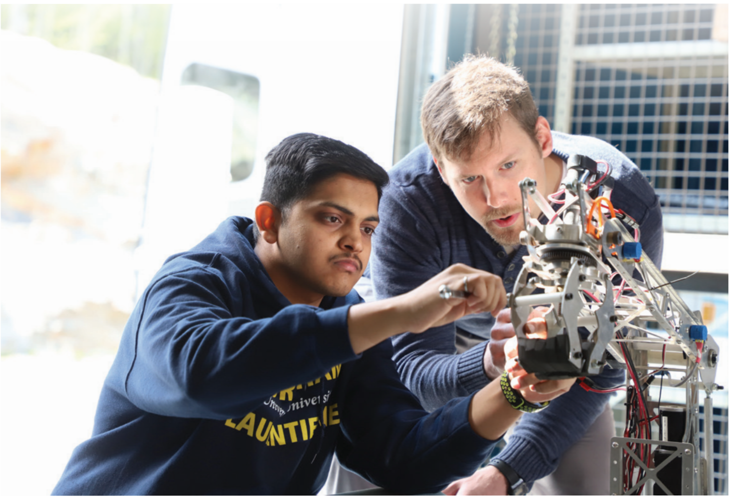
ANNUAL
FINANCIAL REPORT

FISCAL YEAR ENDED **APRIL 30, 2023**



Laurentian University
Université Laurentienne

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Table of Contents

Laurentian University
Université Laurentienne

Introduction

We would like to acknowledge the Robinson-Huron Treaty of 1850. We also further recognize that Laurentian University is located on the traditional lands of the Atikameksheng Anishnawbek and that the City of Greater Sudbury, also includes the traditional lands of the Wahnapitae First Nation. We extend our deepest respect to Indigenous peoples - as a sign of our continued relationship we will support Laurentian University's Truth and Reconciliation Task Force Recommendations. Miigwech.

Ka ke ginwaamdanaa Aki Gaabijidebendaagwak Robinson Huron Naakinegewin ode 1850. Miinwa ginwaamdandaa Laurentian Chi-kinomaagegamik gewii teg maanpii gidaa kiimina Atikameksheng Anishinaabek debendaagwak miinwa Chi-odeno Sudbury miinwa gewii debendaagwak Wahnapitae Anishinaabe kiing. Gichipiitenmananig Anishinaabek- ga nakiitaanaa weweni maanpii Laurentian Chi-kinomaagegamik Debwewin miinwa Minadaapnagewin Nakii Naadmageh Makwataagziiwin. Miigwech.

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.

However, historical financial and operational issues experienced in recent years required the University to take extraordinary measures to continue delivering its academic and research programs. On February 1, 2021, Laurentian brought an application before the Ontario Superior Court of Justice for an initial order for a stay of proceedings pursuant to the Companies' Creditors Arrangement Act (the "CCAA"), which was granted. The CCAA order provided the University with a court-supervised platform enabling it to restructure its operations.

After more than 18 months of negotiation with creditors, Laurentian successfully exited CCAA protection through a Plan of Compromise or Arrangement (the Plan) supported by long-term financing from the Province, The Plan and the financing became effective on November 28, 2022. The Plan (further described below) contains various post-implementation requirements, two of which called for the University to develop a new strategic plan and embark on a comprehensive operational transformation. The Plan also called for senior management changes and Board renewal. As part of the CCAA proceeding, the Laurentian University of Sudbury Act, was amended to reduce the size of the Board of Governors from 25 to 16 members.

Since exiting CCAA protection at the end of November 2022, the University has embarked on an extensive search process to recruit a new President and Vice-Chancellor, Vice-President Academic and Provost, and Vice-President Finance

and Administration, amongst others. To help the University through its post-CCAA renewal, Laurentian was fortunate to recruit Dr. Sheila Embleton from York University as Interim President and Vice-Chancellor, and Dr. Brenda Brouwer, from Queens University as Interim Vice-President Academic and Provost, who joined Laurentian in January 2023.

Immediate priorities post-CCAA have been to address the requirements of the Plan, critical staffing and operational needs, renew relationships with partners, and stabilize student enrolment and retention.

Because of the CCAA proceedings, the University experienced a drop in enrolment, which is expected to stabilize in the coming years. Fortunately, the reduction in enrolment was lower than anticipated. Similarly, research and other contributions although lower than previous years demonstrated ongoing support from our funding partners.

Laurentian exited CCAA protection with the financial strength needed to invest in its programs and operations. The 2023-24 budget developed through broad consultations with faculties and staff helped identify areas of immediate priorities. Consultants were also selected to assist in the development of a new strategic plan and detailed transformation plan.

The bilingual and tricultural nature of Laurentian is unique in Ontario and its impact on outcomes in the region is vital and crucial. Laurentian is an important source of learning to Northern Ontario and the thousands of students who otherwise would have difficulty accessing post-secondary education.

LAURENTIAN **BY THE NUMBERS**

Available **Expendable Resources**

$17.0M[1]

(-$87.8M last year, restated)

Capital Spending

$2.0M *($0.4M last year)*

TOTAL **REVENUE**

$197.8M

($185.4M last year)

Excess of revenues over expenses, before other items

$52.6M

($44.5M last year)

Endowment per FTE student

$8,293

($7,722 last year)

Total Expenses

$156.3M

($168.6M last year)

REVENUE PER FTE STUDENT

$34,526

($30,925 last year)

TOTAL **NET ASSETS**

$191.6M

(-$4.4M last year)

EMPLOYEE **future benefits liabilities**

$1.8M

($5.3M last year)

Enrolment FULL-TIME EQUIVALENT (FTE)

5,729

(5,995 last year)

[1]*Expendable Net Assets include Unrestricted and Internally Restricted Net Assets (as outlined in the University's audited financial statements).*

Operating Environment

For the first seven months of 2022-23, Laurentian continued to operate under CCAA protection, with spending decisions overseen by the Court appointed Monitor. During that time, management's efforts were mostly focused on maintaining ongoing operations while negotiating with creditors and developing the Plan of Compromise or Arrangement. The Plan was presented and approved by creditors on September 14, 2022, and became effective on November 28, 2022.

Following the exit from CCAA protection, Laurentian proceeded with a comprehensive Board and senior management renewal, starting with the appointment of the Interim President and Vice-Chancellor and Vice-President Academic and Provost on January 1, 2023. Staffing efforts were also intensified to fill critical faculty and staff positions. Also required under the Plan, the University embarked on developing a new strategic plan along with a comprehensive transformation plan to address the recommendations of the NOUS Operations Review and Auditor General Report.

In terms of Government funding, the Ministry of Colleges and Universities (MCU) made the decision to delay the activation of performance-based funding for the Strategic Mandate Agreement (SMA3) for the third year of the Agreement, decoupling the funding but keeping all other aspects of the SMA3 model intact. For 2022-23, Laurentian did experience a reduction in enrolment due to CCAA proceedings. To help alleviate the impact on the University's operating grant, the Ministry agreed to provide Laurentian with enrolment corridor and performance protection of up to $22.0 million.

Effective April 1, 2022, the Northern Ontario School of Medicine University (NOSM U) was granted status as an independent degree-granting university. Both NOSM U and Laurentian continue to have a shared interest in maintaining a strong and effective research collaboration. To that end, a new Research Services Agreement was approved on March 3, 2023. Under that Agreement, Laurentian will continue to support NOSM U's research activities by providing access to Laurentian's research and innovation services, research and laboratory spaces, and federal and provincial funding opportunities.

Following emergence from CCAA, Laurentian resumed planning and budgeting discussions with managers. This process began in the Fall of 2022, with input from the Board of Governors and discussions with faculty and staff about priorities and financial pressures. These discussions were influenced in part by the CCAA Exit Loan Agreement, which contains specific reporting requirements and financial restrictions. The Consolidated 2023-24 Budget presented to the Board of Governors was prepared with the goal of stabilizing the University's operations and to address immediate capacity challenges.

Plan of Compromise or Arrangement

The CCAA stay of proceedings received on February 1, 2021. allowed Laurentian to work with its many stakeholders to develop a Plan of Compromise or Arrangement (the Plan). The purpose of the Plan was 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).

On July 28, 2022, Laurentian filed its Plan with the Court. The Plan was amended on September 9, 2022. A meeting of affected creditors was held on September 14, 2022. At the Meeting, the required number and value of Affected Creditors voted in favour of the Plan. The CCAA Stay Period was extended to November 30, 2022, to finalize the conditions precedent to Plan Implementation, which became effective on November 28, 2022.

The key features of the Plan include the following:

- Repayment of the $35 million Debtor in Possession Facility through the proceeds from the Province Exit Loan Financing.
- Generate the funds necessary to repay creditors, with the Province of Ontario agreeing to purchase between $45.5 million to $53.5 million worth of real estate currently owned by Laurentian. The Plan provides for any sale transactions to be completed within three (3) years of the Plan Implementation Date.
- Pay creditors with a CCAA Priority Claim, a Secured Claim, or a Vacation Pay Compensation Claim in full at the Plan implementation date. Once priority payments are made, the amount remaining in the distribution pool will be distributed on a pro rata basis. The payment distribution process is expected to take up to four years.

Following the Plan implementation date, Laurentian also agreed to take the following actions (amongst others):

a) Working with an external Project Management Consultant and internal Transformation Consulting Group (TCG), to develop a detailed plan for undertaking a comprehensive operational restructuring and transformation as described in the Operational Report prepared during the CCAA process. The TCG's role is to advise on the development of the plan and includes representation from the University's labour groups.

b) Following completion of the comprehensive operational restructuring and transformation led by the Project Management Consultant, a Continuous Improvement Committee to be created to periodically review service-delivery and other operational processes, procedures, and policies to ensure that the operational decisions of the University continue to be guided by best practices in the sector. The Continuous Improvement Committee to include representation from the labour groups.

c) In consultation with the University's stakeholders, develop a comprehensive strategic plan (the "Strategic Plan") and implement the changes necessary to align the University with the new Strategic Plan.

d) Make a request to the Ministry of Colleges and Universities for an amendment to the The Laurentian University of Sudbury Act, 1960, to permit voting representation to the Board of Governors of members of the Laurentian University Faculty Association (LUFA) and the Laurentian University Staff Union (LUSU).

e) Subject to any amendments required under The Laurentian University of Sudbury Act, 1960, make amendments to the Bylaws of the Board of Governors to reflect the skillset and diversity of the Board of Governors, maximum terms of appointment, and regular training.

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

The University exited CCAA protection on November 28, 2022 and payments were issued for Secured Claims, CCAA Priority Claims and Vacation Pay Compensation Claims in the amount of just under $6.0 million. In accordance with the Plan, distributions to Affected Creditors with unsecured Proven Claims will be made at a future date once the Net Sale Proceeds of certain assets to the Province of Ontario have been received. As at April 30, 2023, in connection with the CCAA proceedings, the University recorded a Payable to the Distribution Pool of $47.5 million and a recovery from CCAA proceedings of $166.4 million.

The Payable to Distribution Pool represents remaining amounts owing to creditors and the Recovery relates to liabilities extinguished during the CCAA process. Upon exit from CCAA protection, long-term financing was received from the Ontario Ministry of Training, Colleges and Universities in the amount of $35 million to repay the debtor-in-possession loan also held by the province.

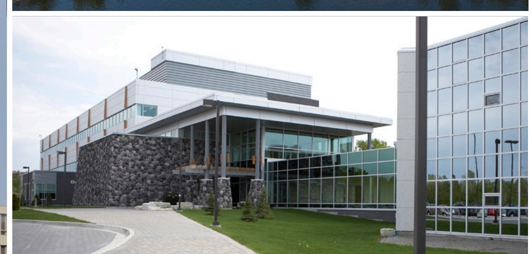
Sale of Laurentian Real Estate

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. 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.

The University has negotiated an agreement through a Term Sheet with the Province of Ontario for the sale of certain real estate with estimated proceeds of $53.5 million. This Term Sheet outlines a proposed structure for the transaction which will allow the Province to purchase the properties. The total land identified in the Term Sheet covers 68.75 acres, which represents approximately 9% of the University's total 750+ acres. There are also five buildings located on seven separate properties identified in the Term Sheet, which the University expects to be fully or partially leased back. They include:

- the East Residence
- the Vale Living with Lakes Centre and Watershed Building
- the Northern Ontario School of Medicine
- the Health Sciences Building, and
- the Security and Maintenance Building

After due diligence, including consultations with Indigenous communities, specific assets will be confirmed for sale. With this non-binding Term Sheet, the University is now in a position to explore the sale of these assets and work together with the province of Ontario to negotiate a purchase and sale agreement, by no later than November 28, 2025.



Academic Update

The academic year 2022-23 began under the watchful eye of the insolvency proceedings. The associated CCAA restructuring and impacts were far-reaching, yielding both direct and indirect consequences felt by all in the community and beyond. As Laurentian emerged from the CCAA protection at the end of November 2022, it began setting the Plan of Compromise or Arrangement in motion to rebuild its reputation as an integral member of the region's postsecondary sector. The following provides a summary of academic milestones and highlights for the year.

Budget and Planning: After broad consultation, faculties and academic units submitted their budget requests for 2023-24 along with a narrative describing their unit, goals and objectives for the year (with performance indicators) and tactics to promote financial sustainability. All units reporting to the Provost and Vice-President Academic shared their submissions and presented in an open forum to promote an institutional understanding of current and future state. The approach served to expose opportunities where resources could be shared, and where collaborations could potentially lead to new programs or program streams.

Senior academic and administrative searches: Selection committees were formed to search for new Deans in the Faculty of Arts and in the Faculty of Education & Health, and for a University Librarian. In addition, the search for an Associate Vice-President Francophone Affairs (AVP-FA) was launched in late April 2023. Dr. Jennifer Johnson was appointed Dean, Faculty of Arts effective July 1, 2023, and Nathalie Poulin-Lehoux was also appointed Associate Vice-President francophone Affairs for a Fall 2023 start. Other searches are ongoing.

Faculty Renewal: Terminations, resignations, and retirements of faculty members since 2021 placed professional programs at risk of losing accreditation and the university at risk of non-compliance under Ontario's French Languages Services Act. The most urgent needs were identified, and ten new tenure-track positions were announced in January 2023, marking the beginning of a strategic hiring plan. Twelve new tenure-track positions were also approved in the 2023-24 budget.

Enrolment management: Formed in April 2023, the Enrolment Management Group leads the University's enrolment planning to promote optimal enrolment, sustainable academic programs and to guide the recruitment strategy as well as ensure student services are in place to support success. The planning considers University strategic plans, capacity, demand, attrition and existing government mandates.

Notable Events

- The Faculty of Management, School of Sports Administration held its 50th anniversary reunion weekend from October 13-16, 2022.
- Goldman Gold Challenge – Battery Metal Edition (February 2-4, 2023). Laurentian University hosted the event which brought eight university teams from Canada and the United States to compete in the mining investment competition.
- The Harquail School of Earth Sciences hosted the Annual Meeting of the Geological Association of Canada, Mineralogical Association of Canada, and the Society for Geology Applied to Mineral Deposits (GAC-MAC-SGA) conference from May 23-31, 2023 with the theme: Discovering Ancient to Modern Earth. More than 500 geologists from across the globe participated in scientific presentations, field trips and workshops.
- National Indigenous Peoples' Day (June 21, 2023) provided an opportunity to share, for the first time, Laurentian's Truth and Reconciliation Report Card and recognize the progress is integral to reconciliation.

Achievements

- Ten new Tenure track faculty members begin their appointments before the start of the Fall term, 2023.
- A new graduate Maîtrise interdisciplinaire ès arts en études relationnelles was approved by the Council of Ontario Universities' Quality Council and by the Ministry of Colleges and Universities – it will launch in September 2024.
- The Master of Health Administration, an interdisciplinary program of the Faculties of Education & Health, and Management was approved for delivery in French. La Maîtrise en administration de la santé will commence in September 2024.
- Successful accreditation of programs in Engineering, Indigenous Social Work, and Nursing Science was granted by the respective professional bodies.

- A new Certificate in Ecohealth Promotion, Faculty of Education & Health was approved to begin in Fall 2023. The certificate addresses a growing interest in the health benefits of outdoor programs and therapies.

New initiatives

- Bilingual Innovations was a campus-wide competition seeking summer projects aimed at achieving higher levels of bilingualism through the expansion of existing or the creation of new programs serving students for whom French is the second language. Fifteen proposals were funded from an FSL Government of Ontario, Ministry of Colleges and Universities grant.
- A subcommittee of the Academic Planning Committee was struck to develop a consultation process for the next Academic Plan that will dovetail with ongoing Strategic Planning.
- Preliminary discussions are underway to develop an interdisciplinary undergraduate program in Environmental Solutions.

Research Highlights

In fiscal year 2022-2023, the research and innovation enterprise at Laurentian University continued to be advanced by faculty, staff, and students in collaboration with industry and community partners.

Over 1,000 graduate students, studying in one of the 26 Masters or 9 Doctoral programs from Architecture to Indigenous Relations, Engineering, and Nursing, were integral to the advancement of research, innovation and discovery. Many of the graduate students trained, directly benefited from external research grants awarded to faculty, receiving stipends, paid research assistant positions and funded internships. For example, sixteen graduate students were supported, through MITACS funding and industry partner contributions, to complete applied research projects as interns with the partner company. Moreover, twenty-three undergraduate students also completed paid research internships with funding from the Natural Sciences and Engineering Research Council (NSERC).

Furthermore, external research grants continued to be the primary source of funding driving research, development and creativity. Researchers in the Faculty of Education and Health attracted external funding from the Social Sciences and Humanities Research Council (SSHRC) to tackle important research questions through community-driven projects such as: Agents for Health and Wellness Equity for Newcomers, Along the Full Continuum of Settlement, Integration and Social Inclusion and Supporting Social Work Field Education, and Developing a Model of Holistic Competence. A project was also undertaken in collaboration with Anishinaabe community partners, Akinomooshin Inc., & White Buffalo Road Healing Lodge Inc. to study Maamwizing: a hub for Indigenous community-driven research.

With funding from MITACS, researchers in the Faculty of Management also undertook collaborative projects with industry providing paid research opportunities for students involved in the Comparison of two Approximate Stochastic Dynamic Programming Schemes for Mid-term Hydropower System Management. Researchers in the Faculty of Arts also engaged with community partners through SSHRC Connection Grant funding which supports outreach activities geared toward targeted knowledge mobilization activities.

In the Faculty of Science, Engineering and Architecture (SEA) researchers attracted external funding from NSERC and MITACS along with cash and in-kind support from industry partners to advance applied research. A few of the funded projects included, Stratigraphy and Gold Metallogeny of the Guiana Shield in partnership with Barrick Gold Corporation; Origin and Timing of Critical Metal Mineralisation at the Gayna River Zn Camp, with Fireweed Zinc Ltd. and Northwest Territories Geological Survey as partners; Use of Non-Ore Resources to Enhance the Economic, Social and Environmental Sustainability of the Mining Industry in partnership with Glencore INO; Structural and Stratigraphic Controls on Gold Mineralization, Ulu Project, High Lake Greenstone Belt, Nunavut, Canada with Blue Star Gold Corp. as partner, Modelling a Distributed Array EM System with partner DIAS Geophysical, and Impacts of Wildfire and Windfarm Construction on the Herpetological Community of Eastern Georgian Bay with partner Blazing Star Environmental. Others in the Faculty of SEA were also funded by NSERC and SSHRC to tackle important basic research examining protein biogenesis and iron homeostasis, microalgal production of high value antioxidants, morphological changes in trabecular bone and important social sciences issues examining Sacred Spaces.

Laurentian researchers also led the way to advance research and scholarship in French including funding from SSHRC to study Apports du réseau de proximité dans le soutien à domicile des francophones en contexte minoritaire, les leçons de l'expérience du Club amical de Sudbury en temps de pandémie. Funding was also received from Ontario Public School Boards' Association to develop and implement French as a second language workshops for teacher education students.

Affiliated research partners from MIRARCO, Health Sciences North Research Institution, NOSM University and SNOLab attracted external research funding contributing to the training of highly qualified people and the advancement of discovery. External grant funding was also obtained to support faculty, staff and students through the hiring of a Research Equity, Diversity and Inclusion Advisor and investments in software and training to support research security.

In summary, in 2022-2023, research, discovery and innovation at Laurentian University was supported by a number of external research grants, often in collaboration with industry and community partners. Collaborative projects addressed critical issues, provided real-world training for students, led to the advancement of ground-breaking discoveries, and realized positive societal outcomes. In short, the research enterprise trains the talent required to support thriving industries and communities.

Enrolment Trends

The ongoing uncertainty caused by COVID-19 and the CCAA restructuring led to a drop in enrolment at Laurentian that was predicted to continue into 2022-23. In line with these expectations, enrolment once again declined in 2022-2023, with an overall decrease year-over-year of 4% in Fall Full Time Equivalent (FTE).

Notably, however, this reduction in enrolment was lower than anticipated. As part of the CCAA proceedings, Laurentian's multi-year financial plan showed an overall enrollment decrease of 14% between 2021-2022 and 2022-2023.

In total, the Fall of 2022 saw Laurentian serve 7,711 individual students or 5,729 FTE, enrolled across 106 undergraduate and graduate programs, 34 of which were offered in the French language. See Tables 1a and 1b for comparison of Fall enrolment over a three year period by both individual student Headcount (Table 1a) and Fall FTE (Table 1b).

The overall decrease in enrolment was largely driven by a drop in returning students which saw a 9% reduction from 4,535 FTE in Fall 2021 to 4,134 FTE in Fall 2022. This declining trend for returning students was evident in both undergraduate and graduate programs, with the exception of returning international graduate students which saw a Fall FTE increase of 10%. In comparison, overall new cohort enrolment grew by 135 FTE across the same period, resulting in an 9% increase year- over-year, mostly driven by new international graduate students.

***Table 1a:** Fall Headcount Official Enrolment by Academic Level - 2020F - 2022F*

Academic Group	Academic Level	Immigration Status	Headcount					
			2020F		2021F		2022F	
Undergraduate	Undergraduate	Domestic	7,823	3%	6,693	-14%	6,307	-6%
		International	402	5%	368	-8%	302	-18%
		Total	**8,225**	**3%**	**7,061**	**-14%**	**6,609**	**-6%**
	Total		**8,225**	**3%**	**7,061**	**-14%**	**6,609**	**-6%**
Graduate	Master's	Domestic	752	8%	672	-11%	663	-1%
		International	144	30%	146	1%	272	86%
		Total	**896**	**11%**	**818**	**-9%**	**935**	**14%**
	PhD	Domestic	151	12%	128	-15%	121	-5%
		International	51	-4%	49	-4%	46	-6%
		Total	**202**	**7%**	**177**	**-12%**	**167**	**-6%**
	Total		**1,098**	**10%**	**995**	**-9%**	**1,102**	**11%**
Grand Total			**9,323**	**4%**	**8,056**	**-14%**	**7,711**	**-4%**

Table 1b: Fall FTE Official Enrolment by Academic Level - 2020F - 2022F

Academic Group	Academic Level	Immigration Status	Fall FTE					
			2020F		2021F		2022F	
Undergraduate	Undergraduate	Domestic	5,929.9	3%	4,958.6	-16%	4,632.9	-7%
		International	329.9	5%	289.6	-12%	238.6	-18%
		Total	**6,259.8**	**3%**	**5,248.2**	**-16%**	**4,871.5**	**-7%**
	Total		**6,259.8**	**3%**	**5,248.2**	**-16%**	**4,871.5**	**-7%**
Graduate	Master's	Domestic	530.8	8%	464.1	-13%	455.1	-2%
		International	141.9	31%	143.9	1%	270.6	88%
		Total	**672.7**	**13%**	**608**	**-10%**	**725.7**	**19%**
	PhD	Domestic	107.6	7%	90.2	-16%	86.7	-4%
		International	49.6	-5%	49	-1%	45.3	-8%
		Total	**157.2**	**3%**	**139.2**	**-11%**	**132**	**-5%**
	Total		**829.9**	**11%**	**747.2**	**-10%**	**857.7**	**15%**
Grand Total			**7,089.7**	**4%**	**5,995.4**	**-15%**	**5,729.2**	**-4%**

Domestic undergraduate enrolment decreased in 2022-2023, with the final Fall enrolment of 4,633 FTE being 7% lower than the previous year. However, the reduction to domestic enrolment was again better than predicted, and while enrolment did decline, Laurentian exceeded its plan for domestic undergraduate enrolment by 9%.

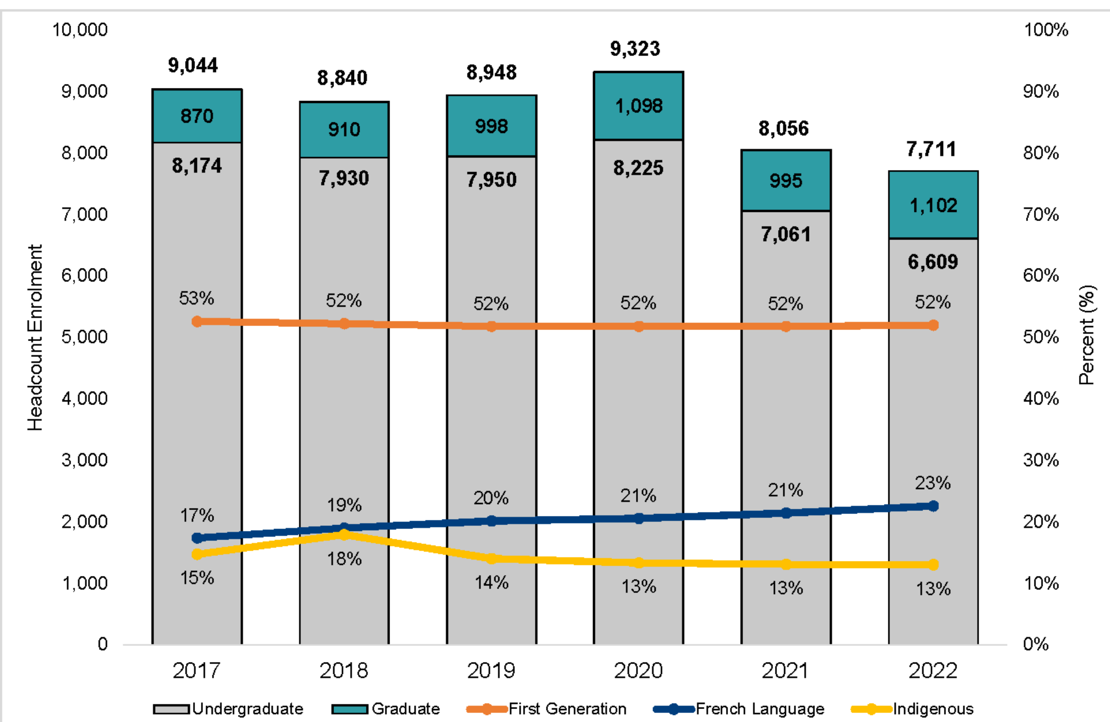
International undergraduate enrolment experienced a more substantive decline, dropping 18% from the previous year. The decrease of 51 Fall FTE stemmed from both new and returning students, which fell by 10% and 20% respectively. While the overall proportion of undergraduate international enrolment is small, it is important to note that international growth in 2022-23 was exclusively in graduate degree programs.

Enrolment in graduate programs increased by 15% in 2022-2023, as Laurentian continued to see high demand for course-based Master's programs among international students, where the number of new cohort enrolments more than tripled in the Fall term to 155 FTE, up from 46 FTE in the previous year. There was also growing interest in programs at the graduate level among domestic students, with the new cohort of domestic graduate students increasing by 32% or 51 additional FTEs. Master's programs including Architecture, Business Administration (On-campus and Online), Indigenous Relations, Nursing APN, Forensic Science, Science Communication and Social Work were programs in demand by domestic students.

Rising popularity of remote and flexible learning options following COVID-19, drove a 15% increase in online program enrolment among domestic undergraduate students for a total of 1,133 Fall FTEs. Online programs such as Psychology and Indigenous Social Work continued to be major draws with growing interest. While demand for online learning did increase, enrolment for on campus programs among domestic undergraduate students declined by 12% or 442 FTEs.

Although the effects of the CCAA restructuring led to a reduction in program offerings and a decrease in enrolment numbers, the proportion of French language degree program, First-Generation, and self-identifying Indigenous students have remained strong. The proportion of students in a French language degree program has grown to 23%, up from 21% last year, while proportions of both First-Generation students (52%) and Indigenous students (13%) remained stable, consistent with the proportions seen previously in Fall 2021 and Fall 2020.

Figure 2: Headcount Enrolment with Proportions - Fall Totals 2017-2022



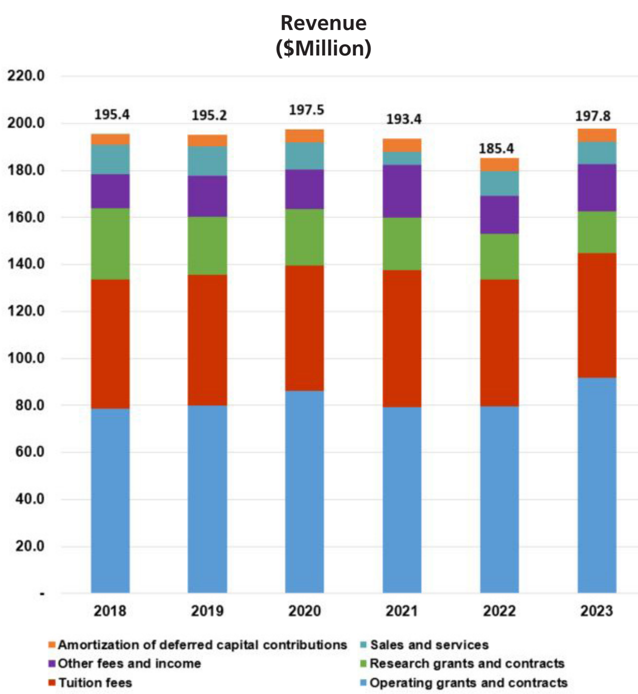
Financial Review

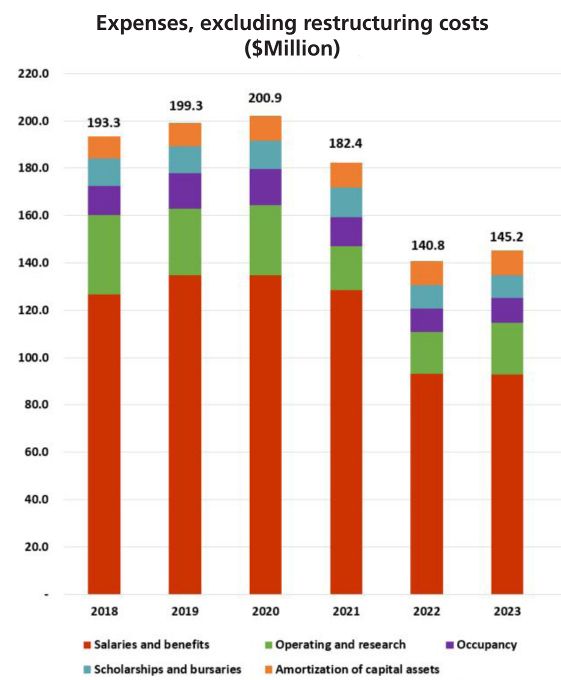
> Consolidated Statement of Operations

The University generated an Excess of Revenue over Expenses of $208.0 million in 2022-2023. Excluding restructuring costs and the Recovery from the Companies' Creditors Arrangement Act Proceedings, Laurentian generated an Excess of Revenue over Expenses of $52.6 million compared to $44.5 million in 2021-22.

Consolidated revenue of $197.8 million increased $12.4 million (6.7%) from the previous year, while consolidated expenses of $145.2 million increased $4.3 million (3.1%).

During 2023, the University recognized a Recovery from Companies' Creditors Arrangement Act Proceedings of $166.4 million relating to liabilities extinguished during the CCAA proceedings. Restructuring costs amounted to $11.1 million in 2022-23 compared to $27.8 million in 2021-22.



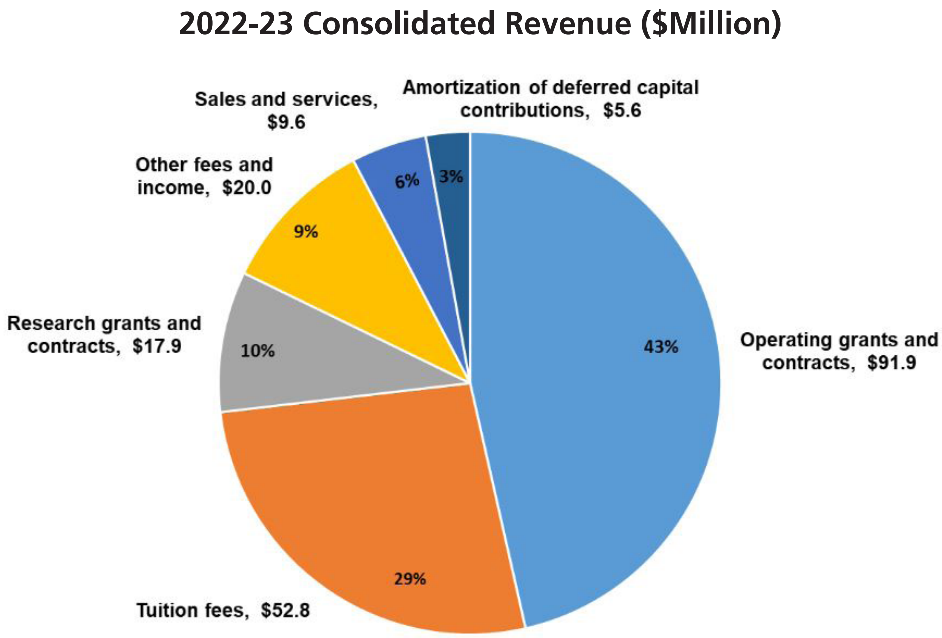


> Adjusted Earnings ($Million)

In connection with the restructuring plan and the CCAA proceeding, $11.1 million of restructuring costs were recognized in 2022-23 ($27.8 million in 2021-22). After taking into consideration the impact of the CCAA-related Recoveries and restructuring costs, Laurentian realized an Excess of Revenue over Expenses of $52.6 million ($44.5 million in 2021-22).

Adjusted 2022-23 Earnings (excluding restructuring costs)	*($Million)*
Excess of Revenue over Expenses	$208.0
Recovery from Companies' Creditors Arrangement Act Proceedings	(166.4)
Employee restructuring and termination costs	$ 0.8
Legal, Monitor, consulting, interest and finance costs	$10.2
Adjusted Revenue over Expenses	**$ 52.6**

Revenue



Total revenue of $197.8 million in 2022-23 was $12.4 million higher than the previous year, with the main contributor being a 15.5% increase ($12.3 million) operating grant revenues, mainly related to past years' COVID funding and Francophone grants. Tuition revenue decreased by $1.2 million, mostly related to lower enrolment. Domestic Tuition fees continued to be frozen in 2022-23, while fees for out-of-province students increased by 3% and international students on average by 2%. Other fees and income increased by $4.1 million mainly due to higher returns on short-term investments of $2.9 million. Other administrative and compulsory fees increased by between 2%-5% in 2022-23. Research grant revenues recognized during the year decreased by $1.6 million in line with lower research expenses due to completion of projects. Sales and services revenue were lower by $1.2 million from the previous year, due to unplanned residence revenues in the summer of 2021-22.

> Operating Grants and Contracts

At $91.9 million in 2022-23, Operating Grants and Contracts represent 46.5% of Laurentian's total (non-consolidated) revenue, up $12.3 million from the previous year. Of that amount, $54.5 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 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 three years until 2023-24, decoupling the funding.

As part of the finalization of year 3 of the SMA3 agreement, MCU announced re-activation of performance-based funding at the system-wide proportion of 10% in year 4 (2023-24) and a deferral of a decision on year 5 (2024-25) pending the outcome of the blue-ribbon panel.

Laurentian completed its year 3 SMA performance evaluation covering the fiscal year 2022-23, for which the performance-based funding was once again decoupled. The evaluation showed that Laurentian would have met seven of the ten targets for the performance metrics. Laurentian underachieved on the following three metrics: Community/Local Impact of Student Enrolment, Research Funding and Capacity and finally Research Revenue Attracted from Private Sources. In year 3 of the SMA3 agreement (2022-23), the notional allocation for Laurentian's performance-based grant funding was $27.2 million and the impact of the three performance metrics that were underachieved would have accounted for a notional decrease of $211,755. With the ministry's decision to re-activate performance based funding in the upcoming 2023-24 year, it is unlikely that Laurentian will be able to achieve all of its performance-based metrics and enrolment-based corridor funding at least in the medium term due to the lingering impacts of COVID-19 and the CCAA restructuring. However, the commitment by the MCU to provide enrolment corridor and performance protection to Laurentian for up to $22.0 million in the coming years, will serve to mitigate that risk.

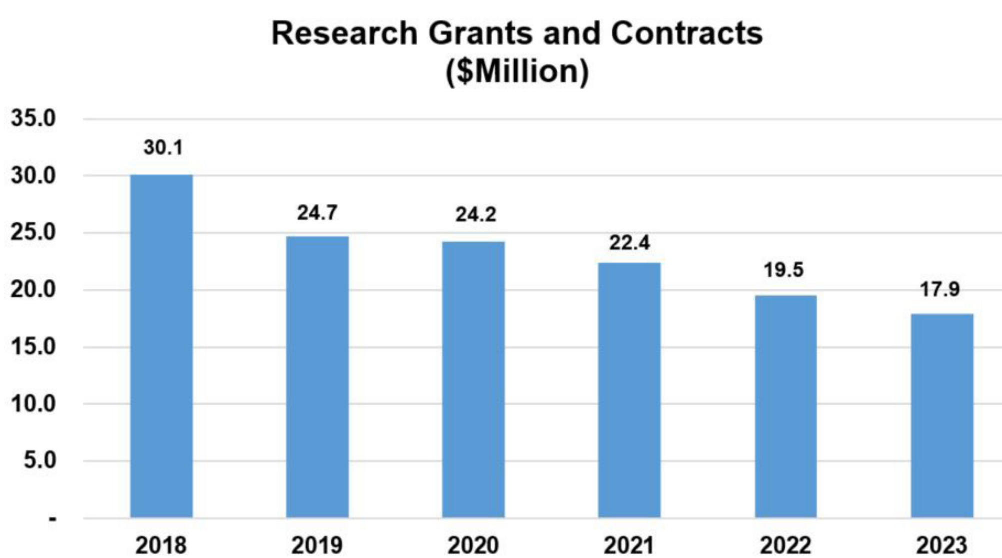
> Tuition Fees

Revenue from tuition and fees decreased from $54.0 million in 2021-22 to $52.8 million in 2022-23. Domestic tuition fees were frozen in 2022-23 with the lower revenue driven by reduced enrolment. Tuition fees for international students amounted to $11.7 million, and included a 2% increase from the previous year. International students pay higher tuition fees than domestic students to make-up for the absence of operating grants.

> Research Grants and Contracts

Consolidated research grants and contracts recognized during the year amounted to $17.9 million, a decrease of $1.6 million (8.2%) 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 $13.2 million on April 30, 2023.



> 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.

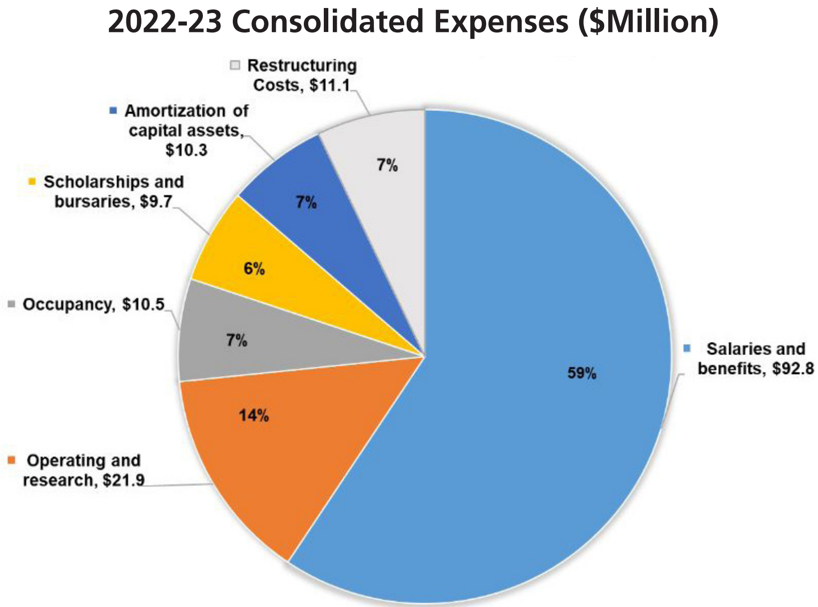
In 2022-23, Sales and Services revenues amounted to $9.6 million, compared to $10.8 million in 2021-22. This decrease is due to one time residence revenues in the summer of 2021-22.

During 2022-23, ancillary expenditures totalled $4.9 million, a reduction of $0.1 million from the previous year. Overall, ancillary operations generated a surplus of $4.7 million in 2022-23, compared to $5.8 million in the previous year.

> 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 $20.0 million in 2022-23, an increase of $4.1 million from the previous year, which related primarily to higher investment income of $2.9 million, as well as an increase in various administrative fees.

Expenses



The University's expenses totalled $156.3 million in 2022-23, including restructuring costs of $11.1 million. Excluding restructuring costs, expenses were $145.2 million, $4.4 million more than the previous year and related mostly to increases in operating and occupancy costs.

> Salaries and Benefits

Salaries and benefits represent the largest expense category item for Laurentian. At $92.8 million in 2022-23, salaries and benefits were $0.4 million lower than the previous year. Being subject to CCAA proceedings for most of the year, only critical positions were filled with total Full Time Equivalent positions (FTE) of just over 561 FTE (241.5 academic and 320.5 non-academic).

> Operating and Research

Operating and research expenses of $21.8 million in 2022-23, were $4.2 million higher than the previous year, representing increases in search expenses relating to senior management renewal, legal fees, as well as increases in student related activities such as recreation, athletics and convocation as post-pandemic activities operations resume.

> Other Expenses

Occupancy expenses of $10.5 million were $0.5 million higher than the previous year. Scholarships and bursaries of $9.7 million and amortization of $10.3 million were similar to 2021-22.

> Restructuring Costs

The University recognized $11.1 million of one-time CCAA related restructuring expenses, which included $10.3 million in legal, monitor, consulting and interest and finance costs, and $0.8 million in employee restructuring and termination costs. The previous year's restructuring costs were $27.8 million, and included $22.0 million in legal, monitor, consulting and interest and finance costs, and $6.0 million on restructuring and settlement costs.

> Recovery from Companies' Creditors Arrangement Act Proceedings

In 2022-2023, the University recognized a $166.4 million Recovery from Companies' Creditors Arrangement Act Proceedings. This relates to liabilities discharged during CCAA proceedings. In the previous year, the Liabilities subject to the Plan were $192.2 million. The remaining amounts of $47.5 million have been recorded as a Payable to the Distribution Pool.

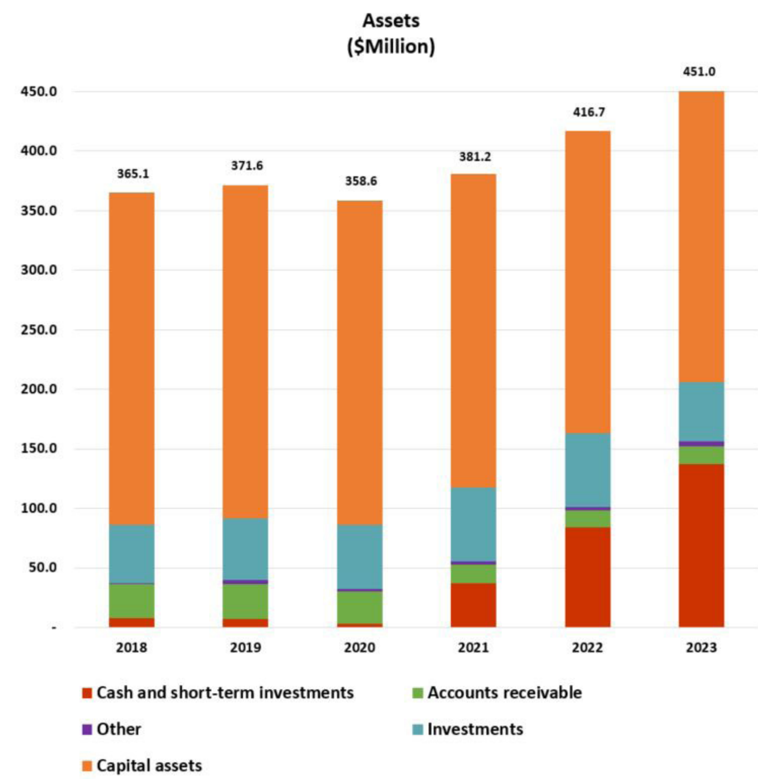
A reconciliation of the Recovery amount is as follows:	**2023**
Liabilities subject to the Plan, beginning of year	192,219
Adjustments to Liabilities subject to the Plan	1,510
Pre-CCAA deferred contributions derecognized	26,193
Payments made re: Secured Claims, CCAA Priority Claims and Vacation Pay Compensation Claims	(5,954)
Payable to CCAA Distribution Pool	(47,546)
Recovery from CCAA Proceedings	**$ 166,422**

Capital Investments

Capital expenditures in 2022-23 continued to be restrained by the CCAA proceedings, with $2.0 million ($0.4 million in 2021-22) 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 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



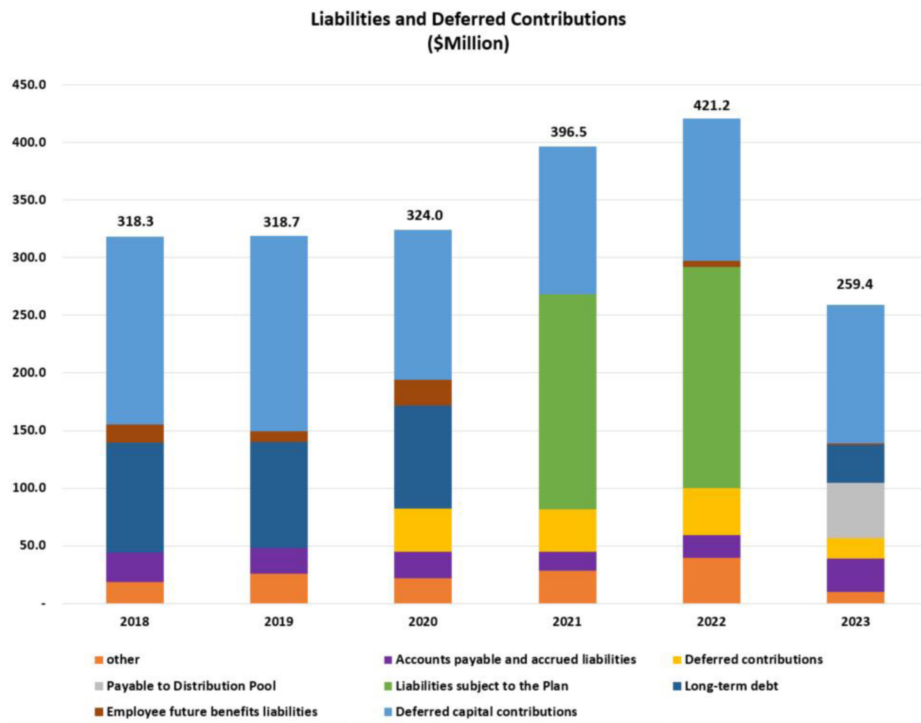
Laurentian ended the year with cash and short-term investments of $137.3 million compared to $84.0 million in 2021-22. The increase consists of $77.2 million in positive cash flows from operating activities, a decrease of $20.2 million from financing, and a decrease of $3.7 million in investing activities.

Accounts receivable of $14.7 million were comparable to the prior year. Prepaid expenses increased mainly due to a retainer provided to the Monitor.

Investments totalling $49.3 million were $12.6 million lower than the previous year mostly due to a transfer of endowments to the Northern Ontario School of Medicine (NOSM) University. As a condition of the Plan of Compromise or Arrangement of November 28, 2022, endowments in the amount of $14.3 million were transferred to NOSM University. Laurentian's investments include endowed funds received from donors, whose income is used in accordance with the various purposes established by the donors.

Capital assets totaled $245.1 million in 2022-23, compared to $253.4 million in 2021-22. The reduction in capital assets resulted from amortization expenses of $10.3 million, offset by capital acquisitions of 2.0 million. The University has negotiated an agreement through a Term Sheet with the Province of Ontario for the sale of certain real estate with estimated proceeds of $53.5 million, which will allow Laurentian to implement its Plan of Compromise or Arrangement as part of the Companies' Creditors Arrangement Act (CCAA) proceedings.

> Liabilities



Laurentian's liabilities decreased from $421.2 million in 2021-22 to $259.4 million in 2022-23.

Liabilities subject to the Plan were $192.2 million in 2021-22 and consisted of amounts owed to creditors (including lenders), as well as amounts owed to terminated employees such as termination, severance, and employee benefits. The liabilities were eliminated in 2022-23 when the liabilities were legally discharged and released upon the implementation of the Plan. The remaining amount owing to creditors has been recorded as a Payable to Distribution Pool in the amount of $47.5 million, which is equal to the expected proceeds from sale of assets of $53.5 million less amounts paid regarding Secured Claims, CCAA Priority Claims and Vacation Pay Compensation Claims during the year of $6.0 million.

On January 28, 2022, the Province of Ontario, through MCU provided a $35.0 million Debtor in Possession (DIP) facility to replace the previous DIP lender with a maturity date of September 30, 2022, further extended to November 30, 2022. Upon exit from CCAA proceedings, a new long-term loan with the Province was negotiated to replace the DIP loan.

Accounts payable and accrued liabilities of $28.8 million increased by $9.2 million, mostly due to deposits received from international students for the coming Fall term.

Deferred contributions cover external restricted funding received for research projects and other expenditures and decreased by $22.8 million in 2022-23. The decrease is mainly due to pre–CCAA deferred contributions of $26.2 million that were legally discharged and released upon the implementation of the Plan.

Deferred contributions consist of the following:

	2022-23	2021-22 ($Thousand)
Research grants	$ 13,183	$ 22,588
Other grants and contracts	4,184	14,676
Scholarships and bursaries	452	3,343
	$ 17,819	**$ 40,607**

Employee future benefits were lower by $3.5 million from changes in the valuation of pension plan obligations.

The Employees Retirement Plan (the "Pension Plan") was subject to an actuarial review in 2022-23, which showed a liability of $1.8 million compared to $5.3 million in 2021-22. The most recent actuarial valuation for the Pension Plan filed with the Financial Services Regulatory Authority of Ontario (FSRA) was dated January 1, 2023, and the next one will be required for January 1, 2026.

During the CCAA proceeding, both the Retirees Health Benefit Plan (RHBP) and Supplementary Retirement Plan (SuRP) were terminated, effective April 30, 2021. All of the related payments were stayed pursuant to the CCAA proceedings. This termination was considered a plan curtailment because the RHBP and SuRP will be settled subsequently pursuant to the implementation of the Plan. In 2022, obligations of $10.8 million, relating to the RHBP, and $3.2 million related to the SuRP were included in Liabilities subject to the Plan. These were eliminated in 2023 when the liabilities were discharged.

Net Assets

The University had Net Assets of $191.6 million at the end of fiscal year 2022-23, an improvement of $196.0 million from previous year's Deficiency in Net Assets of $4.4 million. The main contributors were the excess of revenue over expenses of $208.0 million, partially offset by a transfer of endowments to the Northern Ontario School of Medicine University of $14.3 million.

Post-CCAA Loan Agreement

The Plan implementation required the repayment of the $35.0 million Debtor in Possession Financing received as part of the CCAA proceedings. In January 2022, the Ministry of Colleges and Universities (MCU) took over the University's $35.0 million DIP facility from the previous DIP lender. At the effective Plan implementation date, MCU replaced that loan with a $35 million single-draw, non-revolving term loan acility, repayable in annual installments of blended principal and interest over a 15-year period at an annual rate of interest equal to 6.11%. The loan agreement calls for various conditions, including the following financial ratios:

i. For each fiscal year of the Borrower commencing with the Borrower's sixth fiscal year following the CCAA Plan Implementation Date, the Borrower shall have a Net Income Ratio of not less than 1.5%;

ii. At each fiscal year end of the Borrower commencing with the Borrower's fourth fiscal year end following the CCAA Plan Implementation Date, the Borrower shall have a Primary Reserve Ratio of not less than 30 days;

iii. For each fiscal year of the Borrower commencing with the Borrower's sixth fiscal year following the CCAA Plan Implementation Date, the Borrower shall have an In-Year Excess (Deficiency) of Revenue Over Expenses of not less than $0;

iv. At each fiscal year end of the Borrower commencing with the Borrower's fourth fiscal year end following the CCAA Plan Implementation Date, the Borrower shall have Expendable Net Assets of not less than $0;

v. At each fiscal year end of the Borrower commencing with the Borrower's second fiscal year end following the CCAA Plan Implementation Date, the Borrower shall have a Debt Service Coverage Ratio of not less than 1.1; and;

vi. At each fiscal year end of the Borrower commencing with the Borrower's sixth fiscal year end following the CCAA Plan Implementation Date, the Borrower shall have a Net Operating Revenue Ratio of not less than 5.0%.

Financial Ratios

FINANCIAL RATIOS (PER LOAN COVENANTS)	Actual 2021-22	Actual 2022-23
i) Net Income/Loss Ratio (Min. 1.5% starting 2027-28) *Net Income/Loss Ratio (Min. 1.5% starting 2027-28) - before other items*	**9.1%** **19.8%**	**105.1%** **26.6%**
ii) Primary Reserve Ratio (Min. 30 days starting 2025-26)	**-161.3**	**39.1**
iii) In Year Excess of Revenue >0 starting 2027-28 - $000 *In Year Excess of Revenue >0 starting 2027-28 - before other items*	**$16,790** **$36,745**	**$207,962** **$52,648**
iv) Expendable Net Assets >0 starting 2025-26 - $000	**-$64,518**	**$17,046**
v) Debt Coverage Ratio > 1:1 starting 2023-24		**55**
vi) Net Operating Revenue (Min. 5%, starting 2027-28)	**17.55%**	**39.04%**

Conclusion

On November 28, 2022, Laurentian officially left the protection of the Companies' Creditors Arrangement Act, which began on February 1, 2021. During that time, the University successfully passed a Plan of Compromise or Arrangement that not only addressed the University's financial problems but also set the path to a strong and sustainable recovery. The Plan requires the University to develop a new Strategic Plan that will guide future investments in academic and research programs. The Plan also calls for Board and Senior Management renewal along with a comprehensive transformation of the University's governance and administrative processes, systems, and policies. In addition to the Plan, the exit loan received from the Province includes conditions that increase oversight by the Ministry of Colleges and Universities and provide financial performance targets for the coming years. The support of the Province throughout the CCAA proceedings has been critical to the successful adoption of the Plan.

To-date, recruitment efforts for senior management renewal are well underway with ongoing searches for a new President and Vice-Chancellor, Vice-President Academic and Provost, and Vice-President Finance and Administration. Consultants have been selected to help Laurentian develop its new Strategic Plan and detailed Transformation Plan. The Board renewal is also well underway with a new Chair appointed at the Annual General meeting of June 2023, and updates to the Board committees structure and terms of reference underway.

As shown in the Consolidated Statement of Operations, Laurentian produced Excess of Revenue over Expenses of $208.0 million in 2022-23 ($16.8 million in 2021-22) which included a CCAA recovery of $166.4 million, which increase Expendable Net Assets (e.g., unrestricted and internally restricted net assets) from minus $87.8 million in 2021-22 to $17.0 million in 2022-23. Cash and short-term investments totalled $137.3 million at the end of April 2023 ($84.0 million in 2022), including $15.2 million in restricted cash. Although Laurentian will continue to experience pressure with its enrolment revenues in the coming years, it believes that the savings realized from the CCAA restructuring will help offset future revenue uncertainty and provide the resources for investments in the coming Strategic Plan and Transformation Program.

Consolidated Financial Statements of

LAURENTIAN UNIVERSITY OF SUDBURY

Year ended April 30, 2023

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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, 2023, and the consolidated statements of operations, changes in net assets (deficiency) 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, 2023, 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.

Emphasis of Matter

We draw attention to Note 2(b) in the consolidated financial statements which describes the University's ongoing proceedings pursuant to the Companies' Creditors Arrangement Act ("CCAA"). On November 28, 2022 the University exited CCAA protection, which provided legal discharge of all liabilities under the Plan and created a Distribution Pool, which is expected to be funded by the sale of certain real estate assets to the Province of Ontario, for future payments to Affected Creditors. Our opinion is not modified in respect of this matter.

Other Information

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

- The information, other than the consolidated 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.

Independent Auditor's Report (continued)

Other Information (continued)

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:

- 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.

Independent Auditor's Report (continued)

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

- 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, 2023

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statement of Financial Position

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

	2023	2022
Assets		
Current assets:		
Cash and short-term investments (note 4)	$ 137,327	$ 84,018
Accounts receivable (note 5)	14,654	14,560
Prepaid expenses	4,453	2,757
	156,434	101,335
Accounts receivable (note 5)	188	73
Investments (note 4)	49,299	61,892
Capital assets (note 7)	245,080	253,432
	$ 451,001	$ 416,732
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	28,842	19,592
Accrued vacation pay	2,470	2,340
Deferred revenue	6,175	2,547
Deferred contributions (note 12)	17,819	40,607
Short-term loan (note 9)	-	35,000
Current portion of long-term debt (note 10)	1,466	-
Liabilities subject to the Plan (note 11(b))	-	192,219
	56,772	292,305
Long-term obligations:		
Payable to CCAA Distribution Pool (note 11(a))	47,546	-
Long-term debt (note 10)	32,942	-
Employee future benefits liabilities (note 6)	1,848	5,337
Deferred capital contributions (note 12)	120,321	123,524
Total liabilities	259,429	421,166
Net assets (deficiency):		
Unrestricted	15,571	(88,999)
Employee future benefits (note 6)	(1,848)	(19,351)
Internally restricted (note 15)	1,475	1,164
Investment in capital assets (note 14)	128,864	41,791
Endowments (note 13)	47,510	60,961
	191,572	(4,434)
Commitments and contingencies (note 16)		
	$ 451,001	$ 416,732

See accompanying notes to consolidated financial statements.

On behalf of the Board of Governors:

_______________ Governor

Sheila Embleton Governor

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statement of Operations

Year ended April 30, 2023, with comparative information for 2022
(thousands of dollars)

	2023	2022
Revenue:		
Operating grants and contracts	$ 91,917	$ 79,568
Tuition fees	52,838	54,005
Other fees and income (note 18)	19,982	15,932
Research grants and contracts	17,870	19,488
Sales and services	9,621	10,768
Amortization of deferred capital contributions (note 12)	5,596	5,621
	197,824	185,382
Expenses:		
Salaries and benefits	92,848	93,266
Operating and research	21,805	17,563
Occupancy	10,537	9,975
Scholarships and bursaries	9,676	9,708
Amortization of capital assets	10,310	10,321
	145,176	140,833
Excess of revenue over expenses, before other items	52,648	44,549
Other items:		
Restructuring costs (note 19)	(11,108)	(27,759)
Recovery from CCAA Proceedings (note 11(c))	166,422	-
Excess of revenue over expenses, after other items	$ 207,962	$ 16,790

See accompanying notes to consolidated financial statements.

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statement of Changes in Net Assets (Deficiency)

Year ended April 30, 2023, with comparative information for 2022
(thousands of dollars)

2023	Unrestricted	Employee Future Benefits	Internally Restricted (note 15)	Investment in Capital Assets (note 14)	Endowments (note 13)	Total
Net assets (deficiency), beginning of year	$ (88,999)	$ (19,351)	$ 1,164	$ 41,791	$ 60,961	$ (4,434)
Excess (deficiency) of revenue over expenses:						
Operating	57,362	–	–	(4,714)	–	52,648
Restructuring costs (note 19)	(11,108)	–	–	–	–	(11,108)
Recovery from CCAA Proceedings (note 11(c))	166,422	–	–	–	–	166,422
	212,676	–	–	(4,714)	–	207,962
Liabilities derecognized under CCAA Plan (note 2(b))	(105,265)	14,014	–	91,251	–	–
Transfer for capital transactions	(536)	–	–	536	–	–
Interfund transfers (note 15)	(311)	–	311	–	–	–
Excess of employer contributions over employee future benefits net benefit costs	(1,994)	1,994	–	–	–	–
Endowment contributions (note 13)	–	–	–	–	266	266
Net increase in endowments	–	–	–	–	534	534
Transfer of endowments to Northern Ontario School of Medicine (note 13)	–	–	–	–	(14,251)	(14,251)
Employee future benefits remeasurements and other items (note 6)	–	1,495	–	–	–	1,495
Net assets (deficiency), end of year	$ 15,571	$ (1,848)	$ 1,475	$ 128,864	$ 47,510	$ 191,572

2022	Unrestricted	Employee Future Benefits	Internally Restricted (note 15)	Investment in Capital Assets (note 14)	Endowments (note 13)	Total
Net assets (deficiency), beginning of year	$ (112,524)	$ (13,973)	$ 3,302	$ 46,347	$ 61,482	$ (15,366)
Excess (deficiency) of revenue over expenses:						
Operating	49,249	–	–	(4,700)	–	44,549
Restructuring costs (note 19)	(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	41	(41)	–	–	–	–
Endowment contributions (note 13)	–	–	–	–	6	6
Net increase in endowments	–	–	–	–	(527)	(527)
Employee future benefits remeasurements and other items (note 6)	–	(5,337)	–	–	–	(5,337)
Net assets (deficiency), end of year	$ (88,999)	$ (19,351)	$ 1,164	$ 41,791	$ 60,961	$ (4,434)

See accompanying notes to consolidated financial statements.

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statement of Cash Flows

Year ended April 30, 2023, with comparative information for 2022
(thousands of dollars)

	2023	2022
Cash flows from operating activities:		
Excess of revenue over expenses	$ 207,962	$ 16,790
Non-cash items:		
Amortization of capital assets	10,310	10,321
Amortization of deferred capital contributions	(5,596)	(5,621)
Excess of employer contributions over employee future benefits net benefit costs	(1,994)	-
	210,682	21,490
Change in non-cash working capital (note 17)	11,218	5,642
Change in liabilities subject to the Plan (note 11(b)) (net)	(144,673)	5,399
	77,227	32,531
Cash flows from financing activities:		
Endowment contributions	266	6
Net increase (decrease) in endowments	534	(527)
Increase (decrease) in deferred contributions, net	(22,788)	4,243
Deferred capital contributions received	2,393	877
Increase in long-term debt	35,000	-
Repayment of long-term debt	(592)	-
Increase (decrease) in short-term loan	(35,000)	10,008
	(20,187)	14,607
Cash flows from investing activities:		
Purchases of capital assets	(1,958)	(368)
Change in long-term accounts receivable	(115)	-
Net decrease in investments	12,593	283
Transfer of endowments to Northern Ontario School of Medicine (note 13)	(14,251)	-
	(3,731)	(85)
Net increase in cash and short-term investments	53,309	47,053
Cash and short-term investments, beginning of year	84,018	36,965
Cash and short-term investments, end of year	$ 137,327	$ 84,018

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:

(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.

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 ("MCU"), refinanced the DIP Facility through an advance under a credit facility in the principal amount of $35,000 (the "MCU DIP Facility") with a maturity date of September 30, 2022 which was subsequently extended to November 30, 2022. On November 28, 2022, the MCU DIP Facility was repaid in full and replaced with a long-term loan agreement with the Province of Ontario in the principal amount of $35,000 (note 10).

2. Basis of presentation (continued):

(b) CCAA proceedings (continued):

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 and post-retirement benefits plans, the termination of the University's historical relationships with Huntington University, the University of Sudbury, and Thorneloe University, and a renegotiation of existing collective bargaining agreements with it unions. These measures resulted in a significant reduction to the University's annual costs.

On May 31, 2021, the Court issued an order approving and establishing a claims process (the "Claims Process Order") 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.

On December 16, 2021, the Ontario Government announced a package of support through the MCU that included the MCU DIP Facility, up to $6,000 in COVID-19 relief grants (received in 2022-23) as well as enrolment and performance grant protection up to $22,000. The MCU DIP Facility was approved by the Court on January 27, 2022, and the refinancing was completed on January 28, 2022.

The Plan of Compromise or Arrangement dated July 21, 2022 was accepted for filing by the Court on July 28, 2022 and on the same date, an order was issued by the Court authorizing one class of Affected Creditors (as defined in the Plan) and authorizing the University to call, hold and conduct a meeting of creditors for purposes of voting on the Plan (the "Meeting Order"). In accordance with its terms and the Meeting Order, the Plan of Compromise or Arrangement was amended on September 9, 2022 (the "Plan"). The Plan was filed with the Court, notice was provided to the Service List, and the Plan was posted on the Monitor's website.

As part of its support of the University, the Province of Ontario committed to purchase certain parcels of real estate owned by the University for an aggregate purchase price of up to $53.5 million (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, which represents the funds available for distribution to creditors. The Plan provides that a minimum of $45.5 million shall be realized from the sale of the real estate assets and transferred to the Distribution Pool. The Monitor shall receive all funds paid into the Distribution Pool and effect all distributions to creditors from the Distribution Pool.

2. Basis of presentation (continued):

(b) CCAA proceedings (continued):

For clarity, Affected Creditors have no further recourse against the University beyond their entitlement to any pro rata share of the proceeds from the Distribution Pool. The Plan provides that any real estate sale transactions are to be completed and the funds transferred to the Distribution Pool within three years of the Plan Implementation Date such date being November 28, 2025.

A meeting of Affected Creditors 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. The Plan was approved by the Court on October 5, 2022.

Secured Claims, CCAA Priority Claims and Vacation Pay Compensation Claims (all as defined in the Plan) were to receive payment in full upon implementation of the Plan. These amounts were paid during the year in the amount of $5,954.

Pursuant to the Plan, Affected Creditors will receive one or more distributions from the Distribution Pool on a *pro rata* basis . The exact amount that will be distributed to Affected Creditors cannot be determined at this time.

The Plan was implemented on November 28, 2022, and at that time, all Secured Claims, CCAA Priority Claims, Vacation Pay Compensation Claims and claims of Affected Creditors were fully, finally and irrevocably released, discharged, cancelled and barred. Distributions were made in full payment of all Secured Claims, CCAA Priority Claims and Vacation Pay Compensation Claims in the amount of $5,954. In accordance with the Plan, distributions to Affected Creditors with unsecured Proven Claims will be made at a future date from the Distribution Pool.

Upon implementation of the Plan, the University recognized a payable to the CCAA Distribution Pool of $47,546 (2022 - $nil) (note 11(a)), reduced liabilities subject to the Plan to $nil (2022 - $192,219) (note 11(b)), and recorded a recovery from CCAA Proceedings of $166,422 (2022 - $nil) (note 11(c)). The University also derecognized pre-CCAA deferred contributions in the amount of $26,193 (note 12(a)). Restructuring costs incurred of $11,108 (2022 - $27,759) (note 19) have been recorded in the Statement of Operations.

(c) 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.

2. Basis of presentation (continued):

(c) Basis of consolidation (continued):

These consolidated financial statements include the assets, liabilities, surplus/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 21 for additional disclosure relate to CEMI.

Various student organizations are not included in these consolidated financial statements as the University does not have control or significant influence over these organizations.

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 endowments 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.

3. Significant accounting policies (continued):

(a) Revenue recognition (continued):

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, realized gains and losses, dividends and interest.

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

The University also recognizes as revenue an administration fee for managing the endowment funds. During the year, $196 (2022 - $ nil) of administrative fees were recorded in other fees and income.

Investment income related to 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.

When the net investment income earned on externally restricted endowments 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
Buildings components	20 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.

3. Significant accounting policies (continued):

(d) Employee future benefits liabilities:

In the year, the University provided employee future benefits to its employees through the Retirement Plan of Laurentian University (the "Pension Plan"). During the CCAA restructuring and following negotiations with the relevant unions during a court-supervised mediation process, the University made substantial changes to its benefit plans as described in note 6.

The University accrues its obligations and related costs for the Pension Plan 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 January 1, 2023 and the next actuarial valuation will be completed effective January 1, 2026.

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.

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 revenues and expenses are charged to operations, and the balance of Internally restricted assets is increased or decreased accordingly with a transfer to or from 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.

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, and contingencies. 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:

During the CCAA proceedings, the University recognized restructuring costs (note 19) and liabilities that were subsequently compromised and extinguished under the Plan (note 11) subject only to the rights of Affected Creditors to receive distributions from the Distribution Pool. The final amount being transferred to the Distribution Pool is subject to the final determination of the proceeds of the sale of real estate assets to the Province of Ontario.

Prior year liabilities subject to compromise under the Plan were 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) Payable to CCAA Distribution Pool and Liabilities subject to the Plan:

As a result of the implementation of the Plan on November 28, 2022, all pre-filing liabilities as at February 1, 2021 as well as certain restructuring liabilities that arose following the commencement of the CCAA proceeding on February 1, 2021 were discharged. The discharge of Secured Claims, CCAA Priority Claims and Vacation Pay Compensation Claims was subject to the right of these claimants to receive payment in full for the amount of their claims, which has occured. These claims in the aggregate amount of $5,954 were paid in full upon Plan Implementation. Distributions to Affected Creditors from the Distribution Pool will be made when funds are available and on a pro rata basis. For clarity, Affected Creditors have no further recourse against the University beyond their entitlement to any pro rata share of the proceeds from the Distribution Pool. Obligations for goods and services provided to the University after the filing date of February 1, 2021, were not compromised or released under the Plan, and will continue to be addressed in the ordinary course.

(thousands of dollars)

3. Significant accounting policies (continued):

(j) Payable to CCAA Distribution Pool and Liabilities subject to the Plan (continued):

The measurement of Liabilities subject to the Plan in prior year was based on an analysis of the nature and carrying value of the underlying liabilities, proof of claims, and the claims identification and process.

In 2023, Liabilities subject to the Plan including certain pre-CCAA deferred contributions were derecognized when the liabilities were legally discharged upon implementation of the Plan, resulting in a recovery on the Statement of Operations (note 11(c)). A Payable to the CCAA Distribution Pool (note 11(a)) was recorded to reflect the maximum anticipated amounts payable to the Distribution Pool upon the sale of certain real estate assets. This amount has been calculated as the expected proceeds from the sale of assets of up to $53,500 less payments made to holders of Secured Claims, CCAA Priority Claim and Vacation Pay Compensation Claims of $5,954, in accordance with the Plan. The Monitor will make distributions to Affected Creditors from the Distribution Pool when funds are available and in accordance with the Plan.

4. Cash and investments:

	2023	2022
Short-term:		
Cash	$ 112,992	$ 83,660
Short-term investments	24,335	358
	$ 137,327	$ 84,018
Long-term:		
Equity	$ 17,947	$ 28,363
Fixed income	17,317	20,313
Global infrastructure	7,195	6,501
Structured credit	3.460	3,460
Real estate fund	3,380	3,255
	$ 49,299	$ 61,892

Included in the above are restricted cash and short-term investment amounts of $15,161 (2022 - $10,126) (note 12(a)). 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.

Long-term investments include externally restricted endowment investments of $47,510 (2022 - $60,961)(note 13).

(thousands of dollars)

5. Accounts receivable:

	2023	2022
Restricted grants and contracts	$ 2,334	$ 3,217
Tuition and ancillary fees	8,005	7,275
Operating grants	5,402	4,985
Government remittances receivable	833	944
Other	2,044	1,166
	$ 18,618	$ 17,587
Less allowance for doubtful accounts	(3,776)	(2,954)
	$ 14,842	$ 14,633
Current portion of accounts receivable	$ 14,654	$ 14,560
Long-term accounts receivable	188	73
	$ 14,842	$ 14,633

6. Employee future benefits:

In the year, the University provided employee future benefits to its employees through the Pension Plan. During the CCAA restructuring and following negotiations with the relevant unions as part of the court-supervised mediation, the University made substantial changes to its benefit plans as described below.

(a) Pension Plan:

Since July 1, 2012, the Pension Plan has provided for all future service to be earned as a defined benefit entitlement for all employees of the University. Prior to this, the Pension Plan provided 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 CEMI, SNOLab, and MIRARCO. Previous Participating Employers included Huntington University, the University of Sudbury, and Thorneloe University (collectively, the “Former Federated Universities”). Through amendments to the Pension Plan effected during the CCAA proceeding, the 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):

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 was amended such that members who remain in active employment until their early retirement date are no longer able to transfer lump sum values of their pension entitlement and a group of terminated members were given a final lump sum transfer option.

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.

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. 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 at April 30, 2023, the University reflected a Pension Plan liability of $1,848 (2022 - $5,337).

The Pension Plan's assets are measured at fair value at the date of the consolidated Statement of Financial Position.

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.

6. Employee future benefits (continued):

(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.

The retiree health benefit plan was terminated on April 30, 2021. This termination is considered a plan curtailment, and any related liabilities have been compromised and discharged pursuant to the Plan in the CCAA proceeding. Effective November 28, 2022, liabilities in connection with the Retiree Health Benefit Plan were discharged and any related claims are included in the claims of Affected Creditors entitled to receive distributions from the Distribution Pool.

Total liabilities of $nil at April 30, 2023 (2022 – $10,798) relating to retiree health benefit plan liabilities are included in Liabilities subject to the Plan (note 11).

(c) Supplementary Pension Plan:

The University previously had an unfunded supplemental pension 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.

All payments from the supplementary pension plan were suspended on February 1, 2021, as a result of the commencement of the CCAA proceeding. Term sheets entered into with the University's labour unions during the CCAA proceeding and approved by the Court provided that the supplementary pension plan would be terminated effective April 30, 2021. No additional obligations were accrued after the termination for current or former non-union employees. Effective November 28, 2022, liabilities in connection with the supplementary pension plan were compromised and discharged, and any related claims arising from the termination are included in the claims of Affected Creditors entitled to receive distributions from the Distribution Pool.

Liabilities of $nil at April 30, 2023 (2022 - $3,216) relating to the supplementary pension plan are included in Liabilities subject to the Plan (note 11).

(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	2023 Total
Accrued benefit obligation	$ (418,874)	$ -	$ -	$ (432,888)
Fair value of plan assets	417,026	-	-	417,026
Employee future benefits liabilities	$ (1,848)	$ -	$ -	$ (1,848)

	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
Employee future benefits liabilities	$ (5,337)	$ -	$ -	$ (5,337)

The reconciliation of the pension plan at April 30, 2023 is as follows:

	Fair value of plan assets	Accrued benefit obligation	Accrued benefit assets/ (liabilities)
Balance as at April 30, 2022	$ 413,005	$ (418,342)	$ (5,337)
Contributions	9,851	(2,791)	7,060
Current period costs	-	(23,768)	(23,768)
Benefits paid	(21,105)	21,105	-
Actual return on plan assets	15,275	(3,186)	12,089
Actuarial gain	-	8,108	8,108
Balance as at April 30, 2023	$ 417,026	$ (418,874)	$ (1,848)

(thousands of dollars)

6. Employee future benefits (continued):

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)

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

	Pension Plan	
	2023	2022
Discount rate	5.80%	5.85%
Provision for adverse deviation (on non-indexed liabilities)	7.97%	10.28%
Expected long-term rate of return on Plan assets	5.80%	5.85%
Health care cost trend rate	–	–
Rate of inflation	2.00%	2.00%

(thousands of dollars)

7. Capital assets:

	Cost	Accumulated Amortization	2023 Net book Value	2022 Net book Value
Buildings	$ 359,772	$ 131,585	$ 228,187	$ 234,932
Equipment and furnishings	63,582	61,300	2,282	3,685
Site improvements	12,266	11,068	1,198	1,402
Land	13,413	-	13,413	13,413
	$ 449,033	$ 203,953	$ 245,080	$ 253,432

A total of $34 (2022 - $144) of buildings are under construction and not yet subject to amortization.

During the CCAA proceedings, the University reviewed their capital assets for indicators of impairment and 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.

The University has negotiated an agreement through a Term Sheet with the Province of Ontario for the sale of certain real estate with estimated proceeds of $53,500. Upon closing of the real estate transaction(s) contemplated by the Term Sheet, the proceeds of the sale of the real estate will be paid into the Distribution Pool in accordance with the Plan and used to make distributions to the Affected Creditors pursuant to the terms of the Plan.

The total land identified in the Term Sheet covers 68.75 acres, which represents approximately 9% of the University's total 750+ acres. The five buildings located on the seven separate properties identified in the Term Sheet are as follows:

- East Residence
- Vale Living with Lakes Centre and Watershed Building
- Northern Ontario School of Medicine
- Health Sciences Building
- Security and Maintenance Building

After due diligence, including consultations with Indigenous communities, specific assets will be confirmed for sale. The University will explore the sale of these assets and work together with the province of Ontario to negotiate a purchase and sale agreement, with closing to occur and proceeds of sale paid to the Distribution Pool by no later than November 28, 2025, as required by the Plan.

(thousands of dollars)

8. Accounts payable and accrued liabilities:

Included in Accounts payable and accrued liabilities are government remittances payable of $2,057 (2022 - $2,544), which includes amounts payable for payroll related taxes.

9. Short-term loan:

On January 27, 2022 the Province of Ontario, as represented by the MCU advanced a $35,000 DIP Facility to replace the previous DIP Facility that had been granted during the CCAA proceeding, with a maturity date of September 30, 2022. On September 22, 2022, the maturity date was extended by MCU to November 30, 2022. The interest rate was 1.052% and the loan was secured by all of the University's property through a court-ordered super-priority charge in connection with the CCAA proceedings. Upon Plan implementation which occurred on November 28, 2022, a new loan was advanced by MCU to repay in full and replace the DIP loan with a long-term loan on terms outlined in note 10.

10. Long-term debt:

On November 28, 2022 upon implementation of the Plan in the CCAA proceeding, the University entered into a new secured long-term loan agreement with the Province of Ontario (the "Exit Financing"). During 2023, the University made principal payments totalling $592 (2022 - $ nil) as required by the terms of the Exit Financing. Total interest paid on long-term debt during the year was $884 (2022 - $nil). The University granted to the Province of Ontario a continuing security interest and a first-ranking lien in favour of the Province of Ontario over all of the collateral (subject only to Permitted Liens as defined in the loan agreement) of the University to secure the Exit Financing. The Exit Financing agreement contains a number of financial covenants that have to be maintained by the University over the life of the loan starting in 2023-24.

The University's indebtedness as of April 30, 2023 and 2022 consisted of the following:

	Rate	Fixed Maturity	2023	2022
Province of Ontario	6.11%	2038	$ 34,408	$ -
Less: Current portion of long-term debt			(1,466)	-
			$ 32,942	$ -

(thousands of dollars)

10. Long-term debt (continued):

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

2024	$	1,466
2025		1,556
2026		1,651
2027		1,752
2028		1,859
Thereafter		26,124
	$	34,408

Prior to the commencement of the CCAA proceeding, the University was a party to a number of long term loan agreements with various financial institutions. All amounts owing pursuant to the debt agreements were unsecured and were stayed pursuant to the Initial Order and the University ceased accruing interest expense on long-term debt as of February 1, 2021. In 2022, these obligations were classified as liabilities subject to the plan pursuant to the Plan. These liabilities were discharged upon Plan implementation on November 28. 2022. Any claims relating to these debt agreements are included in the claims of Affected Creditors entitled to receive distributions from the Distribution Pool (note 11(b)) when funds are available.

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

10. Long-term debt (continued):

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 the University that the interest rate swaps would be unwound. The calculation of the quantum of the lenders' claims 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. The liability in connection with this loss was recorded as Liabilities subject to the Plan in 2022. This liability was discharged upon Plan implementation and any related claim of those lenders is included in the claims of Affected Creditors entitled to receive distributions from the Distribution Pool (note 11(b)).

11. Payable to CCAA Distribution Pool, Liabilities subject to the Plan and Recovery from CCAA Proceedings:

(a) Payable to CCAA Distribution Pool:

The Payable to CCAA Distribution Pool (note 2(b)) represents the amount owing to the Distribution Pool pursuant to the Plan. The amount is equal to the expected proceeds from the sale of assets to the Province of Ontario of up to $53,500 (note 10) less payments already made to holders of Secured Claims, CCAA Priority Claims and Vacation Pay Compensation Claims in the amount of $5,954.

(b) Liabilities subject to the Plan:

As a result of the Initial Order obtained on February 1, 2021, and subsequent amendments, the payment of all liabilities owing as of February 1, 2021 was stayed.

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.

Pursuant to the terms of the Plan, holders of Secured Claims, CCAA Priority Claims and Vacation Pay Compensation Claims were entitled to payment in full upon Plan implementation. Payment in full of these amounts was made during 2023 in the amount of $5,954.

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 were not included as Liabilities subject to the Plan.

(thousands of dollars)

11. Payable to CCAA Distribution Pool, Liabilities subject to the Plan and Recovery from CCAA Proceedings (continued):

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

Amounts recognized as liabilities subject to the Plan at April 30, 2023 were $nil and in 2022 were 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

On November 28, 2022, Liabilities subject to the Plan were derecognized when the liabilities were legally discharged and released upon implementation of the Plan (note 2(b)).

(c) Recovery from CCAA Proceedings:

On November 28, 2022, Liabilities subject to the Plan as well as pre-CCAA deferred contributions were derecognized when the liabilities were legally discharged and released upon the implementation of the Plan (note 2(b)), resulting in a recovery on the Statement of Operations. At the same time, the University recorded a Payable to CCAA Distribution Pool (note 11(a)) in an amount equal to the expected proceeds from the sale of assets to the Province of Ontario of up to $53,500 (note 10) less payments already made to holders of Secured Claims, CCAA Priority Claims and Vacation Pay Compensation Claims in the amount of $5,954.

A reconciliation of the Recovery from CCAA Proceedings recorded on the Statement of Operations is as follows:

	2023
Liabilities Subject to the Plan, beginning of year	$ 192,219
Adjustments to Liabilities subject to the Plan	1,510
Pre-CCAA deferred contributions derecognized	26,193
Payments made re: Secured Claims, CCAA Priority Claims and Vacation Pay Compensation Claims	(5,954)
Payable to CCAA Distribution Pool	(47,546)
Recovery from CCAA Proceedings	$ 166,422

(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:

	2023	2022
Balance, beginning of year	$ 40,607	$ 36,364
Add contributions received in the year	19,100	21,367
Less amounts recognized as revenue	(15,695)	(17,124)
Less amounts derecognized in accordance with the Plan (note 2 (b))	(26,193)	-
Balance, end of year	$ 17,819	$ 40,607

Deferred contributions recognized in the year for all types of revenue was $15,695 (2022 - $17,124). Included in this amount is $11,387 (2022 - $12,759) of research income. The corresponding expenses related to this research activity are $7,394 (2022 - $8,429) in salaries and benefits expense; $3,482 (2022 - $3,659) in operating and research expense and $511 (2022 - $671) in scholarships and bursaries expense.

On November 28, 2022, the obligations associated with $26,193 of pre-CCAA deferred contributions were legally discharged and released upon implementation of the Plan. These amounts have been derecognized as liabilities with an associated gain reported in the Statement of Operations (note 11c).

Deferred contributions consist of the following:

	2023	2022
Research grants	$ 13,183	$ 22,588
Other grants and contracts	4,184	14,676
Scholarships and bursaries	452	3,343
Balance, end of year	$ 17,819	$ 40,607

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 University's operating bank account.

(thousands of dollars)

12. Deferred contributions (continued):

(a) Deferred contributions (continued):

The table below shows the restricted deferred contributions balances held in a separate bank account at year end:

	2023	2022
Amount of deferred contributions held in separate bank accounts or short-term investment account:		
Unspent research grant account	$ 13,183	$ 8,623
Restricted funds account	1,978	1,493
Amount of deferred contributions not held in separate bank accounts or short-term investment account	2,658	30,491
	$ 17,819	$ 40,607

Cash balances in segregated bank and short-term investment accounts are transferred in a period subsequent to the deferred contributions spending.

(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:

	2023	2022
Unspent:		
Balance, beginning of year	$ 3,134	$ 2,481
Add contributions received in the year	2,393	877
Less amounts spent	(1,422)	(224)
Balance, end of year	4,105	3,134
Unamortized:		
Balance, beginning of year	120,390	125,787
Add contributions spent in the year	1,422	224
Less amount amortized to revenue	(5,596)	(5,621)
Balance, end of year	116,216	120,390
Total unspent and unamortized capital contributions	$ 120,321	$ 123,524

(thousands of dollars)

13. Endowments and investment income (loss):

Endowments consist of restricted funds received by the University and the accumulated investment income not yet distributed. Investment income generated from long-term investments earmarked for endowments 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 endowments on an annual basis regardless of the investment income earned in the fiscal year, the endowments 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.

Only investment earnings generated from endowment contributions may be used to support the designated activity for each individual endowment. Distribution is conditional on having sufficient accumulated reinvested income. If the accumulated investment income is less than the pay-out, then the pay-out will be adjusted so as not to affect the capital balance.

The University reviews its distribution rate on an annual basis. In 2023, the University approved a distribution of up to 2.5% of the fair value of the endowments investment, subject to availability of earned investment income in each endowment account. Total actual amount distributed was $401. During 2022, while under the CCAA process, there were no 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 $196 (2022 – $ nil).

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

	2023	2022
Balance, beginning of year	$ 60,961	$ 61,482
Endowment contributions	266	6
Net increase (decrease) in Endowments		
Investment income (loss)	1,357	(282)
Administrative fee	(196)	–
Investment management fees	(226)	(245)
Investment income available for distribution	(401)	–
	534	(527)
Transferred to Northern Ontario School of Medicine (NOSM)	(14,251)	–
Balance, end of year	$ 47,510	$ 60,961

(thousands of dollars)

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

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 to support students of NOSM University of $nil (2022 - $14,665). As a condition of the Plan (note 2b), on November 28, 2022 a transfer was made to NOSM University in the amount of $14,251 which was equal to the cumulative endowment contributions and cumulative endowment investment income attributable to NOSM University related endowments at market value at the time of Plan implementation.

The Endowments balance consists of:

	2023	2022
Cumulative endowment contributions	$ 36,348	$ 50,005
Cumulative reinvested investment income	11,162	10,956
	$ 47,510	$ 60,961

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

	2023	2022
Unrealized gains (losses)	$ 3,694	$ (2,030)
Interest income and dividends	4,283	2,196
Realized losses	(3,826)	(158)
	$ 4,151	$ 8
Long-term investment gain (loss) related to endowments	956	(282)
Short-term investment gain recognized in other fees and income	3,195	290
	$ 4,151	$ 8

(thousands of dollars)

14. Investment in capital assets:

The Investment in capital assets is calculated as follows:

		2023		2022
Capital assets	$	245,080	$	253,432
Less amounts financed by:				
Liabilities subject to the Plan (note 11)		-		(91,251)
Unamortized deferred capital contributions (note 12)		(116,216)		(120,390)
	$	128,864	$	41,791

On November 28, 2022, liabilities subject to the Plan were legally discharged and released upon the implementation of the Plan. This resulted in a reduction of $89,927 of Long-Term Debt and $1,324 of Short-Term Loans totalling $91,251. These amounts are included in the claims of Affected Creditors entitled to receive distributions from the Distribution Pool, and therefore are no longer an adjustment to the investment in capital assets.

15. Internally restricted net assets:

		2023		2022
Departmental and subsidiary research funds	$	1,475	$	1,164

Departmental and subsidiary research funds relate to MIRARCO and other internally restricted research projects. During the year, the University transferred from the unrestricted fund $311 of surplus for the purpose of future internal research spending.

16. 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 University is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. 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.

Litigation claims existing at the time the CCAA proceeding was commenced were addressed as part of the Claims Process and were material. In 2022, The University recognized certain of these litigation claims as liabilities subject to the Plan in note 11, to the extent that they had been resolved or determined in the Claims Process.

(thousands of dollars)

16. Commitments and contingencies (continued):

Some claims were subject to measurement uncertainty. Pursuant to the Plan, all claims of Affected Creditors against the University have been discharged and released. Certain litigation claims were designated as Insured Claims under the Plan and in the case of Insured Claims, the plaintiff's recovery is limited to the proceeds of insurance, if any, and not the University.

(c) The University is the principal employer for the Pension Plan (note 6) which previously included the Former 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 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.

The 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 Pension Plan meeting agreed upon levels of funding.

(d) As part of the Term Sheet for the sale of real estate assets to the Province of Ontario, the University and the Province of Ontario will enter into separate lease agreements on certain buildings and lands being sold to the Province of Ontario.

The future new leases between the Province of Ontario (as landlord) and the University (as tenant) are expected to provide that the University will be responsible for all operating and other costs in relation to the leased premises which will be payable as additional rent.

17. Change in non-cash working capital:

	2023	2022
Cash flows from operating activities:		
Accounts receivable	$ (94)	$ 1,160
Prepaid expenses	(1,696)	56
Accounts payable and accrued liabilities	9,250	2,955
Accrued vacation pay	130	260
Deferred revenue	3,628	1,211
	$ 11,218	$ 5,642

(thousands of dollars)

18. Other fees and income:

Details of the other fees and income are as follows:

	2023	2022
Administrative fees	$ 4,028	$ 3,423
Investment income	3,195	290
Scholarships, bursaries and other restricted contributions	3,733	3,014
Compulsory fees	2,796	2,807
Sponsored students	2,506	2,598
Course fees and other	3,724	3,800
	$ 19,982	$ 15,932

19. Restructuring costs:

As part of the restructuring and financial sustainability initiatives negotiated with stakeholders and 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 Plan and the CCAA proceeding, the following restructuring costs were recognized in the statement of operations.

	2023	2022
Termination of interest rate swaps	$ -	$ (332)
Employee restructuring and termination costs	836	25
Restructuring and settlement costs	-	6,041
Legal, Monitor, consulting, interest and finance costs		
Legal fees	6,171	10,634
Monitor fees	2,185	5,021
Consulting fees	810	3,533
Interest and finance costs	1,106	2,837
	10,272	22,025
	$ 11,108	$ 27,759

20. 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.

(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. Pursuant to the Plan, the University's obligations to repay principal and interest in respect of certain pre-CCAA debt agreements were discharged.

At April 30, 2023, the University has long-term debt with the Province of Ontario in the amount of $34,408 (2022 - $nil) with a fixed interest rate of 6.11% and is therefore subject to interest rate risk (note 10).

(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.

(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.

(thousands of dollars)

21. 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:

	2023	2022
Recoveries and charges for goods and services	$ 821	$ 649

At April 30, 2023 the University had $130 (2022 - $127) receivables from CEMI and had a payable of $nil (2022 - $ nil) to CEMI.

(b) Student associations:

The University has an 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.

22. Comparative information:

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

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