

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED **APRIL 30, 2024**



Laurentian University
Université **Laurentienne**

ANNUAL FINANCIAL REPORT



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Introduction

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

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

Laurentian University was incorporated on March 28, 1960, pursuant to an Act to incorporate Laurentian University of Sudbury, S.O. 1960, c. 151 C. 154. For over 65 years, Laurentian University of Sudbury ("Laurentian University") has operated as a publicly funded, bilingual and tricultural post-secondary institution in Northern Ontario, providing high-quality, postsecondary education to domestic and international undergraduate and graduate students.

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

On November 28, 2022, after more than 18 months of legal proceedings with creditors, Laurentian University successfully exited CCAA protection through a Plan of Compromise or Arrangement (the Plan) supported by \$35M in long-term financing from the Province. As part of the CCAA proceeding, the Laurentian University of Sudbury Act was amended to reduce the size of the Board of Governors from 25 to 16 members.

The Plan set the path to a strong and sustainable recovery. The Plan contains various post-implementation requirements, two of which called for the University to develop a new strategic plan that would guide future investments in academic and research programs and embark on a comprehensive operational transformation. The Plan also called for senior management changes and Board renewal.

Laurentian University's Strategic Plan for Connection, Innovation, and Impact was completed in 2024 after broad community engagement. The Strategic plan puts forward a Vision and Mission based on the values of community, integrity, student success, stewardship and collaboration.





Vision

Bring the power of Northern Ontario values, resilience, innovation, and Indigenous ways of knowing to the world.

The path forward emphasizes the importance of, and the University's dedication to deepening partnerships and fostering collaborations with the Laurentian University community in four priority areas:

Enhancing the student experience; energizing the academic and research mission; building up the communities served; and valuing and supporting the people who make up Laurentian University.

The Plan also calls for Board and Senior Management renewal along with the development of a detailed Transformation Plan that includes a comprehensive transformation of the University's governance and administrative processes, systems, and policies.

Laurentian University's recruitment efforts continued throughout 2024 for the renewal of Senior Management. Sylvie Lafontaine was appointed Vice-President Finance and Administration on October 30, 2023, Dr. Lynn Wells commenced her position as Laurentian University's 12th President and Vice-Chancellor on April 1, 2024 and Dr. Malcolm M. Campbell was recruited as Provost & Vice-President, Academics on August 1, 2024. Dr. Sheila Embleton from York University, Interim President and Vice-Chancellor and Dr. Brenda Brouwer, from Queens University Interim Vice-President Academic and Provost both ended their respective terms on March 31, 2024 and July 12, 2024. Both provided strong leadership during challenging times.

Mission

Prepare the leaders of tomorrow through an inclusive, intellectually curious and connected bilingual and tricultural learning community.

The Board renewal is almost complete. Since the appointment of Vern Cameron as Chair at the Annual General Meeting of June 2023, the following new members joined the Board:

- Jay Barbeau - *July 13, 2023*
- Brian Ramakko - *July 13, 2023*
- Roxanne Bouchard - *December 15, 2023*
- Lynn Wells - *April 1, 2024*
- James Bartrop - *June 20, 2024*
- Christian Alvarez-Sierra - *July 1, 2024*
- Staysha Kasunich - *August 14, 2024*

In June of 2023, the Board entirely restructured its standing committees. Some committees were disbanded entirely (e.g. Executive Committee), while others were consolidated and/or expanded. The end result was that the University went from 9 standing committees to 5 which include the Audit and Risk, Finance and Property, Governance, Human Resources and the Joint Committee on Bilingualism. The first four were new committees for the Board.

The terms of reference for the four new committees were drafted over the course of July-August 2023 and approved by the Board on September 6, 2023.

Transformation Plan

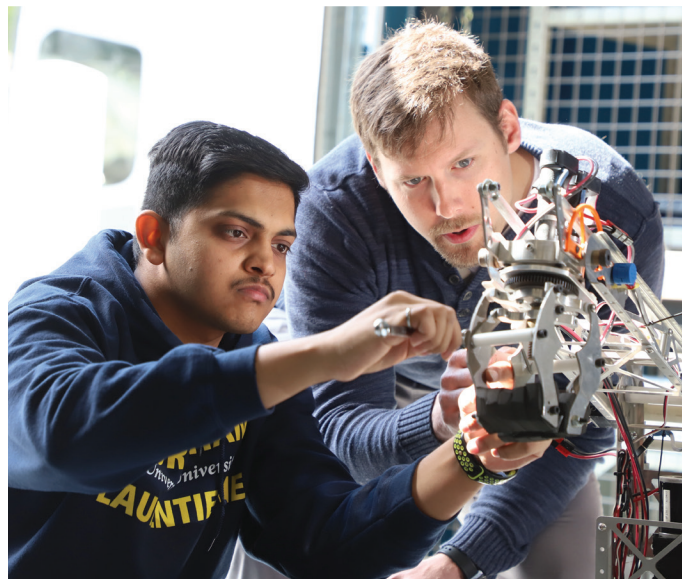
The University's Transformation Plan is a journey that aligns with the University's Strategic Plan. Deloitte was engaged on April 28, 2023 to support the development of the Transformation Plan and the roadmaps for the implementation of the transformation program based on best practices of governance, accountability, process excellence and a continuous improvement culture in service delivery. The Transformation Plan was completed within 120 days and was approved by the Board of Governors on November 1, 2023. The 5-year financial projections filed with the Ministry of Colleges and Universities (MCU) set a \$32 million budget over 5 years for transformation. The transformation plan focuses on the following foundational work streams:

- Registration Services and Student Affairs
- Finance
- Human Resources
- Information Technology

It also identifies a total of 27 sub-workstreams.

ERP assessment was completed December 2023 and the decision was made to remain with the Universities current ERP system.

In addition to the Plan, the exit loan received from the Province includes conditions that increase oversight by the MCU and provides for six financial performance targets. Laurentian University met all financial covenants this fiscal though only one, the Net Debt Coverage Ratio had to be met for 2023-24. The support of the Province throughout the CCAA proceedings had been critical to the successful adoption of the Plan.



LAURENTIAN BY THE NUMBERS

Available
**Expendable
Resources**



\$53.0M¹
(\$17.1M last year,
restated)

Capital Spending

\$6.2M (\$2.0M last year)



TOTAL
REVENUE

\$205.8M

(\$197.8M last year)



**Excess
revenue over
expenses,
before other
items**



\$41.6M

(\$52.6M last year)

Endowment
per FTE student

\$7,880

(\$8,293 last year)



Total Expenses

\$167.8M

(\$156.3M last year)

REVENUE
PER FTE STUDENT

\$32,683

(\$34,526 last year)



TOTAL
NET ASSETS



\$231.4M

(\$191.6M last year)

EMPLOYEE
future benefits liabilities

\$0.0M

(\$1.8M last year)



Enrolment

6,296

(5,729 last year)

FULL-TIME
EQUIVALENT
(FTE)

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





Operating Environment

Having just exited CCAA on November 28, 2022, the University started the fiscal year on May 1, 2023 with significantly diminished capacity and needed to re-invest in its academic and research programs along with administrative support (as demonstrated by the NOUS report). The 5-year Financial Plan prepared for MCU as part of the Exit Loan Financing provided the University with the baseline for the formulation of the 2023-24 Budget.

Budget discussions for 2023-24 contemplated increased enrolment and revenues which could support additional expenditures in key areas of the University. The MCU Tuition Fee Framework (TFF) for 2023-24, included a continuation of the tuition fee freeze for domestic students, a flexibility to increase tuition fees for domestic out-of-province students up to 5% (subject to the submission of an application and ministry approval), and the option to increase tuition fees for certain programs with lower-than-sector-average tuition rates (applicable to first-year incoming students starting 2023-24). Laurentian University sought approval for a 1% increase for its domestic out-of-province student fees and increased its international student fees by 3%. The 23-24 budget also included 52.75 new positions (34.4 FTE's for Academic and 18.25 FTE's for Academic Support and Administration). Finally, the 2023-24 budget included \$7.2M to support the University's Transformation Plan.

Since November 28, 2022, Laurentian University's spending decisions are no longer overseen by the Court appointed Monitor. Nonetheless, procurement decisions over \$5,000 continue to be monitored and approved by Laurentian University's Vice-President of Finance & Administration.

In terms of Provincial Government funding, Laurentian University completed its Year 4 SMA annual evaluation covering the fiscal year 2023-24, for which the performance-based funding was activated for the first time. While the funding was in fact re-coupled, Laurentian University was "held harmless" and received 100% of the allocated performance funding.

On January 22, 2024, the Government of Canada announced a two-year intake cap on international student permit applications being approved which resulted in a reduction of approximately 35% in approved study permits from 2023. A significant portion of the University's tuition revenue is derived from international students accounting for 17% of students in 2023-24. Most of the University's

international growth however was at the Graduate level which was not impacted by this new cap. Of the overall international enrolment, 76% are students studying in Graduate level programs. The cap for 2025 is expected to be determined by December 2024.

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

The 2024-25 budget planning process started in the fall of 2023, with a planning framework and priorities presented to the Finance and Property Committee. Consultations with stakeholders were an integral part of the budget planning process. Three planning meetings were held with budget managers from faculties and administration including labour representatives. The priorities for 2024-25 were influenced in part by the CCAA restructuring, which created capacity issues in many areas of the University's operations. The priorities were also framed by the Plan of Compromise or Arrangement as well as the financial covenants for the Exit Loan Agreement. The Consolidated 2024-25 Budget was approved by the Board of Governors on April 26, 2024.





Plan of Compromise or Arrangement

The CCAA stay of proceedings received on February 1, 2021 allowed Laurentian University to work with its many stakeholders to develop a Plan of Compromise or Arrangement (the Plan). The purpose of the Plan was among other things, to complete a restructuring of Laurentian University, provide for the compromise of certain of Laurentian University's pre-filing liabilities, and effect a release and discharge of the Affected Claims and Released Claims (as defined in the Plan).

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

The Plan provided for the distribution to Creditors with Proven Claims of up to \$53.50 million from the sale designated of real estate properties owned by Laurentian University to the Province of Ontario.

The key features of the Plan include the following:

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

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

- a) Working with an external Project Management Consultant and an internal Transformation Consulting Group (TCG), to develop a detailed plan for undertaking a comprehensive operational

restructuring and transformation as described in the Operational Report prepared during the CCAA process. The TCG's role is to advise on the development of the plan and includes representation from the University's labour groups.

- b) Following the implementation of the comprehensive operational restructuring and transformation led by the Project Management Consultant, a Continuous Improvement Committee to be created to periodically review service-delivery and other operational processes, procedures, and policies to ensure that the operational decisions of the University continue to be guided by best practices in the sector. The Continuous Improvement Committee to include representation from the labour groups.
- c) In consultation with the University's stakeholders, develop a comprehensive strategic plan (the "Strategic Plan") and implement the changes necessary to align the University with the new Strategic Plan.
- d) Make a request to the Ministry of Colleges and Universities for an amendment to the The Laurentian University of Sudbury Act, 1960, to permit voting representation to the Board of Governors of members of the Laurentian University Faculty Association (LUFA) and the Laurentian University Staff Union (LUSU).
- e) Subject to any amendments required under The Laurentian University of Sudbury Act, 1960, make amendments to the Bylaws of the Board of Governors to reflect the skillset and diversity of the Board of Governors, maximum terms of appointment, and regular training.
- f) Ensure that appropriate internal financial controls are in place on the use of restricted funds related to research grant documentation or restricted donation agreement.

The University exited CCAA protection on November 28, 2022 and payments were issued for Secured Claims, CCAA Priority Claims and Vacation Pay Compensation Claims in the amount of \$5.954 million. In accordance with the Plan, distributions to Affected Creditors with unsecured Proven Claims will be made at a future date once the Net Sale Proceeds of certain assets to the Province of Ontario have been received. As at April 30, 2024, in connection with the CCAA proceedings, the University has a Payable to the Distribution Pool of \$47.5 million. The balance on the Exit Loan Agreement is \$32.9 million.



Sale of Laurentian University Real Estate

As part of its support of the University, the Province of Ontario committed to purchase designated real estate owned by Laurentian University for an aggregate purchase price of a minimum of \$43.5M up to \$53.5 million. Under the Plan, the proceeds of sale will be paid into the Distribution Pool. The Plan provides for any real estate sale transactions to be completed within three years of the Plan Implementation Date.

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

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

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

Meetings between the parties have been ongoing in order to finalize the business terms of the agreement of purchase and sale (APS) and lease agreement. The sale and lease back of the Vale Living with Lakes Centre and Watershed Building is expected to occur prior to December 31, 2024. All parties are working diligently to ensure sale proceeds on all earmarked properties are available to creditors by November 28, 2025.

On May 1, 2024, the property known as the President's House with a carrying value of \$22 thousand was disposed of with net proceeds of \$894 thousand, generating a gain on disposal of \$872 thousand. The net proceeds of this sale were added to the Distribution Pool.





Academic Update

Laurentian University's Mission is to *prepare the leaders of tomorrow through an inclusive, intellectually curious and connected bilingual and tricultural learning community*. Moreover, expanding academic excellence in areas of northern impact, enhancing Francophone and Indigenous program offerings and integrating interdisciplinarity and tricultural learnings into degree programs are key elements of the core direction, *Energizing Our Academic and Research Mission*, articulated in the 2024-2029 Laurentian University Strategic Plan.

In 2023-24 progress was made in a number of areas in-line with these directions. Full-time equivalent student enrolment increased in 2023-24, with 6,296 students choosing Laurentian University to advance their education. New graduate programs were launched in *Interdisciplinaire en études relationnelles* and *Health Administration* and several other programs were re-accredited including the following:

- McEwen School of Architecture received 6-year accreditation from the Canadian Architectural Certification Board
- Masters in *Orthophonie* received 3-year accreditation from the Council for Accreditation of Canadian University Programs in Audiology and Speech Language Pathology
- Masters in Social Work received 4-year accreditation from the Canadian Association for Social Work Education and Masters in *Service Social* received 4-year accreditation from *l'Association canadienne pour la formation en travail social*
- French language *Éducation* programs were re-accredited for 7-years by the Ontario College of Teachers.

The new Indigenous Land-Based course offerings also launched in 2023-24 with over 20 students registered in the first 8-day on the land course where they learned Anishnaabemowin and experienced Anishinaabe culture. The Faculty of Arts also completed an articulation agreement with the Weegushk Film Institute that allows Laurentian University students to take courses for credit and students of the film institute to receive credit for their work at Laurentian University. New courses were also developed to increase opportunities for students studying online including new courses in history, business, and French, and new micro-credentials to support life-long learning.

As part of the budget planning process, the Deans led strategic enrolment planning discussions in their Faculties. Enrolment projections were modeled over a 5-year period, along with proposed new programs and faculty and staff hiring plans. By integrating enrolment planning into the budget process, the university can make informed financial decisions that support its long-term sustainability, academic mission, and commitment to student success. In 2023-24 Laurentian University invested in faculty renewal with over 10 new faculty members hired across multiple academic units, including Library and Archives, enhancing the academic mission of the University. Moreover, Natalie Poulin-Lehoux was appointed to the role of Associate Vice-President, Francophone Affairs, Danielle Dennie was appointed as the new University Librarian, and Mark Walma was appointed Associate Vice President, Students. Selection committees were also formed to search for a Dean of Education and Health, Dean of Management and a Dean of Graduate Studies and International.

Other Highlights

- The Faculty of Arts reinvigorated Model Parliament in January 2024 - Alumni collaborated with the Law & Justice Program at the Faculty of Arts, and the Office of Advancement & Alumni Relations to bring about a gathering of nearly 100 alumni and current students in Ottawa.
- Library purchased perpetual access to e-books published on the CAIRN platform, a comprehensive online collection of francophone publications in social sciences and humanities.
- Laurentian University engaged in recruitment activities in India, China, Bangladesh, Sénégal, Cameroun, Ghana, Vietnam, and the Philippines.
- Laurentian University was selected to host the 2024 National Building Reconciliation Forum.
- Laurentian University faculty and staff hosted summer camps including Archi-North, the bilingual, tricultural, in-person architecture summer camp at the McEwen School of Architecture, and SHAD, an in-person program for grade 10 and 11 students to learn about science, technology, engineering, arts, and maths.
- Students in the Faculty of Management organized the Ultimate Business Challenge, a business competition to engage high-school students to further develop entrepreneurial skills through engagement with university business students.



- Laurentian University student-athletes also excelled with 59 receiving Academic All-Canadian honours and 27 Academic All-Conference recognition. Furthermore, the women’s curling team took home the OUA Championship, and the women’s Nordic Ski Team were OUA Bronze medalists.
- The Faculty of Science, Engineering and Architecture lead a successful application to secure funding from Ontario’s Training Equipment and Renewal Fund to support the establishment of a centralized hub for the hands-on training of students in science, technology, engineering and math programs at Laurentian University.

In Summary, introducing new academic programs allows the university to stay responsive to emerging fields and industry demands, providing students with relevant and cutting-edge knowledge that enhances their competitiveness in the job market. Accreditation of these programs further underscores their quality, ensuring that they meet rigorous standards. Strategic faculty hires are equally important, as they bring fresh expertise, innovative teaching approaches, and contribute to the advancement of the university’s research enterprise.



Research and Innovation Highlights

Energizing Our Academic and Research Mission, Building Up the Communities We Serve, Valuing Our People, and Enhancing the Student Experience are core strategic directions in the 2024-2029 Laurentian University Strategic Plan. The Research Enterprise at Laurentian University plays a critical role in advancing all four of these strategic pillars.

The research enterprise at a university plays a vital role in “*energizing the academic and research mission*” by fostering intellectual curiosity, creativity, and discovery, where faculty and students can come together, inside and outside the classroom to solve complex problems, addressing regional, and global challenges. Scientific advancements, social innovation, and academic excellence all thrive through faculty and student collaborations.

In the 2023-24 fiscal year Laurentian University researchers, and its Affiliated Research partners attracted over \$13.5 million in research revenue. Research funding is vital to the overall financial health of a university. Securing external research funding from government agencies, industry partners, community organizations, and philanthropic donations not only supports ground breaking research projects but it also helps to attract and retain exceptional faculty and students.



Faculty and student researchers are the primary drivers of research, discovery and social innovation. Often working in collaboration with industry and community partners, research not only *enhances the student experience* but it can also *build up the communities we serve* by addressing problems important to industry and community. A few notable collaborations, led by Senate approved Research Centres attracting renewed funding in 2023-24 including:

- the Ministry of Labour, Immigration, Training and Skills Development, confirmed an investment of \$2.5 million, over 5 years, in the Centre for Research in Occupational Safety and Health (CROSH) to enable CROSH to continue to work with northern Ontario industries to address workplace health and safety.
- Vale Base Metals confirmed an investment of \$960,000 (over 5-years) in the Cooperative Freshwater Ecology Unit at the Vale Living with Lakes Centre in support of the research groups long-term monitoring of Sudbury area ecosystems.

Furthermore, over twenty faculty were successful in obtaining new external research funding. Three faculty were awarded new external funding from the Social Sciences and Humanities Research Council (SSHRC), six faculty were awarded new Alliance Grants from the Natural Sciences and Engineering Research Council (NSERC) in conjunction with industry partners, and another eight partnered with industry to receive funding from the Mitacs Accelerate program. Moreover, four faculty obtained new Discovery Grant funding from NSERC. These numbers do not include faculty with ongoing multi-year funded projects from SSHRC, CIHR, and NSERC.

In 2023-24 a number of Laurentian University faculty, staff and students were recognized for their excellence in research, innovation and service to advance the research enterprise. A few examples of how the research enterprise *valued our people* include:

- Dr. Jackie Litzgus was named the inaugural recipient of the Dr. Jane Goodall Research Fellowship in Conservation Biology, and doctoral student Tharusha Wijewardena, was awarded the Dr. Jane Goodall Student Scholarship.
- Dr. Linda Ambrose and Dr. John Ashley Scott were honoured as the 2023-24 Laurentian University Research Excellence Award recipients.
- Valérie Gauthier-Fortin, Karen Oman, Dr. Thomas Merritt were selected as the inaugural recipients of the Dr. Daniel Archambault Research Service Awards in the student, staff and faculty categories respectively.
- Over 20 researchers were honoured at the second annual Faculty and Research Recognition event for their success in obtaining external research funding.

The research enterprise also benefited from funding from government agencies, including the Federal Research Support fund which helped to cover a portion of the costs associated with managing the research enterprise including salary costs for staff in the Office of Research Services, library holdings and costs associated with managing intellectual property. Funding was also obtained from Intellectual Property Ontario, to support the creation of a Northern and Rural Innovation Cluster and the Ontario Centre for Innovation to support programs through the Goodman School of Mines.

In conclusion, through creativity, curiosity, connection, and collaboration, faculty, staff and students were involved in research projects with regional, national and international impact. Projects ranged from *carbon capture for waste conversion into natural health products*, to *management practices in the retail industry*, *social work practices in domestic violence intervention*, *integration of arts-based mindfulness into schools*, *health and wellness equity for newcomers*, *gamification of neurorehabilitation*, *deep learning with big-data*, *evaluation of critical mineral origins*, *management of renewal energy models*, and *evaluation of heat-stress in mine workers*. These are just a few examples from 2023-24 of the important role research plays in training students and addressing critical issues facing society.



Enrolment Trends

Following a series of challenging events, Laurentian University has experienced several years of declining enrolment. Similar trends were expected to continue into the 2023-24 academic year, with the university planning for another slight overall decrease in enrolment. In contrast to these expectations, Laurentian University actually saw a +6% increase in headcount enrolment, resulting in a total of 8,201 individual students, which equated to 6,296 Full Time Equivalent (FTE) enrolments (+10%). This increase was almost entirely driven by an unprecedented jump in international

enrolment in graduate level programs (See Tables 1a and 1b for comparison of fall term Headcount and FTE enrolment by immigration status, academic level and admission type over a three year period).

In terms of domestic enrolment, the opposite occurred with a continued decline of -4%, or a total of -228 FTE year over year, across all levels and programs. While the total domestic enrolment slightly outperformed the anticipated -7% decline included in the multi-year financial plan, the continued downward trend indicates a slow recovery towards pre-CCAA enrolment levels.

Table 1a: Fall Headcount Official Enrolment 2021F - 2023F

Immigration Status	Academic Group	Admit Type	Headcount						
			2021F		2022F		2023F		
Domestic	Undergraduate	New	1,515	-32%	1,509	0%	1,442	-4%	
		Returning	5,178	-8%	4,798	-7%	4,602	-4%	
		Total	6,693	-14%	6,307	-6%	6,044	-4%	
	Graduate	New	213	-39%	272	28%	242	-11%	
		Returning	587	6%	512	-13%	494	-4%	
		Total	800	-11%	784	-2%	736	-6%	
	Total		7,493	-14%	7,091	-5%	6,780	-4%	
	International	Undergraduate	New	76	-35%	69	-9%	121	75%
			Returning	292	2%	233	-20%	215	-8%
Total			368	-8%	302	-18%	336	11%	
Graduate		New	47	-16%	155	230%	591	281%	
		Returning	148	6%	163	10%	494	203%	
		Total	195	0%	318	63%	1,085	241%	
Total			563	-6%	620	10%	1,421	129%	
Grand Total			8,056	-14%	7,711	-4%	8,201	6%	

Table 1b: Fall FTE Official Enrolment 2021F - 2023F

Immigration Status	Academic Group	Admit Type	Fall FTE						
			2021F		2022F		2023F		
Domestic	Undergraduate	New	1,195.1	-32%	1,176.3	-2%	1,136.8	-3%	
		Returning	3,763.4	-10%	3,456.6	-8%	3,285.9	-5%	
		Total	4,958.6	-16%	4,632.9	-7%	4,422.7	-5%	
	Graduate	New	159.1	-40%	210.4	32%	189.5	-10%	
		Returning	395.2	6%	331.4	-16%	334.4	1%	
		Total	554.3	-13%	541.8	-2%	523.9	-3%	
	Total		5,512.9	-16%	5,174.7	-6%	4,946.6	-4%	
	International	Undergraduate	New	60	-39%	54	-10%	99.4	84%
			Returning	229.6	-1%	184.6	-20%	166.5	-10%
Total			289.6	-12%	238.6	-18%	265.9	11%	
Graduate		New	46.3	-17%	155	235%	591	281%	
		Returning	146.6	8%	160.9	10%	492.6	206%	
		Total	192.9	1%	315.9	64%	1,083.6	243%	
Total			482.5	-7%	554.5	15%	1,349.5	143%	
Grand Total			5,995.4	-15%	5,729.2	-4%	6,296.2	10%	

Immigration status aside, overall new and returning students experienced year over year increases, with new intakes rising +26% from 1,596 FTE in Fall 2022 to 2,107 FTE in Fall 2023, and returning enrolment rising +4% from 4,134 FTE to 4,280 FTE across the same period. Again, these increases were fully driven by international registrants.

Domestic undergraduate enrolment decreased by -5% resulting in 4,423 FTE, consisting of a decline in both domestic undergraduate new intake (-3%) and returning students (-5%). It is important to note that the reduction to domestic enrolment was, again, better than predicted, and Laurentian University exceeded its plan for domestic undergraduate enrolment by +4%.

International undergraduate enrolment grew by +11%, or 27 FTE, from the previous year. This came as a result of a higher number of new international undergraduate students, which increased by +84% year over year. On the other hand, the number of returning students among this group decreased, falling -10% or 19 FTE from the previous fall term.

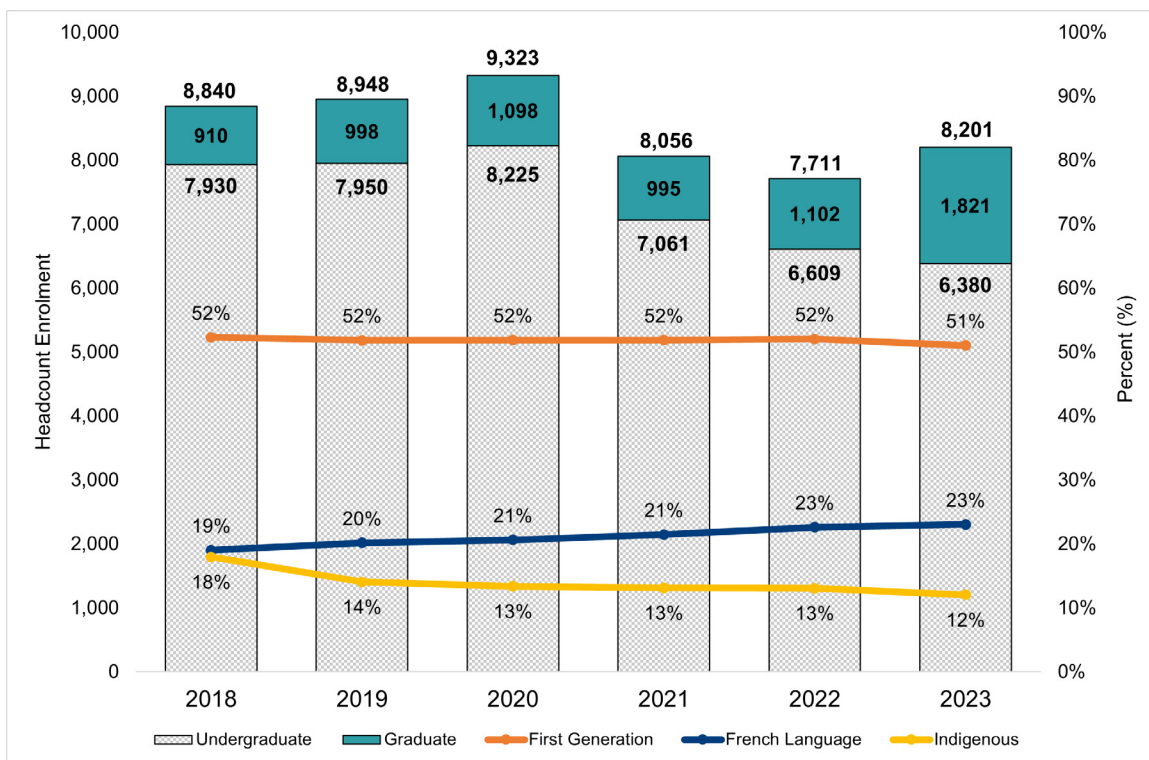
Enrolment in graduate programs saw a total increase of +87%, as Laurentian University continued to see high demand among international students. More specifically, international graduate enrolment more than doubled, rising from 316 FTE in Fall 2022 to 1,084 FTE in Fall 2023. This unexpected increase was driven by course-based Master's programs, including

Computational Science, MBA, and Engineering Science (Fast Track). There was a slight decline in graduate level enrolment among domestic students, falling -3% year over year to a total of 524 FTE due to decrease in new intake enrolments.

Remote and flexible learning options continued to be popular, driving a +6% increase in online degree program enrolment among domestic undergraduate students for a total of 1,199 FTE. Programs offered fully online such as Psychology, *Service Social*, and *Sciences infirmières autorisées* were among the areas of growing interest. While demand for online learning increased, domestic undergraduate enrolment for on campus programs declined -8%, a reduction of 272 FTE. Due to the high international enrolment offsetting the drop in domestic, overall on campus registrants did see a +12% increase.

The overall proportion of students studying in a French language degree program did not change year over year, remaining consistent at 23%, despite the increase in overall enrolments. The proportion of international students studying at Laurentian University rose significantly, increasing from 8% in 2022-23 to 17% in 2023-24. Finally, the proportions of both First Generation and Indigenous students fell slightly, with First Generation enrolment decreasing from 52% in Fall 2022 to 51% in Fall 2023, and Indigenous student enrolment dropping from 13% to 12% across the same period (See Figure 1).

Figure 1: Headcount Enrolment with Proportions - Fall Totals 2018-2023





Financial Review

> Consolidated Statement of Operations

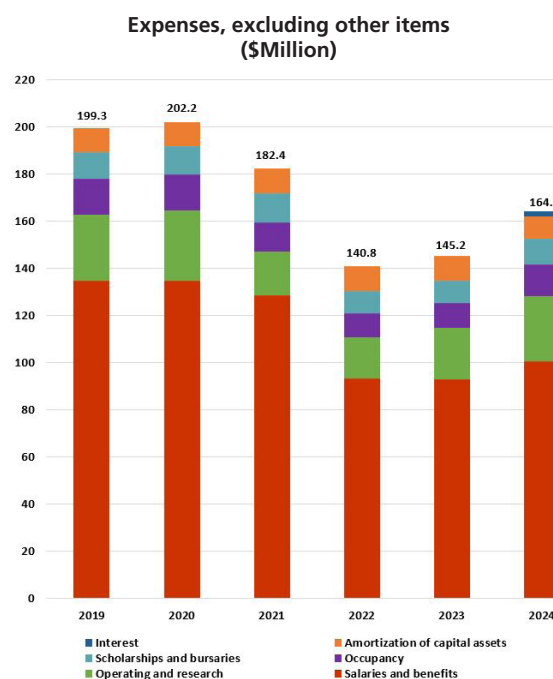
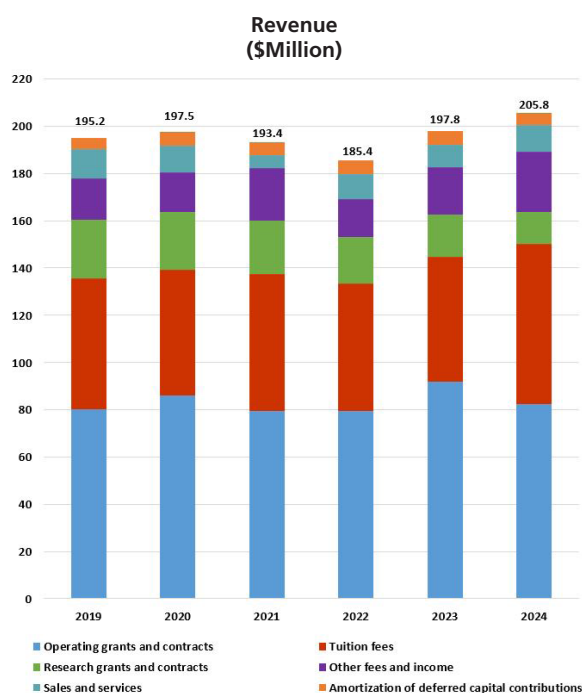
The University generated an Excess of Revenue over Expenses of \$37.9 million in 2023-24. Excluding transformation costs, restructuring costs and the recovery from the Companies' Creditors Arrangement Act proceedings, Laurentian University generated an Excess of Revenue over expenses of \$41.6 million compared to \$52.6 million in 2022-23.

Consolidated revenue of \$205.8 million increased \$7.9 million (4.0%) from the previous year, while consolidated expenses of \$167.8 million increased \$11.5 million (7.4%).

During 2022-23, the University recognized a Recovery from Companies' Creditors Arrangement Act proceedings of \$166.4 million, there was no such recovery in 2023-24.

Restructuring costs were \$nil in 2023-24 compared to \$11.1 million in 2022-23.

The University commenced its Transformation program with total spending of \$3.6 million in 2023-24.



> Adjusted Earnings (\$Million)

In connection with the restructuring plan and the CCAA proceeding, there were no restructuring costs recognized in 2023-24 (\$11.1 million in 2022-23). After taking into consideration the impact of transformation

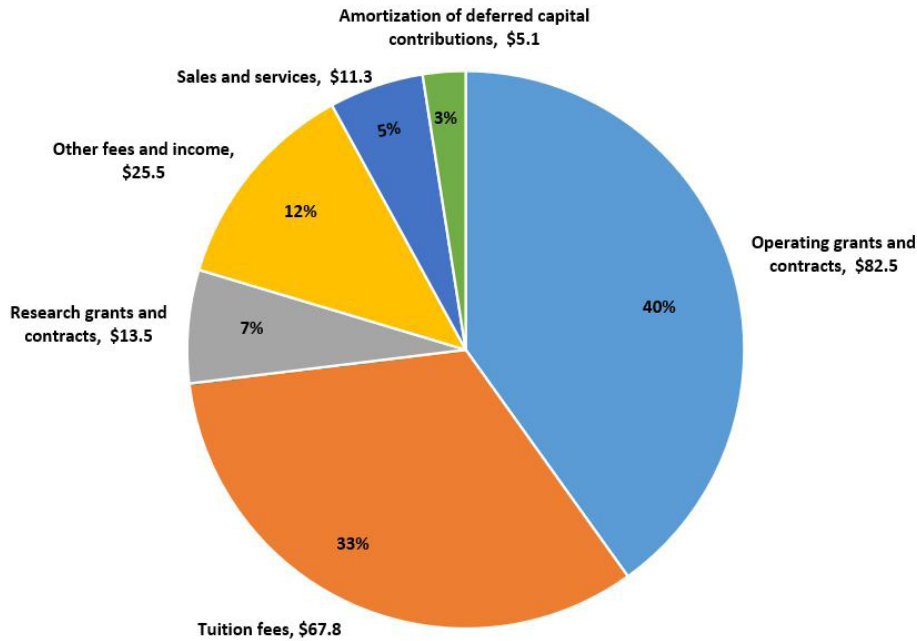
costs, Laurentian University realized an Excess of Revenue over Expenses of \$41.5 million (\$52.6 million in 2022-23).

Adjusted 2023-24 Earnings (excluding transformation costs) <i>(\$Million)</i>	
Excess of Revenue over Expenses	\$37.9
Transformation costs	\$3.6
Adjusted Revenue over Expenses	\$41.5



Revenue

2023-24 Consolidated Revenue (\$Million)



Total revenue of \$205.8 million in 2023-24 was \$7.8 million higher than the previous year, with the main contributor being a 28.3% increase in tuition fees (\$15.0 million) due to a significant increase in international graduate students. Operating grant revenues decreased by 10.2% (\$9.4 million), mainly due to one-time COVID funding of \$6.0 million received in 2022-23 and other one-time prior year grants. Other fees and income increased 27.6% (\$5.5 million) as a result of higher interest rates and stronger returns on cash and investments. Research grant revenues recognized during the year decreased by 24.3% (\$4.3 million) in line with lower research expenses due to completion of projects. Sales and services revenue increased 17.7% (\$1.7 million) mostly due to increase in student residence revenue with the reopening of the University College Residence in 2023-24.

> Operating Grants and Contracts

At \$82.5 million in 2023-24, Operating Grants and Contracts represent 40.1% of Laurentian University's total revenue, down \$9.4 million from the previous year mainly due to COVID funding of \$6.0 million received in 2022-23 and other one-time grants in the previous year.

With SMA3, the Province of Ontario announced a set of metrics against which institutional performance would be assessed, the details of the mechanism that would be used to evaluate institutions' performance and the impacts to funding of the performance grant. Beginning in 2020-21, 25% of provincial funding was to be linked to active performance metrics rising to 60% by the 2024-25 academic year. As a result of the COVID-19 pandemic, MCU announced their decision to delay the activation of the performance-based grant for three years until 2023-24, decoupling the funding.

As part of the finalization of year 3 of the SMA3 agreement, MCU announced re-activation of

performance-based funding at the system-wide proportion of 10% in Year 4 (2023-24) and a deferral of a decision on Year 5 (2024-25) pending the launch of the Year 5 annual evaluation.

Laurentian University completed its Year 4 SMA annual evaluation covering the fiscal year 2023-24, for which the performance-based funding was activated for the first time. While the funding was in fact re-coupled, Laurentian University was "held harmless" and received 100% of the allocated performance funding. The evaluation showed that Laurentian University would have met six of the ten targets for the performance metrics. Laurentian University under-achieved on the following four metrics: Graduation Rate, Community/Local Impact of Student Enrolment, Research Funding and Capacity and finally Experiential Learning. In Year 4 of the SMA3 agreement (2023-24), the notional allocation for Laurentian University's performance-based grant funding was \$8.65 million

and the impact of the four performance metrics that were underachieved would have accounted for a notional decrease of approximately \$107,000. In the fifth and final year of the SMA3 agreement, it is unlikely that Laurentian University will be able to achieve all of its performance-based metrics and enrolment-based corridor funding due to the

lingering impacts of COVID-19 and the CCAA restructuring. However, the commitment by the MCU to provide enrolment corridor and performance protection to Laurentian University for up to \$22.0 million for 2024-25, will serve to mitigate that risk next year. Negotiations for SMA4 are underway and could impact future funding methodology.

> Tuition Fees

Revenue from tuition and fees increased from \$52.8 million in 2022-23 to \$67.8 million in 2023-24. The higher overall revenue is driven by increased enrolment from international graduate students due to new graduate programs.

Domestic tuition fees continued to be frozen in 2023-24 while fees for out-of-province students increased by 1% and international students on average by 5%.

Tuition fees from international students amounted to \$29.8 million, a significant increase from \$11.7 million

in 2022-23. International students pay higher tuition fees than domestic students to make-up for the absence of operating grants.

On January 22, 2024, the Government of Canada announced an intake cap on international student permit applications for a period of two years, resulting in an overall reduction of approximately 35% of approved study permits from 2023. Most of Laurentian University's international growth is at the Graduate level which is not impacted by the cap at this time.

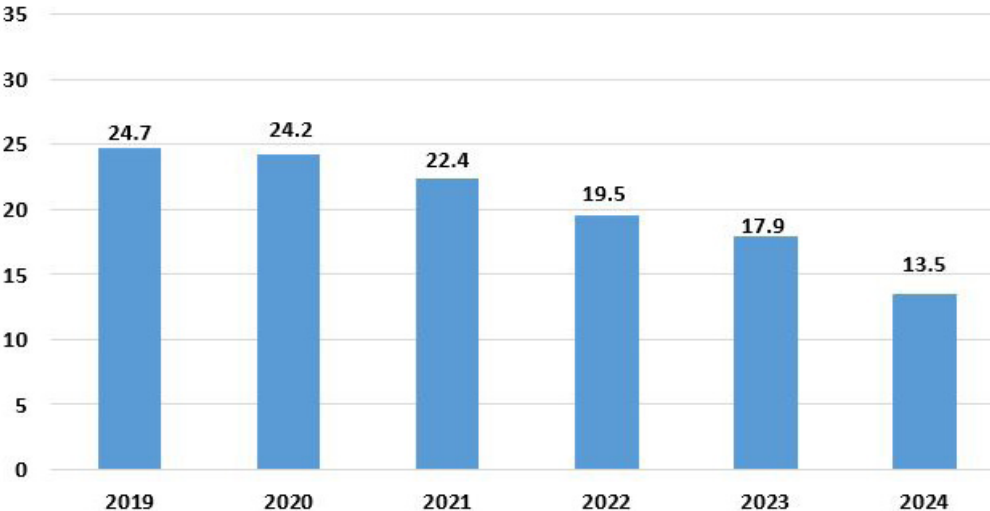
> Research Grants and Contracts

Research grants and contracts recognized during the year amounted to \$13.5 million, a decrease of \$4.4 million (24.3%) from the previous year due to completion on various research projects. Research revenue includes the research expenditures of the University's subsidiaries and joint ventures, namely: the Mining Innovation Rehabilitation and Applied Research Corporation ("MIRARCO"), which is a wholly controlled entity, and the Sudbury Neutrino

Observatory Laboratory ("SNOLAB"), where the University recognizes its proportionate share (20%) of SNOLAB's revenue and expenses.

Research revenue is recognized in the period in which research expenditures occur. Unspent research funding is reflected as deferred contributions and represented \$14.9 million on April 30, 2024 compared to \$13.2 million in the previous year.

Research Grants and Contracts (\$Million)



> Sales and Services

Sales and Services revenue come primarily from ancillary operations, which are expected to generate sufficient revenue from user fees and sales and services to cover total costs, including required capital re-investments.

In 2023-24, Sales and Services revenues amounted to \$11.3 million, compared to \$9.6 million in 2022-23. This increase is mainly due to the reopening of the University College Residence (UCR) as well as an

overall increase in residence occupancy rates from 61% to 76%.

During 2023-24, ancillary spending totalled \$6.8 million, an increase of \$1.9 million from the previous year, mainly due to renovation projects. Overall, ancillary operations generated a surplus of \$3.4 million in 2023-24, compared to \$3.6 million in the previous year.

> Other Fees and Income

Other fees and income represent administration fees, realized restricted contributions for scholarships and bursaries, compulsory fees, sponsored students, and other items. Other Fees and Income amounted to \$25.5 million in 2023-24, an increase of \$5.5 million

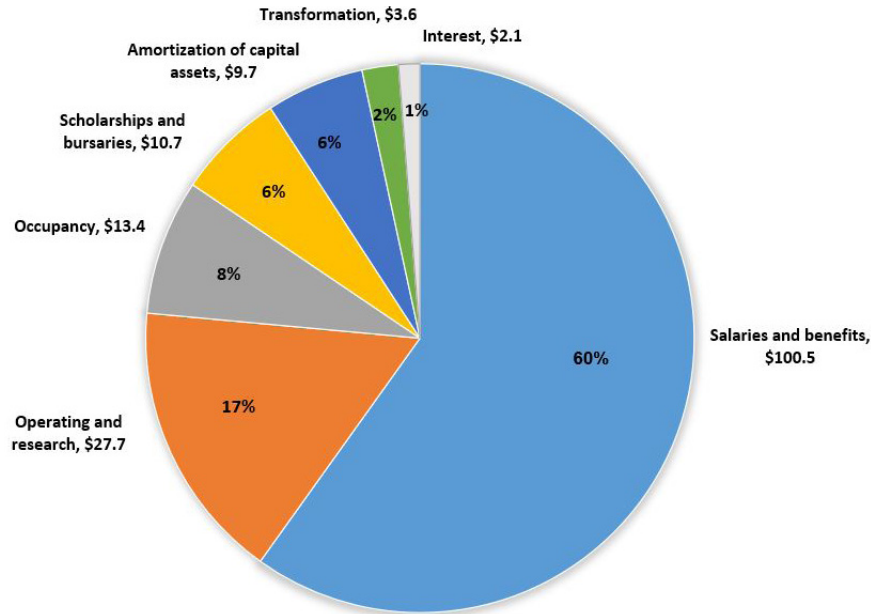
from the previous year, which related primarily to an increase in investment income of \$5.7 million due to better rates of return and increased cash and investments balances.





Expenses

2023-24 Consolidated Expenses (\$Million)



The University's expenses totalled \$167.8 million in 2023-24, including transformation costs of \$3.6 million. Excluding restructuring costs and transformation, expenses were \$164.2 million, \$19.0 million more than the previous year and related mostly to increased salaries and benefits due to additional staff and faculty FTEs as well as increases in operating and occupancy costs.

> Salaries and Benefits

Salaries and benefits represent the largest expense category item for Laurentian University. At \$100.5 million in 2023-24, salaries and benefits were \$7.7 million higher than the previous year and accounted for 60% of its overall expenditures. Being subject to CCAA

proceedings for most of 22-23, only critical positions were filled in the previous year. The 2023-24 approved budget had 54 additional FTEs over 2022-23.

> Operating and Research

Operating and research expenses of \$27.7 million in 2023-24, were \$5.9 million higher than the previous year, representing inflation along with increases in international agent fees, recruitment travel, information technology renewal as well as costs associated with a

broad cyber incident which occurred on February 18, 2024. The incident resulted in limited data breach and as a result the University has incurred additional costs to increase cyber security.

> Other Expenses

Occupancy expenses of \$13.4 million were \$2.9 million higher than the previous year due to increase in cleaning costs, electricity and various repairs and maintenance projects. Scholarships and bursaries of \$10.7 million are up \$1.0 million mostly due to more endowment scholarships being awarded as well as an increase in international scholarships as a result of

the increase in international enrolment. Amortization of \$9.7 million decreased by \$0.6 million from previous year as some equipment became fully amortized during the previous year. Interest expense of \$2.1 million represents interest paid on the exit loan agreement with the Province of Ontario. The 2022-23 interest expense of \$0.9 million was included in restructuring costs.

> Restructuring Costs

In 2022-23, the University recognized \$11.1 million of one-time CCAA related restructuring expenses relating to legal, monitor, consulting and interest and finance costs. Starting in fiscal 2023-24, interest expenses on the Exit Financing of \$2.1 million is recorded as interest

expenses on the statement of operations and professional fees related to CCAA of \$0.4 million are included in operating and research expenses on the statement of operations.

> Transformation

As part of the Plan of Implementation, the University committed to create a Transformation Consultation Group (TCG) and develop a detailed plan for undertaking the comprehensive operational restructuring and transformation described in the Operations and Governance Report. The TCG serves to inform on the development of the Transformation Plan by Deloitte who was selected as the Project Management Consultant. The estimated value of the

Transformation program \$32 million to be spent over 4 years starting in 2023-24 and is included in the 5-year financial projections to the MCU. The Transformation Plan was completed within 120 days and received approval from the Board of Governors on November 1, 2023, and was subsequently approved by the MCU. During 2023-24, \$3.6 million was spent on transformation projects.



Capital Investments

Capital expenditures in 2023-24 amounted to \$6.2 million and related mostly to various roof replacements on campus as well as equipment purchases. Capital in 2022-23 was restrained by the CCAA proceedings, with \$2.0 million invested in capital projects, mostly to address deferred maintenance projects.

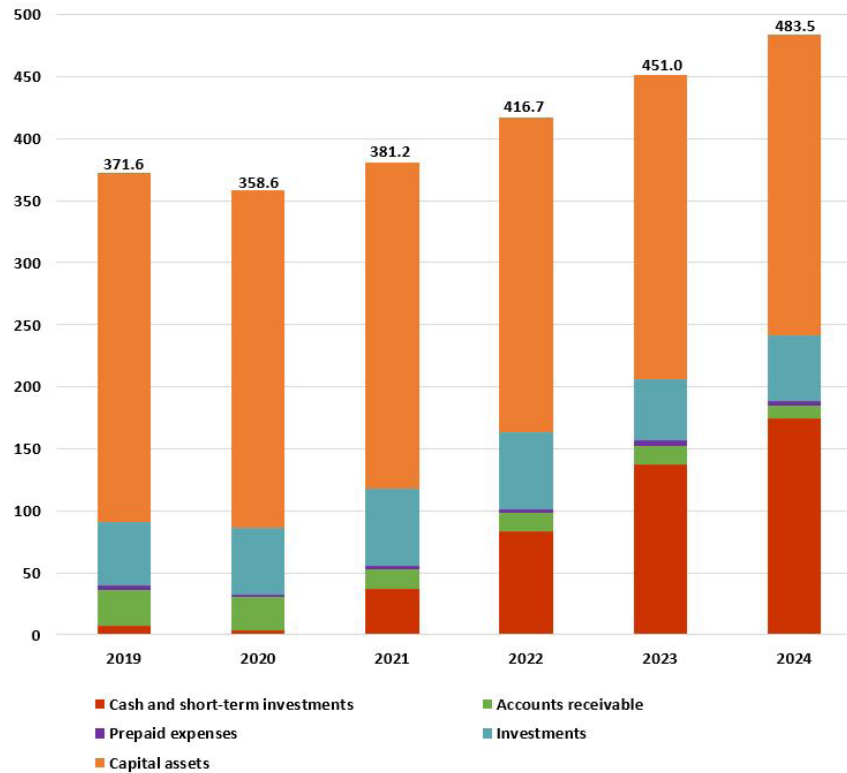
Laurentian University continues to manage a considerable deferred maintenance backlog estimated over a \$150.0 million (under review). The University is focusing its limited resources on addressing the most urgent capital maintenance projects and those that qualify under the annual Facility Renewal Program grant provided by MCU.



Consolidated Statement of Financial Position

> Assets

Assets (\$Million)



Laurentian University ended the year with cash and short-term investments of \$174.5 million compared to \$137.3 million in 2022-23. The increase consists of \$45.4 million in positive cash flows from operating activities, \$1.8 million from financing, and a decrease of \$10.1 million in investing activities.

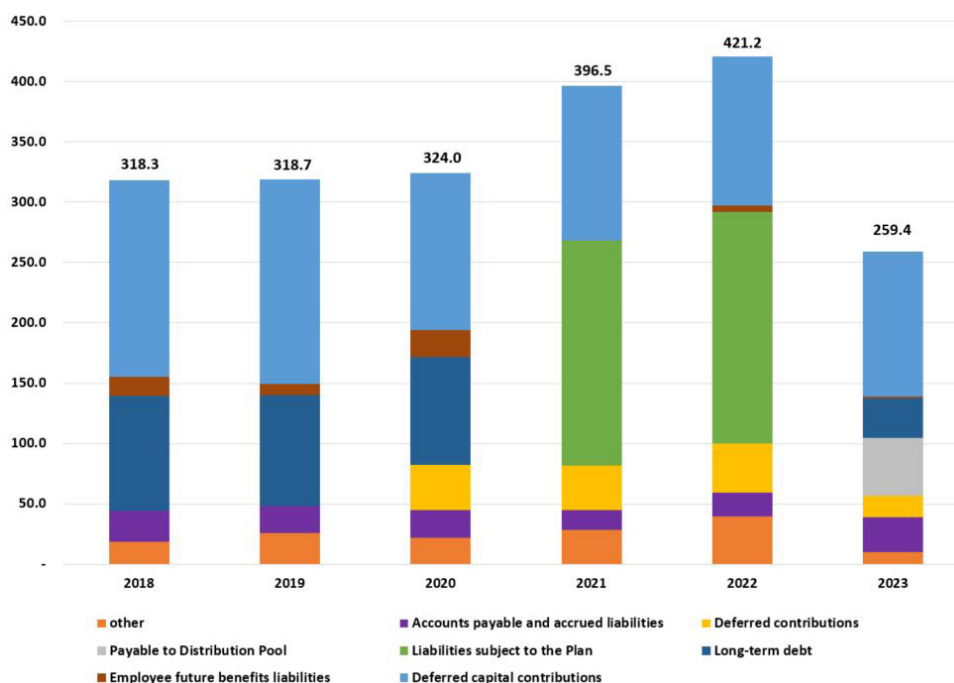
Accounts receivable of \$10.3 million decreased \$4.3 million from previous year, mainly due to reduction in grants receivable, and receivables from various colleges. Prepaid expenses decreased \$0.7 million as a result of reduction in prepaid credit cards and legal retainers.

Investments totalling \$53.1 million were \$3.8 million higher than the previous year due to strong investment returns in 2023-24. Laurentian University's

investments include endowed funds received from donors, whose income is used in accordance with the various purposes established by the donors.

Capital assets totaled \$241.6 million in 2023-24, compared to \$245.1 million in 2022-23. The reduction in capital assets resulted from amortization expenses of \$9.7 million, offset by new capital acquisitions of \$6.2 million. The University has negotiated an agreement through a Term Sheet with the Province of Ontario for the sale of designated real estate with estimated proceeds at a minimum of \$43.5 million up to a maximum of \$53.5 million, which will allow Laurentian University to implement its Plan of Compromise or Arrangement as part of the Companies' Creditors Arrangement Act (CCAA) proceedings.

Liabilities and Deferred Contributions (\$Million)



Laurentian University's liabilities decreased from \$259.4 million in 2022-23 to \$252.0 million in 2023-24.

Deferred capital contributions of \$116.5 million represent grants and contributions related to capital assets that are amortized on the same basis as the assets. These decreased by \$3.9 million in the year due to amortization of \$5.1 million offset by new capital grants of \$1.2 million.

The amount owing to creditors has been recorded as a Payable to Distribution Pool in the amount of \$47.5 million, which is equal to the expected proceeds from sale of assets of \$53.5 million less amounts paid regarding Secured Claims, CCAA Priority Claims and Vacation Pay Compensation Claims of \$6.0 million that were legally discharged and released upon the

implementation of the Plan. This amount has not changed from 2022-23.

Upon exit from CCAA proceedings, a new long-term loan with the Province was negotiated to replace the DIP loan, the balance owing on this long-term debt is \$32.9 million.

Accounts payable and accrued liabilities of \$29.9 million are mostly payables to vendors and students as well as payroll liabilities. These increased by \$1.0 million, mostly due to an increase in salaries accrual as well as an increase in agent commissions payable at year-end.

Deferred contributions are unspent externally restricted funding received for research projects and other expenditures and these amounted to \$18.1 million, comparable to the previous year.

Deferred contributions consist of the following:

	2023-24	2022-23
		<i>(\$Thousand)</i>
Research grants	\$ 14,862	\$ 13,183
Other grants and contracts	2,648	4,184
Scholarships and bursaries	625	452
	\$ 18,135	\$ 17,819

> Employees' Future Benefits

The University provides employee future benefits to its employees through the Pension Plan.

Future benefit improvements under the Pension Plan are subject to plan sustainability measures under the terms of a Benefits and Funding Policy and no benefit improvements will be considered prior to July 1, 2025, unless the Pension Plan develops an excess surplus as defined under the Income Tax Act.

An actuarial calculation of the future assets/liabilities including an allowance for benefit reinstatement was completed and forms the basis for the accrued benefit obligation. As at April 30, 2024, the University reflected a Pension Plan liability of \$nil, a decrease from the 2022-23 liability of \$1.8 million.



Net Assets

The University had Net Assets of \$231.4 million at the end of fiscal year 2023-24, an improvement of \$39.9 million from the previous year. The main

contributors were the excess of revenue over expenses of \$37.9 million, along with an increase in endowments of \$2.0 million.



Post-CCAA Exit Loan Agreement

At the effective Plan implementation date, MCU provided the University with a \$35 million single-draw, non-revolving term loan facility, repayable in annual installments of blended principal and interest over a 15-year period at an annual rate of interest equal to 6.11%. The loan agreement calls for various conditions, including the following financial ratios:

- i. For each fiscal year of the Borrower commencing with the Borrower's sixth fiscal year following the CCAA Plan Implementation Date, the Borrower shall have a Net Income Ratio of not less than 1.5%;
- ii. At each fiscal year end of the Borrower commencing with the Borrower's fourth fiscal year end following the CCAA Plan Implementation Date, the Borrower shall have a Primary Reserve Ratio of not less than 30 days;
- iii. For each fiscal year of the Borrower commencing with the Borrower's sixth fiscal year following the CCAA Plan Implementation Date, the Borrower shall have an In-Year Excess (Deficiency) of Revenue Over Expenses of not less than \$0;

- iv. At each fiscal year end of the Borrower commencing with the Borrower's fourth fiscal year end following the CCAA Plan Implementation Date, the Borrower shall have Expendable Net Assets of not less than \$0;
- v. At each fiscal year end of the Borrower commencing with the Borrower's second fiscal year end following the CCAA Plan Implementation Date, the Borrower shall have a Debt Service Coverage Ratio of not less than 1.1; and;
- vi. At each fiscal year end of the Borrower commencing with the Borrower's sixth fiscal year end following the CCAA Plan Implementation Date, the Borrower shall have a Net Operating Revenue Ratio of not less than 5.0%.



Financial Ratios

FINANCIAL RATIOS (PER LOAN COVENANTS)	Actual 2022-23	Actual 2023-24
i) Net Income/Loss Ratio (Min. 1.5% starting 2027-28)	21.0%	18.4%
ii) Primary Reserve Ratio (Min. 30 days starting 2025-26)	39.8 days	115.3 days
iii) In Year Excess of Revenue >0 starting 2027-28 - \$000	\$207,962	\$37,942
iv) Expendable Net Assets >0 starting 2025-26 - \$000	\$17,046	\$53,021
v) Debt Coverage Ratio > 1:1 starting 2023-24	144.8	12.5
vi) Net Operating Revenue (Min. 5%, starting 2027-28)	27.5%	22.0%



Conclusion

Because of the CCAA proceedings, the University had experienced several years of declining enrolment. Similar trends were expected to continue into the 2023-24 academic year. In contrast, Laurentian University with 6,296 FTE student enrolments realized a 10 % increase over prior year and 12% more than budgeted (5,617 FTE student enrolments). This increase was almost entirely driven by an unprecedented jump in international enrolment in graduate level programs.

Laurentian University continues to experience pressure with its domestic enrolment with student enrolment outside the established corridor levels eligible for core funding from the Province. The University has identified this risk within its Enterprise Risk Framework and the 2025-26 budget will continue to maintain conservative enrolment assumptions as a result.

Research and other contributions although lower than previous years demonstrated ongoing support from our funding partners.

As shown in the Consolidated Statement of Operations, Laurentian University produced Excess of Revenue over Expenses of \$37.9 million in 2023-24 (\$208 million in 2022-23 which included a CCAA recovery of \$166.4 million), which increased Expendable Net Assets (Unrestricted and internally restricted net assets) from \$17.0 million in 2022-23 to \$53.0 million in 2023-24. Cash and short-term investments totalled \$174.5 million at the end of April 2024 (\$137.3 million in 2023), including \$17.3 million in restricted cash.

Consolidated Financial Statements of

LAURENTIAN UNIVERSITY OF SUDBURY

Year ended April 30, 2024





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360 Oakville Place Drive, Suite 500
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Independent Auditor's Report

To the Board of Governors of Laurentian University of Sudbury

Opinion

We have audited the consolidated financial statements of Laurentian University of Sudbury (the "University"), which comprise the consolidated statement of financial position as at April 30, 2024, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as at April 30, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

Emphasis of Matter

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

Other Information

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

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

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

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

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

Independent Auditor's Report (continued)

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

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

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

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

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

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

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

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



Independent Auditor's Report (continued)

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the University and its controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
October 21, 2024

LAURENTIAN UNIVERSITY OF SUDBURY



Consolidated Statement of Financial Position

April 30, 2024, with comparative information for 2023
(thousands of dollars)

	2024	2023
Assets		
Current assets:		
Cash and short-term investments (note 4)	\$ 174,477	\$ 137,327
Accounts receivable (note 5)	10,336	14,654
Capital assets held for sale (note 7(a))	14,142	-
Prepaid expenses	3,704	4,453
	202,659	156,434
Accounts receivable (note 5)	188	188
Investments (note 4)	53,143	49,299
Capital assets (note 7(b))	227,473	245,080
	\$ 483,463	\$ 451,001
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	29,863	28,842
Accrued vacation pay	3,033	2,470
Deferred revenue	4,062	6,175
Deferred contributions (note 11)	18,135	17,819
Current portion of long-term debt (note 9)	1,556	1,466
	56,649	56,772
Long-term obligations:		
Payable to CCAA Distribution Pool (note 10(a))	47,546	47,546
Long-term debt (note 9)	31,386	32,942
Employee future benefits liabilities (note 6)	-	1,848
Deferred capital contributions (note 11)	116,454	120,321
Total liabilities	252,035	259,429
Net assets (deficiency):		
Unrestricted	39,653	15,571
Employee future benefits (note 6)	-	(1,848)
Internally restricted (note 14)	13,368	1,475
Investment in capital assets (note 13)	128,793	128,864
Endowments (note 12)	49,614	47,510
	231,428	191,572
Commitments and contingencies (note 15)		
Subsequent events (note 22)		
	\$ 483,463	\$ 451,001

See accompanying notes to consolidated financial statements.

On behalf of the Board of Governors:


 _____ Vernon Cameron, Chair Governor

 _____ Jay Barbeau, Vice-Chair Governor

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statement of Operations

Year ended April 30, 2024, with comparative information for 2023
(thousands of dollars)

	2024	2023
Revenue:		
Operating grants and contracts	\$ 82,543	\$ 91,917
Tuition fees	67,798	52,838
Other fees and income (note 17)	25,498	19,982
Research grants and contracts	13,531	17,870
Sales and services	11,326	9,621
Amortization of deferred capital contributions (note 11)	5,075	5,596
	<u>205,771</u>	<u>197,824</u>
Expenses:		
Salaries and benefits	100,526	92,848
Operating and research	27,742	21,805
Occupancy	13,441	10,537
Scholarships and bursaries	10,712	9,676
Amortization of capital assets	9,685	10,310
Interest (note 9) (note 18)	2,101	-
	<u>164,207</u>	<u>145,176</u>
Excess of revenue over expenses, before other items	41,564	52,648
Other items:		
Transformation (note 19)	(3,622)	-
Restructuring costs (note 18)	-	(11,108)
Recovery from CCAA Proceedings (note 10(c))	-	166,422
Excess of revenue over expenses, after other items	<u>\$ 37,942</u>	<u>\$ 207,962</u>

See accompanying notes to consolidated financial statements.

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statement of Changes in Net Assets (Deficiency)

Year ended April 30, 2024, with comparative information for 2023
(thousands of dollars)

	Unrestricted	Employee Future Benefits	Internally Restricted (note 14)	Investment in Capital Assets (note 13)	Endowments (note 12)	Total
2024						
Net assets (deficiency), beginning of year	\$ 15,571	\$ (1,848)	\$ 1,475	\$ 128,864	\$ 47,510	\$ 191,572
Excess (deficiency) of revenue over expenses:						
Operating	46,175	–	–	(4,611)	–	41,564
Transformation	(3,622)	–	–	–	–	(3,622)
Restructuring costs (note 18)	–	–	–	–	–	–
	42,553	–	–	(4,611)	–	37,942
Transfer for capital transactions	(4,540)	–	–	4,540	–	–
Interfund transfers (note 14)	(11,893)	–	11,893	–	–	–
Excess of employer contributions over employee future benefits net benefit costs	(2,038)	2,038	–	–	–	–
Endowment contributions (note 12)	–	–	–	–	94	94
Net increase in endowments (note 12)	–	–	–	–	2,010	2,010
Employee future benefits remeasurements and other items (note 6)	–	(190)	–	–	–	(190)
Net assets, end of year	\$ 39,653	\$ –	\$ 13,368	\$ 128,793	\$ 49,614	\$ 231,428
2023						
Net assets (deficiency), beginning of year	\$ (88,999)	\$ (19,351)	\$ 1,164	\$ 41,791	\$ 60,961	\$ (4,434)
Excess (deficiency) of revenue over expenses:						
Operating	57,362	–	–	(4,714)	–	52,648
Restructuring costs (note 18)	(11,108)	–	–	–	–	(11,108)
Recovery from CCAA Proceedings (note 10(c))	166,422	–	–	–	–	166,422
	212,676	–	–	(4,714)	–	207,962
Liabilities derecognized under CCAA Plan (note 2(b))	(105,265)	14,014	–	91,251	–	–
Transfer for capital transactions	(536)	–	–	536	–	–
Interfund transfers (note 14)	(311)	–	311	–	–	–
Excess of employer contributions over employee future benefits net benefit costs	(1,994)	1,994	–	–	–	–
Endowment contributions (note 12)	–	–	–	–	266	266
Net increase in endowments (note 12)	–	–	–	–	534	534
Transfer of endowments to Northern Ontario School of Medicine (note 12)	–	–	–	–	(14,251)	(14,251)
Employee future benefits remeasurements and other items (note 6)	–	1,495	–	–	–	1,495
Net assets (deficiency), end of year	\$ 15,571	\$ (1,848)	\$ 1,475	\$ 128,864	\$ 47,510	\$ 191,572

See accompanying notes to consolidated financial statements.

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statement of Cash Flows

Year ended April 30, 2024, with comparative information for 2023
(thousands of dollars)

	2024	2023
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 37,942	\$ 207,962
Non-cash items:		
Amortization of capital assets	9,685	10,310
Amortization of deferred capital contributions	(5,075)	(5,596)
Excess of employer contributions over employee future benefits net benefit costs	(2,038)	(1,994)
	40,514	210,682
Change in non-cash working capital (note 16)	4,854	(11,570)
Change in liabilities subject to the Plan (note 10(b)) (net)	-	(144,673)
	45,368	54,439
Cash flows from financing activities:		
Endowment contributions	94	266
Net increase in endowments	2,010	534
Deferred capital contributions received	1,208	2,393
Increase in long-term debt	-	35,000
Repayment of long-term debt (note 9)	(1,466)	(592)
Decrease in short-term loan	-	(35,000)
	1,846	2,601
Cash flows from investing activities:		
Purchases of capital assets	(6,220)	(1,958)
Change in long-term accounts receivable	-	(115)
Net (decrease) increase in investments	(3,844)	12,953
Transfer of endowments to Northern Ontario School of Medicine (note 12)	-	(14,251)
	(10,064)	(3,731)
Net increase in cash and short-term investments	37,150	53,309
Cash and short-term investments, beginning of year	137,327	84,018
Cash and short-term investments, end of year	\$ 174,477	\$ 137,327

See accompanying notes to consolidated financial statements.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2024
(thousands of dollars)

1. Description:

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

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

2. Basis of presentation:

(a) Basis of presentation:

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

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

(b) CCAA proceedings:

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

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

On February 10, 2021, the Court approved a \$25,000 debtor-in-possession credit facility (“DIP Facility”). The DIP Facility was subsequently increased to \$35,000 on May 19, 2021 with a maturity date of January 31, 2022. On January 27, 2022, the Province of Ontario, as represented by the Ministry of Colleges and Universities (“MCU”), refinanced the DIP Facility through an advance under a credit facility in the principal amount of \$35,000 (the “MCU DIP Facility”) with a maturity date of September 30, 2022 which was subsequently extended to November 30, 2022. On November 28, 2022, the MCU DIP Facility was repaid in full and replaced with a long-term loan agreement with the Province of Ontario in the principal amount of \$35,000 (note 9).

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

2. Basis of presentation (continued):

(b) CCAA proceedings (continued):

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

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

On December 16, 2021, the Ontario Government announced a package of support through the MCU that included the MCU DIP Facility, up to \$6,000 in COVID-19 relief grants (received in 2022-23) as well as enrolment and performance grant protection up to \$22,000. The MCU DIP Facility was approved by the Court on January 27, 2022, and the refinancing was completed on January 28, 2022. The Strategic Mandate Agreement (SMA) is a bilateral agreement between the MCU and the University, which the MCU considers to be a key feature of the accountability framework for postsecondary education in Ontario. The current SMA, which is called SMA3 is in place until 2025. Negotiations for SMA4 are underway and could impact future funding methodology.

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

As part of its support of the University, the Province of Ontario committed to purchase certain parcels of real estate owned by the University for an aggregate purchase price of up to \$53.5 million (note 7). This support is subject to conditions, including final government approvals and the implementation of the Plan. Under the Plan, the proceeds of sale will be paid into the Distribution Pool, which represents the funds available for distribution to creditors. The Plan provides that a minimum of \$45.5 million shall be realized from the sale of the real estate assets and transferred to the Distribution Pool. The Monitor shall receive all funds paid into the Distribution Pool and effect all distributions to creditors from the Distribution Pool.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

2. Basis of presentation (continued):

(b) CCAA proceedings (continued):

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

A meeting of Affected Creditors was held on September 14, 2022, to vote on the Plan. At the meeting, the requisite majorities in number and value of Affected Creditors entitled to vote, voted in favour of the Plan. The Plan was approved by the Court on October 5, 2022.

Secured Claims, CCAA Priority Claims and Vacation Pay Compensation Claims (all as defined in the Plan) were to receive payment in full upon implementation of the Plan.

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

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

Upon implementation of the Plan in fiscal 2023, the University recognized a payable to the CCAA Distribution Pool of \$47,546 (note 10a)), reduced liabilities subject to the Plan to \$nil (note 10(b)), and recorded a recovery from CCAA Proceedings of \$166,422 (note 10(c)). The University also derecognized pre-CCAA deferred contributions in the amount of \$26,193 (note 11(a)).

Restructuring costs incurred of \$nil (2023 - \$11,108) (note 18) have been recorded in the Consolidated Statement of Operations.

(c) Basis of consolidation:

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

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

2. Basis of presentation (continued):

(c) Basis of consolidation (continued):

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

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

The University appoints one member to the Board of the Centre for Excellence in Mining and Innovation ("CEMI"), but does not control or have significant influence over this entity. As a result, these consolidated financial statements do not include the financial results of CEMI. See note 21 for additional disclosure relate to CEMI.

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

3. Significant accounting policies:

(a) Revenue recognition:

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

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

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

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

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

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

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

3. Significant accounting policies (continued):

(a) Revenue recognition (continued):

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

(b) Investments and investment income:

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

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

The University also recognizes as revenue an administration fee for managing the endowment funds. During the year, \$475 (2023 - \$196) of administrative fees were recorded in other fees and income.

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

When the net investment income earned on externally restricted endowments is in excess of the amount made available for spending, the excess is recorded as a direct increase in endowment net assets. When the net investment income earned is insufficient to fund the amount made available for spending, the deficiency is recorded as a direct decrease in endowment net assets.

(c) Capital assets:

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

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

Buildings	40 years
Buildings components	20 years
Equipment and furnishings	7 years
Site improvements	15 years

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

Capital assets held for sale are measured at the lower of carrying value and fair value less costs to sell. These assets are amortized using the same method described above if the asset is still in use. Amortization ceases if the asset is no longer in use.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

3. Significant accounting policies (continued):

(d) Employee future benefits liabilities:

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

The University accrues its obligations and related costs for the Pension Plan as the employees render the service necessary to earn the pension. The pension obligations are based on the latest going concern funding valuation. The actuarial determination of the accrued benefit obligations for pensions uses the projected method on service (which incorporates management's assumptions used for funding purposes, other cost escalation, retirement ages of employees and other actuarial factors). The actuarial valuation is performed at least every three years. In the years between valuations, pension plan results are prepared based on extrapolations of the latest available funding valuation results. The most recent actuarial valuation for the pension plan was as of January 1, 2023 and the next actuarial valuation will be completed effective January 1, 2026.

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

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

Re-measurements and other items comprise the aggregate of the difference between the actual return on plan assets and the return calculated using the discount rate; the actuarial gains and losses; the effect of any valuation allowance in the case of a net defined benefit asset; the past service costs; and the gains and losses arising from settlements and curtailments. Re-measurements are recognized directly in net assets.

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

(e) Internally restricted net assets:

The University restricts use of portions of its operating net assets for specific future uses. When incurred, the related revenues and expenses are charged to operations, and the balance of Internally restricted assets is increased or decreased accordingly with a transfer to or from Unrestricted net assets.

(f) Financial instruments:

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

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

All other financial instruments are subsequently measured at amortized cost.

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

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

3. Significant accounting policies (continued):

(g) Use of estimates:

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

(h) Key sources of measurement uncertainty:

During the CCAA proceedings, the University recognized restructuring costs (note 18) and liabilities that were subsequently compromised and extinguished under the Plan (note 10) subject only to the rights of Affected Creditors to receive distributions from the Distribution Pool. The final amount being transferred to the Distribution Pool is subject to the final determination of the proceeds of the sale of real estate assets to the Province of Ontario.

(i) Impairment of capital assets:

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

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

(j) Payable to CCAA Distribution Pool:

As a result of the implementation of the Plan on November 28, 2022, all pre-filing liabilities as at February 1, 2021 as well as certain restructuring liabilities that arose following the commencement of the CCAA proceeding on February 1, 2021 were discharged. The discharge of Secured Claims, CCAA Priority Claims and Vacation Pay Compensation Claims was subject to the right of these claimants to receive payment in full for the amount of their claims, which has occurred. These claims in the aggregate amount of \$5,954 were paid in full upon Plan Implementation in 2023. Distributions to Affected Creditors from the Distribution Pool will be made when funds are available and on a pro rata basis. For clarity, Affected Creditors have no further recourse against the University beyond their entitlement to any pro rata share of the proceeds from the Distribution Pool. Obligations for goods and services provided to the University after the filing date of February 1, 2021, were not compromised or released under the Plan, and will continue to be addressed in the ordinary course.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

3. Significant accounting policies (continued):

(j) Payable to CCAA Distribution Pool (continued):

In 2023, Liabilities subject to the Plan including certain pre-CCAA deferred contributions were derecognized when the liabilities were legally discharged upon implementation of the Plan, resulting in a recovery on the Consolidated Statement of Operations (note 10(c)). A Payable to the CCAA Distribution Pool (note 10(a)) was recorded to reflect the maximum anticipated amounts payable to the Distribution Pool upon the sale of certain real estate assets. This amount has been calculated as the expected proceeds from the sale of assets of up to \$53,500 less payments made to holders of Secured Claims, CCAA Priority Claim and Vacation Pay Compensation Claims of \$5,954, in accordance with the Plan. The Monitor will make distributions to Affected Creditors from the Distribution Pool when funds are available and in accordance with the Plan.

4. Cash and investments:

	2024	2023
Short-term:		
Cash	\$ 152,837	\$ 112,992
Short-term investments	21,640	24,335
	<u>\$ 174,477</u>	<u>\$ 137,327</u>
Long-term:		
Equity	\$ 20,439	\$ 17,947
Fixed income	17,586	17,317
Global infrastructure	7,544	7,195
Structured credit	4,292	3,460
Real estate fund	3,282	3,380
	<u>\$ 53,143</u>	<u>\$ 49,299</u>

Included in the above are restricted short-term investment amounts of \$17,301 (2023 - \$15,161) (note 11(a)). Segregated bank and investment accounts were established in December 2020 to hold certain externally restricted funds advanced to the University prior to the related expenditures being incurred.

Long-term investments of \$53,143 (2023 - \$49,299) include externally restricted endowment investments of \$49,614 (2023 - \$47,510) (note 12).

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

5. Accounts receivable:

	2024	2023
Restricted grants and contracts	\$ 2,169	\$ 2,334
Tuition and ancillary fees	7,840	8,005
Operating grants	1,353	5,402
Government remittances receivable	1,292	833
Other	1,918	2,044
	<u>\$ 14,572</u>	<u>\$ 18,618</u>
Less allowance for doubtful accounts	(4,048)	(3,776)
	<u>\$ 10,524</u>	<u>\$ 14,842</u>
Current portion of accounts receivable	\$ 10,336	\$ 14,654
Long-term accounts receivable	188	188
	<u>\$ 10,524</u>	<u>\$ 14,842</u>

6. Employee future benefits:

In the year, the University provided employee future benefits to its employees through the Pension Plan.

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

The University is the Principal Employer of the Pension Plan, which also includes other Participating Employers, being CEMI, SNOLAB, and MIRARCO.

Future benefit improvements under the Pension Plan are subject to plan sustainability measures under the terms of a Benefits and Funding Policy and no benefit improvements will be considered prior to July 1, 2025, unless the Pension Plan develops an excess surplus as defined under the Income Tax Act. An actuarial calculation of the future assets/liabilities including an allowance for benefit reinstatement was completed and forms the basis for the accrued benefit obligation. As at April 30, 2024, the University reflected a Pension Plan liability of \$nil (2023 - \$1,848).

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

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

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

6. Employee future benefits (continued):

The breakdown of the Pension Plan is as follows:

	2024	2023
Accrued benefit obligation	\$ (429,609)	\$ (418,874)
Fair value of plan assets	433,093	417,026
Allowance for benefit reinstatement	(3,484)	-
Employee future benefits liabilities	\$ -	\$ (1,848)

The reconciliation of the pension plan at April 30, 2024 is as follows:

	Fair value of plan assets	Accrued benefit obligation	Allowance for benefit reinstatement	Accrued benefit assets/ (liabilities)
Balance as at April 30, 2023	\$ 417,026	\$ (418,874)	\$ -	\$ (1,848)
Contributions	9,631	(4,752)	-	4,879
Current period costs		(22,055)	-	(22,055)
Benefits paid	(21,382)	21,382	-	-
Actual return on plan assets	27,818	(2,880)	-	24,938
Actuarial gain	-	(2,430)	-	(2,430)
Allowance for benefit reinstatement	-	-	(3,484)	(3,484)
Balance as at April 30, 2024	\$ 433,093	\$ (429,609)	\$ (3,484)	\$ -

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

6. Employee future benefits (continued):

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

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

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

	Pension Plan	
	2024	2023
Discount rate	6.10%	5.80%
Provision for adverse deviation (on non-indexed liabilities)	7.86%	7.97%
Expected long-term rate of return on Plan assets	6.10%	5.80%
Rate of inflation	2.00%	2.00%

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

7. Capital assets:

(a) Capital assets held for sale:

	Cost	Accumulated Amortization	2024 Net book Value	2023 Net book Value
Vale Living with Lakes Centre and Watershed Building:				
Building held for sale	\$ 18,904	\$ 5,784	\$ 13,120	\$ -
Land held for sale	1,000	-	1,000	-
President's House:				
Building held for sale (note 22)	80	80	-	-
Land held for sale (note 22)	22	-	22	-
	\$ 20,006	\$ 5,864	\$ 14,142	\$ -

Included in Capital assets held for sale is the Vale Living with Lakes Centre and Watershed Building with a net book value of \$14,120. Deferred capital contributions includes an unamortized balance of \$12,852 related to this asset (note 11(b)). The University anticipates to sell this property to the Province of Ontario within the next year for proceeds of \$8 million which will be paid to the Distribution Pool (note 2(b)) (note 10(a)). The University anticipates that it will lease the property back from the Province as part of the sale agreement.

Also included in Capital assets held for sale is the property known as the President's House, which was sold subsequent to year-end, on May 1, 2024. The net proceeds of \$894 was added to the Distribution Pool (note 10(a)) (note 22).

(b) Capital assets:

	Cost	Accumulated Amortization	2024 Net book Value	2023 Net book Value
Buildings	\$ 346,277	\$ 134,590	\$ 211,687	\$ 228,187
Equipment and furnishings	64,573	62,325	2,248	2,282
Site improvements	12,007	10,860	1,147	1,198
Land	12,391	-	12,391	13,413
	\$ 435,248	\$ 207,775	\$ 227,473	\$ 245,080

A total of \$242 (2023 - \$34) of buildings are under construction and not yet subject to amortization.

The University reviewed their capital assets for indicators of impairment and determined that an impairment allowance was not required. The University's buildings are considered an integrated group of assets to provide post-secondary education to students and to support research activities. The overall service potential for the integrated asset group has not been significantly reduced and continues to be used to provide on-going and future services to support the University's academic and research operations.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

7. Capital assets (continued):

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

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

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

After due diligence, including consultations with Indigenous communities, specific assets will be confirmed for sale. The University is negotiating the sale of these assets and lease-back with the province of Ontario with closing to occur and proceeds of sale paid to the Distribution Pool by no later than November 28, 2025, as required by the Plan.

8. Accounts payable and accrued liabilities:

Included in Accounts payable and accrued liabilities are government remittances payable of \$2,162 (2023 - \$2,057), which includes amounts payable for payroll related taxes.

9. Long-term debt:

On November 28, 2022 upon implementation of the Plan in the CCAA proceeding, the University entered into a new secured long-term loan agreement with the Province of Ontario (the "Exit Financing"). During 2024, the University made principal payments totalling \$1,466 (2023 - \$592) as required by the terms of the Exit Financing. Total interest paid on long-term debt during the year was \$2,101 (2023 - \$884 included in restructuring costs (note 18)). The University granted to the Province of Ontario a continuing security interest and a first-ranking lien in favour of the Province of Ontario over all of the collateral (subject only to Permitted Liens as defined in the loan agreement) of the University to secure the Exit Financing. The Exit Loan agreement contains six financial covenants that must be maintained over the life of the agreement. The first loan covenant commenced and was met in fiscal 2023-24. Two financial covenants will be required by fiscal 2025-26, with the remaining three financial covenants required by fiscal 2027-28.

The University's indebtedness as of April 30, 2024 and 2023 consisted of the following:

	Rate	Fixed Maturity	2024	2023
Province of Ontario	6.11%	2038	\$ 32,942	\$ 34,408
Less: Current portion of long-term debt			(1,556)	(1,466)
			\$ 31,386	\$ 32,942

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

9. Long-term debt (continued):

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

2025	\$	1,556
2026		1,651
2027		1,752
2028		1,859
2029		1,972
Thereafter		24,152
	\$	32,942

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

(a) Payable to CCAA Distribution Pool:

The Payable to CCAA Distribution Pool (note 2(b)) (note 3(j)) represents the amount owing to the Distribution Pool pursuant to the Plan. The amount is equal to the expected proceeds from the sale of assets to the Province of Ontario of up to \$53,500 (note 7) less payments already made to holders of Secured Claims, CCAA Priority Claims and Vacation Pay Compensation Claims in the amount of \$5,954.

(b) Liabilities subject to the Plan:

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

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

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

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

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

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

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

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

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

(c) Recovery from CCAA Proceedings:

On November 28, 2022, Liabilities subject to the Plan as well as pre-CCAA deferred contributions were derecognized when the liabilities were legally discharged and released upon the implementation of the Plan (note 2(b)), resulting in a recovery on the Consolidated Statement of Operations. At the same time, the University recorded a Payable to CCAA Distribution Pool (note 10(a)) in an amount equal to the expected proceeds from the sale of assets to the Province of Ontario of up to \$53,500 (note 7) less payments already made to holders of Secured Claims, CCAA Priority Claims and Vacation Pay Compensation Claims in the amount of \$5,954.

A reconciliation of the Recovery from CCAA Proceedings recorded on the Consolidated Statement of Operations in 2023 is as follows:

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

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

11. 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:

	2024	2023
Balance, beginning of year	\$ 17,819	\$ 40,607
Add contributions received in the year	13,392	19,100
Less amounts recognized as revenue	(13,076)	(15,695)
Less amounts derecognized in accordance with the Plan (note 2 (b))	-	(26,193)
Balance, end of year	\$ 18,135	\$ 17,819

Deferred contributions recognized in the year for all types of revenue was \$13,076 (2023 - \$15,695). Included in this amount is \$6,951 (2023 - \$11,387) of research income. The corresponding expenses related to this research activity are \$4,610 (2023 - \$7,394) in salaries and benefits expense; \$1,826 (2023 - \$3,482) in operating and research expense and \$515 (2023 - \$511) in scholarships and bursaries expense.

On November 28, 2022, the obligations associated with \$26,193 of pre-CCAA deferred contributions were legally discharged and released upon implementation of the Plan. These amounts were derecognized as liabilities in the prior year with an associated gain reported in the Statement of Operations (note 10c).

Deferred contributions consist of the following:

	2024	2023
Research grants	\$ 14,862	\$ 13,183
Other grants and contracts	2,648	4,184
Scholarships and bursaries	625	452
Balance, end of year	\$ 18,135	\$ 17,819

Since December 2020, the University has separate bank accounts and short-term investment accounts to hold future contributions received for restricted purposes.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

11. Deferred contributions (continued):

(a) Deferred contributions (continued):

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

	2024	2023
Amount of deferred contributions held in separate bank accounts or short-term investment account:		
Unspent research grant account	\$ 14,862	\$ 13,183
Restricted funds account	2,439	1,978
Amount of deferred contributions not held in separate bank accounts or short-term investment account	834	2,658
	<u>\$ 18,135</u>	<u>\$ 17,819</u>

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

(b) Deferred capital contributions:

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

	2024	2023
Unspent:		
Balance, beginning of year	\$ 4,105	\$ 3,134
Add contributions received in the year	1,208	2,393
Less amounts spent	(1,681)	(1,422)
Balance, end of year	3,632	4,105
Unamortized:		
Balance, beginning of year	116,216	120,390
Add contributions spent in the year	1,681	1,422
Less amount amortized to revenue	(5,075)	(5,596)
Balance, end of year	112,822	116,216
Total unspent and unamortized capital contributions	<u>\$ 116,454</u>	<u>\$ 120,321</u>

Included in unamortized deferred capital contributions is \$12,852 (2023 - \$nil) relating to a property held for sale, the Vale Living with Lakes Centre and Watershed Building (note 7(a)).

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

12. Endowments and investment income:

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

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

The University reviews its distribution rate on an annual basis. In 2024, the University approved a distribution of up to 2.5% (2023 – 2.5%) of the fair value of the endowments investment, subject to availability of earned investment income in each endowment account. For 2024, the University also approved spending on unspent distributions from the previous year. Total actual amount distributed was \$977 (2023- \$401).

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 \$475 (2023 – \$196).

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

	2024	2023
Balance, beginning of year	\$ 47,510	\$ 60,961
Endowment contributions	94	266
Net increase (decrease) in Endowments		
Investment income	3,714	1,357
Administrative fee	(475)	(196)
Investment management fees	(252)	(226)
Investment income available for distribution	(977)	(401)
	2,010	534
Transferred to Northern Ontario School of Medicine (NOSM)	-	(14,251)
Balance, end of year	\$ 49,614	\$ 47,510

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

12. Endowments and investment income (continued):

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

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

In April 2024, the Board approved a plan to spend \$4,897 (\$4,400 in endowment contributions and \$497 in reinvested investment income) from 24-25 to 28-29 on academic and research initiatives, at the request of the donor (note 15).

The Endowments balance consists of:

	2024	2023
Cumulative endowment contributions	\$ 36,442	\$ 36,348
Cumulative reinvested investment income	13,172	11,162
	<u>\$ 49,614</u>	<u>\$ 47,510</u>

The breakdown of investment income is as follows:

	2024	2023
Unrealized gains	\$ 2,219	\$ 3,694
Interest income and dividends	9,237	4,283
Realized losses	(34)	(3,826)
	<u>\$ 11,422</u>	<u>\$ 4,151</u>
Long-term investment gain related to endowments	2,485	956
Short-term investment gain recognized in other fees and income	8,937	3,195
	<u>\$ 11,422</u>	<u>\$ 4,151</u>

13. Investment in capital assets:

The Investment in capital assets is calculated as follows:

	2024	2023
Capital assets held for sale	\$ 14,142	\$ -
Capital assets	227,473	245,080
Less amounts financed by:		
Unamortized deferred capital contributions (note 11(b))	(112,822)	(116,216)
	<u>\$ 128,793</u>	<u>\$ 128,864</u>

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

14. Internally restricted net assets:

	2024	2023
Ancillaries	\$ 3,419	\$ -
Transformation (note 19)	3,579	-
Other projects and initiatives	3,144	-
Departmental and subsidiary research funds	1,713	1,475
Capital projects	1,513	-
	\$ 13,368	\$ 1,475

The ancillaries internally restricted fund was established at year end and represents the surplus generated by ancillary operations during 2023-24. During the year, the University transferred \$3,419 (2023 - \$nil) from the unrestricted fund to the internally restricted fund for the purpose of future ancillary projects.

The Transformation internally restricted fund was established at year end and represents unspent budget in 2023-24 to be carried forward for the implementation of the Transformation Plan and will be used to fund transformation projects spending in future years (note 19). The University transferred \$3,579 (2023 - \$nil) from the unrestricted fund to the internally restricted fund for the purpose of the transformation projects.

The other projects and initiatives internally restricted fund was established at year end and represents unspent funds relating to professional allowances, start-ups funds, and various student services initiatives to be spent in the future. The University transferred \$3,144 (2023 - \$nil) from the unrestricted fund to the internally restricted fund for the purpose of future spending on these initiatives.

A Capital projects internally restricted fund was established at year-end and represents funding for multi-year capital projects and unspent capital budgets to be carried forward for spending in the next fiscal year. During the year, the University transferred \$1,513 (2023 - \$nil) from the unrestricted fund to the internally restricted fund for the purpose of future capital spending.

Departmental and subsidiary research funds relate to MIRARCO and other internally restricted research projects. During the year, the University transferred from the unrestricted fund \$238 (2023 - \$311) of surplus for the purpose of future internal research spending.

Internally restricted net assets are approved by Board resolution.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

15. Commitments and contingencies:

- (a) The University participates in a reciprocal exchange of insurance risks in association with forty other Canadian universities. This self-insurance co-operative involves a contractual agreement to share the insurance property and liability risks of member universities.
- (b) The University is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. These claims are subject to measurement uncertainty. The loss, if any, from the determination of additional claims will be accounted for in the periods in which the claims are resolved and are presently assigned to its insurer.

Litigation claims existing at the time the CCAA proceeding was commenced were addressed as part of the Claims Process and were material. In 2022, The University recognized certain of these litigation claims as liabilities subject to the Plan in note 10, to the extent that they had been resolved or determined in the Claims Process. Some claims were subject to measurement uncertainty. Pursuant to the Plan, all claims of Affected Creditors against the University have been discharged and released. Certain litigation claims were designated as Insured Claims under the Plan and in the case of Insured Claims, the plaintiff's recovery is limited to the proceeds of insurance, if any, and not the University.

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

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

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

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

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

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

15. Commitments and contingencies (continued):

- (e) During 2023-24, the Board of Governors and Ministry of Colleges and Universities approved a 4-year Transformation project budgeted at \$32 million (note 19). During 2023-24, \$3,622 was spent on this project (2023 - \$nil).
- (f) In April 2024, the Board approved a plan to spend \$4,897 (\$4,400 in endowment contributions and \$497 in reinvested investment income) from 24-25 to 28-29 on academic and research initiatives, at the request of the donor.

16. Change in non-cash working capital:

	2024	2023
Cash flows from operating activities:		
Accounts receivable	\$ 4,318	\$ (94)
Prepaid expenses	749	(1,696)
Accounts payable and accrued liabilities	1,021	9,250
Accrued vacation pay	563	130
Deferred revenue	(2,113)	3,628
Deferred contributions	316	(22,788)
	\$ 4,854	\$ (11,570)

17. Other fees and income:

Details of the other fees and income are as follows:

	2024	2023
Administrative fees	\$ 3,884	\$ 4,028
Investment income	8,937	3,195
Scholarships, bursaries and other restricted contributions	1,428	2,201
Compulsory fees	3,258	2,796
Sponsored students	2,472	2,506
Course fees and other	5,519	5,256
	\$ 25,498	\$ 19,982

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

18. Restructuring costs:

As part of the restructuring and financial sustainability initiatives negotiated with stakeholders and approved by the Court, the University reduced the academic program offerings, disclaimed its historical agreements with the Former Federated Universities (including the Financial Distribution notices), terminated, or significantly reduced employee benefits and reduced faculty and other staff. In connection with the Plan and the CCAA proceeding, the following restructuring costs were recognized in the consolidated statement of operations for the fiscal year ending April 30, 2023. Starting in fiscal 2023-24, interest expenses on the Exit Loan Agreement (note 9) of \$2,101 are presented as interest on the consolidated statement of operations and professional fees related to CCAA of \$368 are included in operating and research expense on the consolidated statement of operations.

	2023
Employee restructuring and termination costs	\$ 836
Legal, Monitor, consulting, interest and finance costs	
Legal fees	6,171
Monitor fees	2,185
Consulting fees	810
Interest and finance costs	1,106
	<u>10,272</u>
	<u>\$ 11,108</u>

19. Transformation:

As a critical key step in the CCAA process, the University announced in October 2021 it had engaged Nous Group to conduct an Operations and Governance Review for improving the operational structure and function of the University, as well as governance at the Board and Senate. In keeping with Laurentian's commitment to conduct the review in an independent manner, Nous Group reported directly to the Chief Redevelopment Officer and the court-appointed Monitor throughout the process.

As part of the Plan of Implementation, the University committed to create a Transformation Consultation Group (TCG) and develop a detailed plan for undertaking the comprehensive operational restructuring and transformation described in the Operations and Governance Report. The TCG serves to inform on the development of the Transformation Plan by Deloitte who was selected as the Project Management Consultant. The estimated value of the Transformation project is \$32 million to be spent over 4 years starting in 2023-24 and is included in the 5-year financial projections to the Ministry of Colleges and Universities (MCU). The Transformation Plan was completed within 120 days and received approval from the Board of Governors on November 1, 2023, and was subsequently approved by the MCU.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

20. Financial risks:

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

(a) Credit risk:

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

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

(b) Interest rate risk:

The University has historically been exposed to interest rate risk with respect to its interest-bearing investments, long-term debt and interest rate derivative agreements as disclosed in the consolidated statement of cash flows and notes 3(f) and 9. Pursuant to the Plan, the University's obligations to repay principal and interest in respect of certain pre-CCAA debt agreements were discharged.

At April 30, 2024, the University has long-term debt with the Province of Ontario in the amount of \$32,942 (2023 - \$34,408) with a fixed interest rate of 6.11% and is therefore subject to interest rate risk (note 9).

(c) Currency risk:

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

(d) Liquidity risk:

Liquidity risk is the risk that the University will be unable to fulfill its obligations on a timely basis or at a reasonable cost. Liabilities such as accounts payable and accrued liabilities, long-term debt and payable to distribution pool give rise to liquidity risk. The University manages its liquidity risk by monitoring its operating requirements.

(e) Market price risk:

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

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

21. Related party transactions:

The University has the following related parties:

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

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

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

	2024	2023
Recoveries and charges for goods and services	\$ 1,289	\$ 821

At April 30, 2024 the University had \$99 (2023 - \$130) receivables from CEMI and had a payable of \$nil (2023 - \$ nil) to CEMI.

(b) Student associations:

The University has an economic interest in its student associations as it collects student fees on their behalf. Transactions with these related parties, unless disclosed otherwise, are considered to be in the normal course of operations and are recorded at their exchange amounts, which is the amount of consideration established and agreed to between the University and the related parties.

22. Subsequent events:

On May 1, 2024, the property known as the President's House with a carrying value of \$22 was disposed at net proceeds of \$894, generating a gain on disposal of \$872. The net proceeds of this sale was added to the Distribution Pool (note 10(a)).

23. International Study Permits:

On January 22, 2024, the Government of Canada announced a two-year intake cap on international student permit applications being approved which resulted in a reduction of approximately 35% in approved study permits from 2023. A significant portion of the University's tuition revenue is derived from international students accounting for 17% of students in 2023-24. Most of the University's international growth however was at the Graduate level which was not impacted by the cap. Of the overall international enrolment, 76% are students studying in Graduate level programs. The cap for 2025 is expected to be determined by the end of 2024.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2024
(thousands of dollars)

24. Comparative information:

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



Laurentian University
Université **Laurentienne**

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