions have increased as well primarily because of \$9.8 million in deferred School of Architecture grants which will be amortized to revenue over the life of the assets.

Overall, liabilities and deferred contributions have increased 20%.

FINANCIAL STATEMENT HIGHLIGHTS (continued)

Consolidated Statement of Operations



Operating grants are comparable to prior year. Tuition revenue increased 2.7% over last year due to increases in tuition fees. Research revenue is up 15.3% due to various new projects. Sales and services have increased 6.1% and this is largely because of an increase in residence revenue. Other fees and income are up 5.6% due to small fee increases. Investment income is in a loss position this year (see expenses) due to unrealized losses in the value of our equity investments, which has seen improvement after year end.

Overall, revenue increased by 2.2%.

Salaries and benefits expenses have risen 2.9% over last year as a result of wages increases. Operating and research expenses have decreased 3.3% primarily due to reduced expenses in Barrie and also a reduction in library acquisitions expense due to the increase in the value of the USD the previous year. Occupancy related expenses have increased 5.9% due to the maintenance costs associated with aging infrastructure. Scholarships and bursaries as well as amortization expense remained fairly consistent with prior year.

Overall, expenses increased by 2.3%.

STATEMENT OF ADMINISTRATIVE RESPONSIBILITY

The administration of Laurentian University of Sudbury (the University) is responsible for the preparation of the consolidated financial statements, the notes thereto and all other financial information contained in this Annual Financial Report. The administration has prepared the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations. The administration believes the consolidated financial statements present fairly the University's financial position as at April 30, 2016 and the results of its operations and its cash flows for the year ended April 30, 2016. In order to achieve the objective of fair presentation in all material respects, reasonable estimates and judgments were employed. Additionally, management has ensured that financial information presented elsewhere in this Annual Financial Report has been prepared in a manner consistent with that in the consolidated financial statements. In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal controls designed to provide reasonable assurance that University assets are safeguarded from permanent loss and that the accounting records are a reliable basis for the preparation of consolidated financial statements.

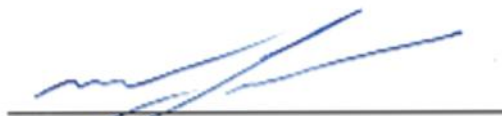
Eckler Ltd. has been retained by the University in order to provide an estimate of the University's liability for pension and other employee future benefits. Management has provided the actuary with the information necessary for the completion of the University's actuarial report and retains ultimate responsibility for the determination and estimation of the pension and other employee future benefits liabilities reported.

The Board of Governors carries out its responsibility for review of the consolidated financial statements and this Annual Financial Report principally through its Audit Committee. The members of the Audit Committee are not officers or full-time employees of the University. The Audit Committee meets regularly with the administration, as well as external auditors, to discuss the results of audit examinations and financial reporting matters and to satisfy itself that each party is properly discharging its responsibilities. The auditors have full access to the Audit Committee with and without the presence of the administration.

The consolidated financial statements for the year ended April 30, 2016 have been reported on by KPMG LLP, Chartered Accountants, the auditors appointed by the Board of Governors. The independent auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the consolidated financial statements.



Carol McAulay, CPA, CA
Vice-President, Administration



Normand Lavallée, FCPA, FCMA, FCA
Executive Director, Financial Services

Consolidated Financial Statements of

**LAURENTIAN UNIVERSITY
OF SDBURY**

Year ended April 30, 2016



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INDEPENDENT AUDITORS' REPORT

To the Governors of Laurentian University of Sudbury

We have audited the accompanying consolidated financial statements of Laurentian University of Sudbury, which comprise the statement of consolidated financial position as at April 30, 2016, the consolidated statements of operations, changes in net assets (deficiency) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Laurentian University of Sudbury as at April 30, 2016, its results of operations, changes in net assets (deficiency) and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

October 20, 2016
Sudbury, Canada

LAURENTIAN UNIVERSITY OF SUDBURY

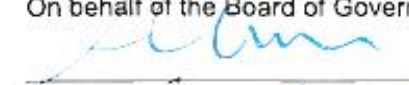
Consolidated Statement of Financial Position

April 30, 2016, with comparative information for 2015
(thousands of dollars)


	2016	2015
Assets		
Current assets:		
Cash and short-term investments (note 2)	\$ 1,144	6,306
Accounts receivable (note 3)	23,324	21,142
Other	1,512	859
	<u>25,980</u>	<u>28,307</u>
Investments (note 2)	41,988	42,550
Employee future benefit assets (note 4)	3,087	18,706
Capital assets (note 5)	240,817	196,604
	<u>\$ 311,872</u>	<u>286,167</u>
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Line of credit (note 14)	\$ 3,620	–
Short-term loan (note 6)	1,601	1,659
Accounts payable and accrued liabilities (note 7)	27,661	19,589
Accrued vacation pay	1,835	1,792
Deferred revenue	1,853	1,370
Current portion of long-term debt (note 8)	2,220	2,067
Current portion of special voluntary early retirement program (note 9)	59	229
	<u>38,849</u>	<u>26,706</u>
Long-term obligations:		
Special voluntary early retirement program (note 9)	–	57
Long-term debt (note 8)	85,799	62,839
Employee future benefits liabilities (note 4)	8,772	9,212
	<u>94,571</u>	<u>72,108</u>
Deferred contributions (note 10):		
Deferred contributions	26,952	25,487
Deferred capital contributions	99,480	92,266
	<u>126,432</u>	<u>117,753</u>
Net assets (deficiency):		
Unrestricted	(9,211)	(9,811)
Vacation & employee future benefits	(7,579)	7,416
Internally restricted	26,822	31,211
Endowment	41,988	40,784
	<u>52,020</u>	<u>69,600</u>
Commitments and contingencies (note 14)		
	<u>\$ 311,872</u>	<u>286,167</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board of Governors:



Governor



Governor

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statement of Operations

Year ended April 30, 2016, with comparative information for 2015
(thousands of dollars)

	2016	2015
Revenue:		
Operating grants and contracts	\$ 75,729	75,056
Tuition fees	51,959	50,613
Research grants and contracts	21,680	18,803
Other fees and income (note 16)	15,593	14,770
Sales and services	11,092	10,451
Amortization of deferred capital contributions	3,150	3,214
Investment income (note 2)	–	2,460
	179,203	175,367
Expenses:		
Salaries and benefits	125,532	122,014
Operating and research	24,464	25,287
Occupancy	12,340	11,655
Scholarships and bursaries	11,662	11,450
Amortization of capital assets	6,711	6,706
Investment loss (note 2)	480	–
	181,189	177,112
Deficiency of revenue over expenses	\$ (1,986)	(1,745)

See accompanying notes to consolidated financial statements.

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statement of Changes in Net Assets (Deficiency)

Year ended April 30, 2016, with comparative information for 2015
(thousands of dollars)

2016	Unrestricted	Vacation & Employee Future Benefits	Internally Restricted (note 11)	Endowment	Total
Net assets (deficiency), beginning of year	\$ (9,811)	7,416	31,211	40,784	69,600
Excess (deficiency) of revenue over expenses	(258)	1,803	(3,531)	–	(1,986)
Internally restricted transfers	858	–	(858)	–	–
Endowment contributions	–	–	–	1,204	1,204
Employee future benefits remeasurements and other items	–	(16,798)	–	–	(16,798)
Net assets (deficiency), end of year	\$ (9,211)	(7,579)	26,822	41,988	52,020

2015	Unrestricted	Vacation & Employee Future Benefits	Internally Restricted (note 11)	Endowment	Total
Net assets (deficiency), beginning of year	\$ (8,232)	(16,425)	32,440	37,853	45,636
Excess (deficiency) of revenue over expenses	683	1,063	(3,491)	–	(1,745)
Internally restricted transfers	(2,262)	–	2,262	–	–
Endowment contributions	–	–	–	2,931	2,931
Employee future benefits remeasurements and other items	–	22,778	–	–	22,778
Net assets (deficiency), end of year	\$ (9,811)	7,416	31,211	40,784	69,600

See accompanying notes to consolidated financial statements.

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statement of Cash Flows

Year ended April 30, 2016, with comparative information for 2015
(thousands of dollars)

	2016	2015
Cash flows from operating activities:		
Deficiency of revenue over expenses	\$ (1,986)	(1,745)
Non-cash items:		
Amortization of capital assets	6,711	6,706
Amortization of deferred capital contributions	(3,150)	(3,214)
Change in accrued early retirement program costs (note 9)	(227)	(541)
Change in unrealized gains on investments	3,761	(828)
Excess of employer contributions over employee future benefits net benefit costs	(1,619)	(601)
	3,490	(223)
Change in non-cash working capital (note 15)	5,763	2,909
	9,253	2,686
Cash flows from financing activities:		
Purchases of capital assets	(50,924)	(25,864)
Increase (decrease) in deferred contributions	1,465	(468)
Deferred capital contributions received	10,364	12,951
Repayment of long-term debt	(2,067)	(1,315)
Long-term debt obtained	25,180	4,267
Increase in line of credit	3,620	-
Decrease in short-term loan	(58)	(59)
	(12,420)	(10,488)
Cash flows from investing activities:		
Net acquisition of investments	(3,199)	(2,414)
Endowment contributions	1,204	2,931
	(1,995)	517
Net decrease in cash and short-term investments	(5,162)	(7,285)
Cash and short-term investments, beginning of year	6,306	13,591
Cash and short-term investments, end of year	\$ 1,144	6,306

See accompanying notes to consolidated financial statements.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2016
(thousands of dollars)

Laurentian University of Sudbury (the "University") is incorporated by special act under the laws of Ontario.

The university is a registered charity and is therefore, under section 149 of the Income Tax Act, exempt from payment of income tax.

1. Significant accounting policies:

(a) Revenue recognition:

The University follows the deferral method of accounting for contributions. The principles under this method are summarized as follows:

Unrestricted contributions and donations are recognized as revenue when received or receivable if the amount can be reasonably estimated and allocation is reasonably assured. Contributions pertaining to future periods are deferred and recognized as revenue in the year in which the related expenses are recognized.

Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are recognized.

Contributions restricted for capital asset purchases are deferred and amortized to operations on the same basis as the related asset is amortized.

Endowment contributions consist of donations and capitalized investment income (loss) and are recognized on the accrual basis as direct changes in net assets.

Pledges are not legally enforceable claims and therefore are not recorded in these consolidated financial statements until they are received.

Student fees and tuitions and other fees and income are recognized as revenue in the fiscal period when the respective courses and seminars are held.

(b) Investments:

Investments are largely invested in pooled funds, which are carried at fair value.

Income/loss derived from endowment investments is allocated to the related scholarship and bursary accounts and the endowment fund balance. Investment income/loss on non-endowment investments is allocated to the respective non-endowment fund balance in proportion to their yearly weighted average.

(c) Capital assets:

Purchased assets are recorded at cost. Contributed assets are recorded at fair market value at the date of contribution. Certain parcels of land that were purchased prior to May 1, 2011 are recorded at deemed cost, being their fair value at May 1, 2011, the transition date to Canadian accounting standards for not-for-profit organizations.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2016
(thousands of dollars)

1. Significant accounting policies: (continued)

(c) Capital assets: (continued)

Capital assets are amortized on the straight-line basis over their estimated useful lives as follows:

Buildings	40 years
Equipment and furnishings	7 years
Site improvements	15 years

Construction in progress is not amortized until the project is complete and the facilities are put in use.

(d) Employee future benefits liabilities:

Effective July 1, 2012, the University registered its Pension Plan for all future service as a defined benefit plan for all employees of the University. Prior to this, the Pension Plan provided a defined contribution Pension Plan with a guaranteed minimum defined benefit.

All full time employees of the University which participate in the plan, are eligible to join a plan upon entering the service of one of those employers. The benefits are based on years of service and final average salary.

The University sponsors a defined benefit health care plan for substantially all retirees and employees.

The University has approved a supplemental plan for employees to provide them with full benefits should the Canada Revenue Agency limitations not have been imposed.

The University recognizes the amount of the accrued obligation net of the fair value of plan assets in the consolidated statement of financial position. Current service and finance costs are expensed during the year, while remeasurements and other items, representing the total of the difference between actual and expected return on plan assets, actuarial gains and losses, and past service costs, are recognized as a direct increase or decrease in net assets. The accrued liability for funded employee future benefits is determined using a roll-forward technique to estimate the accrued liability using funding assumptions from the most recent actuarial valuation report prepared at least every three years.

The accrued liability for unfunded plans is prepared on a basis consistent with funded plans. Employee future benefit plans' assets are measured at fair value at the date of the consolidated statement of financial position.

The most recent actuarial valuation was as of July 1, 2014, and the next required valuation will be as of July 1, 2017.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2016
(thousands of dollars)

1. Significant accounting policies: (continued)

(e) Internally restricted net assets:

The University restricts use of portions of its operating net assets for specific future uses. When incurred, the related expenses are charged to operations, and the balance of internally restricted assets is reduced accordingly with a transfer to unrestricted net assets.

(f) Related entities and basis of presentation:

MIRARCO

The consolidated financial statements are inclusive of the assets, liabilities, revenues and expenses of the Mining Innovation Rehabilitation and Applied Research Corporation, which is a wholly controlled entity.

Northern Ontario School of Medicine

The Northern Ontario School of Medicine (the "School") was created to provide medical education in Northern Ontario. Although the University, along with Lakehead University, the only other voting member of the School, has significant relationships with the School, the University has no claim to the School's net assets nor is the University liable or contingently liable for any of the School's obligations. Accordingly, the operations of the School are not included in these consolidated financial statements.

Northern Policy Institute

The Northern Policy Institute (NPI) was created to develop and promote proactive, evidence-based and purpose-driven policy options that deepen understanding about the unique challenges and opportunities of Northern Ontario in addition to advancing the sustainable development and long-term economic prosperity of the North. Although the University, along with Lakehead University, has significant relationships with NPI, the University has no claim to NPI's net assets nor is the University liable or contingently liable for any of NPI's obligations. Accordingly, the operations of NPI are not included in these consolidated financial statements.

SNOLAB

SNOLAB is a research project whose principal objective is the construction, operation and decommissioning of the SNOLAB International Facility for Underground Science. An agreement specifies that the project's liabilities and assets are to be divided among the SNOLAB member institutions. As a result, the University's proportionate share (20%) of the entity's revenues and expenses to March 31, 2015 have been included in these consolidated financial statements. The 2016 financial statements are not yet available. SNOLAB is in the process of incorporating as a not-for-profit corporation. Therefore, the University has written-off its share of assets and liabilities as at April 30, 2016 as it will no longer have access to the assets or liabilities related to the operations of SNOLAB once incorporated.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2016
(thousands of dollars)

1. Significant accounting policies: (continued)

- (f) Related entities and basis of presentation: (continued)

Centre for Excellence in Mining and Innovation (CEMI)

The Centre for Excellence in Mining and Innovation (CEMI) was created on April 23, 2007 to advance study, research and innovation. The University contributed \$10 million received from the Provincial Government to create and fund CEMI on its inception.

The University has no claim to CEMI's assets during its operating life nor is it liable or contingently liable for CEMI's obligations. Accordingly, the operations of CEMI are not included in these consolidated financial statements.

Student Organizations

These consolidated financial statements do not reflect the assets, liabilities and results of operations of the various student organizations at the University.

- (g) Financial instruments:

All financial instruments are initially recorded on the consolidated statement of financial position at fair value.

All investments held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

The University enters into interest rate swaps to hedge the effect of changes in interest rates on its long-term debt that bears interest based on the London Interbank Offered Rate (LIBOR). Gains or losses realized on the settlement of the hedging item are deferred until the settlement of the hedged item.

At the inception of hedging relationship, the University designates that hedge accounting will be applied. The University formally documents the hedging relationship between the hedging instruments and hedged item. At the inception of the hedge and throughout its term, the terms of the hedging item and hedged item are the same.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2016
(thousands of dollars)

1. Significant accounting policies: (continued)

(h) Use of estimates:

The preparation of consolidated 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 dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Items subject to such estimates and assumptions include the carrying value of capital assets and obligations related to employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are recognized in the consolidated financial statements in the year in which they become known.

(i) Impairment of long-lived assets:

Long-lived assets, including capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2016
(thousands of dollars)

2. Cash and Investments:

	2016	2015
Short-term:		
Cash	\$ –	812
Short-term investments	1,144	5,494
	1,144	6,306
Long-term:		
Equity funds, segregated funds	19,772	19,819
Fixed income	22,216	22,731
	41,988	42,550
	\$ 43,132	48,856

Long-term investments reflect funds for endowment balances.

The equity funds, segregated funds and fixed income securities are measured at market value.

The breakdown of investment income (loss) is as follows:

	2016	2015
Unrealized gains (losses)	\$ (3,761)	828
Interest income	2,255	1,812
Realized gains (losses)	1,196	(9)
	(310)	2,631
Investment management fees	(170)	(171)
	\$ (480)	2,460

3. Accounts receivable:

	2016	2015
Accounts receivable	\$ 24,982	22,440
Less allowance for doubtful accounts	(1,658)	(1,298)
	\$ 23,324	21,142

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2016
(thousands of dollars)

4. Employee future benefits:

The University provides for pension benefits as well as the reimbursement of a fixed annual amount of medical expenses to retired employees provided that certain specified conditions are met. An actuarial calculation of the future liabilities thereof has been made and forms the basis for the accrued benefit obligation.

The breakdown of the plans is as follows:

	Pension	Post-Employment Benefit Obligation	Supplemental Pension Plan	2016 Total	2015 Total
Accrued benefit obligation	\$ (338,324)	(7,425)	(2,765)	(348,514)	(337,874)
Fair value of plan assets	341,411	1,418	–	342,829	347,368
Accrued benefit assets	\$ 3,087	–	–	3,087	18,706
Accrued benefit liabilities	\$ –	(6,007)	(2,765)	(8,772)	(9,212)

The significant assumptions used are as follows (weighted-average):

	Pension and Supplemental Pension Plan		Post-Employment Benefit Obligation	
	2016	2015	2016	2015
Discount rate	6.00%	6.00%	4.00%	4.00%
Rate of compensation increases	3.00%	3.00%	–	–
Expected long-term rate of return on plan assets	6.00%	6.00%	4.00%	4.00%
Health care cost trend rate	–	–	3.00%	3.00%
Rate of inflation	2.00%	2.00%	–	–

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2016
(thousands of dollars)

5. Capital assets:

	Cost	Accumulated Amortization	2016 Net book Value	2015 Net book Value
Buildings	\$ 301,874	(80,862)	221,012	175,481
Equipment and furnishing	54,086	(49,820)	4,266	5,251
Site improvements	10,983	(8,857)	2,126	2,459
Land	13,413	–	13,413	13,413
	\$ 380,356	(139,539)	240,817	196,604

A total of \$80,171 (2015 – \$36,771) of buildings is under construction and not yet subject to amortization.

6. Short-term loan:

The short-term loan represents an unsecured loan from TD Canada Trust for the student recreation centre, with a floating interest rate of 1.0% at April 30, 2016 (2015 – 1.0%).

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$3,670 (2015 – \$2,923), which includes amounts payable for payroll related taxes.

8. Long-term debt:

Unsecured loans with:	Rate	Fixed Maturity	2016	2015
Bank of Montreal	5.14%	2024	\$ 2,285	2,492
Royal Bank of Canada	3.90%	2040	14,690	15,021
Royal Bank of Canada	4.50%	2042	19,328	19,714
Royal Bank of Canada	3.90%	2023	6,010	5,365
Royal Bank of Canada	4.63%	2042	26,319	2,473
TD Canada Trust	4.70%	2036	12,170	12,503
TD Canada Trust	4.74%	2043	7,217	7,338
			88,019	64,906
Less current portion of long-term debt			(2,220)	(2,067)
			\$ 85,799	62,839

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2016
(thousands of dollars)

8. Long-term debt: (continued)

The above-noted debt was advanced under variable rate credit facilities for the financing of various residences, construction of the School of Education and Student Recreation Centre as well as Campus Modernization projects.

The University has entered into interest rate derivative agreements to manage the volatility of interest rates. The University converted floating rate debt of 1.0% (2015 - 1.0%) for fixed rate debt as noted above. The related derivative agreements are in place until the maturity of the debt.

The principal repayments of long-term debt are as follows:

2017	\$	2,220
2018		3,330
2019		3,460
2020		3,606
2021		3,745
Thereafter		71,658
	\$	88,019

9. Special voluntary early retirement program:

The University offered a voluntary early retirement program to all faculty in fiscal 2009. An actuarial calculation of the future liabilities thereof has been made and forms the basis of this provision.

	2016	2015
Balance, beginning of year	\$ 286	827
Interest costs	10	34
Benefits paid	(239)	(484)
Actuarial loss (gain)	2	(91)
Change during the year	227	541
Balance, end of year	59	286
Less current portion of special voluntary early retirement program	(59)	(229)
	\$ -	57

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2016
(thousands of dollars)

10. Deferred contributions:

(a) Deferred contributions:

Deferred contributions represent external contributions restricted for research and other expenditures to be incurred in subsequent fiscal years. Details of the change in deferred contributions are as follows:

	2016	2015
Balance, beginning of year	\$ 25,487	25,955
Add contributions received in the year	22,078	19,064
Less amounts recognized as revenue	(20,613)	(19,532)
Balance, end of year	\$ 26,952	25,487

(b) Deferred capital contributions:

Deferred capital contributions represent the unspent and unamortized amount of donations and grants received for the purchase of capital assets. Details of the change in deferred capital contributions are as follows:

	2016	2015
Unspent:		
Balance, beginning of year	\$ 1,610	560
Add contributions received in the year	10,364	12,951
Less amounts utilized	(11,764)	(11,901)
Balance, end of year	210	1,610
Unamortized:		
Balance, beginning of year	90,656	81,969
Add contributions utilized in the year	11,764	11,901
Less amount amortized to revenue	(3,150)	(3,214)
Balance, end of year	99,270	90,656
Total unspent and unamortized capital contributions	\$ 99,480	92,266

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2016
(thousands of dollars)

11. Internally restricted net assets:

	2016	2015
Investment in capital assets (note 12)	\$ 24,537	24,976
Reserve for future years	1,744	-
Over (under) financed capital	(296)	431
Scholarship and bursary funds	72	3,611
Departmental and subsidiary research funds	1,532	1,098
Departmental carry forward and future budget provisions	729	1,508
McEwen School of Architecture	(1,846)	(1,421)
Ancillaries	350	1,008
	\$ 26,822	31,211

The McEwen School of Architecture was launched in 2013. During the initial years, losses from the school will accumulate until full enrolment in the Master in Architecture Program. Subsequently, the School will repay the accumulated deficits to the University's Operating Fund.

12. Investment in capital assets:

The investment in capital assets is calculated as follows:

	2016	2015
Capital assets	\$ 240,817	196,604
Less amounts financed by:		
Long-term debt	(88,019)	(64,906)
Internal financing (note 13)	(23,770)	(14,407)
Short-term loan	(1,601)	(1,659)
Line of credit	(3,620)	-
Unamortized deferred capital contributions (note 10)	(99,270)	(90,656)
	\$ 24,537	24,976

13. Internal financing:

Details of capital asset internal financing activities are as follows:

	2015	New Financing	Repayments	2016
Campus Modernization	\$ 8,512	4,453	-	12,965
Cardiovascular Metabolic Research Lab	118	4,907	-	5,025
Great Hall renovations	2,551	-	(227)	2,324
McEwen School of Architecture	-	1,357	-	1,357
Ancillaries	2,192	-	(961)	1,231
Campus Master Plan	313	-	(26)	287
Leasehold for Barrie offices	327	-	(117)	210
Human Kinetics Ropes	-	146	(8)	138
Energy retrofit	282	-	(146)	136
Other small projects	112	36	(51)	97
	\$ 14,407	10,899	(1,536)	23,770

The internal loans bear interest at a floating rate equal to the return earned on short-term investments and are to be repaid over a period ranging from three to twenty-five years.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2016
(thousands of dollars)

14. Commitments and contingencies:

- (a) The University has access to a Royal Bank unsecured line of credit of \$5,000 and a Desjardins unsecured line of credit of \$20,000. These lines of credit bear interest at Royal Bank prime rate less 0.50% and Desjardins prime rate less 0.95%. As at April 30, 2016, the University had not drawn on the Royal Bank line of credit and had drawn \$3,935 on the Desjardins line of credit.
- (b) The University participates in a reciprocal exchange of insurance risks in association with forty other Canadian universities. This self-insurance co-operative involves a contractual agreement to share the insurance property and liability risks of member universities.
- (c) The Board of Governors of the University approved the School of Architecture capital project in the amount of \$44,100 for which the funding has been secured. At April 30, 2016, \$36,750 had been expended.
- (d) The Board of Governors of the University approved the Laurentian University Modernization Project in the amount of \$50,978 for which the funding is to be provided through long-term debt, capital donations and operational savings. At April 30, 2016, \$40,949 had been expended.
- (e) The Students' General Association, through a referendum, approved a student levy to cover the repayment of a long-term debt facility to provide funding for a new Student Centre. The Board of Governors of the University has approved that the University seek a \$10,000 long-term debt facility to allow the construction of the Student Centre. At April 30, 2016, nil had been expended.
- (f) The Board of Governors of the University approved the Cardiovascular and Metabolic Research Lab project in the amount of \$5,500 for which the funding is to be provided through increased research support funding. At April 30, 2016, \$5,025 had been expended.
- (g) The Board of Governors of the University approved the Research, Innovation and Engineering Centre Project in the amount of \$30,000 for which the funding is to be provided through Government grants and philanthropy. At April 30, 2016, \$30 had been expended.
- (h) The University is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved. Management is of the opinion that these matters are mitigated by adequate insurance coverage.

15. Change in non-cash working capital:

	2016	2015
Cash flows from operating activities:		
Accounts receivable	\$ (2,182)	196
Other assets	(653)	276
Accounts payable and accrued liabilities	8,072	2,996
Accrued vacation pay	43	79
Deferred revenue	483	(638)
	\$ 5,763	2,909

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2016
(thousands of dollars)

16. Other fees and income:

Details of the other fees and income are as follows:

	2016	2015
Scholarships, bursaries and other restricted contributions	\$ 5,976	5,915
Compulsory fees	2,503	2,597
Sponsored students	1,769	2,161
Administrative fees	1,475	1,573
Other	3,870	2,524
	\$ 15,593	14,770

17. Financial risks:

(a) Credit risk:

The risk relates to the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The maximum credit exposure of the University is represented by the fair value of the investments and accounts receivable as presented in the consolidated statement of financial position. Credit risk concentration exists where a significant portion of the portfolio is invested in securities which have similar characteristics or similar variations relating to economic, political or other conditions. The University monitors the financial health of its investments on an ongoing basis with the assistance of its Finance Committee and its investment advisors.

The University assesses on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(b) Interest rate risk:

The University is exposed to interest rate risk with respect to its interest-bearing investments, long-term debt and interest rate swaps as disclosed in the consolidated statement of cash flows and notes 1, 2 and 8.

(c) Currency risk:

The University believes that it is not exposed to significant currency risks arising from its financial instruments.

(d) 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.

There has been no change to the risk exposures from 2015.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2016
(thousands of dollars)

18. First Generation Pilot Project Initiatives:

For the period of May 1, 2015 to April 30, 2016, the University's consolidated financial statements include expenditures totaling \$132 (2015 – \$132) incurred for the purpose of carrying out the First Generation Pilot Project initiatives. The goal of this project is to increase the awareness of the benefits of post-secondary education of first generation students and to increase their participation, retention and graduation rates.

19. Comparative information:

Certain comparative information have been reclassified to conform with the financial statement presentation adopted for the current year.