

Consolidated Financial Statements of

**LAURENTIAN UNIVERSITY
OF SUDBURY**

And Independent Auditors' Report thereon

Year ended April 30, 2021



KPMG LLP
Claridge Executive Centre
144 Pine Street
Sudbury ON P3C 1X3
Canada
Tel 705-675-8500
Fax 705-675-7586

INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Laurentian University of Sudbury

Opinion

We have audited the accompanying consolidated financial statements of Laurentian University of Sudbury, which comprise:

- the consolidated statement of financial position as at April 30, 2021
- the consolidated statement of operations for the year then ended
- the consolidated statement of statement of changes in net assets (deficiency) for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Laurentian University of Sudbury as at April 30, 2021, and its consolidated results of operations, its consolidated changes in net assets, and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial statements***” section of our report. We are independent of Laurentian University of Sudbury in accordance with the applicable independence standards, and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that Laurentian University of Sudbury obtained a stay of proceedings pursuant to the Companies’ Creditors Arrangement Act on February 1, 2021 and that the stay of proceeding has been extended to May 31, 2022.



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As stated in Note 2 in the financial statements, these events or conditions, along with other matters as set forth in Note 2 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Emphasis of Matter – Comparative Information

We draw attention to Note 25 to the financial statements which explains that certain comparative information presented for the year ended April 30, 2020 has been restated and corrected.

Note 25 explains the reason for the restatements and corrections and also explains the adjustments that were applied to certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended April 30, 2021, we also audited the adjustments that were applied to certain comparative information presented for the year ended April 30, 2020.

In our opinion, such adjustments are appropriate and have been properly applied.

Other Information

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

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

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

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the Annual Financial Report as at the date of this auditors' 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 the auditors' report.

We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing Laurentian University of Sudbury'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 Laurentian University of Sudbury or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Laurentian University of Sudbury's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Laurentian University of Sudbury's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 Laurentian University of Sudbury's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Laurentian University of Sudbury to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Group of Laurentian University of Sudbury to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

March 7, 2022

LAURENTIAN UNIVERSITY OF SUDBURY

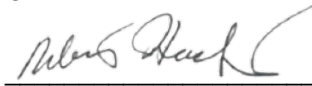
Consolidated Statement of Financial Position

April 30, 2021, with comparative information for 2020
(thousands of dollars)


	2021	2020 (Restated - note 25)
Assets		
Current assets:		
Cash and short-term investments (note 4)	\$ 36,965	\$ 3,425
Accounts receivable (note 5)	15,720	27,045
Other	2,813	1,650
	<u>55,498</u>	<u>32,120</u>
Accounts receivable (note 5)	73	169
Investments (note 4)	62,175	53,964
Capital assets (note 7)	263,385	272,531
	<u>\$ 381,131</u>	<u>\$ 358,784</u>
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Line of credit (note 18)	\$ –	\$ 14,400
Short-term loan (note 9, 10)	24,992	1,367
Accounts payable and accrued liabilities (note 8)	16,637	23,021
Accrued vacation pay	2,080	2,593
Deferred revenue	1,336	1,009
Deferred contributions (note 13)	36,364	37,423
Current portion of long-term debt (note 11)	–	2,738
Liabilities subject to compromise (note 12)	186,820	–
	<u>268,229</u>	<u>82,551</u>
Long-term obligations:		
Long-term debt (note 11)	–	88,973
Employee future benefits liabilities (note 6)	–	22,557
	<u>–</u>	<u>111,530</u>
Deferred capital contributions (note 13)	128,268	129,879
Total liabilities	396,497	323,960
Net assets (deficiency):		
Unrestricted	(89,207)	(23,640)
Employee future benefits	(13,973)	(22,557)
Internally restricted (note 16)	3,302	3,848
Investment in capital assets (note 15)	23,030	22,874
Endowment (note 14)	61,482	54,299
	<u>(15,366)</u>	<u>34,824</u>
Commitments and contingencies (note 18)		
Subsequent events (notes 2, 10, 12, 13, 18, 26)		
Going concern (note 2)		
	<u>\$ 381,131</u>	<u>\$ 358,784</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board of Governors:



Governor



Governor

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statement of Operations

Year ended April 30, 2021, with comparative information for 2020
(thousands of dollars)

	2021	2020
		(Restated note 25)
Revenue:		
Operating grants and contracts	\$ 79,304	\$ 86,234
Tuition and ancillary fees	58,261	53,211
Research grants and contracts	22,407	24,151
Other fees and income (note 20)	24,299	16,744
Sales and services	5,634	11,620
Amortization of deferred capital contributions (note 13)	5,629	5,594
	<u>195,534</u>	<u>197,554</u>
Expenses:		
Salaries and benefits	128,557	134,847
Operating and research	18,723	28,305
Occupancy	12,022	15,271
Scholarships and bursaries	12,575	12,072
Amortization of capital assets	10,502	10,446
Restructuring costs (note 21)	79,137	—
	<u>261,516</u>	<u>200,941</u>
Deficiency of revenue over expenses	<u>\$ (65,982)</u>	<u>\$ (3,387)</u>

See accompanying notes to consolidated financial statements.

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statement of Changes in Net Assets (Deficiency)

Year ended April 30, 2021, with comparative information for 2020
(thousands of dollars)

	Unrestricted	Employee Future Benefits	Internally Restricted (note 16)	Investment in Capital Assets	Endowment	2021 Total
Net assets (deficiency), beginning of year (restated – note 25)	\$ (23,640)	\$ (22,557)	\$ 3,848	\$ 22,874	\$ 54,299	\$ 34,824
Excess (deficiency) of revenue over expenses:						
Operating	13,471	4,557	–	(4,873)	–	13,155
Restructuring costs (note 21)	(79,137)	–	–	–	–	(79,137)
	(65,666)	4,557	–	(4,873)	–	(65,982)
Transfer for capital transactions	(4,979)	–	(50)	5,029	–	–
Other transfers	3,419	(2,923)	(496)	–	–	–
Endowment contributions (note 14)	–	–	–	–	175	175
Net increase in endowment	–	–	–	–	7,008	7,008
Employee future benefits remeasurements and other items (note 6)	1,659	6,950	–	–	–	8,609
Net assets (deficiency), end of year	\$ (89,207)	\$ (13,973)	\$ 3,302	\$ 23,030	\$ 61,482	\$ (15,366)
2020 (Restated note 25)	Unrestricted	Employee Future Benefits	Internally Restricted (note 16)	Investment in Capital Assets	Endowment	Total
Net assets (deficiency), beginning of year, previously reported	\$ (14,544)	\$ (9,107)	\$ 2,723	\$ 22,283	\$ 51,809	\$ 53,164
Restatement adjustments (note 25)	(3,217)	172	–	–	1,891	(1,154)
Net assets (deficiency), beginning of year, restated	(17,761)	(8,935)	2,723	22,283	53,700	52,010
Excess (deficiency) of revenue over expenses	1,561	(94)	–	(4,854)	–	(3,387)
Transfer for capital transactions	(5,445)	–	–	5,445	–	–
Other transfers	(1,995)	870	1,125	–	–	–
Endowment contributions (note 14)	–	–	–	–	1,193	1,193
Net decrease in endowment	–	–	–	–	(594)	(594)
Employee future benefits remeasurements and other items	–	(14,398)	–	–	–	(14,398)
Net assets (deficiency), end of year	\$ (23,640)	\$ (22,557)	\$ 3,848	\$ 22,874	\$ 54,299	\$ 34,824

See accompanying notes to consolidated financial statements.

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statement of Cash Flows

Year ended April 30, 2021, with comparative information for 2020
(thousands of dollars)

	2021	2020 (Restated note 25)
Cash flows from operating activities:		
Deficiency of revenue over expenses	\$ (65,982)	\$ (3,387)
Non-cash items:		
Amortization of capital assets	10,502	10,446
Amortization of deferred capital contributions	(5,629)	(5,594)
(Excess) deficiency of employer contributions over employee future benefits net benefit costs	(13,948)	(1,059)
	(75,057)	406
Change in non-cash working capital (note 19)	3,688	1,471
Change in liabilities subject to compromise (note 12)	186,820	–
	115,451	1,877
Cash flows from financing activities:		
Endowment contributions	175	1,193
Net increase (decrease) in endowment	7,008	(594)
Increase (decrease) in deferred contributions	(1,059)	3,256
Deferred capital contributions received	4,018	1,999
Decrease in long-term debt	(91,711)	(3,606)
Decrease in line of credit	(14,400)	(3,200)
Increase (decrease) short-term loan	23,625	(59)
	(72,344)	(1,011)
Cash flows from investing activities:		
Purchases of capital assets	(1,356)	(2,791)
Net increase in investments	(8,211)	165
	(9,567)	(2,626)
Net increase (decrease) in cash and short-term investments	33,540	(1,760)
Cash and short-term investments, beginning of year	3,425	5,185
Cash and short-term investments, end of year	\$ 36,965	\$ 3,425

See accompanying notes to consolidated financial statements.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2021
(thousands of dollars)

1. Description:

Laurentian University of Sudbury (the “University”) is incorporated by special act 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 ongoing financial and operational pressures on the University, on February 1, 2021, the University brought an application before the Ontario Superior Court of Justice (the “Court”) seeking an initial order pursuant to the *Companies’ Creditors Arrangement Act* (the “CCAA”) to, among other things, obtain a stay of proceedings to allow the University an opportunity to financially and operationally restructure itself. On February 1, 2021, the Court granted an initial order that among other things, appointed Ernst & Young Inc. as Monitor of the University (the “Monitor”) and approved a stay of proceedings for an initial 10-day period. Since then, the stay of proceedings has been extended several times, most recently to May 31, 2022.

The CCAA proceedings provide 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 Loan (“DIP Loan”) for interim financing, which was subsequently increased to \$35,000 on May 19, 2021 with a maturity date of January 31, 2022.

The University has completed an academic restructuring resulting in reduced programs and course offerings, and a reduction of faculty and departments to increase operational efficiency and to reduce costs.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

2. Basis of presentation (continued):

(b) CCAA proceedings (continued):

On April 5, 2021, the University entered into a term sheet with the Laurentian University Staff Union (“LUSU”) that included reductions in staff complement and changes to employee benefits, pension, and post-employment benefits. On April 7, 2021, the University and the Laurentian University Faculty Association (“LUFA”) signed a term sheet setting out key terms and conditions which among other things resulted in a new collective agreement, a reduction in faculty complement and changes to compensation and amendments to pension and post-employee benefits plans as disclosed in note 6.

On May 31, 2021, the Court granted an order approving a claims process order establishing the claims procedures whereby the Monitor, in conjunction with the University, would call for certain claims of creditors and determine 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. This order set July 30, 2021 as the bar date for creditors to submit their claims to the Monitor. On August 17, 2021, the Court also granted an order approving a methodology to calculate employee compensation related claims and a process for notification and claims processing to determine employee compensation claims.

On December 16, 2021, the Ontario Government announced a package of support through the Ministry of Colleges and Universities that included refinancing the DIP Loan, a \$6,000 COVID-19 grant and future enrolment corridor and performance grant protection up to \$22,000. The refinancing of the DIP loan with a maturity date of September 30, 2022 was approved by the Court on January 27, 2022, and completed on January 28, 2022. (note 26)

As at April 30, 2021, in connection with the CCAA proceedings, the University identified obligations that are potentially subject to compromise of \$186,820 (note 12) and incurred restructuring costs of \$79,137 (note 21).

(c) Going concern:

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

The University’s CCAA proceedings and circumstances relating to this event, including the University’s cash flows, deficiency in net assets, and working capital deficiency, have resulted in material uncertainties that casts significant doubt about the appropriateness of the use of the going concern assumption. The University’s ability to continue as a going concern is dependent on the University restructuring and emerging from CCAA protection with a Plan of Arrangement that is accepted by its creditors and approved by the Court.

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

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

2. Basis of presentation (continued):

(c) Going concern (continued):

The Government also committed to providing COVID-19 grant funding of \$6,000 and providing enrolment corridor and performance protection up to \$22,000 over a number of years, on terms to be agreed. The government support is subject to certain conditions, which include renewal of the Board of Governors and the completion of a long-term strategic plan for the University. The first phase of Board renewal commenced on December 16, 2021 and the process to identify a consultant to help lead the University through the development of a strategic plan is in progress.

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

There can be no assurance that the University will be successful in emerging from CCAA as a going concern.

(d) Basis of consolidation:

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

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

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

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

2. Basis of presentation (continued):

(d) Basis of consolidation (continued):

These consolidated financial statements do not reflect the assets, liabilities and results of operations of related entities when it does not have a claim to the net assets or is not liable for the entities' obligations. Accordingly, the Northern Ontario School of Medicine ("NOSM"), and the Centre for Excellence in Mining and Innovation ("CEMI"), are disclosed as related parties in note 24.

Various student organizations are not included in these consolidated financial statements. The University has guaranteed a loan on behalf of the Laurentian University Student's General Association for the construction of a student centre. See note 18 for additional details.

3. Significant accounting policies:

(a) Revenue recognition:

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

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

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

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

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

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

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

(b) Investments and investment income:

Investments are long-term and are largely invested in pooled funds, which are carried at fair value. Net investment income, which is investment income or loss generated from externally restricted endowment purposes, net of administration fees, expenses and the distribution to Deferred contributions, is recorded as a direct increase (decrease) to Endowment net assets.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

3. Significant accounting policies (continued):

(b) Investments and investment income (continued):

Net investment income is transferred to Deferred contributions when it is officially distributed from Endowment under University policy to be made available for spending for restricted purposes. The amounts are recognized as revenue in the period that the related expenses are incurred. The University also recognizes as revenue an administration fee for managing the endowment funds.

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

(c) Capital assets:

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

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

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

Construction in progress is not amortized until the project is complete and the facilities are put in use. Expenditures on repairs and maintenance are expensed as incurred.

(d) Employee future benefits liabilities:

In the year, the University provided employee future benefits and post-retirement benefits to its employees through its Pension Plan, Retiree Health Benefit Plan and Supplementary Pension Plan. In connection with the CCAA restructuring, the University has made substantial changes to its benefit plans as described in note 6.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

3. Significant accounting policies (continued):

(d) Employee future benefits liabilities (continued):

The University accrues its obligations and related costs for funded employee future benefit plans as the employees render the service necessary to earn the pension and other retirement benefits, based on the latest going concern funding valuation. The actuarial determination of the accrued benefit obligations for pensions and other employee future benefits 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, 2020 and the next actuarial valuation will be completed effective July 1, 2021.

The University has elected to calculate its obligations and related costs for unfunded plans on a basis consistent with funded plans.

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 expenses are charged to operations, and the balance of Internally restricted assets is reduced accordingly with a transfer to Unrestricted net assets (deficiency).

(f) Financial instruments:

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

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

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

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

3. Significant accounting policies (continued):

(f) Financial instruments (continued):

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

At the inception of hedging relationship, the University designated that hedge accounting will be applied. The University formally documented the hedging relationship between the hedging instruments and hedged item. At the inception of the hedge and throughout its term, the terms of the hedging item and hedged item are the same. During the year, the hedge was terminated as a result of the CCAA proceedings.

(g) Use of estimates:

The preparation of Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting periods. Items subject to such estimates and assumptions include the carrying value of accounts receivable, capital assets, obligations related to employee future benefits, vacation accrual, contingencies, and liabilities identified as potentially subject to compromise. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are recognized in the Consolidated Financial Statements in the year in which they become known.

(h) Key sources of measurement uncertainty:

As a result of the ongoing CCAA proceedings, the academic restructuring, reduction of staff, faculty and departments, termination of employee benefits and arrangements that were disclaimed with the Federated Universities, the University recognized Restructuring costs (note 21) and Liabilities that are subject to compromise (note 12).

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

(i) Impairment of capital assets:

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

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

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

3. Significant accounting policies (continued):

(j) Liabilities subject to compromise:

As a result of the stay of proceedings obtained pursuant to the CCAA on February 1, 2021 and subsequent extensions, the payment of liabilities owing as of February 1, 2021 is stayed, and the outstanding liabilities, as well as any additional outstanding claims by creditors are subject to compromise pursuant to a plan of arrangement that is expected to be presented to creditors.

Obligations for items and services provided to the University after the filing date of February 1, 2021 are not included in Liabilities subject to compromise.

Liabilities subject to compromise represent the liabilities that will ultimately be subject to the plan of arrangement for the University's creditors, and other claimants as described in note 12.

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

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

4. Cash and investments:

	2021	2020 (restated-note 25)
Short-term:		
Cash	\$ 36,964	\$ 2,637
Short-term investments	1	788
	36,965	3,425
Long-term:		
Equity funds	27,514	23,488
Fixed income	28,809	25,884
Structured credit	3,102	1,822
Real estate	2,750	2,770
	62,175	53,964
	\$ 99,140	\$ 57,389

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

4. Cash and investments (continued):

The University maintains operating bank accounts with a combined balance of \$28,363 (2020 \$2,637) and three segregated bank accounts with a combined balance of \$8,602 in 2021 (2020 - \$nil). The segregated bank accounts were established in December 2020 to hold certain restricted funds advanced to the University prior to the related expenditures being incurred. The total amounts in the segregated bank accounts include \$5,998 (2020 - \$nil) for unspent research grant and award funding, \$2,492 (2020 - \$nil) for all other restricted funds other than new endowment contributions, and \$112 (2020 - \$nil) for employee and employer contributions to the Retiree Health Benefit Plan.

New endowment contributions are deposited into the operating bank accounts and transferred to Investments.

5. Accounts receivable:

	2021	2020
Restricted grants and contracts	\$ 4,380	\$ 8,976
Tuition and ancillary fees	6,431	7,992
Other	8,156	15,266
	18,967	32,234
Less allowance for doubtful accounts	(3,174)	(5,020)
	15,793	27,214
Current portion of accounts receivable	15,720	27,045
Long-term accounts receivable	73	169
	\$ 15,793	\$ 27,214

6. Employee future benefits:

In the year, the University provided employee future benefits and post-retirement benefits to its employees through the Retirement Plan of Laurentian University of Sudbury and its Federated and Affiliated Universities (the "Pension Plan"), the Retiree Health Benefit Plan and the Supplementary Pension Plan. In connection with the CCAA restructuring, the University made substantial changes to its benefit plans as described below.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

6. Employee future benefits (continued):

(a) Pension Plan:

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

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 modified the rights of members to transfer lump sum values of their pension entitlement. Previously, the lump sum transfer election was available at any time between the end of employment and the end of the year in which they attain age 71 when a monthly pension must commence. Those rules have been changed such that members who reach their early retirement date will no longer be able to transfer lump sum values of their pension entitlement.

Former members of the Pension Plan who commenced employment prior to September 24, 2017 were entitled, following the last day of employment, to receive either a monthly pension payable from the Pension Plan (starting on or after reaching their early retirement date) or to transfer the lump sum values of their pension entitlement out of the Pension Plan.

Former members of the Pension Plan were provided with a final opportunity to choose a lump sum transfer option. If the member did not elect a lump sum transfer option during this process, the member remained entitled to receive a monthly pension benefit from the Pension Plan starting on or after the early retirement date in accordance with the Pension Plan.

Effective July 1, 2021, the Pension Plan changed its name to the Retirement Plan of Laurentian University of Sudbury. In addition, the plan was modified such that future earnings are based on a career average instead of years of service and final average salary. The Pension Plan had provisions for guaranteed post-retirement indexation based upon inflation which have been modified to conditional indexation for future benefits. Employee contributions have been modified to match employer contributions.

These changes to the Pension Plan are considered a plan amendment.

Future benefit improvements are subject to plan sustainability measures and no benefit improvements will be considered prior to July 1, 2025, unless the plan develops an excess surplus as defined under pension regulations and as prescribed by the agreed-upon terms. The University has provided a provision against the Pension Plan's assets for benefit reinstatement in accordance with the Pension Plan's benefits and funding policy. An actuarial calculation of the future assets/liabilities including an allowance for benefit reinstatement was completed and forms the basis for the accrued benefit obligation. As a result, the University recognized a valuation allowance of \$9,535 to reflect that the University does not expect to realize these plan assets.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

6. Employee future benefits (continued):

(a) Pension Plan (continued):

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

The most recent actuarial valuation was as of January 1, 2020 and the next actuarial valuation will be completed effective July 1, 2021.

(b) Retiree Health Benefit Plan:

The University 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. Current service and finance costs were expensed during the year, while remeasurements and other items were recognized as a direct increase or decrease in Net assets (deficiency).

As disclosed in note 2(b), the term sheets agreed with LUFA and LUSU provided that the Retiree Health Benefit Plan would be terminated on April 30, 2021. This termination is considered a plan curtailment, and any related liabilities will be settled subsequently when the stayed obligations are discharged by the University through the CCAA process.

Total liabilities of \$10,757 at April 30, 2021 relating to Retiree Health Benefit Plan are included in Liabilities subject to compromise (note 12).

The University refunded \$51 of employee contributions made to the plan between December 2020 and April 30, 2021. Additionally, the University refunded employer contributions made by SNOLab and CEMI in the amount of \$5 and the employer and employee contributions made by the Federated Universities (Thorneloe University, University of Sudbury, and Huntington University) totalling \$4.

(c) Supplementary Pension Plan:

The University had approved an unfunded supplemental plan for employees to provide them with certain benefits as calculated pursuant to the defined benefit pension plan formula assuming that Canada Revenue Agency tax limits did not exist. The University recognized the amount of the accrued obligation in the Consolidated Statement of Financial Position. Current service and finance costs were expensed during the year, while remeasurements and other items, representing the total of actuarial gains and losses, and past service costs, were recognized as a direct increase or decrease in Employee future benefits net assets (deficiency). The accrued liability was determined using a roll-forward technique to estimate the accrued liability using funding assumptions from the most recent actuarial valuation report prepared at least every three years.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

6. Employee future benefits (continued):

(c) Supplementary Pension Plan (continued):

As disclosed in note 2(b), the terms and conditions agreed with LUFA and LUSA provided that the Supplementary Pension Plan would be terminated. All payments from the Supplementary Pension Plan ceased on February 1, 2021, as a result of the CCAA proceedings. No additional obligations were accrued after the termination for current or former non-union employees. This termination is considered a plan curtailment, and any related liabilities will be settled subsequently when the stayed obligations are discharged by the University through the CCAA process.

Liabilities of \$3,216 at April 30, 2021 relating to Supplementary Pension Plan are included in Liabilities subject to compromise (note 12).

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.

At year end, the employee future benefit remeasurements and other items totalling \$8,609 recognized directly in Net assets includes a net remeasurement loss of \$6,950, which is comprised of the remeasurement losses for the curtailment of Retiree Health Benefit Plan and the Supplementary Pension Plan in the amounts of \$5,319 and \$153, respectively, and the remeasurement gain for the amendment of the Pension Plan of \$12,422.

The remaining \$1,659 recognized in Unrestricted net assets (deficiency) relates to interest costs and service costs incurred during the year for the Retiree Health Benefit Plan and the Supplementary Pension Plan in the amount of \$579, and \$1,080 from Deferred contributions in connection with the unfunded plan assets for Retiree Health Benefit Plan (note 12).

The remeasurement gain or loss arising from the plan curtailments will be realized when the settlements are completed at a future date in relation to the plan of compromise or arrangement pursuant to CCAA.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(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	2021 Total
Accrued benefit obligation	\$ (452,203)	\$ (10,757)	\$ (3,216)	\$ (466,176)
Fair value of plan assets	461,738	–	–	461,738
	9,535	(10,757)	(3,216)	(4,438)
Allowance for benefit reinstatement	(9,535)	–	–	(9,535)
Accrued benefit liabilities	\$ –	\$ (10,757)	\$ (3,216)	\$ (13,973)
Reclassified to:				
Liabilities subject to compromise (Note 12)	\$ –	\$ (10,757)	\$ (3,216)	\$ (13,973)

	Pension Plan	Retiree Health Benefit Plan	Supplemental Pension Plan	2020 Total (restated)
Accrued benefit obligation	\$ (431,581)	\$ 7,206	\$ (3,063)	\$ (441,850)
Fair value of plan assets	419,293	–	–	419,293
Accrued benefit liabilities	\$ (12,288)	\$ (7,206)	\$ (3,063)	\$ (22,557)

The reconciliation of the Pension Plan is as follows:

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

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

6. Employee future benefits (continued):

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

	Pension Plan and Supplemental Pension Plan		Retiree Health Benefit Plan	
	2021	2020	2021	2020
Discount rate	5.85%	5.85%	4.00%	4.00%
Provision for adverse deviation (on non-indexed liabilities)	10.28%	10.29%	–	–
Rate of compensation increases	2.00%	2.50%	–	–
Expected long-term rate of return on plan assets	5.85%	5.85%	–	4.00%
Health care cost trend rate	–	–	2.00%	2.00%
Rate of inflation	2.00%	2.00%	–	–

7. Capital assets:

			2021	2020
	Cost	Accumulated Amortization	Net book Value	Net book Value
Buildings	\$ 358,127	\$ 115,166	\$ 242,961	\$ 249,908
Equipment and furnishings	66,551	61,146	5,405	7,278
Site improvements	12,266	10,660	1,606	1,932
Land	13,413	–	13,413	13,413
	\$ 450,357	\$ 186,972	\$ 263,385	\$ 272,531

A total of \$34 (2020 - \$1,789) of buildings and \$nil (2020 - \$564) of equipment is under construction and not yet subject to amortization.

The University assessed potential impairment of its capital assets 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.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

8. Accounts payable and accrued liabilities:

Included in Accounts payable and accrued liabilities are government remittances payable of \$3,749 (2020 - \$3,872), which includes amounts payable for payroll related taxes. These government remittances payable are current.

9. Short-term loan:

Short-term loan represents an unsecured loan with a floating interest rate of 1.42% (2020 – 1.91%) with no mandatory repayment terms from TD Canada Trust. The short-term loan was used to finance the Student Recreation Centre. The commencement of the CCAA proceedings on February 1, 2021 was considered an event of default, which resulted in the debt obligation and any accrued and unpaid interest to be due on demand, although any action to enforce such payment obligations is stayed as a result of the CCAA proceedings. As at April 30, 2020, the short-term loan balance was \$1,367. The short-term loan amount of \$1,324 as at April 30, 2021 was transferred to Liabilities subject to compromise (note 12).

10. Debtor-in-possession (DIP) loan:

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

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

Subsequent to year-end, on May 19, 2021, the DIP Loan was amended to extend the principal repayment and maturity date to August 31, 2021 and to increase the aggregate commitment to \$35,000. The DIP Loan was further amended on August 20, 2021 to extend the principal repayment and maturity date to January 31, 2022 (note 26).

Subsequent to year-end, the Ontario Government announced a package of support from the Ministry of Colleges and Universities. The financial terms of the support include \$35,000 to replace the existing DIP Loan (note 26).

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

11. Long-term debt:

Pursuant to the CCAA proceedings, the University is in default under each of the respective terms of the long-term loan agreements. Any potential actions by the lenders under the debt agreements have been stayed pursuant to the Initial Order. Given this, these obligations have been classified as current as of April 30, 2021.

The University's total indebtedness as of April 30, 2021 and 2020 consisted of the following:

Unsecured loans with:	Rate	Fixed Maturity	2021	2020
Bank of Montreal (i)	5.39%	2024	\$ 1,301	\$ 1,366
Royal Bank of Canada	4.30%	2040	12,881	13,187
Royal Bank of Canada (i)	4.94%	2043	17,455	17,573
Royal Bank of Canada (i)	3.90%	2023	2,555	2,770
Royal Bank of Canada	4.63%	2041	38,640	39,496
TD Canada Trust (i)	4.97%	2036	10,538	10,647
TD Canada Trust	4.95%	2043	6,557	6,672
			89,927	91,711
Less: current portion of long-term debt				(2,738)
Less: liabilities subject to compromise			(89,927)	–
			\$ –	\$ 88,973

The above-noted debt instruments were advanced under variable rate credit facilities for the financing of various residences, construction of the School of Education and Student Recreation Centre as well as Campus Modernization projects. The principal and interest on these loans were payable in monthly installments.

During the year, principal repayments on the four loans indicated by (i) were deferred for a period of six months. The amended terms of the loans were not substantially different from those of the original loans. The University did not incur any fees in relation to the modification of loans. The University made principal payments totalling \$1,784 on the other loans in the year.

Prior to the commencement of CCAA proceedings, the University was a party to seven interest rate swap agreements to manage the volatility of interest rates. The University converted floating rate debt for fixed rate debt. Since the CCAA filing represents an event of default as defined under the terms of the interest rate swap agreements, each of the bank counterparties exercised their rights to terminate these derivative agreements. 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.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

11. Long-term debt (continued):

As noted above, due to the CCAA proceedings and the resulting event of default, all the debt obligations became immediately due and payable, and the University ceased accruing interest expense on long-term debt as of February 1, 2021. These obligations were reclassified and recognized as a component of the Liabilities subject to compromise (note 12).

12. Liabilities subject to compromise:

As a result of the Initial Order obtained on February 1, 2021 and subsequent amendments, the payment of liabilities owing as of February 1, 2021 is stayed, and the outstanding liabilities, as well as any additional outstanding claims by creditors are subject to compromise pursuant to a plan of arrangement that is expected to be presented to creditors.

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

Obligations for goods and services provided to the University after the filing date of February 1, 2021 are discharged based on negotiated terms. These liabilities are not included as Liabilities subject to compromise.

As of April 30, 2021, Liabilities subject to compromise include the following:

		2021
Accounts payable and accrued liabilities		\$ 11,301
Employee future benefits liabilities (note 6)	\$ 14,910	
Employee restructuring and termination costs	<u>44,658</u>	
Employee compensation costs		59,568
Short-term loan (note 9)		1,324
Long-term debt (note 11)		89,927
Interest rate swap termination obligation (note 11)		24,700
		<hr/> <u>\$ 186,820</u>

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

12. Liabilities subject to compromise (continued):

The amounts recognized as subject to compromise were recognized as follows:

	Employee future benefit remeasurements	Restructuring costs	Reclassification from existing liabilities	Total
Accounts payable and accrued liabilities	\$ –	\$ 35	\$ 11,266	\$ 11,301
Employee future benefits liabilities	13,973	937	–	14,910
Employee restructuring and termination costs	–	44,658	–	44,658
Short-term loan	–	–	1,324	1,324
Long-term debt	–	–	89,927	89,927
Interest rate swap termination obligation	–	24,700	–	24,700
	\$ 13,973	\$ 70,330	\$ 102,517	\$ 186,820

The total liability amount recognized as subject to compromise for employee future benefits of \$14,910 includes the remaining balance of \$1,080 reclassified from Deferred contributions in connection with the unfunded plan assets for Retiree Health Benefit Plan.

Total claims asserted by creditors are \$360,291 pursuant to the claim procedures approved by the Court. The difference between the total claims asserted and the amount recognized as subject to compromise of \$186,820 is not recognized in these financial statements as the University is assessing the claims and cannot estimate an amount subject to compromise based on the information available at this time. The assessment of the claims will continue, and the resolution of the claims received will take time to resolve. Liabilities subject to compromise may be subject to future adjustments depending on Court actions, further developments with respect to disputed claims, proof of claims or other events and is therefore subject to significant estimation uncertainty. Changes to these liabilities in future periods may be material.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

13. 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:

	2021	2020 (restated-note 25)
Balance, beginning of year	\$ 37,423	\$ 36,751
Add contributions received in the year	20,002	24,091
Less amounts recognized as revenue	(19,981)	(23,419)
Less amounts transferred to be subject to compromise (note 12)	(1,080)	–
Balance, end of year	\$ 36,364	\$ 37,423

Deferred contributions used in the year for all types of revenue was \$19,981 (2020 - \$23,419). Included in this amount is \$15,168 (2020 - \$17,967) of research income. The corresponding expenses related to this research activity are \$11,378 (2020 - \$12,274) in salaries and benefits expense; \$3,219 (2020 - \$5,693) in operating and research expense and \$571 (2020 - \$nil) in scholarships and bursaries expense.

Deferred contributions consist of the following:

	2021	2020 (restated-note 25)
Research grants	\$ 18,590	\$ 18,071
Other grants and trust	14,660	16,170
Scholarships and bursaries	3,114	3,182
Balance, end of year	\$ 36,364	\$ 37,423

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

13. Deferred contributions (continued):

(a) Deferred contributions (continued):

In December 2020, the University established separate bank accounts to hold future contributions received for restricted purposes. Previously, contributions received for restricted purposes were deposited in the operating bank account. The table below shows the amounts of Deferred contributions held in separate bank accounts, other than the operating bank account.

	2021	2020
Amount of cash held in separate bank accounts:		
Unspent research grant account	\$ 5,998	\$ –
Restricted funds account	2,492	–
Amount of Deferred contributions not held in separate bank accounts	27,874	37,423
	<u>\$ 36,364</u>	<u>\$ 37,423</u>

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

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

13. Deferred contributions (continued):

(b) Deferred capital contributions:

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

	2021	2020
Unspent:		
Balance, beginning of year	\$ 550	\$ 563
Add contributions received in the year	4,018	1,999
Less amounts utilized	(2,087)	(2,012)
Balance, end of year	2,481	550
Unamortized:		
Balance, beginning of year	129,329	132,911
Add contributions utilized in the year	2,087	2,012
Less amount amortized to revenue	(5,629)	(5,594)
Balance, end of year	125,787	129,329
Total unspent and unamortized capital contributions	\$ 128,268	\$ 129,879

14. Endowment and investment income (loss):

Endowment consists of restricted contributions received by the University and the accumulated investment income not yet distributed. Investment income generated from long-term investments earmarked for endowment is used in accordance with the various purposes established by the donors and internal resources transferred by the University at its discretion, when applicable. In order to protect the value of endowment capital over time and to allow the University to distribute a consistent amount of income from endowment on an annual basis regardless of the investment income earned in the fiscal year, the endowment investment objective is to earn a rate of return at least equal to the total of the effects of inflation plus distributions and the costs of investing and administering the funds. The University has established a distribution policy that constrains the amount of investment income available for distribution to 2.0% (2020 – 3.5%) of the last 12 months fair value of the endowment investment pool.

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 \$590 (2020 – nil).

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

14. Endowment and investment income (loss):

If, in any year, the net investment income is insufficient to fund the amount to be made available for endowed distribution, the distribution is funded by the accumulated reinvested income and internal resources transferred by the University. This deficit is expected to be recovered by future net investment income. During the year, the University recognized a transfer to the endowment of nil (2020 - \$1,924).

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

	2021	2020 (restated-note 25)
Balance, beginning of year	\$ 54,299	\$ 53,700
Endowment contributions	175	1,193
Net increase(decrease) in Endowment		
Investment income (loss)	8,211	(571)
Administrative fee	(590)	–
Transfers	–	1,924
Investment management fees	(213)	(190)
Investment income available for distribution	(400)	(1,757)
	7,008	(594)
Balance, end of year	\$ 61,482	\$ 54,299

The Endowment balance consists of:

	2021	2020 (restated-note 25)
Cumulative endowment contributions	\$ 49,998	\$ 49,823
Cumulative reinvested investment income	11,484	4,476
	\$ 61,482	\$ 54,299

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.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

14. Endowment and investment income (loss):

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

	2021	2020 (restated-note 25)
Unrealized losses	\$ (357)	\$ (84)
Interest income	2,842	1,291
Realized gains (losses)	5,747	(2,164)
	8,232	(957)
Long-term investment gain (loss) related to endowment	8,211	(571)
Short-term investment gain (loss) recognised in other fees and income	21	(386)
	\$ 8,232	\$ (957)

15. Investment in capital assets:

The Investment in capital assets is calculated as follows:

	2021	2020
Capital assets	\$ 263,385	\$ 272,531
Less amounts financed by:		
Liabilities subject to compromise (note 12)	(91,251)	–
Long-term debt	–	(91,711)
Short-term loan	–	(1,367)
Internally financed capital projects (note 17)	(23,317)	(27,250)
Unamortized deferred capital contributions (note 13)	(125,787)	(129,329)
	\$ 23,030	\$ 22,874

16. Internally restricted net assets:

	2021	2020
Departmental and subsidiary research funds	\$ 776	\$ 1,051
Departmental carry forward	1,233	2,647
McEwen School of Architecture	–	(736)
Ancillaries	1,293	886
	\$ 3,302	\$ 3,848

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

17. Internally financed capital projects:

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

Details of capital asset internal financing activities are as follows:

	2021	2020
Campus Modernization	\$ 14,739	\$ 16,878
Cardiovascular Metabolic Research Lab	5,027	5,268
Great Hall renovations	1,146	1,402
Ancillaries	855	1,126
Cliff Fielding Research, Innovation and Engineering Building	146	729
Parking Lot 4	761	816
School of Education Building	341	616
DNA Lab	161	184
Other small projects	141	231
	\$ 23,317	\$ 27,250

18. Commitments and contingencies:

- (a) In 2020, the University had access to a Royal Bank unsecured line of credit of \$5,000 and a Desjardins unsecured line of credit of \$26,000. These lines of credit bore interest at Royal Bank prime rate less 0.50% and Desjardins prime rate less 0.70%. As at April 30, 2020, the University had not drawn on the Royal Bank line and had drawn \$14,400 on the Desjardins line of credit. At April 30, 2021 these lines of credit are no longer available to the University.
- (b) The University participates in a reciprocal exchange of insurance risks in association with forty other Canadian universities. This self-insurance co-operative involves a contractual agreement to share the insurance property and liability risks of member universities.
- (c) The Students' General Association, through a referendum, approved a student levy to cover the repayment of a student long-term debt facility to provide funding for a new Student Centre. In the prior year, the University guaranteed the Student General Association Loan for an amount of \$8,500. The University continues to administer and collect the student levy which the Student General Association uses to repay the loan. During the year ended April 30, 2021, there has not been any occurrence and continuation of an event of default by the Student General Association. No amount has been recorded in these financial statements relating to the University's guarantee.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

18. Commitments and contingencies (continued):

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

In addition, as described in note 2(b), third parties have submitted claims pursuant to CCAA claims procedures relating to delays and disputes with construction contractors and losses from disclaimed or terminated contracts all of which are not presently determinable. Claims asserted as part of these proceedings are material. The University has identified those that are currently recognized as liabilities subject to compromise in note 12. 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.

- (e) The University is the principal employer for the Pension Plan (note 6) which included the Federated Universities, SNOLAB, Centre for Excellence in Mining Innovation 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 will become suspended members of the Pension Plan. The University of Sudbury and Thorneloe University shall continue as employers under the Pension Plan on and after December 31, 2021 and will have ongoing obligations to fund the benefits earned by their employees and former employees under the Pension Plan.

Laurentian University and its Unions have agreed to establish a Joint Committee on the Benefits and Funding Policy and Long-Term Sustainability. Conditions have been agreed that any improvements to the Pension Plan become conditional on the Plan meeting agreed upon levels of funding.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

19. Change in non-cash working capital:

	2021	2020 (restated-note 25)
Cash flows from operating activities:		
Accounts receivable	\$ 11,325	\$ 1,834
Other assets	(1,163)	(321)
Accounts payable and accrued liabilities	(6,384)	226
Accrued vacation pay (restated)	(513)	128
Deferred revenue	327	(459)
Accounts receivable (long-term)	96	63
	\$ 3,688	\$ 1,471

20. Other fees and income:

Details of the other fees and income are as follows:

	2021	2020
Administrative fees	\$ 4,967	\$ 4,793
Scholarships, bursaries and other restricted contributions	7,101	4,296
Compulsory fees	2,625	2,975
Sponsored students	2,647	1,930
Other	6,959	2,750
	\$ 24,299	\$ 16,744

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

21. Restructuring costs:

As part of the restructuring and financial sustainability initiatives and as approved by the Court, the University reduced the academic program offerings, disclaimed federated university arrangements, terminated, or significantly reduced employee benefits and reduced faculty and other staff. In connection with the restructuring plan and the CCAA proceeding, the following restructuring costs were recognized of which, \$70,330 are included in Liabilities subject to compromise (see Note 12 for details):

	2021
Termination of interest rate swaps	\$ 24,700
Employee future benefit liabilities	937
Employee restructuring and termination costs	44,658
Accounts payable and accrued liabilities	35
Legal fees	\$ 4,903
Monitor fees	2,800
Consulting fees	223
Interest and finance costs	881
Legal, Monitor, consulting, interest and finance costs	8,807
	\$ 79,137

22. 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 the investments and accounts receivable as presented in the Consolidated Statement of Financial Position. Credit risk concentration exists where a significant portion of the portfolio is invested in securities which have similar characteristics or similar variations relating to economic, political, or other conditions. The University monitors the financial health of its investments on an ongoing basis with the assistance of its Finance Committee and its investment advisors.

The University assesses 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.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

22. Financial risks (continued):

(b) Interest rate risk:

The University has historically been exposed to interest rate risk with respect to its interest-bearing investments, long-term debt and interest rate derivative agreements as disclosed in the Consolidated Statement of Cash Flows and notes 3(f), 11 and 12. As a result of the CCAA proceedings, the University's debt has been stayed. The debt is in default and the interest rate derivatives were terminated.

As at April 30, 2021, the University's exposure to interest rate risk arises from its DIP Loan, which has a variable interest rate but is short-term in nature. As the majority of the University's debt obligations were reclassified to Liabilities subject to compromise and it has no long-term borrowings, it is not currently exposed to material interest rate risk as disclosed in 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. On February 1, 2021, the University obtained an Initial Order providing protection from creditors pursuant to the CCAA (note 2(b)). Since then, the University has embarked on cost savings initiatives and restructuring and secured interim financing through a DIP loan. Subsequent to year-end, the University has secured some financial support from the Ontario Government (note 26).

(e) Market price risk:

Market price risk is the risk that the fair value or cashflows of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. To manage this risk, the University maintains an investment policy approved by the Board of Governors that sets a target mix by investment types designed to achieve optimal return with reasonable risk tolerances. Investments are diversified based on approved investment classes, return targets, and the University's risk appetite. The University's investments are managed by external investment managers, and investment performance is reviewed by the Board. Additional risk exposures as a result of the effects of COVID-19 are described in note 23 below.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

23. Effects of COVID 19:

In March 2020, the World Health Organization declared the spread of coronavirus (“COVID19”) to constitute a global pandemic. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus including travel restrictions in and out of and within Canada, barring gathering of people and requirements to stay at home. These restrictions impacted the operations of the University and resulted in the closure of physical premises of all post-secondary institutions. As a result of the reduced on-campus activity, campus services such as residences, food, and parking were particularly hard hit and experienced significant reductions in revenues. However, due to high demand, 2021 enrolment targets were increased over 2020 levels. The University’s financial results throughout fiscal 2021 incorporates the financial impact of COVID-19.

In addition to the campus activity, COVID-19 also impacted global commercial and financial activities. This led to significant volatility and declines in the global public equity markets towards the end of fiscal 2020. These markets subsequently recovered their losses and continued to generate strong returns through the remainder of fiscal 2021, resulting in strong returns for the University’s investments. It is uncertain whether market volatility relating to COVID-19 will occur again in the near future.

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

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

24. Related party transactions:

The University has the following related parties:

(a) Northern Ontario School of Medicine (“NOSM”):

NOSM was created to provide medical education in Northern Ontario. Although the University, along with Lakehead University which is the only other voting member of NOSM, has significant relationships with NOSM, the University has no claim to NOSM’s operating net assets nor is the University liable or contingently liable for any of NOSM’s obligations. Accordingly, the operations of NOSM are not included in these Consolidated Financial Statements; however, the University and NOSM are related parties. Transactions are measured at the amount of consideration established and agreed upon. NOSM occupies and leases buildings on the University’s campus for a nominal amount.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

24. Related party transactions (continued):

(a) Northern Ontario School of Medicine ("NOSM") (continued):

The Ontario government introduced proposed legislation to establish NOSM as an independent, standalone degree-granting institution. The Ministry of Colleges and Universities introduced the proposed legislation on April 15, 2021. The legislation is pending the customary approval processes.

During the year, the University undertook the following transactions with NOSM:

	2021	2020
Recoveries and charges for goods and services	\$ 939	\$ 1,047
	\$ 939	\$ 1,047

At April 30, 2021 the University had \$393 (2020 - \$119) receivable from NOSM and had stayed payables of \$1,412 (2020 - \$28) to NOSM.

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

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.

The University has no claim to CEMI's assets during its operating life nor is it liable or contingently liable for CEMI's obligations. Accordingly, the operations of CEMI are not included in these consolidated financial statements. CEMI is a related entity of the University and transactions are measured at the exchange amount, which is the amount of consideration established and agreed upon between the two entities.

During the year, the University undertook the following transactions with CEMI:

	2021	2020
Recoveries and charges for goods and services	\$ 575	\$ 652
	\$ 575	\$ 652

At April 30, 2021 the University had \$nil (2020 - \$595) receivables from CEMI and had a payable of \$7 (2020 - \$nil) to CEMI.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

24. Related party transactions (continued):

(c) Student associations:

The University has economic interest in its student associations as it collects student fees on their behalf. Transactions with these related parties, unless disclosed otherwise, are considered to be in the normal course of operations and are recorded at their exchange amounts, which is the amount of consideration established and agreed to between the University and the related parties. The University has also guaranteed the Student General Association Loan for an amount of \$8,500 (note 18).

25. Restatement of comparative information:

During the 2021 fiscal year, the University made changes in accounting policies and financial statement presentation. As a consequence, the related items have been restated in each of the affected financial statement line items for prior periods.

In addition, the University performed a thorough analysis of its accounts and balances in support of the CCAA process and discovered items that had not been properly recognized, measured or presented in the financial statements. As a consequence, the related items have been corrected in each of the affected financial statement line items for the prior period. The following summarizes the impact on the Consolidated Financial Statements:

Changes in accounting policies and financial statement presentation:

The University has adjusted the comparative information for the following changes in accounting policies:

(a) Deferred contributions:

In the year, the University changed its policy of presenting its Deferred contributions as Long-term liabilities to presenting them as Short-term liabilities. The University has retrospectively applied this change in the 2020 comparative amounts. The restated total amount of Deferred contributions of \$37,423 was reclassified to Current liabilities with the net change to Total liabilities being nil.

(b) Endowment and Deferred contributions:

The University's historical policy was to maintain a reserve account in Deferred contributions for future spending should net investment income be insufficient to fund expenses. The University changed its policy to cease maintaining this account and has retrospectively transferred the balance from Deferred contributions to ending Endowment net assets in 2020. In 2020, this reserve account had a debit balance of \$673. This has the impact of increasing the Net decrease in endowment in the Statement of Changes in Net Assets (Deficiency) by \$673.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

25. Restatement of comparative information (continued):

(c) Net assets (accrued vacation):

Accrued vacation for staff, senior management and administrative professionals was previously included in Employee future benefits net assets (deficiency). The University has retrospectively applied a change to reclassify this amount to Unrestricted net assets (deficiency), which better represents the nature of this balance as a short-term employee benefit. As a result, the University has made the following reclassifications to the 2020 comparative amounts:

- (i) Increased ending Unrestricted net assets (deficiency) and decreased ending Employee future benefits net assets (deficiency) by \$1,847
- (ii) Increased opening Unrestricted net assets (deficiency) and decreased opening Employee future benefits net assets (deficiency) by \$1,799

Correction of immaterial prior period errors:

The University has adjusted the comparative information for the following immaterial prior period errors:

(a) Pension Benefit Guarantee Fund ("PBGF"):

The University identified that an estimate of the accrual related to the payment to the Financial Services Regulatory Authority of Ontario for the Pension Benefit Guarantee Fund (PBGF) amount was not recorded each fiscal year-end. As a result, the University corrected the 2020 comparative amounts as follows:

- (i) Increased Accounts payable and accrued liabilities and ending Unrestricted net asset (deficiency) by \$702
- (ii) Increased opening Unrestricted net asset (deficiency) by \$488
- (iii) Increased Salaries and benefits expense by \$214

(b) Accrued vacation pay:

The University recognizes accrued vacation pay for staff and administrative employees and senior management. In the 2021 fiscal year, the University identified an error in the calculation of accrued vacation pay for these employee groups, resulting in an understatement of accrued vacation pay of \$747 (2019 - \$666). As a result, the University has corrected the comparative amounts as follows:

- (i) Increased opening Unrestricted net asset (deficiency) by \$666
- (ii) Increased Accrued vacation pay by \$747
- (iii) Increased Salaries and benefits expense by \$81
- (iv) Increased ending Unrestricted net asset (deficiency) by \$747

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

25. Restatement of comparative information (continued):

Correction of immaterial prior period errors (continued):

(c) Endowment:

The University performed an in-depth analysis of its endowments for the prior 17 years which identified errors in the allocation of investment earnings to endowment funds and in the distribution of amounts from endowments in prior years. These errors resulted in an understatement of Endowment net assets of \$1,454 (2019 - \$1,981), as well as adjustments to certain amounts recognized as revenues, expenses and changes in net assets. As a result, the University has corrected the 2020 comparative amounts as follows:

- (i) Increased opening Unrestricted net asset (deficiency) and opening Endowment net assets by \$1,891
- (ii) Increased ending Unrestricted net asset (deficiency) and ending Endowment net assets by \$2,127
- (iii) Decreased Other fees and income revenue by \$843
- (iv) Decreased Investment loss by \$1,001
- (v) Increased Operating and research expense by \$394
- (vi) Increased Endowment contributions by \$157
- (vii) Decreased Net decrease in endowment by \$79

(d) Short-term investments:

The University identified investments related to Endowment in the amount of \$1,119 (2019 - \$2,320) that were included in Cash and short-term investments that should have been included in long-term investments. As a result, the University corrected this amount by reclassifying from Cash and short-term investments to Investments in the 2020 comparative amounts.

(e) Retiree Health Benefit Plan:

The University had not established a separate funded plan asset for contributions related to the Retiree Health Benefit Plan. Amounts received to fund the Plan were recorded as operating Cash and Deferred contributions in the University. These amounts should have been recorded as Employee future benefits liabilities as the amounts were owing to the Plan. As a result, the University has corrected the 2020 comparative amounts as follows:

- (i) Increased Employee future benefits liabilities and decreased Deferred contributions by \$1,769
- (ii) Decreased ending Unrestricted net asset (deficiency) and increased ending Employee future benefits net assets (deficiency) by \$1,769
- (iii) Decreased opening Unrestricted net asset (deficiency) and increased opening Employee future benefits net assets (deficiency) by \$1,627

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

25. Restatement of comparative information (continued):

Correction of immaterial prior period errors (continued):

(f) Capital assets

The University identified an amount relating to an ongoing capital project that was expensed instead of capitalized. As a result, the University has corrected the 2020 comparative amounts as follows:

- (i) Increased Capital assets and decreased Operating and research expenses by \$264
- (ii) Increased Investment in capital assets net assets by \$264
- (iii) Increased Transfer for capital transactions by \$264

The effects of the restatements and corrections on the comparative information are as follows:

Consolidated Statement of Financial Position				
As at April 30, 2020	As previously reported	Correction of immaterial prior period errors	Restatement due to changes in accounting policies	As restated
Cash and short-term investments	\$ 4,544	\$ (1,119)	\$ –	\$ 3,425
Investments	52,845	1,119	–	53,964
Capital assets	272,267	264	–	272,531
Other assets	28,864	–	–	28,864
Total assets	\$ 358,520	\$ 264	\$ –	\$ 358,784
Accounts payable and accrued liabilities	22,319	702	–	23,021
Accrued vacation pay	1,846	747	–	2,593
Deferred Contributions – current	–	–	37,423	37,423
Deferred Contributions - non-current	38,519	(1,769)	(36,750)	–
Employee future benefits liabilities	20,788	1,769	–	22,557
Other liabilities	238,366	–	–	238,366
Total liabilities	\$ 321,838	\$ 1,449	\$ 673	\$ 323,960
Unrestricted	(19,986)	(1,807)	(1,847)	(23,640)
Employee future benefits	(22,635)	(1,769)	1,847	(22,557)
Investment in capital assets	22,610	264	–	22,874
Endowment	52,845	2,127	(673)	54,299
Internally restricted	3,848	–	–	3,848
Total net assets (deficiency)	36,682	(1,185)	(673)	34,824
Total liabilities and net assets	\$ 358,520	\$ 264	\$ –	\$ 358,784

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

25. Restatement of comparative information (continued):

Consolidated Statement of Operations					
For the year ended April 30, 2020	As previously reported	Correction of immaterial prior period errors	Restatement due to changes in accounting policies	As restated	
Other fees and income	\$ 17,587	\$ (843)	\$ –	\$ 16,744	
Other revenue	180,810	–	–	180,810	
Revenue	198,397	(843)	–	197,554	
Salaries and benefits	134,552	295	–	134,847	
Operating and research	28,175	130	–	28,305	
Investment loss	1,001	(1,001)	–	–	
Other expenses	37,789	–	–	37,789	
Expenses	201,517	(576)	–	200,941	
Deficiency of revenue over expenses	\$ (3,120)	\$ (267)	\$ –	\$ (3,387)	

Consolidated Statement of Changes in Net Assets (Deficiency)						
For the year ended April 30, 2020	Unrestricted	Employee future benefits	Internally restricted	Investment in capital assets	Endowment	Total
Net assets (deficiency), (as reported)	\$ (19,986)	\$ (22,635)	\$ 3,848	\$ 22,610	\$ 52,845	\$ 36,682
Restatements and corrections:						
Opening balance	(3,217)	172	–	–	1,891	(1,154)
Excess (deficiency) of revenue over expenses	(173)	(94)	–	–	–	(267)
Transfers for capital transactions	(264)	–	–	264	–	–
Endowment contributions	–	–	–	–	157	157
Net decrease in endowment	–	–	–	–	(594)	(594)
Net assets (deficiency), restated	\$ (23,640)	\$ (22,557)	\$ 3,848	\$ 22,874	\$ 54,299	\$ 34,824

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021
(thousands of dollars)

25. Restatement of comparative information (continued):

Consolidated Statement of Cash Flows				
As at April 30, 2020	As previously reported	Correction of immaterial prior period errors	Restatement due to changes in accounting policies	As restated
Cash flows from:				
Operating activities	\$ 2,075	\$ (198)	\$ –	\$ 1,877
Financing activities	(1,389)	378	–	(1,011)
Investing activities	(3,647)	1,021	–	(2,626)
Net decrease in cash and short-term investments	(2,961)	1,201	\$ –	(1,760)
Cash and short-term investments, beginning of year	7,505	(2,320)	–	5,185
Cash and short-term investments, end of year	\$ 4,544	\$ (1,119)	\$ –	\$ 3,425

26. Subsequent events:

As discussed in note 10 above, the DIP Loan amount was increased from \$25,000 to \$35,000 on May 19, 2021. On August 20, 2021, the loan repayment and maturity date were extended to January 31, 2022. The draw of the additional \$10,000 was made on August 24, 2021, and the University incurred an amendment fee of \$550.

On December 16, 2021, subsequent to the increase in amount and the extension of the maturity date of the DIP Loan, the Ontario Government announced a package of support from the Ministry of Colleges and Universities (MCU). On January 19, 2022, the University and MCU executed a replacement DIP facility (“Replacement DIP Facility”) that would replace the existing DIP Loan discussed above and in note 10. The Replacement DIP Facility interest rate is based on the MCU cost of funds at the time of the advance and the funds are to be used to repay in full the existing DIP Loan. On January 27, 2022, the Court authorized the University to obtain and borrow under the Replacement DIP Facility provided that the amount did not exceed \$35,000. As at the advance of funds on January 28, 2022 the rate of interest was 1.11%. The terms of the Replacement DIP Facility included a recital stating that it was “the intention of the parties for the DIP Facility to be converted to a long-term loan on the implementation of a CCAA Plan, upon such terms and conditions as may be agreed by the [University] and [MCU] prior to that time”.

Other terms of the Government support include up to \$6,000 in COVID-19 relief funding for the University, and enrolment corridor and performance protection of up to \$22,000 over a number of years, subject to terms to be agreed upon. The Government support is subject to certain conditions, which include renewal at the Board of Governors and the completion of a long-term strategic plan for the University. The first phase of Board renewal commenced on December 16, 2021 and the process to identify a consultant to help lead the University through the development of a strategic plan is in progress.