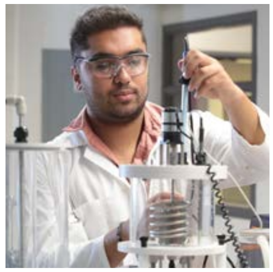




ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED **APRIL 30, 2022**

Laurentian University
Université Laurentienne

ANNUAL FINANCIAL REPORT

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LaurentianUniversity
UniversitéLaurentienne

Introduction

Laurentian was incorporated on March 28, 1960, pursuant to An Act to Incorporate Laurentian University of Sudbury, S.O. 1960, c. 151 C. 154. For over 60 years, Laurentian University of Sudbury ("**Laurentian**") has operated as a publicly funded, bilingual and tricultural post-secondary institution in Northern Ontario, providing high-quality, postsecondary education to domestic and international undergraduate and graduate students.

Laurentian University is located within the territory of the Robinson-Huron Treaty of 1850, and recognizes its placement on the traditional lands of the Atikameksheng Anishnawbek, as well as its proximity to Wahnapitae First Nation. The campus is nestled among five freshwater lakes and a natural setting that is minutes from the downtown area. It comprises more than 765 acres of land adjoining the vast Lake Laurentian Conservation Area. Nature is at the core of the Laurentian's identity, and learning.

The bilingual and tricultural mandate of Laurentian is unique in Ontario and its impact on outcomes in the region is vital and crucial, Laurentian's importance to Northern Ontario and to the thousands of students who otherwise would have difficulty accessing post-secondary education. Laurentian is one of the biggest contributors to the local economy and is widely considered the University of the North-east region.

On February 1, 2021, Laurentian commenced a proceeding under the *Companies' Creditors Arrangement Act* to, among other things, obtain a stay of proceedings to allow Laurentian an opportunity to financially and operationally restructure itself. The stay of proceeding allowed Laurentian to work with many stakeholders to restructure its operations and develop a Plan of Compromise and Arrangement (the "**Plan**"). The purpose of the Plan is to, among other things, complete a restructuring of Laurentian, provide for the compromise of certain of Laurentian's pre-filing liabilities, and effect a release and discharge of the Affected Claims and Released Claims (as defined in the Plan), to permit LU to continue as a bilingual and tricultural provider of post-secondary education in Northern Ontario. Laurentian is committed to a successful path forward that includes a restructured financial, operational and academic footprint and a refreshed ability to serve students for years to come.

Prior to the CCAA Proceeding, Laurentian was in a federated relationship with three universities: the University of Sudbury, Thorneloe University, and Huntington University (collectively, the "**Former Federated Universities**"). On April 1, 2021, LU delivered to the Former Federated Universities Notices to Disclaim pursuant to section 32 of the CCAA (the "**Notices of Disclaimer**"). By May 2, 2021, all of the Notices of Disclaimer were effective after the Court dismissed motions from Thorneloe University and the University of Sudbury challenging the Notices of Disclaimer. Huntington University did not challenge the Notice of Disclaimer.

Laurentian was also affiliated with the Northern Ontario School of Medicine ("**NOSM**") for the purpose of conferring degrees and providing various research and administrative services. On April 15, 2021, the Province enacted legislation that made NOSM an independent degree-granting university. This legislation changed the relationship that Laurentian had with NOSM since its inception in 2005. Laurentian and NOSM are currently working on developing a new Relationship Agreement that will ensure continued collaboration in a number of research and graduate student areas.

On March 3, 2022, the Province passed legislation amending the Laurentian Act to alter the composition of the Board. The amendment decreased the maximum number of voting Board members from 25 members to 16 members. The changes provided that the 16 voting members would be comprised of five appointees from the Province of Ontario, the President and 10 other Board members.

LAURENTIAN **BY THE NUMBERS**

Available **Expendable Resources**
-$64.5M[1]
(-$85.9M last year)

Capital Spending
$0.4M *($1.4M last year)*

TOTAL **REVENUE**
$185.4M
($193.4M last year)

Excess (deficiency) of revenues over expenses
$16.8M
(-$66.7M last year)

Endowment per FTE student
$7,772[2]
($6,585 last year)

Total Expenses
$168.6M
($260.1M last year)

REVENUE PER FTE STUDENT
$30,925
($27,579 last year)

NON-PENSION EMPLOYEE **future benefit unfunded obligation**
$19.4M
(-$14.0M last year)

PENSION EMPLOYEE **future benefit unfunded obligation**
$5.3M
($0 last year)

TOTAL **NET ASSETS**
-$4.4M
(-$15.4M last year)

Enrolment FULL-TIME EQUIVALENT (FTE)
5,995
(7,090 last year)

[1]*Expendable Net Assets include Unrestricted and Internally Restricted Net Assets (as outlined in the University's audited financial statements).*
[2]*Endowment excludes $14.5 million ($14.6 million in 2021) relating to NOSM.*

Operating Environment

Laurentian's operating environment in 2021-22 was influenced by two significant events: the continuing disruption of on-campus activities caused by COVID-19, and the restructuring efforts associated with the CCAA proceeding.

After the commencement of the CCAA proceeding, Laurentian, with the assistance of its counsel and the Court appointed Monitor, undertook actions to reduce its cost structure to allow Laurentian to continue operating, minimize disruptions to students and employees, and preserve value for its stakeholders.

As part of its Academic restructuring, Laurentian engaged in negotiations with its Senate to identify unsustainable academic programs and courses for closure and develop a faculty and department restructuring to streamline operations and reduce inefficiencies. The outcome of these discussions was the closure of 39 English-language programs and 27 French-language programs. A further 11 graduate programs were identified for closure. In addition, the faculty and department structure at Laurentian was streamlined to create cost efficiencies. These actions have resulted in a reduction of operating expenses for Laurentian of approximately $40 million per year, representing a 25% reduction of its operating budget.

During the CCAA proceeding, Laurentian agreed to undertake an operational and governance review. The goal of that review was to identify opportunities for increased efficiency and effectiveness of the Board and Senate as well as to assess Laurentian's internal operations, including, among other things, the finance, human resources, risk, compliance, and information technology departments. The consultant's report was issued in January 2022, with recommendations to improve the bicameralism structure of Laurentian that will enable information flows between governing bodies, re-assert the Board as the governance body accountable for financial and business outcomes, and clarify the Senate's responsibility for academic policies and regulations. The report also includes an assessment of the strategies, service delivery models, structures, processes, systems, and capabilities of key administrative functions. The consultant recommended that a major transformation program be undertaken, which include the following aspects (among others):

- Re-setting the strategic plan to chart a new course forward
- Optimizing service delivery for students, faculty, and staff
- Improving financial performance to support sustainability
- Re-aligning administrative structures to drive accountability
- Re-designing processes with a focus on lean principles
- Updating systems to enable more efficient operations
- Building capability and capacity to enable effectiveness

The consultant estimated that the cost of such a transformation would range between $26.0 million to $32.5 million over three years, with additional estimated annual continuous improvement costs of $2-$3 million each year thereafter. Implementing the recommendations of the operational and governance review will be an important part of the Plan and will include consultation and input from various constituents and stakeholders.

CCAA Proceedings

On February 1, 2021, Laurentian filed for and received protection under the CCAA. Among other things, the Initial Order granted a general stay of proceedings in respect of Laurentian and Ernst & Young Inc. was appointed by the Court as Monitor of Laurentian. On February 11, 2021, the Court granted an amended and restated initial order, among other things, approving debtor-in-possession interim financing up to the maximum amount of $25 million (the "**DIP Financing**"). On May 2, 2021, the maximum amount available under the DIP Financing was increased to $35 million. The DIP Financing was refinanced in January 2022 by the Province of Ontario, as represented by the Minister of Colleges and Universities ("**MCU**"). MCU has engaged with Laurentian to provide long-term exit financing to Laurentian in an amount sufficient to repay in full the DIP Financing.

On May 31, 2021, the Court granted the Claims Process Order, among other things, calling for all claims against Laurentian, establishing a claims bar date of July 30, 2021, and establishing parameters governing the review and resolution of any filed claims. The Claims Process Order also provided for the appointment of Inspectors in respect of Material Claims (as defined in the Claims Process Order).

As described previously, the restructuring resulted in Notices of Disclaimer being delivered to each of the Former Federated Universities. Huntington University did not challenge the Notice of Disclaimer. A transition agreement was entered into with Huntington University and approved by the Court on May 2, 2021. Arrangements contemplated by that transition agreement have been implemented. Both Thorneloe University and University of Sudbury challenged the Notices of Disclaimer. Chief Justice Morawetz and Justice Gilmore, respectively, dismissed the motions of Thorneloe University and University of Sudbury. The Ontario Court of Appeal dismissed Thorneloe's leave to appeal the decision of Chief Justice Morawetz on June 23, 2021.

Subsequently, LU entered into separate transition agreements with Thorneloe University and the University of Sudbury. The transition agreements relate primarily to the provision of various facilities related services on campus, recognizing that each of Thorneloe and the University of Sudbury continue to own and operate buildings on land leased from Laurentian.

On August 17, 2021, the Court granted the Compensation Claims Process Order approving the methodology to calculate Compensation Claims and a process for notification and claims processing to determine Compensation Claims for voting and distribution purposes in relation to the Plan.

Throughout the CCAA Proceeding, Laurentian has had regular and ongoing dialogue with MCU regarding Laurentian's financial sustainability. In response to Laurentian's requests and efforts, MCU committed to provide certain financial and other support to Laurentian during the CCAA Proceeding and in connection with the Plan. This support by the Province is expressly conditional upon the Plan being approved by the creditors, which approval was received on September 14, 2022. This package of support includes:

(a) refinancing the $35 million debtor-in-possession ("**DIP**") Loan from the previous DIP lender;

(b) providing up to $6 million in COVID-relief funding; and

(c) providing enrolment and performance protection in an amount up to $22 million over several years.

On May 6, 2022, MCU outlined the terms of an additional financial support package to be provided to Laurentian by the Province to help facilitate a successful Plan if accepted by creditors (the "**Plan Support Letter**"). Pursuant to the terms of the Plan Support Letter, the Province of Ontario, as represented by MCU, agreed to: (a) purchase real estate assets from Laurentian for aggregate proceeds of up to $53 million (net of transaction costs); and (b) refinance the existing DIP Facility upon implementation of the Plan with a longer-term loan. Pursuant to the Plan, a minimum of $45.5 million (the "**Guaranteed Minimum Plan Consideration Amount**") is required to be realized from the sale of the Designated Real Estate Assets and transferred to the Distribution Pool (each as defined in the Plan) to be contained in the Plan.

The Plan subsequent filed with the Ontario Superior Court of Justice on July 21, 2022, represents the culmination of more than 18 months of collaboration in the CCAA proceeding by Laurentian and its creditors, union leaders and key stakeholders.

The purposes of the Plan are to:

(a) complete a restructuring of Laurentian by, among other things, implementation of the Plan of Compromise and Arrangement, which will provide the University with the opportunity to operate as a going concern bilingual and tri-cultural post-secondary university in the City of Sudbury,

(b) provide for the compromise of all affected claims by providing to affected creditors with proven claims a distribution in accordance with the terms of the Plan,

(c) effect a release and discharge of all affected claims, released claims, and the Huntington released claims,

(d) provide a basis whereby Laurentian and its operations continue as a going concern, having addressed its liquidity issues, long-term financial viability issues, with recommendations to address operational and governance components, all with the expectation that the affected creditors will derive a greater benefit from implementation of the Plan than they would receive from a bankruptcy or liquidation, and,

(e) permit Laurentian to exit the CCAA proceeding.

On July 28, 2022, the Court authorized a meeting of creditors to be held on September 14, 2022, to vote on the Plan. The meeting was held on September 14, and the requisite majorities of Affected Creditors present in-person or by proxy and entitled to vote on the Plan voted in favour of the Plan. On October 5, 2022, Laurentian brought a motion for Court sanction of the Plan and on the same date, the Court sanctioned the Plan.

Following the Plan Implementation Date, Laurentian will take the following actions (among others):

(a) create a Transformation Consultation Group and develop a detailed plan for undertaking the comprehensive operational restructuring and transformation described in the Operations and Governance Report,

(b) in consultation with the University's stakeholders, develop a comprehensive strategic plan (the "**Strategic Plan**"), and,

(c) ensure that appropriate internal financial controls are in place on the use of restricted funds related to research grant documentation or restricted donation agreement.

Academic Update

Working closely with local and provincial health officials, Laurentian re-opened its campus for in-person attendance just prior to the start of the fall 2021 term, with a vaccination policy in place. Classes for the 2021-22 academic year were planned to be delivered utilizing a mix of in-person and remote or on-line sessions. Student residences, meal services and other services also re-opened or resumed at the start of the fall 2021 term.

In person activity occurred from September to December 2021. On December 17, 2021, because of the spread of COVID-19 variants, exams and in person activities were transitioned to virtual delivery. In-person activity resumed on February 7, 2022, for experiential learning (i.e., labs and other hands-on activities) and February 28, 2022, for all other courses. Spring term courses were delivered with a combination of in-person and online courses. Laurentian was also able to deliver in person spring convocation ceremonies during the week of May 30 to June 3, 2022.

During 2021-22, Laurentian continued to reorganize its academic structure and reposition its programs to best serve its students. The Faculty of Arts was restructured into two Schools (School of Liberal Arts and School of Social Sciences) and developed several Indigenous content courses and certificates such as the Anishnaabemowin Land-Based Immersion, Indigenous Interdisciplinary Studies, and the Indigenous Story Telling / Debajimowin. The Faculty of Arts is the setting to produce the international journal *Nouvelles perspectives en sciences sociales*, whose publisher is Prise de parole, and of the publishing house Human Sciences Monograph Series / Série monographique en sciences humaines.

The Faculty of Science, Engineering and Architecture restructured its many departments into four new schools: The Harquail School of Earth Sciences, The School of Engineering and Computer Science, the McEwen School of Architecture, and the School of Natural Sciences. The School of Engineering and Computer Science also launched its course-based Masters in Computational Sciences program, which attracted considerable interest for the 2022-2023 academic year.

The School of Engineering and Computer Science is also proud of the accomplishment of its students in Mechanical Engineering and Mechatronics, where a team of eight Spring 2022 graduates - the “Laurentian Lunars”, claimed victory in the inaugural Over the Dusty Moon Challenge, hosted by the Colorado School of Mines. The competition found six finalist teams from the United States, Germany, Poland, Australia, and of course, Canada (the Lunars), immerse themselves in the challenge of producing a prototype that could effectively transport regolith (or in other words sand or fine aggregate) in outer space.

On March 3, 2022, the College of Nurses of Ontario provided preliminary approval for a new program bridging accreditation for French registered practical nurses seeking to obtain a Bachelor of Science in Nursing (BScN). This accreditation will enable diploma holders of Collège Boréal’s Practical Nursing (RPN) program to obtain a BScN from Laurentian University in three rather than the conventional, four years. A shortage of francophone registered nurses in Northern Ontario catalyzed the development of this accreditation. Laurentian’s French BScN also obtained an outstanding seven-year accreditation from the Canadian Association of Schools of Nursing (CASN); the CASN’s highest honour. Students enrolled benefit from updates to the program that support current and future practices of nursing.

During 2021-22, the Centre for Continuing Learning (CCL) which includes both the Laurentian Online unit and the micro-credential and non-credit programming unit, received further Digital Capacity funding from eCampus Ontario to support its micro-credential and non-credit programming unit. CCL was also successful in obtaining funding through the Ontario Micro-credentials Challenge Fund to develop two new non-credit micro-credentials: Registered Behaviour Technician (RBT) and Soins palliatifs. RBT is based on the task list published by the Behavior Analysts Certification Board and successful completion of this 4-course program will allow participants to write the RBT certification exam. The team is also developing “Soins palliatifs”, a series of five courses that cover topics from ethics and legalities to end of life care. The first offering of the two micro-credentials was in May 2022. The Laurentian Online unit continues to expand asynchronous online course offerings in both English and French and with an Indigenous Focus and continues to see strong enrolment in the fall, winter, and spring/summer sessions.

Research Highlights

During the 2021-22 fiscal year, Laurentian University faculty and graduate students continued to advance research with ongoing multi-year research grant funding and new awards. Researchers with the Centre for Research in Rural and Northern Health attracted over $400,000 in funding to advance Patient-Oriented Research. Dr. Diana Coholic with *Evaluating Children's Health Outcomes* was awarded a multi-year grant valued at just under $300,000 to investigate the Implementation of an Arts-Based Mindfulness Intervention Program in Elementary and Secondary Schools. Researchers with Maamwizing Indigenous Research Institute secured over $450,000 in multi-year funding including Dr. Elizabeth Carlson-Manathara for *Stories of Decolonization Film Project*, and Dr. Joey-Lynn Wabie and colleagues in partnership with Indigenous communities for *Maamwizing: a hub for Indigenous community driven research*. Laurentian's Research Centres also led studies contributing to the fight against COVID-19, including the Centre for Research in Occupational Safety and Health, under the leadership of Dr. Sandra Dorman who deployed their mobile research lab to *Address Vaccine Hesitancy in Northern Ontario Workplaces*.

Laurentian researchers also received funding to advance important issues in health and social sciences including Dr. Frantz Siméon who received over $95,000 to study *Soutien aux proches aidants francophones en situation minoritaire dans le contexte rural nordique : la contribution de la dynamique communautaire partenariale du Nord de l'Ontario au vieillissement à domicile*, Dr. Sara Torres, who was awarded over $30,000 to lead *Knowledge Mobilization Focusing on Protective Factors for Children's Welfare: the case of Urban Indigenous, African Nova Scotian, and Immigrant and Refugee communities*, and Dr. Shannon Bassett who was awarded $60,000 to study *Reducing Risk, Raising Resilience: Recovering the Public Spaces of Shahjahanabad through Participatory Conservation and Ecological Urbanism*. Additionally, Dr. Lynn Gouliquer continued to advance the project *Stigmatised Identity: Giving voice to easterly Canadian Métis*, with ongoing multi-year funding totaling over $350,000.

Research funding also supported advances in earth sciences, engineering, and sustainability. Metal Earth, funded through the Canada First Research Excellence Fund program, entered its sixth year, receiving over seven million dollars in new grant funds in the 2021-22 fiscal year. Key projects advanced during the year include geoscience mapping, isotopic analysis, and geochronology of high-priority areas and lithologies, as well as a significant effort on data analytics of multivariant geoscience data. In the fiscal year, Metal Earth trained 25 post-doctoral fellows, 20 PhD students and 12 MSc students, across 6 Canadian universities. Earth Science research was also advanced at Laurentian with a $150,000 award to Dr. Stéphane Perrouty to study *Precambrian crustal growth in the Canadian Shield: investigating a billion year of tectono-magmatic evolution in the Winnipeg River sub province*. Moreover, Dr. Redhouane Henda received $140,000 in multi-year funding to study *Thin Films for Sustainable Energy and Energy--Intensive Technologies*, Dr. Amirmohsen Golmohammadi, attracted funding to investigate the *Role of Government in Developing Successful Green Alliances*, and Dr. Steven Beites continued his research on *Human-Robot Interaction and Collaboration as a Catalyst for Creative Economy, Community Outreach and Emerging Design-Build Solutions in Ontario's North*, with multi-year funding totaling over $250,000.

Funding was also received to support the training of undergraduate and graduate students who play a vital role in advancing research discovery and creativity endeavours at Laurentian. For example, over 20 undergraduate students were supported through the Undergraduate Student Research Awards, and 7 graduate students completed applied research internships with funding from MITACS and industry partners.

As illustrated through the few examples highlighted in this narrative Laurentian University faculty, staff, and students together with industry and community partners continue to lead research addressing important regional, national, and international questions.

Enrolment Trends

In 2021-22, Laurentian had a total of 106 undergraduate and graduate programs, with 33 offered in the French language. Using internal institutional data, this report provides an overview along with various breakdowns of enrolment activity for the 2021-22 academic year.

While enrolment in the fall of 2020 increased overall, reversing the previous 4-year trends of declining or flat enrolment, and returning to levels closer to those seen in the fall of 2016, this trend did not continue into 2021-22 and is expected to decline again in 2022-23.

In the fall of 2021, as result of the uncertainty caused by both the COVID-19 pandemic and the CCAA restructuring, the university saw a 14% reduction in the number of registered students or headcount enrolment. Laurentian had a total of 8,056 individual students, or 5,995 Full-Time Equivalent enrolments (FTEs). While Laurentian experienced a decrease in its new incoming students, this was planned for and reflected in Laurentian's financial projections. Table 1a and 1b provide a comparison of fall enrolment for a three-year period in both headcount and FTE.

***Table 1a:** Fall Headcount Official Enrolment by Academic Level - 2019F - 2021F*

Academic Group - Groupe académique	Academic Level - Niveau académique	Immigration Status - Statut sur le plan d'immigration	Headcount - Dénombrement					
			A2019F		A2020F		A2021F	
Undergraduate - Premier cycle	Undergraduate - Premier cycle	Domestic - Canadien	7,567	0%	7,823	3%	6,693	-14%
		International - Étranger	383	16%	402	5%	368	-8%
		Total	**7,950**	**1%**	**8,225**	**3%**	**7,061**	**-14%**
	Total		**7,950**	**1%**	**8,225**	**3%**	**7,061**	**-14%**
Graduate - Cycles supérieures	Master's - Maîtrise	Domestic - Canadien	699	3%	752	8%	672	-11%
		International - Étranger	111	88%	144	30%	146	1%
		Total	**810**	**10%**	**896**	**11%**	**818**	**-9%**
	PhD - Doctorat	Domestic - Canadien	135	4%	151	12%	128	-15%
		International - Étranger	53	20%	51	-4%	49	-4%
		Total	**188**	**8%**	**202**	**7%**	**177**	**-12%**
	Total		**998**	**10%**	**1,098**	**10%**	**995**	**-9%**
Grand Total			**8,948**	**1%**	**9,323**	**4%**	**8,056**	**-14%**

***Table 1b:** Fall FTE Official Enrolment by Academic Level - 2019F - 2021F*

Academic Group - Groupe académique	Academic Level - Niveau académique	Immigration Status - Statut sur le plan d'immigration	Fall FTE - ETP d'automne					
			A2019F		A2020F		A2021F	
Undergraduate - Premier cycle	Undergraduate - Premier cycle	Domestic - Canadien	5,769.6	-1%	5,929.9	3%	4,958.6	-16%
		International - Étranger	313	17%	329.9	5%	289.6	-12%
		Total	**6,082.7**	**0%**	**6,259.8**	**3%**	**5,248.2**	**-16%**
	Total		**6,082.7**	**0%**	**6,259.8**	**3%**	**5,248.2**	**-16%**
Graduate - Cycles supérieures	Master's - Maîtrise	Domestic - Canadien	489.7	3%	530.8	8%	464.1	-13%
		International - Étranger	108.2	83%	141.9	31%	143.9	1%
		Total	**597.9**	**12%**	**672.7**	**13%**	**608**	**-10%**
	PhD - Doctorat	Domestic - Canadien	100.7	4%	107.6	7%	90.2	-16%
		International - Étranger	52.3	21%	49.6	-5%	49	-1%
		Total	**153**	**10%**	**157.2**	**3%**	**139.2**	**-11%**
	Total		**750.9**	**12%**	**829.9**	**11%**	**747.2**	**-10%**
Grand Total			**6,833.6**	**1%**	**7,089.7**	**4%**	**5,995.4**	**-15%**

Overall, Laurentian exceeded its enrolment target of 5,803 FTE by approximately 3% for a total of 5,995 FTE. Domestic enrolment saw a decrease of 16% year over year, while international enrolment was less impacted with a 7% decrease.

The new incoming undergraduate cohort for the fall of 2021 decreased year over year by 609 FTE or 33%. This decrease was in part due to the CCAA proceedings and impact on Laurentian's reputation at that time. Domestic undergraduate enrolment saw a year over year decrease of 16% (32% new incoming and 10% returning).

International undergraduate enrolment decreased by 12% (39% new incoming and 1% returning). This less substantive decrease was driven primarily from the large increase in international students in 2020-21 returning in 2021-22.

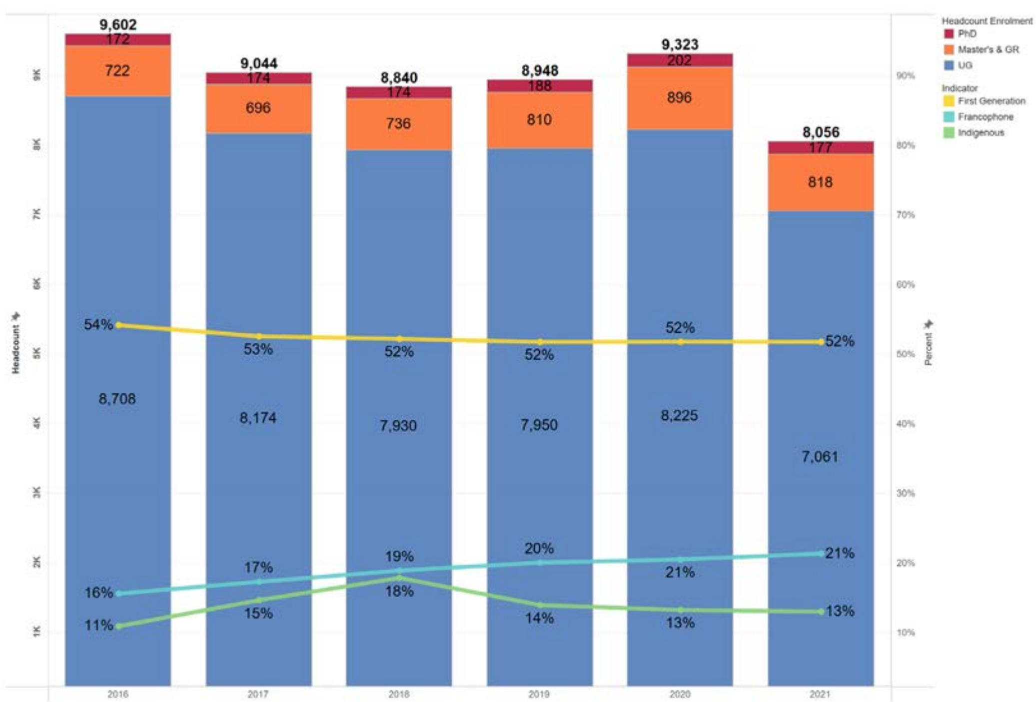
Undergraduate enrolment in fully online degree programs saw a lower reduction, particularly the domestic undergraduate online degree programs, which saw a decrease of only 2% in comparison to the 19% decrease in domestic undergraduate on-campus degree programs. Online undergraduate degree programs, like the Indigenous Social Work program, Gerontology and Psychology continue to experience growth.

For graduate studies, Laurentian saw a reduction of 10% compared to the previous year but surpassed its target of 731 FTE by approximately 2%. This was driven by strong international demand in course-based Master's programs like Computer Science, Engineering, and MBA. On the international front, Laurentian experienced a decrease of 12%, where COVID may have also influenced this result.

Despite the significant reduction in enrolments, the proportions of First Generation, Indigenous and Francophone students were stable. Our proportion of First-Generation students in 2021F was 52%, Francophone enrolment was 21% and students who self-identify as Indigenous was 13% and remained at the very same levels as the previous year, regardless of the closed programs and significant enrolment losses experienced in 2021-22. Figure 2 below shows the headcount enrolments with the proportions included for each of the fall terms from 2016 to 2021.

Figure 2: Headcount Enrolment with Proportions - Fall Totals 2016-2021

Undergraduate and Graduate Headcount - Fall Totals 2016-2021

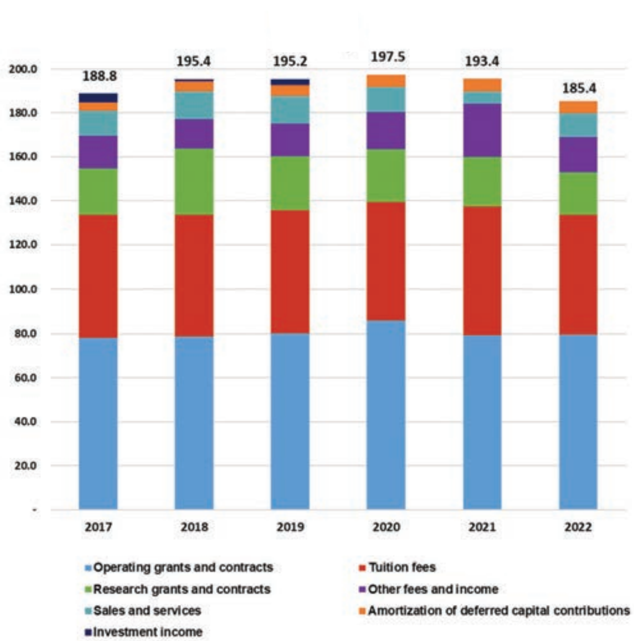


Financial Review

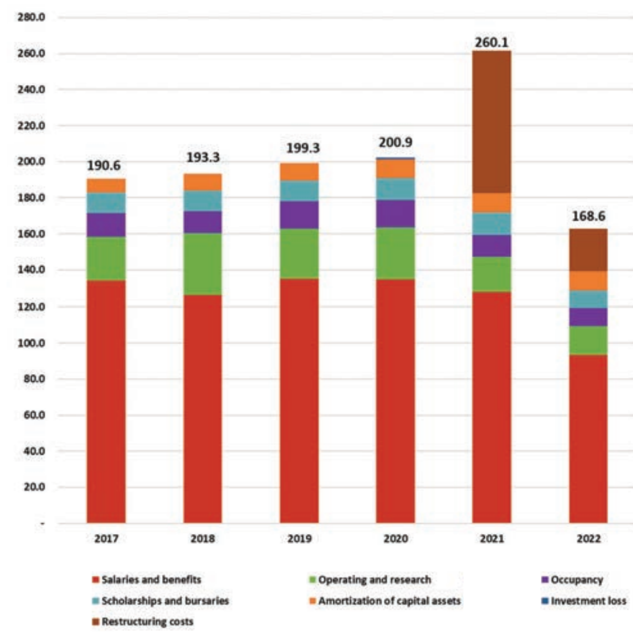
> Consolidated Statement of Operations

As shown in the Consolidated Financial Statements, Laurentian generated an Excess of Revenue over Expenses of $16.8 million in 2021-22. This result includes restructuring-related expenses of $27.8 million. Consolidated revenue of $185.4 million decreased $8.0 million (4.1%) from the previous year, while consolidated expenses of $168.6 million were lower than the previous year by $91.5 million (35.2%). Excluding restructuring costs, the University generated an Excess of Revenue over Expenses of $44.5 million, compared to $12.2 million in 2020-21.

Revenue ($Million)



Expenses ($Million)



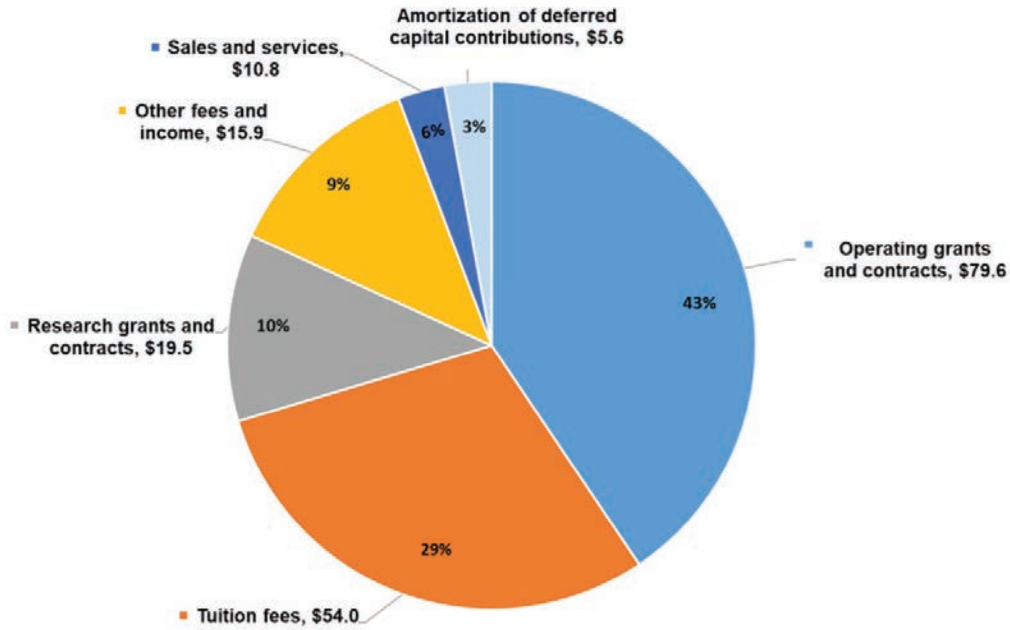
> Adjusted Earnings

In connection with the restructuring plan and the CCAA proceeding, $27.8 million of restructuring costs were recognized in 2021-22 ($78.9 million in 2020-21). After taking into consideration the impact of the CCAA-related restructuring costs, Laurentian realized an Excess of Revenue over Expenses of $44.5 million ($12.2 million in 2020-21).

Adjusted 2021-22 Earnings (excluding restructuring costs)	*($Million)*
Excess of Revenue over Expenses	$ 16.8
Restructuring and settlement costs	$ 6.0
Legal, Monitor, consulting, interest and finance costs	$ 22.0
Other	$ (0.3)
Adjusted Revenue over Expenses	**$ 44.5**

Revenue

2021-22 Consolidated Revenue ($Million)



Total revenue of $185.4 million in 2021-22 was $8.0 million lower than the previous year, with the main contributor being a 7.3% reduction ($4.3 million) in tuition revenue as a result of the uncertainty created by the CCAA proceedings. Domestic tuition fees remained frozen in 2021-22, and undergraduate international tuition fees increased by 5% for programs such as computer science, engineering, and business administration. Other fees and income decreased by $6.3 million, affected by the lower student count and reduction in scholarships and bursaries,and were partially offset by higher sales and services revenue of $5.1 million. Ancillary revenues were positively impacted by increased residence occupancy and associated services, following the previous year's pandemic restrictions.

> Operating Grants and Contracts

At $79.6 million in 2021-22, Operating Grants and Contracts represent 42.9% of Laurentian's total revenue, down $0.3 million from the previous year. Of that amount, $54.0 million relates to core operating and performance grants, $8.3 million from the Bilingualism Grant, $6.2 million from the Northern Grant, and the rest from various special purpose grants.

With SMA3, the Province of Ontario announced a set of metrics against which institutional performance would be assessed, the details of the mechanism that would be used to evaluate institutions' performance and the impacts to funding of the performance grant. Beginning in 2020-21, 25% of provincial funding was to be linked to active performance metrics, followed by 35% in 2021-22, and with that share rising to 60% by the 2024-25 academic year. As a result of the COVID-19 pandemic, MCU announced their decision to delay the activation of the performance-based grant for two years (2020-21 and 2021-22), decoupling the funding but keeping all other aspects of the SMA3 model intact.

Laurentian completed its year 2 SMA performance evaluation, covering the fiscal year 2021-22. Although funding was decoupled, Laurentian would have obtained its full performance grant allocations. In year 2 of the SMA agreement (2021-22), the notional allocation for Laurentian's performance-based grant funding was $21.6 million, with three additional metrics added for a total of nine performance metrics. The last performance metric, as well as the two faculty reporting metrics (not tied to funding), are expected to be activated in year 3 of the SMA framework (2022-23). Although Laurentian was not impacted by performance-based funding in 2021-22, it is unlikely that Laurentian will be able to achieve its performance-based SMA3 metrics and its enrolment-based corridor funding at least in the medium term. However, the commitment by the MCU to provide enrolment corridor and performance protection to Laurentian in the coming years will help mitigate that risk, although the economic impact is not known at this time.

> Tuition Fees

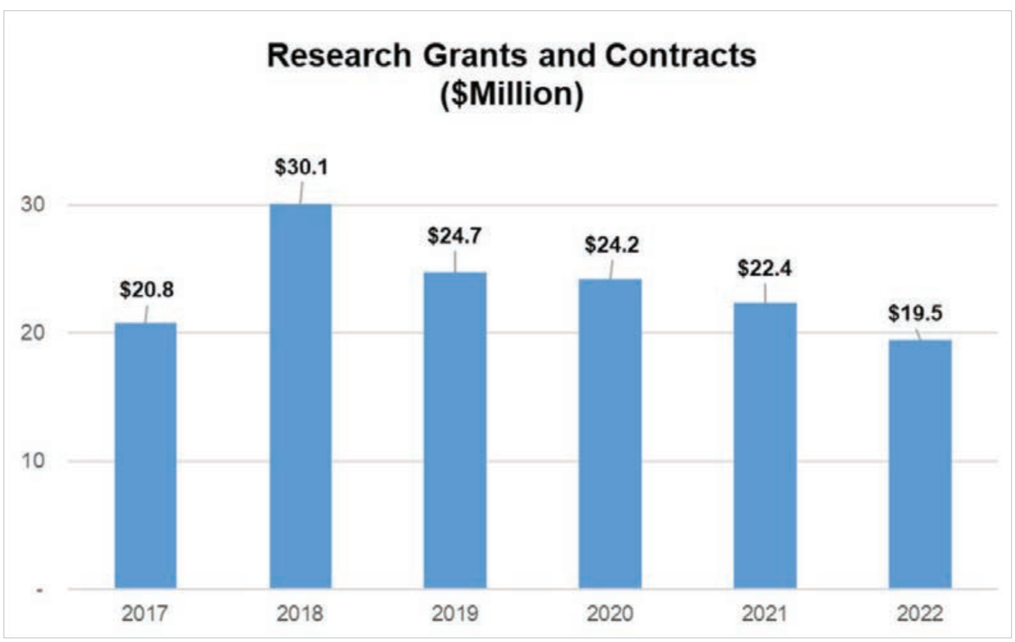
Revenue from tuition and fees decreased from $58.3 million in 2020-21 to $54.0 million in 2021-22. The decrease in revenue was driven by lower enrolment as domestic tuition fees were frozen in 2021-22 and 2020-21, following a 10% across the board tuition fee reduction in 2019-2020. Tuition fees for international students amounted to $13.1 million, a 3.7% decrease from the previous year. International students pay higher tuition fees than domestic students to make-up for the absence of operating grants.

In 2021-22, fall enrolment decreased by 14% (on a headcount basis), a combined result of the CCAA proceedings, including reputational impact as well as ongoing demographic factors. Domestic enrolment was 14% lower and international enrolment lower by 7%. New fall incoming undergraduate students were 33% lower than 2020-21. Graduate students' enrolment overall saw a 10% decrease, while undergraduate student overall enrolment experienced a decrease of 14%.

> Research Grants and Contracts

Consolidated research grants and contracts recognized during the year amounted to $19.5 million, a decrease of $2.9 million (13.0%) from the previous year. Research revenue includes the research expenditures of the University's subsidiaries and joint ventures, namely: the Mining Innovation Rehabilitation and Applied Research Corporation ("MIRARCO"), which is a wholly controlled entity, and the Sudbury Neutrino Observatory Laboratory ("SNOlab"), where the University recognizes its proportionate share (20%) of SNOLab's revenue and expenses.

Research revenue is recognized in the period in which research expenditures occur. Unspent research funding is reflected as deferred contributions and represented $22.6 million on April 30, 2022. Laurentian continues to assess the funding of the programs and activities to which the deferred contributions relate, and therefore these amounts may be subject to change in future periods. A portion of the deferred contributions balance is potentially subject to compromise under a CCAA Plan, however due to the uncertainty in the ongoing CCAA proceedings, the total balance cannot be reasonably determined.



> Sales and Services

Sales and Services revenue come primarily from ancillary operations, which are expected to generate sufficient revenue from user fees and sales and services to cover total costs, including required capital investments. Historically, Laurentian relied on annual contributions from ancillary activities to support its academic and research operations. Such contributions have amounted to between $2.0 and $3.0 million annually.

In 2021-22, Sales and Services revenues amounted to $10.8 million, compared to $5.6 million in 2020-21. The increase in revenue can be attributed primarily to the disruption of campus activities in the previous year, as ancillary services are generally offered in person. Housing, Events, and Parking services account for 85.5% of the higher revenue, with an average residence occupancy rate of 40% in 2020-21(limited capacity due to the COVID-19 pandemic) increasing to 68% in 2021-22 (also partially affected by the COVID-19 pandemic). In comparison, the historical occupancy rate for Laurentian has been over 96% in the previous five years.

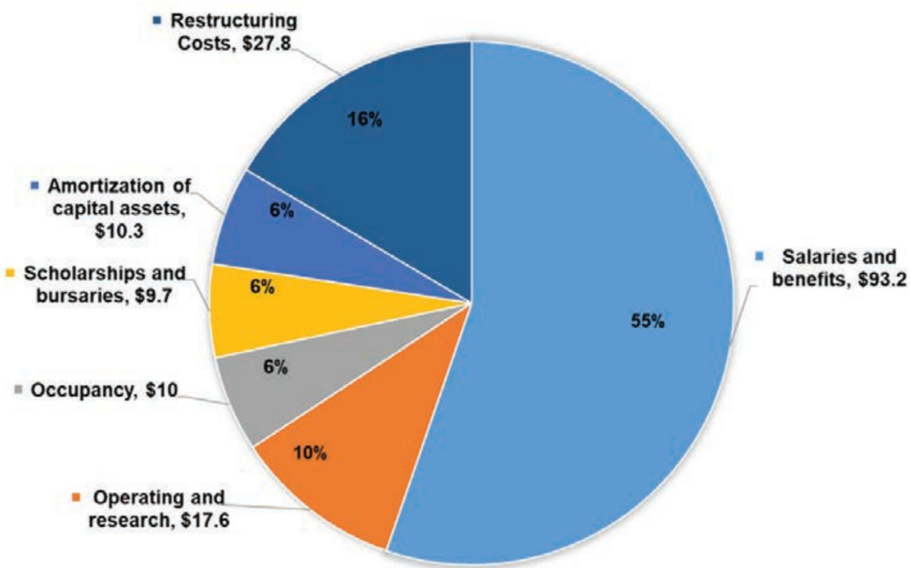
During 2021-22, ancillary expenditures totalled $5.0 million, a reduction of $0.7 million from the previous year. The reduction can be attributed primarily to not having to pay interest on the residence loans, which were stayed as part of the CCAA proceedings. Overall, ancillary operations generated a surplus of $5.8 million in 2021-22.

> Other Fees and Income

Other fees and income represent administration fees, realized restricted contributions for scholarships and bursaries, compulsory fees, sponsored students, and other items, Other Fees and Income amounted to $15.9 million in 2021-22, a decrease of $6.3 million from the previous year, which was predominantly caused by a reduction of $4.1 million in scholarships and bursaries. During 2021, Laurentian recognized a higher amount for scholarships from deferred contributions. A reduction in enrolment also resulted in lower administration and ancillary fees. Other fees and income were also higher in previous year due to a one-time HST refund, administrative fees received from the Federated Institutions and higher scholarships.

Expenses

2021-22 Consolidated Expenses ($Million)



The University's expenses totalled $168.6 million in 2021-22, including restructuring costs of $27.8 million. Excluding restructuring costs, expenses were $140.8 million, $40.4 million less than the previous year, mostly due to the impact of the CCAA cost reductions from the spring 2021 restructuring and a large number of vacant positions.

> Salaries and Benefits

Salaries and benefits represent the largest expense category item for Laurentian. At $93.2 million in 2021-22, salaries and benefits were $35.2 million lower than the previous year due to agreements reached with Laurentian's labour partners and unfilled vacancies.

During the CCAA proceeding, Laurentian negotiated agreements with Laurentian's labour groups, which included amendments to the Employees Retirement Plan effective July 1, 2021, and the elimination of the Retirees' Health and Benefit Plan (RHBP) and Supplemental Retirement Plan, which were terminated on April 30, 2021. Amendments to the Employees Retirement Plan included: accruing benefits based on a career average earnings formula instead of the best average earnings formula, eliminating guaranteed post-retirement indexation, modifying unreduced early retirement benefits, and eliminating the ability to draw a pension while continuing in employment. A new actuarial valuation prepared as of July 1, 2021, showed significant improvement to the funded status of the Laurentian's pension plan both on a going concern and solvency basis. These changes will eliminate requirement for Laurentian to make special payments to its pension plan until the next required actuarial valuation on July 1, 2024.

> Operating and Research

Operating and research expenses of $17.6 million in 2021-22, were similar to the previous year. Part of operating and research expenses for 2021-22 included one-time $1.4 million paid to Ernst & Young LLP (EY) to assist and support Laurentian with various accounting matters, and additional cost to perform the audit relating to CCAA from KPMG LLP of $0.8 million.

> Other Expenses

Occupancy expenses of $10.0 million were $2.0 million lower than the previous year. The favorable variance resulted primarily from the elimination of interest payments on long-term debt, which were suspended at the commencement of the CCAA proceeding.

Scholarships and bursaries of $9.7 million were $2.9 million less than previous year as there where no endowment payouts in 2021-22. Amortization of capital assets of $10.3 million, was comparable to the previous year.

> Restructuring Costs

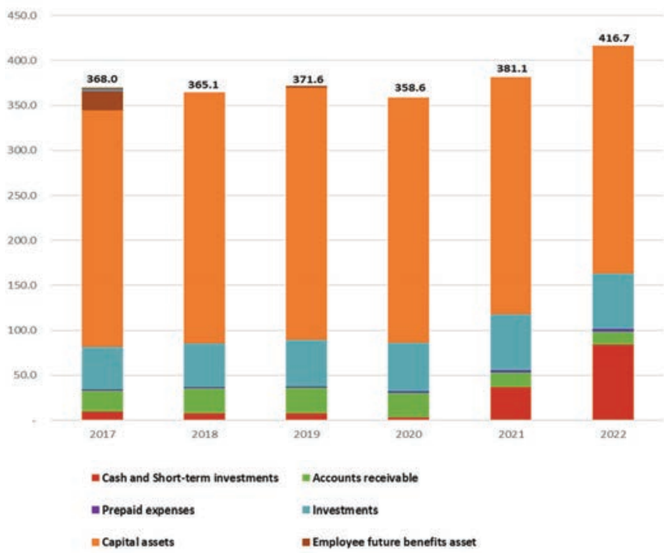
The University recognized $27.8 million of one-time CCAA related restructuring expenses in 2021-22, which includes $22.0 million in legal, monitor, consulting and interest and finance costs and $5.3 million in costs related to the disclaimer of the agreements with the former Federated Universities. The previous year's restructuring costs were $78.9 million and included termination of interest rate swaps of $24.7 million and workforce adjustments and termination costs of $44.7 million. These costs arising from the termination of the interest rate swaps and termination costs are subject to compromise under the Plan.

Capital Investments

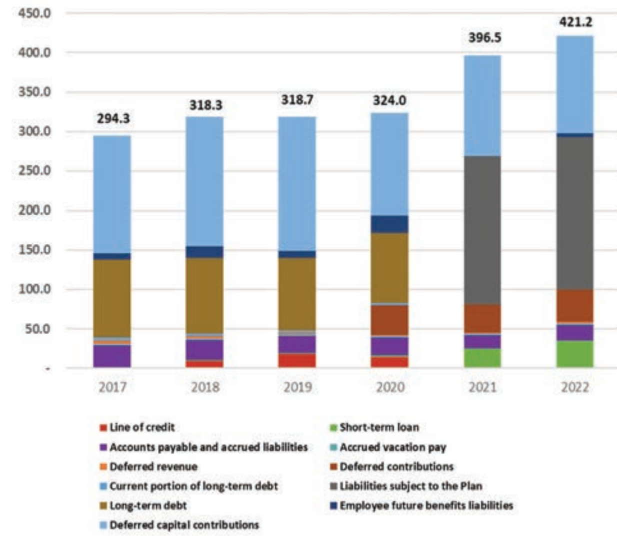
Due to the Laurentian's financial challenges, capital expenditures were significantly constrained in 2021-22. During that year, $0.4 million ($1.4 million in 2020-21) was invested in capital projects, mostly to address deferred maintenance projects. These projects included critical equipment replacement and maintenance and were funded by grants received from the MCU Facility Renewal Program. Laurentian continues to manage a considerable deferred maintenance backlog previously estimated at $135.0 million (under review). Laurentian is focusing its limited resources on addressing the most urgent capital maintenance projects.

Consolidated Statement of Financial Position

Assets
($Million)



Liabilities and Deferred Contributions
($Million)



> Assets

Laurentian ended the year with cash and short-term investments of $84.0 million compared to $37.0 million in the previous year. The increase was due to $32.5 million in positive cash flows from operating activities and $14.6 million from financing, which included $10.0 million from an increase in the DIP loan.

Accounts receivable of $14.6 million were $1.1 million lower than 2020-21, mostly due to a one-time HST refund receivable in 2020-21.

Investments amounting to $61.9 million were $0.3 million lower than previous year due to unfavorable market returns. Laurentian's investments represent endowed funds received from donors, which income is used in accordance with the various purposes established by the donors.

Capital assets totaled $253.4 million in 2021-22, compared to $263.4 million in 2020-21. The reduction in capital assets resulted from amortization of $10.3 million, offset by capital acquisitions of $0.4 million.

> Liabilities

Laurentian's liabilities increased from $396.5 million in 2020-21 to $421.2 million in 2021-22, and include an increase of $10.0 million year-over-year provided by the DIP financing. On May 19, 2021, the maximum amount available under the DIP Financing was increased to $35.0 million. On January 28, 2022, the Province of Ontario, through MCU provided a $35.0 million DIP facility to replace the previous DIP lender with a maturity date of September 30, 2022, further extended to November 30, 2022.

Accounts payable and accrued liabilities of $19.6 million increased by $3.0 million, mainly due to timing of legal and consulting invoices relating to the CCAA proceeding. Deferred contributions, which represent external contributions restricted for research and other expenditures increased by $4.2 million. The increase also related to the timing between receipt of the funds and project expenditures. Liabilities subject to the plan were $5.4 million higher due to the continuing review of claims filed in the claims process. Employee future benefits were higher by $5.3 million from changes in the valuation of pension plan obligations.

Deferred contributions consist of the following:

($Thousand)	2022	2021
Research grants	$ 22,588	$ 18,590
Other grants and trust	14,676	14,660
Scholarships and bursaries	3,343	3,114
Balance, end of year	**$ 40,607**	**$ 36,364**

As a result of the CCAA process, the University continues to assess the funding of the programs and activities to which these deferred contributions relate, and therefore these amounts may be subject to change in future periods.

> Liabilities Subject to the Plan

In 2020-21, the University reclassified $186.8 million of liabilities and certain claim amounts that met criteria for recognition as liabilities subject to the Plan. During 2021-22, this amount was increased to $192.2 million to reflect new information and calculations received.

Liabilities subject to the Plan mainly consisted of amounts owed to creditors (including lenders), amounts owed to terminated employees such as termination, severance, and employee benefits.

As of April 30, 2022, in connection with the CCAA proceeding, Laurentian identified the following unsecured liabilities subject to the Plan ($Thousand):

($Thousand)	Employee future benefit remeasurements	Restructuring costs	Reclassification from existing liabilities	Total
Accounts payable and accrued liabilities	——	$ 6,076	$ 10,891	$ 16,967
Employee future benefits liabilities	$ 14,014	704	233	14,951
Employee restructuring and termination costs	——	44,682	——	44,682
Short-term loan	——	——	1,324	1,324
Long-term debt	——	——	89,927	89,927
Interest rate swap termination obligation	——	24,368	——	24,368
	$ 14,014	**$ 75,830**	**$102,375**	**$192,219**

> Employees Future Benefits

The Employees Retirement Plan (the "**Pension Plan**") was revalued through an actuarial valuation for the Pension Plan resulting in a $9.5 million surplus in 2020-21. Laurentian recorded an allowance for benefit reinstatement of $9.5 million against this surplus resulting in no asset being recorded in the 2020-21 financial statements for the Pension Plan. Subsequently, the 2021-22 Pension Plan valuation reflected a liability of $5.3 million, resulting from a change in market conditions.

During the CCAA proceeding, both the RHBP and SuRP were terminated on April 30, 2021, and all the related payments were stayed pursuant to the Initial Order. This termination was considered a plan curtailment because the RHBP and SuRP will be settled subsequently when the obligations are compromised and released pursuant to the implementation of the Plan. Obligations of $10.8 million on April 30, 2022, relating to the RHBP, and $3.2 million related to the SuRP are included in Liabilities subject to the Plan.

Net Assets

The University had a Deficiency in Net Assets of $4.4 million at the end of fiscal year 2021-22, an improvement of $10.9 million from previous year's Deficiency in Net Assets of $15.3 million. The main contributors were the excess of revenue over expenses of $16.8 million, partially offset by employees' future benefits remeasurements of $5.3 million.

Conclusion

The 2021-22 fiscal year was one of transition for Laurentian as it navigated the complexities of the CCAA process while dealing with COVID-19 disruption. Laurentian did see a sizeable reduction in its enrolment during the year, but enrolment was better than expected and provided a sustainable base from which to return to growth post-CCAA.

After the end of the fiscal year, Laurentian filed the Plan with the Court on July 21, 2022, and a meeting of creditors was held on September 14, 2022, to consider and vote on the Plan. On September 14, 2022, the requisite majorities of Affected Creditors who attended either in-person or by proxy and entitled to vote on the Plan voted in favour of the Plan. On October 5, the Court granted the Sanction Order to sanction the Plan.

The support of the Province of Ontario throughout the CCAA process was critical to the successful adoption of the Plan, including the Province's commitment to purchase real estate owned by Laurentian for an aggregate purchase price of up to $53.5 million, within three years of the Plan Implementation Date.

As shown in the Consolidated Statement of Operations, the Laurentian's Excess Revenue over Expenses amounted to $16.8 million in 2021-22.

Excluding restructuring costs, the results show an adjusted Excess of Revenue over Expenses of $44.5 million, which includes the full year impact of the restructuring conducted in the spring of 2021. The savings realized from the restructuring will provide the University with the financial room to invest in programs and services to provide high-quality, postsecondary education to students in Northern Ontario and beyond.

Laurentian expects to continue to experience pressure on its revenue in the coming years due to reduced enrolment experienced during the CCAA proceeding but believes that the savings realized from the restructuring will help offset the expected impact on revenue and provide the resources for transformation. Although Laurentian has made significant strides since commencing the CCAA proceeding, considerable work remains to be done as described in the Plan, namely, to embark on a major Transformation Program and develop a comprehensive Strategic Plan.

In April 2022, subsequent to a Request for Proposal (RFP) conducted in April 2022, the firm of BDO was selected as Auditor of Laurentian University covering the fiscal years ending April 30, 2022, to April 30, 2026 (5-year period).

Consolidated Financial Statements of

LAURENTIAN UNIVERSITY OF SUDBURY

Year ended April 30, 2022

LaurentianUniversity
UniversitéLaurentienne

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BDO Canada LLP
360 Oakville Place Drive, Suite 500
Oakville ON L6H 6K8 Canada

Independent Auditor's Report

To the Board of Governors of Laurentian University of Sudbury

Opinion

We have audited the consolidated financial statements of Laurentian University of Sudbury (the "University"), which comprise the consolidated statement of financial position as at April 30, 2022, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as at April 30, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the University for the year ended April 30, 2021 were audited by another auditor who expressed an unmodified opinion on those consolidate financial statements on March 7, 2022 and subsequently amended that unmodified opinion on April 22, 2022.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the University obtained a stay of proceedings pursuant to the Companies' Creditors Arrangement Act on February 1, 2021 and that the stay of proceedings has been extended several times, most recently to September 30, 2022. As stated in Note 2, these events or conditions, along with other matters as set forth in Notes 11 and 24, indicate that a material uncertainty exists that may cast significant doubt on the University's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditor's Report (continued)

Other Information

Management is responsible for the other information. The other information comprises:

- The information, other than the financial statements and our auditor's report thereon, included in the document referred to as the Annual Financial Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the information, other than the consolidated financial statements and the auditors' report thereon, included in the Annual Financial Report as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance 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.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

Independent Auditor’s Report (continued)

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the University and its controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
October 24, 2022

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statement of Financial Position

April 30, 2022, with comparative information for 2021
(thousands of dollars)

	2022	2021
Assets		
Current assets:		
Cash and short-term investments (note 4)	$ 84,018	$ 36,965
Accounts receivable (note 5)	14,560	15,720
Prepaid expenses	2,757	2,813
	101,335	55,498
Accounts receivable (note 5)	73	73
Investments (note 4)	61,892	62,175
Capital assets (note 7)	253,432	263,385
	$ 416,732	$ 381,131
Liabilities and Net Assets		
Current liabilities:		
Short-term loan (note 9)	35,000	24,992
Accounts payable and accrued liabilities (note 8)	19,592	16,637
Accrued vacation pay	2,340	2,080
Deferred revenue	2,547	1,336
Deferred contributions (note 12)	40,607	36,364
Liabilities subject to the Plan (note 11)	192,219	186,820
	292,305	268,229
Long-term obligations:		
Employee future benefits liabilities (note 6)	5,337	–
Deferred capital contributions (note 12)	123,524	128,268
Total liabilities	421,166	396,497
Net assets (deficiency):		
Unrestricted	(65,682)	(89,207)
Employee future benefits	(19,351)	(13,973)
Internally restricted (note 15)	1,164	3,302
Investment in capital assets (note 14)	18,474	23,030
Endowment (note 13)	60,961	61,482
	(4,434)	(15,366)
Commitments and contingencies (note 17)		
Subsequent events (notes 2, 9, 11, 12, 17, 24)		
Going concern (note 2)		
	$ 416,732	$ 381,131

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, 2022, with comparative information for 2021
(thousands of dollars)

	2022	2021
Revenue:		
Operating grants and contracts	$ 79,568	$ 79,304
Tuition fees	54,005	58,261
Research grants and contracts	19,488	22,407
Other fees and income (note 19)	15,932	22,161
Sales and services	10,768	5,634
Amortization of deferred capital contributions (note 12)	5,621	5,629
	185,382	193,396
Expenses:		
Salaries and benefits	93,266	128,416
Operating and research	17,563	17,648
Occupancy	9,975	12,022
Scholarships and bursaries	9,708	12,575
Amortization of capital assets	10,321	10,502
Restructuring costs (note 20)	27,759	78,904
	168,592	260,067
Excess (deficiency) of revenue over expenses	$ 16,790	$ (66,671)

See accompanying notes to consolidated financial statements.

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statement of Changes in Net Assets (Deficiency)

Year ended April 30, 2022, with comparative information for 2021
(thousands of dollars)

2022	Unrestricted	Employee Future Benefits	Internally Restricted (note 15)	Investment in Capital Assets	Endowment	Total
Net assets (deficiency), beginning of year	$ (89,207)	$ (13,973)	$ 3,302	$ 23,030	$ 61,482	$ (15,366)
Excess (deficiency) of revenue over expenses:						
Operating	49,249	–	–	(4,700)	–	44,549
Restructuring costs (note 20)	(27,759)	–	–	–	–	(27,759)
	21,490	–	–	(4,700)	–	16,790
Transfer for capital transactions	(144)	–	–	144	–	–
Interfund transfers (note 15)	2,138	–	(2,138)	–	–	–
Other transfers (note 11)	41	(41)	–	–	–	–
Endowment contributions (note 13)	–	–	–	–	6	6
Net decrease in endowment	–	–	–	–	(527)	(527)
Employee future benefits remeasurements and other items (note 6)	–	(5,337)	–	–	–	(5,337)
Net assets (deficiency), end of year	$ (65,682)	$ (19,351)	$ 1,164	$ 18,474	$ 60,961	$ (4,434)

2021	Unrestricted	Employee Future Benefits	Internally Restricted (note 15)	Investment in Capital Assets	Endowment	Total
Net assets (deficiency), beginning of year	$ (23,640)	$ (22,557)	$ 3,848	$ 22,874	$ 54,299	$ 34,824
Excess (deficiency) of revenue over expenses:						
Operating	17,820	(714)	–	(4,873)	–	12,233
Restructuring costs (note 20)	(78,200)	(704)	–	–	–	(78,904)
	(60,380)	(1,418)	–	(4,873)	–	(66,671)
Transfer for capital transactions	(5,243)	–	(50)	5,029	–	–
Other transfers	(208)	704	(496)	–	–	–
Endowment contributions (note 13)	–	–	–	–	175	175
Net increase in endowment	–	–	–	–	7,008	7,008
Employee future benefits remeasurements and other items (note 6)	–	9,298	–	–	–	9,298
Net assets (deficiency), end of year	$ (89,207)	$ (13,973)	$ 3,302	$ 23,030	$ 61,482	$ (15,366)

See accompanying notes to consolidated financial statements.

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statement of Cash Flows

Year ended April 30, 2022, with comparative information for 2021
(thousands of dollars)

	2022	2021
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	$ 16,790	$ (66,671)
Non-cash items:		
Amortization of capital assets	10,321	10,502
Amortization of deferred capital contributions	(5,621)	(5,629)
Deficiency of employer contributions over employee future benefits net benefit costs	-	(13,259)
	21,490	(75,057)
Change in non-cash working capital (note 18)	5,642	3,688
Change in liabilities subject to the Plan (note 11)	5,399	186,820
	32,531	115,451
Cash flows from financing activities:		
Endowment contributions	6	175
Net increase (decrease) in endowment	(527)	7,008
Increase (decrease) in deferred contributions, net	4,243	(1,059)
Deferred capital contributions received	877	4,018
Decrease in long-term debt	-	(91,711)
Decrease in line of credit	-	(14,400)
Increase in short-term loan	10,008	23,625
	14,607	(72,344)
Cash flows from investing activities:		
Purchases of capital assets	(368)	(1,356)
Net decrease (increase) in investments	283	(8,211)
	(85)	(9,567)
Net increase in cash and short-term investments	47,053	33,540
Cash and short-term investments, beginning of year	36,965	3,425
Cash and short-term investments, end of year	$ 84,018	$ 36,965

See accompanying notes to consolidated financial statements.

1. Description:

Laurentian University of Sudbury (the "University") is incorporated by *An Act to incorporate Laurentian University of Sudbury* under the laws of Ontario. The University is committed to strengthening the foundation of knowledge in higher education and research in order to offer an outstanding university experience in English and French with a comprehensive approach to Indigenous education.

The University is a registered charity and is exempt from the payment of income tax under section 149 (1)(f) of the *Income Tax Act*.

2. Basis of presentation and going concern:

(a) Basis of presentation:

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Canada Handbook – Accounting.

The amounts in the consolidated financial statements are presented in thousands of Canadian dollars.

(b) CCAA proceedings:

Due to historical financial and operational issues experienced by the University, on February 1, 2021, the University brought an application before the Ontario Superior Court of Justice (Commercial List) (the "Court") for an initial order pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA") to, among other things, obtain a stay of proceedings to provide the University with the platform and opportunity to financially and operationally restructure. On February 1, 2021, the Court granted the initial order (as amended and restated, the "Initial Order") that, among other things, appointed Ernst & Young Inc. as Monitor of the University (the "Monitor") and approved a stay of proceedings for an initial 10-day period. Since then, the stay of proceedings has been extended several times, most recently to November 30, 2022.

The CCAA proceeding provided the University with a court-supervised platform for the University to restructure with the goal of becoming sustainable long-term, both financially and operationally. The University continues to operate and provide its educational services and programs.

On February 10, 2021, the Court approved a $25,000 debtor-in-possession credit facility ("DIP Facility"). The DIP Facility was subsequently increased to $35,000 on May 19, 2021 with a maturity date of January 31, 2022. On January 27, 2022, the Province of Ontario, as represented by the Ministry of Colleges and Universities, refinanced the DIP Facility through an

2. Basis of presentation and going concern (continued):

(b) CCAA proceedings (continued):

advance under a credit facility in the amount of $35,000(the "MCU DIP Facility"). The maturity date of the MCU DIP Facility was September 30, 2022. Subsequent to the University's year-end, the maturity date was extended to November 30, 2022 (notes 9 and 24).

During the CCAA proceedings, the University engaged in and completed a comprehensive operational and academic restructuring resulting in reduced programs and course offerings, a reduction of faculty and departments, amendments to the University's pension plan, the termination of the University's historical relationships with Huntington University, the University of Sudbury, and Thorneloe University, and a renegotiation of existing collective agreements These measures resulted in a significant reduction to the University's annual costs.

On April 5, 2021, the University entered into an agreement reflected by a term sheet with the Laurentian University Staff Union ("LUSU") that included reductions in staff complement and certain changes to the collective agreement between the University and LUSU, including changes to employee benefits, pension, and post-employment benefits. On April 7, 2021, the University and the Laurentian University Faculty Association ("LUFA") signed an agreement reflected by a term sheet setting out key terms and conditions of a new collective agreement, a reduction in faculty complement and changes to compensation and amendments to pension and post-employee benefits Plans as disclosed in note 6.

On May 31, 2021, the Court granted an order approving a claims process order establishing a claims process (the "Claims Process") whereby the Monitor, in conjunction with the University, would call for claims of creditors against the University and provide for a mechanism for the resolution and determination of such claims for voting and distribution purposes in relation to a Plan of compromise or arrangement pursuant to the CCAA to be presented by the University at a future date. Pursuant to the Claims Process Order, creditors had until July 30, 2021 to submit their claims to the Monitor. On August 17, 2021, the Court also granted an order approving a process and methodology to calculate and determine employee compensation claims and a process for notification and claims processing to determine employee compensation claims.

On December 16, 2021, the Ontario Government announced a package of support through the Ministry of Colleges and Universities that included the MCU DIP Facility, up to $6,000 in COVID-19 relief grants, and grant and future enrolment corridor and performance grant protection up to $22,000. The MCU DIP Facility was approved by the Court on January 27, 2022, and the refinancing completed on January 28, 2022.

As at April 30, 2022, in connection with the CCAA proceedings, the University identified obligations that are subject to the Plan of $192,219 (2021 - $186,820) (note 11) and incurred restructuring costs of $27,759 (2021 - $78,904) (note 20).

2. Basis of presentation and going concern (continued):

(c) Going concern:

These consolidated financial statements have been prepared on a going concern basis, which assumes the University will continue its operations for the foreseeable future and realize its assets and discharge its liabilities and commitments in the normal course of business.

The University's CCAA proceedings and circumstances relating to this event, including the University's cash flows, deficiency in net assets, and working capital deficiency, have resulted in material uncertainties that casts significant doubt about the appropriateness of the use of the going concern assumption. The University's ability to continue as a going concern is dependent on the University restructuring and emerging from CCAA protection with a Plan of Arrangement that is accepted by its creditors (achieved on September 14, 2022), approved by the Court (achieved on October 5, 2022) and all conditions to implementation of the Plan being satisfied.

The loan agreement whereby the $35,000 DIP Loan was refinanced by the Province included a recital stating that it is "the intention of the parties for the DIP Facility to be converted to a long-term loan on the implementation of a CCAA Plan, upon such terms and conditions as may be agreed by the University and the Province prior to that time".

The Government also committed to providing COVID-19 grant funding of up to $6,000 and providing enrolment corridor and performance protection up to $22,000 over a number of years, on terms to be agreed. The government support was subject to certain conditions, which included renewal of the Board of Governors and the position of the President, and a commitment to complete a long-term strategic plan for the University. The first phase of Board renewal commenced on December 16, 2021 and the process to identify a consultant to help lead the University through the development of a strategic plan is in progress. As of the date of these consolidated financial statements, the funding commitment from the Province and the steps leading to the new strategic plan have not been finalized.

The consolidated financial statements do not reflect the adjustments that would be necessary if the going concern basis was not appropriate. If the going concern basis was not appropriate, then significant adjustments would be necessary to the carrying values of assets and liabilities and the reported revenues and expenses and the classification used in the consolidated statement of financial position. These adjustments could be material.

See note 24, subsequent events reflecting the details of the creditor vote on the Plan of arrangement and Court approval.

2. Basis of presentation and going concern (continued):

(d) Basis of consolidation:

These consolidated financial statements reflect the assets, liabilities, net assets, revenue, expenses and other transactions of all of the operations and organizations controlled by the University. The University has control or joint control over another entity when it has control or shared control over the power to determine its strategic operating, investing, and financing policies of the entity.

These consolidated financial statements include the assets, liabilities, deficit and operations of the University's subsidiaries and joint ventures as follows:

- Mining Innovation Rehabilitation and Applied Research Corporation ("MIRARCO"), which is a wholly controlled entity and is consolidated by the University. The University is the sole voting member of this corporation. MIRARCO promotes research in and the development of the application of scientific and engineering techniques and policies to foster and enable the use of natural resources in a safe, sustainable, and economic manner.
- Sudbury Neutrino Observatory Laboratory ("SNOlab") which is a not-for-profit organization whose principal objective is the construction, operation and decommissioning of a deep underground science research facility. SNOlab is a partnership arrangement with four other universities. The University accounts for its 20% share of SNOlab using the equity method.

The University appoints one member to the Board of the Centre for Excellence in Mining and Innovation ("CEMI"), but does not control or have significant influence over this entity. As a result, these consolidated financial statements do not include the financial results of CEMI. See note 23 for additional disclosure relate to CEMI.

Various student organizations are not included in these consolidated financial statements. Prior to the commencement of the CCAA proceeding, the University had guaranteed a loan on behalf of the Laurentian University Student's General Association for the construction of a student centre. See note 17 for additional details.

3. Significant accounting policies:

(a) Revenue recognition:

The University follows the deferral method of accounting for contributions for not-for-profit organizations.

Unrestricted contributions, including government funding and certain unrestricted donations are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection 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 recognized as deferred contributions 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.

Contributions restricted for endowment purposes are recognized as direct increases to endowment net assets.

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

Tuition and ancillary fees, other fees and income, and sales and services are recognized as revenue in the fiscal period when the respective courses and seminars are held, or the goods and services are provided.

(b) Investments and investment income:

Investment income arises primarily from the pooled fund investments held by the University, and can include changes in fair market value, dividends and interest.

Investment income related to unrestricted contributions is recognized when earned as other fees and income.

Investment income related to externally restricted endowments is recorded as a direct increase in net assets. Subsequent to initial income recognition, the University may allocate investment income earned that can be distributed for other purposes as stipulated by the external donor for another internally restricted purpose.

The University also recognizes as revenue an administration fee for managing the endowment funds. During the year, $nil (2021 - $590) of administrative fees were recorded in other fees and income.

3. Significant accounting policies (continued):

(b) Investments and investment income (continued):

Any restricted amounts available for spending that remain unspent at year-end are included in deferred contributions. When the net investment income earned is in excess of the amount made available for spending, the excess is recorded as a direct increase in Endowment net assets. When the net investment income earned is insufficient to fund the amount made available for spending, the deficiency is recorded as a direct decrease in Endowment net assets.

(c) Capital assets:

Purchased assets are recorded at cost. Contributed assets are recorded at fair market value at the date of contribution.

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. Expenditures on repairs and maintenance are expensed as incurred.

(d) Employee future benefits liabilities:

In the year, the University provided employee future benefits to its employees through its Pension Plan. In connection with the CCAA restructuring, the University has made substantial changes to its benefit Plans as described in note 6.

The University accrues its obligations and related costs for funded employee future benefit plans as the employees render the service necessary to earn the pension. The pension obligations are based on the latest going concern funding valuation. The actuarial determination of the accrued benefit obligations for pensions uses the projected method on service (which incorporates management's assumptions used for funding purposes, other cost escalation, retirement ages of employees and other actuarial factors). The actuarial valuation is performed at least every three years. In the years between valuations, pension plan results are prepared based on extrapolations of the latest available funding valuation results. The most recent actuarial valuation for the pension plan was as of July 1, 2021 and the next actuarial valuation will be completed effective July 1, 2024.

The pension plan's assets are measured at fair value at the date of the Consolidated Statement of Financial Position.

Current service and finance costs for the year are recognized as Salaries and benefit expense.

3. Significant accounting policies (continued):

(d) Employee future benefits liabilities (continued):

Re-measurements 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 the gains and losses arising from settlements and curtailments. Re-measurements are recognized directly in net assets.

The pension plan provides a provision against the pension plan's assets for benefit reinstatement in accordance with the pension plan's benefits and funding policy.

(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 (deficiency).

(f) Financial instruments:

All financial instruments are initially recorded on the Consolidated Statement of Financial Position at fair value.

Investments held in fixed income and equity pooled funds that trade in an active market, as well as investments held in real estate are subsequently recorded at fair value.

All other financial instruments are subsequently measured at amortized cost.

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

The University entered into interest rate swaps to hedge the effect of changes in interest rates on its long-term debt that bears interest based on 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 designated that hedge accounting will be applied. The University formally documented 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. During 2021, the hedge was terminated and the resulting amount addressed and compromised as part of the CCAA proceeding.

3. Significant accounting policies (continued):

(g) 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 accounts receivable, capital assets, obligations related to employee future benefits, vacation accrual, contingencies, and liabilities that are subject to compromise under the Plan. 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.

(h) Key sources of measurement uncertainty:

As a result of the ongoing CCAA proceeding, the academic restructuring, reduction of staff, faculty and departments, termination of employee benefits and arrangements that were disclaimed with the Federated Universities, the University recognized restructuring costs (note 20) and liabilities that are subject to compromise under the Plan (note 11).

Liabilities subject to the Plan are measured at the reporting date based on an analysis of the nature and carrying value of the underlying liabilities, proof of claim and the stage of advancement of the claim's identification, resolution, and barring process.

(i) Impairment of capital assets:

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of assets may not contribute to the University's ability to provide goods and services.

An impairment occurs when the carrying value of an asset is higher than the replacement value or fair value. Any impairment results in a write-down of the capital assets and an expense in the Consolidated Statement of Operations. An impairment loss is not reversed if the fair value of the related capital asset subsequently increases.

(j) Liabilities subject to the Plan:

As a result of the stay of proceedings obtained pursuant to the CCAA on February 1, 2021 and subsequent extensions, the payment of certain pre-filing liabilities due as at February 1, 2021 is stayed, and certain of the outstanding liabilities, as well as any additional outstanding claims by creditors are subject to compromise pursuant to the Plan that was approved by the Affected Creditors entitled to vote at the meeting of the Affected Creditors held on September 14, 2022 and approved by the Court on October 5, 2022. Certain liabilities are not subject to compromise under the Plan and such liabilities are defined as Unaffected Claims in the Plan. That includes certain claims (i) in respect of which no right to assert or continue the Claim against Laurentian will exist upon implementation of the Plan, with recovery limited to a third party such as Insured Claims (as defined in the Plan); and (ii) that will be paid in full prior to any *pro rata* distribution to Affected Creditors (as defined in the Plan).

(thousands of dollars)

3. Significant accounting policies (continued):

(j) Liabilities subject to the Plan (continued):

Obligations for goods and services provided to the University after the filing date of February 1, 2021, are not included in Liabilities subject to the Plan, and will continue to be addressed in the ordinary course.

Liabilities subject to the Plan represent the liabilities associated with Affected Claims under the Plan, and other claimants as described in note 11.

The measurement of Liabilities subject to the Plan is measured at the reporting date based on an analysis of the nature and carrying value of the underlying liabilities, proof of claims, and the claims identification and process.

Liabilities subject to the Plan may be subject to future adjustments depending on the final resolution of such claims, and further developments with respect to disputed claims, proof of claims or other events, and are therefore subject to significant estimation uncertainty. Any changes to these liabilities in future periods may be material and will be recorded through the Statement of Operations.

4. Cash and investments:

	2022	2021
Short-term:		
Cash	$ 83,660	$ 36,964
Short-term investments	358	1
	$ 84,018	$ 36,965
Long-term:		
Equity funds	$ 28,363	$ 27,514
Fixed income	26,814	28,809
Structured credit	3,460	3,102
Real estate fund	3,255	2,750
	$ 61,892	$ 62,175

The University maintains operating bank accounts with a combined balance of $73,534 (2021 $32,574) and segregated bank accounts with a combined balance of $10,126 (2021 - $4,390). The segregated bank accounts were established in December 2020 to hold certain externally restricted funds advanced to the University prior to the related expenditures being incurred.

Externally restricted assets include endowment investments of $61,892 (2021 $62,175) and deferred contributions as outlined in note 12.

(thousands of dollars)

5. Accounts receivable:

		2022		2021
Restricted grants and contracts	$	3,217	$	4,380
Tuition and ancillary fees		7,275		6,431
Operating grants		4,985		4,772
Government remittances receivable		944		2,596
Other		1,166		788
	$	17,587	$	18,967
Less allowance for doubtful accounts		(2,954)		(3,174)
	$	14,633	$	15,793
Current portion of accounts receivable	$	14,560	$	15,720
Long-term accounts receivable		73		73
	$	14,633	$	15,793

6. Employee future benefits:

In the year, the University provided employee future benefits to its employees through the Retirement Plan of Laurentian University of (the “Pension Plan”). In connection with the CCAA restructuring, the University made substantial changes to its benefit Plans as described below.

(a) Pension Plan:

(i) Overview of the pension plan

Since July 1, 2012, the pension plan has provided for all future service to be earned as a defined benefit entitlements for all employees of the University. Prior to this, the pension plan provided a pension benefits on a hybrid basis (a defined contribution pension with a guaranteed minimum defined benefit).

The University is the Principal Employer of the pension plan, which also includes other Participating Employers, being the Centre for Excellence in Mining Innovation, Sudbury Neutrino Observatory Laboratory, and Mining Innovation Rehabilitation and Applied Research Corporation. Previous Participating Employers included Huntington University, the University of Sudbury, and Thorneloe University (collectively, the “Former Federated Universities”). Through amendments to the pension plan, Laurentian University terminated the future participation of employees of the Former Federated Universities in the pension plan during 2021. As part of a transition agreement between the University and Huntington University, Huntington University ceased its participation in the pension plan on June 30, 2021. The employees of the University of Sudbury and Thorneloe University terminated participation in the pension plan on December 31, 2021.

6. Employee future benefits (continued):

(a) Pension Plan (continued):

(i) Overview of the pension plan (continued)

In the prior year, as disclosed in note 2(b), the University amended the pension plan to enhance the long-term sustainability of the pension plan for all beneficiaries. Effective April 2021, the pension plan was amended to modify the rights of members to receive their pension entitlement as a lump sum value. Previously, the lump sum transfer election was available at any time between the end of employment and the end of the year in which a member or former member attained age 71 when a monthly pension commenced. The pension plan as amended such that members who remain in active employment until their early retirement date are no longer be able to transfer lump sum values of their pension entitlement and a group of terminated members were given a final lump sum transfer option.

(ii) Current year amendments to pension plan

Effective July 1, 2021, the pension plan changed its name to the Retirement Plan of Laurentian University of Sudbury. In addition, the pension plan was amended such that future benefits are calculated based on a lower cost career average earnings formula instead of a final average earnings formula. The guaranteed post-retirement indexation was amended to conditional indexation for pensions earned after July 1, 2021. Amendments were also made to the early retirement provisions of the pension plan and the option to commence a pension while remaining employed was amended. Employee contributions were increased to an aggregate of 8% of pensionable earnings. Employer contributions are now also subject to a minimum of 8% of pensionable earnings. These amendments to the pension plan have been reflected in the actuarial valuation performed as at July 1, 2021. An adjustment to increase the accrued benefit obligation of $7,972, which is recorded in the current year results and disclosed in the continuity chart of this note below.

Future benefit improvements under the pension plan are subject to plan sustainability measures under the terms of a Benefits and Funding Policy and no benefit improvements will be considered prior to July 1, 2025, unless the pension plan develops an excess surplus as defined under the Income Tax Act. During 2021, the University had provided a provision against the pension plan's assets for benefit reinstatement in accordance with the pension plan's benefits and funding policy. An actuarial calculation of the future assets/liabilities including an allowance for benefit reinstatement was completed and forms the basis for the accrued benefit obligation. As a result, the University recognized a valuation allowance as at April 30, 2021 of $9,535 to reflect that the University does not expect to realize these Plan assets. As at April 30, 2022, the University reflected a pension plan liability of $5,337.

The pension plan's 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, 2021, which includes the amendments to the pension plan effective July 1, 2021, described above. The next actuarial valuation is required to be prepared effective July 1, 2024.

6. Employee future benefits (continued):

(a) Pension Plan (continued):

(iii) Current year amendments to pension plan with respect to Federated Universities

As noted above, effective June 30, 2021, all Huntington University active employees ceased to accrue any further entitlement in the pension plan. In April 2021, Huntington University reached an agreement with Laurentian University where Huntington University among other things made a lump sum contribution for its current and former members to the pension plan. Under this agreement, Laurentian University assumed responsibility for the future liabilities of Huntington University in respect of the pension plan. Laurentian University has reflected the impact of the changes described above as a net decrease in the accrued benefit obligation of $107, which is recorded in the current year results and disclosed in the continuity chart of this note below.

Effective December 31, 2021, the pension plan was amended to cease all pension accrual for employees of the University of Sudbury and Thorneloe University, and among other things, to confirm the obligations of the University of Sudbury and Thorneloe University to continue to fund the pension benefits earned by their respective employees and former employees by segregating the pension plan's assets and liabilities in respect of University of Sudbury and Thorneloe University's employees and former employees. As a result of these amendments, any amounts or obligations relating to employees or former employees of the University o Sudbury and Thorneloe University have not been included in these consolidated financial statements as the University of Sudbury and Thorneloe University are solely responsible for funding the pension benefits earned by their respective employees or former employees.

On May 16, 2022, Laurentian University and the University of Sudbury entered into a Pension Participation Agreement regarding the University of Sudbury's obligations in respect of the pension plan. No agreement has been reached with Thorneloe University.

(b) Retiree Health Benefit Plan:

The University previously sponsored a defined benefit health care plan for substantially all retirees and employees. Employees contributed to the plan as did the University. The University accrued its obligations and related costs based on the latest actuarial valuation. The Retiree Health Benefit Plan was unfunded. In 2021 and prior, current service and finance costs were expensed during the year, while remeasurements and other items were recognized as a direct increase or decrease in Net assets (deficiency).

6. Employee future benefits (continued):

(b) Retiree Health Benefit Plan (continued):

As disclosed in note 2(b), the retiree health benefit plan was terminated on April 30, 2021. This termination is considered a plan curtailment, and any related liabilities will be compromised pursuant to the Plan in the CCAA proceeding. As of the date of the release of these consolidated financial statements, the CCAA process remains ongoing and as such there were no further adjustments reflected with respect to the curtailment of the plan in the current year, which remain classified as liabilities subject to the Plan (note 11).

Total liabilities of $10,798 at April 30, 2022 (2021 – $10,757) relating to retiree health benefit plan are included in liabilities subject to the Plan (note 11).

(c) Supplementary Pension Plan:

The University had approved an unfunded supplemental plan for employees to provide them with certain benefits as calculated pursuant to the defined benefit pension plan formula assuming that Canada Revenue Agency tax limits did not exist. The University recognized the amount of the accrued obligation in the Consolidated Statement of Financial Position. Current service and finance costs were expensed during the year, while remeasurements and other items, representing the total of actuarial gains and losses, and past service costs, were recognized as a direct increase or decrease in employee future benefits net assets (deficiency). The accrued liability was 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.

As disclosed in note 2(b), the terms and conditions agreed with LUFA and LUSA provided that the supplementary pension plan would be terminated. All payments from the supplementary pension plan were suspended on February 1, 2021, as a result of the commencement of the CCAA proceeding. No additional obligations were accrued after the termination for current or former non-union employees. This termination is considered a plan curtailment, and any related liabilities will be compromised as part of the Plan. As of the date of the release of these consolidated financial statements, the CCAA process remains ongoing and as such there were no adjustments reflected with respect to the curtailment of the plan in the current year, which remain classified as liabilities subject to the Plan (note 11).

Liabilities of $3,216 at April 30, 2022 (2021 - $3,216) relating to supplementary pension plan are included in liabilities subject to the Plan (note 11).

Past service costs, actuarial gains, and losses on plan assets or defined benefit obligations as well as gains and losses arising from the amendment and curtailments are recognized as remeasurements in net assets.

(thousands of dollars)

6. Employee future benefits (continued):

The breakdown of the plans is as follows:

	Pension Plan	Retiree Health Benefit Plan	Supplemental Pension Plan	2022 Total
Accrued benefit obligation	$ (418,342)	$ (10,798)	$ (3,216)	$ (432,356)
Fair value of plan assets	413,005	-	-	413,005
Accrued benefit liabilities	$ (5,337)	$ (10,798)	$ (3,216)	$ (19,351)
Reclassified to:				
Liabilities subject to the Plan (Note 11)	$ -	$ (10,798)	$ (3,216)	$ (14,014)

	Pension Plan	Retiree Health Benefit Plan	Supplemental Pension Plan	2021 Total
Accrued benefit obligation	$ (452,203)	$ (10,757)	$ (3,216)	$ (466,176)
Fair value of plan assets	461,738	-	-	461,738
	$ 9,535	$ (10,757)	$ (3,216)	$ (4,438)
Allowance for benefit reinstatement	(9,535)	-	-	(9,535)
Accrued benefit liabilities	$ -	$ (10,757)	$ (3,216)	$ (13,973)
Reclassified to:				
Liabilities subject to the Plan (Note 11)	$ -	$ (10,757)	$ (3,216)	$ (13,973)

The reconciliation of the pension plan at April 30, 2022 is as follows:

	Fair value of plan assets	Accrued benefit obligation	Accrued benefit assets/ (liabilities)
Balance as at April 30, 2021	$ 461,738	$ (452,203)	$ 9,535
Transfer and plan amendments arising from Huntington University	6,188	(6,081)	107
Contributions	10,678	(3,268)	7,410
Current period costs	-	(23,068)	(23,068)
Transfers	(1,055)	1,055	-
Adjustment for plan amendments	(7,972)	-	(7,972)
Benefits paid	(58,760)	58,760	-
Actual return on plan assets	2,188	(23)	2,165
Actuarial gain	-	6,486	6,486
Balance as at April 30, 2022	$ 413,005	$ (418,342)	$ (5,337)

(thousands of dollars)

6. Employee future benefits (continued):

The reconciliation of the pension plan at April 30, 2021 is as follows:

	Fair value of plan assets	Accrued benefit obligation	Accrued benefit assets/ (liabilities)
Balance as at April 30, 2020	$ 419,293	$ (431,581)	$ (12,288)
Contributions	14,099	(6,294)	7,805
Current period costs	–	(25,167)	(25,167)
Transfers	17,350	(17,350)	–
Benefits paid	(25,784)	25,784	–
Actual return on plan assets	36,780	–	36,780
Actuarial gain	–	3,520	3,520
Past service costs - remeasurements	–	(1,115)	(1,115)
Balance as at April 30, 2021	$ 461,738	$ (452,203)	$ 9,535

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

	Pension Plan	
	2022	2021
Discount rate	5.85%	5.85%
Provision for adverse deviation (on non-indexed liabilities)	10.28%	10.28%
Rate of compensation increases	2.00%	2.00%
Expected long-term rate of return on Plan assets	5.85%	5.85%
Health care cost trend rate	–	–
Rate of inflation	2.00%	2.00%

(thousands of dollars)

7. Capital assets:

	Cost	Accumulated Amortization	2022 Net book Value	2021 Net book Value
Buildings	$ 358,271	$ 123,339	$ 234,932	$ 242,961
Equipment and furnishings	66,775	63,090	3,685	5,405
Site improvements	12,266	10,864	1,402	1,606
Land	13,413	-	13,413	13,413
	$ 450,725	$ 197,293	$ 253,432	$ 263,385

A total of $144 (2021 - $34) of buildings are under construction and not yet subject to amortization.

The University reviewed their capital assets for indicators of impairment and determined there were no such indicators, and therefore determined that an impairment allowance was not required. The University's buildings are considered an integrated group of assets to provide post–secondary education to students and to support research activities. The overall service potential for the integrated asset group has not been significantly reduced and continues to be used to provide on-going and future services to support the University's academic and research operations.

As part of the Plan, the University will make all of its real estate capital assets available for review and consideration by the Province of Ontario, in order for the Province of Ontario to select specific assets for purchase for an aggregate purchase price of a minimum amount of $45,500 and a maximum amount of $53,500, and will enter into one or more agreements of purchase and sale and associated documentation for these assets. At this time, the assessment and allocation of which real estate assets may be sold is ongoing. No real estate assets have been designated as held for sale as at April 30, 2022 given a determination has not yet been made with respect to which real estate assets have been allocated for their potential sale. Any impairment value or loss on the sale of assets to the Province cannot be determined at this time and are not reflected in these financial statements.

8. Accounts payable and accrued liabilities:

Included in Accounts payable and accrued liabilities are government remittances payable of $2,544 (2021 - $3,749), which includes amounts payable for payroll related taxes.

9. Short-term loan:

On February 10, 2021, the Court approved a super-priority, non-revolving DIP Loan to be granted to the University by Firm Capital Corporation ("FCC" or "DIP lender"), pursuant to which the DIP lender committed to provide a DIP Loan up to a maximum amount of $25,000 to enable the University to continue day-to-day operations.

The DIP Loan provided for an aggregate commitment of up to $25,000, with interest at the higher of 8.50% or the TD Canada Trust Posted Bank Prime Interest Rate plus a margin of 6.05%, calculated and compounded monthly and payable monthly in arrears. The initial draw of $10,000 was received on February 16, 2021 and the University made a second draw of $15,000 on March 26, 2021. Pursuant to the terms of the DIP Loan, the University paid debt issuance costs of $591 to the DIP lender and recognized interest expense of $583.

On May 19, 2021, the DIP Loan was amended to extend the principal repayment and maturity date to August 31, 2021 and to increase the aggregate commitment to $35,000. The DIP Loan was further amended on August 20, 2021 to extend the principal repayment and maturity date to January 31, 2022.

On January 27, 2022 the Province of Ontario, as represented by the Ministry of Colleges and Universities advanced a $35,000 DIP facility to replace the previous DIP lender with a maturity date of September 30, 2022. The interest rate is 1.052% and the loan is secured by all property on a super-priority charge. Subsequent to year-end, the maturity date was extended to November 30, 2022 (note 24). A new loan is expected to be negotiated upon exiting CCAA protection to replace the DIP loan with terms that will likely vary significantly from the current terms and conditions.

10. Long-term debt:

Prior to the commencement of the CCAA proceeding, RBC sent letters to LU advising that the credit facilities under the loan agreements were no longer available and all amounts were immediately due. Any potential actions by the lenders under the debt agreements have been stayed pursuant to the Initial Order. These obligations have been classified as liabilities that are subject to compromise under the Plan.

(thousands of dollars)

10. Long-term debt (continued):

The University's total indebtedness as of April 30, 2022 and 2021 consisted of the following:

Unsecured loans with:	Rate	Fixed Maturity	2022	2021
Bank of Montreal (i)	5.39%	2024	$ 1,301	$ 1,301
Royal Bank of Canada	4.30%	2040	12,881	12,881
Royal Bank of Canada (i)	4.94%	2043	17,455	17,455
Royal Bank of Canada (i)	3.90%	2023	2,555	2,555
Royal Bank of Canada	4.63%	2041	38,640	38,640
TD Canada Trust (i)	4.97%	2036	10,538	10,538
TD Canada Trust	4.95%	2043	6,557	6,557
			$ 89,927	$ 89,927
Less: liabilities subject to compromise			(89,927)	(89,927)
			$ -	$ -

The above-noted debt instruments were 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 principal and interest on these loans were payable in monthly installments.

During 2021, principal repayments on the four loans indicated by (i) were deferred for a period of six months. Principal repayments were stayed after February 1, 2021, when the CCAA proceeding was commenced. The amended terms of the loans were not substantially different from those of the original loans. The University did not incur any fees in relation to the modification of loans. During 2022, the University made principal payments totalling $nil (2021 - $1,784) on the other loans in the year.

Prior to the commencement of CCAA proceedings, the University was a party to seven interest rate swap agreements to manage the volatility of interest rates. The University converted floating rate debt for fixed rate of debt. After the commencement of the CCAA proceeding, each of the lenders provided notice to LU that the interest rate swaps would be unwound. The determination of the quantum of the lenders' claim against the University was determined in the Claims Process. As a result of the termination, the University ceased the application of hedge accounting for all the interest rate swaps and recorded an immediate loss incurred on termination amounting to $24,700 in Restructuring costs on February 1, 2021.

As noted above, RBC advised that all the debt obligations and the estimated costs to terminate the related interest-rate swaps were immediately due and payable. In accordance with applicable law, the University ceased accruing interest expense on long-term debt as of February 1, 2021. These obligations are reclassified and recognized as a component of the liabilities subject to the Plan for the years ended April 30, 2021, and 2022 (note 11).

(thousands of dollars)

11. Liabilities subject to the Plan:

As a result of the Initial Order obtained on February 1, 2021, and subsequent amendments, the payment of liabilities owing as of February 1, 2021 is stayed, and the outstanding unsecured liabilities, as well as any additional outstanding claims by creditors, are subject to compromise pursuant to the Plan (note 24), in addition to certain claims not subject to compromise under the Plan.

On May 31, 2021, the Court issued a Claims Process Order establishing the claims procedures for the identification and resolution or determination of claims. On August 17, 2021, the Court issued an order establishing the procedures for the identification and the methodology associated with the determination of employee compensation claims. Pursuant to the Claims Process Order, creditors were required to submit their claims to the Monitor.

Obligations for goods and services provided to the University after the filing date of February 1, 2021 are discharged in the ordinary course based on negotiated terms. These liabilities are not included as Liabilities subject to the Plan. The amounts recognized as subject to the Plan are as follows:

2022

	Employee future benefit remeasurements	Restructuring costs	Reclassification from existing liabilities	Total
Accounts payable and accrued liabilities	$ –	$ 6,076	$ 10,891	$ 16,967
Employee future benefits liabilities	14,014	704	233	14,951
Employee restructuring and termination costs	–	44,682	–	44,682
Short-term loan	–	–	1,324	1,324
Long-term debt	–	–	89,927	89,927
Interest rate swap termination obligation	–	24,368	–	24,368
	$ 14,014	$ 75,830	$ 102,375	$ 192,219

Subsequent to year end, certain claims have been determined to be excluded from being compromised, namely Secured Claims (as defined under the Plan) relating to certain construction projects which are entitled to be paid in full and unpaid employee vacation pay. These amounts total to $5,954 (note 24).

(thousands of dollars)

11. Liabilities subject to the Plan (continued):

2021

	Employee future benefit remeasurements	Restructuring costs	Reclassification from existing liabilities	Total
Accounts payable and accrued liabilities	$ –	$ 35	$ 11,266	$ 11,301
Employee future benefits liabilities	13,973	704	233	14,910
Employee restructuring and termination costs	–	44,658	–	44,658
Short-term loan	–	–	1,324	1,324
Long-term debt	–	–	89,927	89,927
Interest rate swap termination obligation	–	24,700	–	24,700
	$ 13,973	$ 70,097	$ 102,750	$ 186,820

Total claims asserted by creditors in 2022 were $363,950 (2021 - $360,291) pursuant to the claim procedures approved by the Court. The current balance of resolved claims, excluding amounts recorded for research which is included with deferred contributions, amount to $192,219 (2021 $186,820), The remaining unresolved claims amounts are not recognized in these consolidated financial statements as the University is assessing the likelihood and magnitude of these claims and cannot reliably estimate an amount subject to compromise based on the information available as of the report date of these consolidated financial statements. Liabilities subject to compromise may be subject to future adjustments depending on further developments with respect to disputed claims, proof of claims or other events and is therefore subject to significant estimation uncertainty. Changes to these liabilities in future periods may be material as the estimation of these liabilities becomes more reliable.

(thousands of dollars)

12. 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:

	2022	2021
Balance, beginning of year	$ 36,364	$ 37,423
Add contributions received in the year	21,367	20,002
Less amounts recognized as revenue	(17,124)	(21,061)
Balance, end of year	$ 40,607	$ 36,364

Deferred contributions recognized in the year for all types of revenue was $17,124 (2021 - $21,061). Included in this amount is $12,759 (2021 - $15,168) of research income. The corresponding expenses related to this research activity are $8,429 (2021 - $11,378) in salaries and benefits expense; $3,659 (2021 - $3,219) in operating and research expense and $671 (2021 - $571) in scholarships and bursaries expense.

Deferred contributions consist of the following:

	2022	2021
Research grants	$ 22,588	$ 18,590
Other grants and contracts	14,676	14,660
Scholarships and bursaries	3,343	3,114
Balance, end of year	$ 40,607	$ 36,364

(thousands of dollars)

12. Deferred contributions (continued):

(a) Deferred contributions (continued):

In December 2020, the University established separate bank accounts to hold future contributions received for restricted purposes. Previously, contributions received for restricted purposes were deposited in the operating bank account. The table below shows the restricted deferred contributions balances held in a separate bank account at year end:

	2022	2021
Amount of cash held in separate bank accounts:		
Unspent research grant account	$ 8,623	$ 4,324
Restricted funds account	1,493	66
Amount of Deferred contributions not held in separate bank accounts	30,491	31,974
	$ 40,607	$ 36,364

Cash balances in restricted bank accounts are transferred in a period subsequent to the deferred contributions spending.

As a result of the CCAA process, the University continues to assess the funding of the programs and activities to which these Deferred contributions relate, and therefore these amounts may be subject to change in future periods. A portion of the Deferred contributions balance related to unspent research grants is potentially subject to compromise, however due to the uncertainty in the ongoing proceedings, the total balance cannot be reasonably determined.

(thousands of dollars)

12. Deferred contributions (continued):

(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:

	2022	2021
Unspent:		
Balance, beginning of year	$ 2,481	$ 550
Add contributions received in the year	877	4,018
Less amounts spent	(224)	(2,087)
Balance, end of year	3,134	2,481
Unamortized:		
Balance, beginning of year	125,787	129,329
Add contributions spent in the year	224	2,087
Less amount amortized to revenue	(5,621)	(5,629)
Balance, end of year	120,390	125,787
Total unspent and unamortized capital contributions	$ 123,524	$ 128,268

13. Endowment and investment income (loss):

Endowment consists of restricted funds received by the University and the accumulated investment income not yet distributed. Investment income generated from long-term investments earmarked for endowment is used in accordance with the various purposes established by the donors. In order to protect the value of endowment capital over time and to allow the University to distribute a consistent amount of income from endowment on an annual basis regardless of the investment income earned in the fiscal year, the endowment investment objective is to earn a rate of return at least equal to the total of the effects of inflation plus distributions and the costs of investing and administering the funds.

The University reviews its distribution rate on an annual basis. In 2020, prior to the initiation of the CCAA process, the University approved a distribution of up to 2.0% of the fair value of the endowment investment, subject to availability of earned investment income in each endowment account. Total actual amount distributed was $400. Following the initiation of the CCAA process, there have been no further distributions.

The University charges an administrative fee against the investment income to recover costs incurred to fulfil the University's fiduciary responsibilities relating to investing and managing the endowment funds. The administrative fee is recorded as Other fees and income in the Consolidated Statement of Operations. During the year, the University recognized an administrative fee of $nil (2021 – $590).

(thousands of dollars)

13. Endowment and investment income (loss) (continued):

If, in any year, the net investment income is insufficient to fund the amount to be made available for endowed distribution, the distribution is funded by the accumulated reinvested income and internal resources transferred by the University. During the year, the University recognized a transfer to the endowment of $nil (2021 - $nil).

Details of the change in Net assets restricted for endowment are as follows:

	2022	2021
Balance, beginning of year	$ 61,482	$ 54,299
Endowment contributions	6	175
Net increase (decrease) in Endowment		
Investment income (loss)	(282)	8,211
Administrative fee	–	(590)
Investment management fees	(245)	(213)
Investment income available for distribution	–	(400)
	(527)	7,008
Balance, end of year	$ 60,961	$ 61,482

Long-term investments reflect funds earmarked for endowment balances. The equity funds, fixed income securities, structured credit funds and real estate funds are measured at market value.

Included in endowments are endowments of $14,665 (2021 - $14,791), including accumulated reinvested investment income, to support students of the NOSM University. As a condition of the Plan, an amount equal to the cumulative endowment contributions and cumulative endowment investment income at market value at the time of Plan implementation relating to endowments in respect of NOSM University students will be transferred to NOSM University (note 24).

(thousands of dollars)

13. Endowment and investment income (loss) (continued):

The Endowment balance consists of:

		2022		2021
Cumulative endowment contributions	$	50,005	$	49,999
Cumulative reinvested investment income		10,956		11,483
	$	60,961	$	61,482

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

		2022		2021
Unrealized losses	$	(2,030)	$	(357)
Interest income and dividends		2,196		2,842
Realized gains (losses)		(158)		5,747
	$	8	$	8,232
Long-term investment gain (loss) related to endowment		(282)		8,211
Short-term investment gain recognized in other fees and income		290		21
	$	8	$	8,232

14. Investment in capital assets:

The Investment in capital assets is calculated as follows:

		2022		2021
Capital assets	$	253,432	$	263,385
Less amounts financed by:				
Liabilities subject to the Plan (note 11)		(91,251)		(91,251)
Internally financed capital projects (note 16)		(23,317)		(23,317)
Unamortized deferred capital contributions (note 12)		(120,390)		(125,787)
	$	18,474	$	23,030

(thousands of dollars)

15. Internally restricted net assets:

	2022	2021
Departmental and subsidiary research funds	$ 1,164	$ 776
Departmental carry forward	-	1,233
Ancillaries	-	1,293
	$ 1,164	$ 3,302

Departmental and subsidiary research funds relate to MIRARCO and other internally restricted research projects. During the year, the University transferred from the unrestricted fund $388 of surplus for the purpose of future internal research spending. Departmental carry forward represents unspent departmental budgets and were carried forward to 2022, and used in that year for their intended purpose. Ancillaries represent surpluses generated from ancillary operations including residences, parking and events, which are intended to be reinvested in future ancillary operations and capital improvements, which were carried forward to 2022, and used in that year for their intended purpose. While under CCAA, appropriations for departmental carry forward and ancillaries surpluses have not been transferred to internally restricted net assets.

16. Internally financed capital projects:

The University finances ongoing major capital projects with internal funds that can be generated from ancillary operations, investment income, or fundraising.

Details of capital asset internal financing activities are as follows:

	2022	2021
Campus Modernization	$ 14,739	$ 14,739
Cardiovascular Metabolic Research Lab	5,027	5,027
Great Hall renovations	1,146	1,146
Ancillaries	855	855
Cliff Fielding Research, Innovation and Engineering Building	146	146
Parking Lot 4	761	761
School of Education Building	341	341
DNA Lab	161	161
Other small projects	141	141
	$ 23,317	$ 23,317

17. Commitments and contingencies:

(a) 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.

(b) The Students' General Association, through a referendum, approved a student levy to cover the repayment of a student long-term debt facility to provide funding for a new Student Centre. The University guaranteed the Student General Association Loan for an amount of $8,500. The University continues to administer and collect the student levy which the Student General Association uses to repay the loan. During the year ended April 30, 2022, there has not been any occurrence and continuation of an event of default by the Student General Association. No amount has been recorded in these consolidated financial statements relating to the University's guarantee. The guarantee is an unsecured contingent obligation of the University and is therefore subject to compromise under the Plan. Following implementation of the Plan, the University will no longer have any future obligations in respect of this guarantee.

(c) The University is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. Legal proceedings involve uncertified class action claims related to a data breach and claims from employees. These claims are subject to measurement uncertainty. The loss, if any, from the determination of additional claims will be accounted for in the periods in which the claims are resolved and are presently assigned to its insurer.

Claims asserted as part of CCAA proceedings are material. The University has identified those that are currently recognized as liabilities subject to the Plan in note 11, to the extent that they have been resolved or determined in the claims process. Some claims are subject to measurement uncertainty. The loss, if any, from the determination of additional claims will be accounted for in the periods in which the claims are resolved. None of the litigation claims against the University can be pursued post-implementation of the Plan. The plaintiff's recovery in the case of any litigation claim against the University that was commenced prior to the CCAA filing for which a proof of claim was filed prior to the Claims Bar Date (listed on Schedule "A" to the Plan) is limited to the proceeds of insurance, if any.

(d) The University is the principal employer for the pension plan (note 6) which included the previous Federated Universities, SNOLAB, CEMI and MIRARCO. Effective June 30, 2021, all Huntington University active employees ceased to accrue any further entitlement in the pension plan.

Active employees of the University of Sudbury and Thorneloe University who continue to be employed after December 31, 2021 became suspended members of the pension plan effective December 31, 2021. The University of Sudbury and Thorneloe University shall continue as employers under the pension plan on and after December 31, 2021 and will have ongoing obligations to fund the benefits earned by their employees and former employees under the pension plan.

Laurentian University and its Unions have agreed to establish a Joint Committee on the pension benefits and funding policy and long-term sustainability. Conditions have been agreed that any improvements to the pension plan become conditional on the plan meeting agreed upon levels of funding.

(thousands of dollars)

18. Change in non-cash working capital:

		2022		2021
Cash flows from operating activities:				
Accounts receivable	$	1,160	$	11,325
Prepaid expenses		56		(1,163)
Accounts payable and accrued liabilities		2,955		(6,384)
Accrued vacation pay		260		(513)
Deferred revenue		1,211		327
Accounts receivable (long-term)		-		96
	$	5,642	$	3,688

19. Other fees and income:

Details of the other fees and income are as follows:

		2022		2021
Administrative fees	$	3,423	$	4,967
Scholarships, bursaries and other restricted contributions		3,014		7,101
Compulsory fees		2,807		2,625
Sponsored students		2,598		2,647
Course fees and other		4,090		4,821
	$	15,932	$	22,161

(thousands of dollars)

20. Restructuring costs:

As part of the restructuring and financial sustainability initiatives approved by the Court, the University reduced the academic program offerings, disclaimed its historical agreements with the Former Federated Universities (including the Financial Distribution notices), terminated, or significantly reduced employee benefits and reduced faculty and other staff. In connection with the restructuring Plan and the CCAA proceeding, the following restructuring costs were recognized of which, $75,830 (2021 – $70,097) are included in liabilities subject to the Plan (note 11):

	2022	2021
Termination of interest rate swaps	$ (332)	$ 24,700
Employee future benefit liabilities	-	704
Employee restructuring and termination costs	25	44,658
Restructuring and settlement costs	6,041	35
Legal, Monitor, consulting, interest and finance costs		
Legal fees	10,634	4,903
Monitor fees	5,021	2,800
Consulting fees	3,533	223
Interest and finance costs	2,837	881
	22,025	8,807
	$ 27,759	$ 78,904

21. Financial risks:

The University is subject to the following financial risks from its financial instruments:

(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 its cash, 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 accounts receivable on a continuous basis and provides for any amounts that are not collectible in the allowance for doubtful accounts as disclosed in note 5.

21. Financial risks (continued):

(b) Interest rate risk:

The University has historically been exposed to interest rate risk with respect to its interest-bearing investments, long-term debt and interest rate derivative agreements as disclosed in the consolidated statement of cash flows and notes 3(f), 10 and 11. As a result of the CCAA proceeding, the University's obligations to repay principal and interest are suspended. The debt is in default and the interest rate derivatives were terminated.

As the majority of the University's debt obligations were reclassified to liabilities subject to the Plan and it has no long-term borrowings, it is not currently exposed to material interest rate risk as disclosed in note 9.

(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. On February 1, 2021, the University obtained an Initial Order providing protection from creditors pursuant to the CCAA (note 2(b)). Since then, the University has embarked on cost savings initiatives and restructuring and in fiscal 2021 secured interim financing through a DIP loan. During fiscal 2022, the University secured a commitment to additional financial support from the Province of Ontario (note 2(b)).

(e) Market price risk:

Market price risk is the risk that the fair value or cashflows 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 maintains an investment policy approved by the Board of Governors that sets a target mix by investment types designed to achieve optimal return with reasonable risk tolerances. Investments are diversified based on approved investment classes, return targets, and the University's risk appetite. The University's investments are managed by external investment managers, and investment performance is reviewed by the Board. Additional risk exposures as a result of the effects of COVID-19 are described in note 22 below.

(thousands of dollars)

22. Effects of COVID 19:

In March 2020, the World Health Organization declared the spread of coronavirus ("COVID-19") to constitute a global pandemic. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus including travel restrictions in and out of and within Canada, barring gathering of people and requirements to stay at home. These restrictions impacted the operations of the University and resulted in the closure of physical premises of all post-secondary institutions. During fiscal 2022, the University continued to experience reduced on-campus activity, which affected campus services revenue such as residences, food, and parking. The University's financial results throughout 2021 and 2022 incorporate the financial impact of COVID-19.

The extent of such adverse effects on the University's ongoing business, financial and operational performance are uncertain and difficult to assess. The financial impacts will depend on future developments, including the duration, spread and severity of the outbreak, physical distancing requirements, the duration and geographic scope of related travel advisories and restrictions, and the extent of disruptions to businesses globally and its related impact on the economy.

The University resumed in-person teaching and research in the fall of 2021 which coincided with the anticipated roll out of the Province's reopening plan. However, the University later returned to remote course delivery in response to the presence of the Omicron COVID-19 variant in Ontario. The University begun a staged return to campus commencing February 7, 2022, prioritizing experiential learning. The University remains flexible to adapt to developing public health guidelines.

23. Related party transactions:

The University has the following related parties:

(a) The Centre for Excellence in Mining and Innovation:

CEMI was created on April 23, 2007 to advance study, research, and innovation. The University contributed $10,000 received from the Provincial Government to create and fund CEMI on its inception.

As described in the basis of consolidation, the financial results of CEMI are not included in these consolidated financial statements. Related party transactions and disclosures with CEMI, measured at their exchange amount, are as follows:

	2022	2021
Recoveries and charges for goods and services	$ 649	$ 575
	$ 649	$ 575

At April 30, 2022 the University had $127 (2021 - $nil) receivables from CEMI and had a payable of $nil (2021 - $7) to CEMI.

23. Related party transactions (continued):

(b) Student associations:

The University has economic interest in its student associations as it collects student fees on their behalf. Transactions with these related parties, unless disclosed otherwise, are considered to be in the normal course of operations and are recorded at their exchange amounts, which is the amount of consideration established and agreed to between the University and the related parties. Prior to the commencement of the CCAA proceedings, the University had provided an unsecured guarantee of the Student General Association Loan for an amount of $8,500. At the time that the Plan is implemented, all unsecured obligations of the University will be compromised under the Plan and the University will no longer have any obligation in respect of the guarantee (note 17).

24. Subsequent events:

Pursuant to the Meeting Order, the Plan was accepted for filing by the Court on July 28, 2022. In accordance with the terms of the Plan and the Meeting Order, the Plan was amended on September 9, 2022, and the amended Plan was filed with the Court, notice of the amended Plan was provided to the Service List, and the amended Plan was posted on the Monitor's website.

As part of its support of the University, the Province of Ontario committed to purchase real estate owned by Laurentian for an aggregate purchase price of up to $53.5 million (see note 7). This support is subject to conditions, including final government approvals and the implementation of the Plan. Under the Plan, the proceeds of sale will be paid into the Distribution Pool. The Plan provides for any real estate sale transactions to be completed within three years of the Plan Implementation Date.

A meeting of certain Affected Creditors of Laurentian (as defined in the Plan) was held on September 14, 2022, to vote on the Plan. At the Meeting, the requisite majorities in number and value of Affected Creditors entitled to vote voted in favour of the Plan.

In addition, on September 22, 2022 the Treasury Board met to approve the DIP loan extension to November 30, 2022, in line with the motion of an extension of the Stay Period. Subsequently, Treasury Board will need to approve the exit financing to replace the existing DIP loan outstanding. The Treasury Board is expected to meet on October 20, 2022 to approve such exit financing. Once approved, there will be a Court motion seeking an Order authorizing the University to enter into the Exit Loan Agreement, which is scheduled to be heard on November 1, 2022. Laurentian subsequently needs to satisfy the Plan implementation conditions, after which the Monitor would issue a certificate of Plan implementation. These conditions include repaying the DIP loan with the proceeds of the exit financing and transferring applicable cumulative endowment funds and cumulative endowment income related to NOSM (note 13).

24. Subsequent events (continued):

On September 23, 2022, the Court granted an Order extending the Stay Period (as defined in the Initial Order) up to and including October 7, 2022, and approved an amendment to the maturity date under the DIP Facility to November 30, 2022.

On September 28, 2022, the University served court materials in respect of a motion seeking, among other things, the Court's sanction of the Plan, the unsealing of Confidential Exhibits "EEE" and "FFF" to the Affidavit of Robert Haché sworn January 28, 2021, upon implementation of the Plan, and an extension of the Stay Period to November 30, 2022. That motion was heard on October 5, 2022 and on that date, the Court granted the Sanction Order, the Unsealing Order and the Stay Extension Order.

Secured Claims (as defined under the Plan) relating to certain construction projects which are entitled to be paid in full and unpaid vacation pay to employees which have been stayed have been determined to not be subject to compromise (Note 11) and will be paid in full subject to, and upon implementation of the Plan.

Management has estimated that Affected Creditors will receive payment in the range of 14.1% - 24.2% of their Affected Claim under the Plan after payment in full of all amounts owing to parties holding Unaffected Claims who are entitled to such payment pursuant to the Plan. The exact amount cannot be determined at this time and is subject to the ongoing proceedings. As a result, liabilities subject to compromise included in note 11 have not been adjusted to reflect this estimation uncertainty.

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