Court File No. CV-21-656040-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LAURENTIAN UNIVERSITY OF SUDBURY

FIFTEENTH REPORT OF THE MONITOR
September 23, 2022

INTRODUCTION

1. On February 1, 2021, Laurentian University of Sudbury ("**LU**" or the "**Applicant**") brought an application before this Court seeking an initial order pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") to, among other things, obtain a stay of proceedings to allow the Applicant an opportunity to restructure itself financially and operationally.

2. On February 1, 2021, the Court granted an initial order (the "**Initial Order**") that, among other things, appointed Ernst & Young Inc. as monitor of the Applicant in these CCAA proceedings (in such capacity, the "**Monitor**"), approved a stay of proceedings for the initial 10-day period (the "**Stay Period**") and certain Court ordered super-priority charges.

3. On February 5, 2021, the Court issued an order (the "**Mediator Appointment Order**") appointing the Honourable Mr. Justice Sean F. Dunphy as mediator (the "**Court-Appointed Mediator**") to oversee and mediate certain negotiations within the restructuring as set out in the Mediator Appointment Order.

4. On February 10, 2021, the Court held a comeback hearing, which resulted in the issuance of an amended and restated initial order (the "**Amended and Restated Initial Order**") which, among other things, approved debtor-in-possession interim financing up to the maximum amount of $25 million (the "**DIP Facility**") and extended the stay of proceedings to April 30, 2021.

5. On April 29, 2021, the Court granted a stay extension order which, among other things, approved an increase in the DIP Facility up to a maximum principal amount of $35 million (the “**Amended DIP Facility**”) and extended the stay of proceedings to August 31, 2021.

6. On May 31, 2021, the Court granted a claims process order (as amended and restated from time to time, the “**Claims Process Order**”) which, among other things, established a process whereby the Monitor, in conjunction with the Applicant, would: (a) call for claims of creditors and establish bar dates by which all such claims must be filed; (b) determine Claims (as defined in the Claims Process Order) for voting and distribution purposes in relation to a plan of compromise or arrangement to be presented by the Applicant at a future date; and (c) develop a process for dealing with compensation claims, including establishing a methodology for calculating the compensation claims (the “**Claims Process**”).

7. On May 31, 2021 the Court granted an order appointing Mr. Louis (Lou) P. Pagnutti as Chief Redevelopment Officer (the “**CRO**”) of the Applicant.

8. On July 5, 2021, the Court issued an order authorizing and directing LU to engage Cushman & Wakefield (“**C&W**”) as an advisor to perform a review of the Applicant’s real estate portfolio, and on July 20, 2021, an engagement letter was executed with C&W.

9. On August 17, 2021, the Court granted an order (the “**Compensation Claims Process Order**”) approving the methodology to calculate Compensation Claims, other than Third Party RHBP Claims (as those terms are defined in the Compensation Claims Process Order), and a process for notification and claims processing to determine Compensation Claims for voting and distribution purposes in relation to a plan of compromise or arrangement to be presented by the Applicant at a future date.

10. On August 27, 2021, the Court granted an Order: (a) extending the stay of proceedings to January 31, 2022; and (b) approving an amendment to the Amended DIP Facility which, among other things, extended the Maturity Date (as defined in the Amended DIP Facility) to January 31, 2022.

11. On October 1, 2021, the Court granted an Order amending the Compensation Claims Process Order to reflect certain revisions to the Order and Methodology related to the Third Party RHBP Claims (as defined in the Amended Compensation Claims Process Order) that were the product of additional discussions among LU, the Monitor, and the Third Parties (as defined in the Amended Compensation Claims Process Order).

12. On December 20, 2021, the Court granted an Order appointing three Claims Officers (as defined in the Claims Process Order) pursuant to the Claims Process Order and an Order setting out a process for the resolution of grievances filed subsequent to the date of the Initial Order (the "**Grievance Resolution Order**") and appointing the Grievance Resolution Officer (as defined in the Grievance Resolution Order).

13. On January 27, 2022, the Court granted two orders: (a) one extending the stay of proceedings to May 31, 2022 and authorizing the Monitor and CRO to develop and implement a process to identify and retain a qualified, independent third-party to assist LU with the development of a new strategic plan; and (b) the second approving a new DIP facility (the "**MCU DIP Facility**") which, among other things, replaced the existing DIP Lender with the Province of Ontario (the "**Province**") as represented by the Ministry of Colleges and Universities ("**MCU**") and provided for a maturity date of September 30, 2022.

14. On April 1, 2022, the Court granted an order on consent terminating the stay of proceedings with respect to information requests made under the *Freedom of Information and Protection of Privacy Act* effective May 1, 2022.

15. On May 27, 2022 the Court granted two orders: (a) one approving the pension participation agreement with the University of Sudbury, and (b) the second extending the stay of proceedings to September 30, 2022.

16. On July 28, 2022, the Court granted an Order (the "**Meeting Order**"): (a) accepting the filing of LU's Plan of Compromise and Arrangement dated July 21, 2022 (as amended, the "**Plan**"); (b) authorizing one class of Affected Creditors (as defined in the Plan) for the purpose of considering and voting on the Plan; (c) authorizing LU to call, hold and conduct a virtual meeting of Affected Creditors (the "**Meeting**"); (d) establishing certain rules and procedures to be followed in connection with the Meeting; and (e) setting the date for the hearing of LU's motion seeking court approval of the Plan, if the Plan is approved.

PURPOSE

17. The purpose of this Fifteenth Report of the Monitor (the "**Fifteenth Report**") is to provide information to the Court on:

    a. the results from the Meeting held on September 14, 2022;

    b. the Applicant's cash flow forecast (the "**Revised Cash Flow Forecast**") for the period from September 10, 2022 to October 7, 2022 (the "**Forecast Period**");

c. the Applicant's request for approval of an order that among other things:

   i. extends the stay of proceedings from September 30, 2022 to October 7, 2022; and

   ii. approves the amendment to the MCU DIP Loan Agreement to extend the maturity date to November 30, 2022 (the "**Amended MCU DIP Loan Agreement**"); and

d. The Monitor's recommendations with respect to the above.

TERMS OF REFERENCE AND DISCLAIMER

18. In preparing this Fifteenth Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by the Applicant and discussions with senior management of the Applicant ("**Management**") (collectively, the "**Information")**. Except as described in this Fifteenth Report in respect of the Applicant's Revised Cash Flow Forecast:

    a. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and

    b. Some of the information referred to in this Fifteenth Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the *Chartered Professional Accountants Canada Handbook*, has not been performed.

19. Future oriented financial information referred to in this Fifteenth Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

20. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Fifteenth Report concerning the Applicant and its business is based on the Information, and not independent factual determinations made by the Monitor.

21. This Fifteenth Report does not take into account all future impacts of COVID-19 (SARSCoV-2) ("**COVID-19**" or the "**Pandemic**") on the forecasts or projections or other actions taken by the Applicant as a result of the Pandemic. Any references made to the impact of the Pandemic on the Applicant in this Fifteenth Report are based on preliminary enquiries and are not to be interpreted as a complete commentary or as an accurate assessment of the full impact of the Pandemic. The full impact of the Pandemic is not capable of being qualitatively or quantitatively assessed at this time.

22. Capitalized terms not defined in this Fifteenth Report are as defined in the Pre-Filing Report of the Proposed Monitor, prior reports of the Monitor, the Amended and Restated Initial Order, the Plan, the Information Circular, and the Meeting Order, as well as other orders granted in the CCAA proceedings, as applicable.

23. Certain documents referred to in this Fifteenth Report are as attached to the initial affidavit of Dr. Robert Haché sworn January 30, 2021 (the "**Initial Haché Affidavit**") or the affidavit of Dr. Robert Haché sworn September 23, 2022 (the "**Recent Haché Affidavit**") in connection with this motion.

24. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian dollars.

BACKGROUND

25. On March 28, 1960, LU was incorporated under *An Act to Incorporate Laurentian University of Sudbury*, S.O. 1960, c. 151 C. 154 (the "**Laurentian Act**").

26. LU is a non-share capital corporation and a registered charity pursuant to the *Income Tax Act*, R.S.C. 1985, c.1 (the "**Income Tax Act**"). Pursuant to Section 149 of the Income Tax Act, LU is exempt from the payment of income tax because of its status as a registered charity. As a registered charity, LU issues tax receipts in respect of donations that it receives.

27. LU is a publicly funded, bilingual and tricultural post-secondary institution. Its operations are located in the City of Greater Sudbury, Ontario. LU has consistently been one of the largest employers in Sudbury.

28. As described in the Initial Haché Affidavit, the governance structure of LU is bi-cameral. It has a Board of Governors (the "**Board**") and a Senate (the "**Senate**"), both of which derive their authority from the Laurentian Act. The Board, and the President and Vice-Chancellor generally have authority over the operational and financial management of LU, whereas the Senate is responsible for decisions in respect of educational policy at LU.

29. Prior to this CCAA proceeding, LU had relationships with certain independent federated universities, including the University of Sudbury ("**SU**"), the University of Thorneloe ("**Thorneloe**") and Huntington University ("**Huntington**") (collectively, the "**Former Federated Universities**"). On April 1, 2021, LU delivered Notices to Disclaim or Resiliate to each of the Former Federated Universities pursuant to section 32 of the CCAA (the "**Notices of Disclaimer**"). The Notices of Disclaimer became effective on May 2, 2021.

30. Further background information with respect to the Applicant is described in the Pre-Filing Report and prior Reports of the Monitor.

STAY EXTENSION

31. Following approval of the Meeting Order on July 28, 2022, the Monitor and Applicant worked diligently to, among other things, provide notice to creditors and prepare to hold and conduct the Meeting in accordance with the Meeting Order.

32. The Meeting was held on September 14, 2022. At the Meeting, the Required Majority of Affected Creditors voted in favour of accepting the Plan.

33. In accordance with the Meeting Order, LU is scheduled to bring a motion seeking an order sanctioning the Plan (the "**Sanction Order**") on October 5, 2022 (the "**Sanction Hearing**") as a result of the Affected Creditors approving the Plan. With the Stay Period set to expire on September 30, 2022, LU is requesting a one-week extension of the Stay Period up to and including October 7, 2022 to allow the Applicant the necessary time to bring its motion for the Sanction Order.

34. The Monitor will file a separate report to the Court with further information in respect of the Meeting and voting results, the Monitor's comments in respect of the proposed Sanction Order and a report on variances between actual cash flow results and the forecast cash flows attached as Appendix "C" to its Thirteenth Report for the period May 7, 2022 to September 9, 2022, prior to the Sanction Hearing. The Monitor will also include in that report, Management's cash flow forecast for the additional stay extension period to be sought in conjunction with the Sanction Order to permit the Applicant the time required to satisfy the conditions to implement the CCAA Plan.

35. In the interim, to assist the Court with the current request for a short, one-week extension of the Stay Period, the Revised Cash Flow Forecast has been prepared. A copy of the Revised Cash Flow Forecast is attached to this Report as Appendix "**A**". The Monitor's comments on the Revised Cash Flow Forecast are set out below.

36. Based on the Revised Cash Flow Forecast, in conjunction with the proposed extension of the maturity of the MCU DIP Facility, as described below, the Monitor is of the view that the Applicant has sufficient liquidity to fund its operations until October 7, 2022.

37. The Monitor is of the view that the requested extension of the Stay Period is appropriate for the following reasons:

   a. the Applicant requires the extension of the Stay Period to allow the Applicant sufficient time to seek the Sanction Order; and

   b. the Applicant continues to operate in good faith and with due diligence.

38. For the foregoing reasons, the Monitor supports the Applicant's request for an order extending the Stay Period to October 7, 2022.

REVISED CASH FLOW FORECAST

39. The Revised Cash Flow Forecast was prepared by Management, using the probable and hypothetical assumptions set out in the notes to the Revised Cash Flow Forecast (the "**Assumptions**") and represents the estimates of Management of the projected cash flow during the Forecast Period on a weekly basis.

40. The Revised Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

41. The Monitor has reviewed the Revised Cash Flow Forecast by the standard required of a Court-appointed Monitor by section 23(1)(b) of the CCAA. Section 23(1)(b) requires a Monitor to review the debtor's cash flow statement as to its reasonableness and to file a report with the Court on the Monitor's findings.

42. Pursuant to this standard, the Monitor's review of the Revised Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to information supplied to it by certain key members of Management and employees of the Applicant. Since the Assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Revised Cash Flow Forecast. The Monitor also reviewed the support provided by Management for the Assumptions and the preparation and presentation of the Revised Cash Flow Forecast.

43. Based on the Monitor's review, nothing has come to its attention that causes it to believe, in all material respects, that:

a. the Assumptions are not consistent with the purpose of the Revised Cash Flow Forecast;

b. as at the date of this Report, the Assumptions are not suitably supported and consistent with the plans of the Applicant or do not provide a reasonable basis for the Revised Cash Flow Forecast, given the Assumptions; or

c. the Revised Cash Flow Forecast does not reflect the Assumptions.

44. The Revised Cash Flow Forecast projects that during the Forecast Period, the Applicant will have estimated total combined receipts of approximately $14.7 million, net of $0.4 million in receipts of restricted funds to be directed to accounts that are segregated so that the funds may be used for the specific purpose intended under the associated agreement or documentation (the "**Segregated Accounts**"). Estimated total combined disbursements are forecast to be approximately $16.5 million with no reimbursements from the Segregated Accounts forecast during the period. This results in projected net cash outflow (net of Segregated Account activity) of approximately $1.8 million.

45. The Revised Cash Flow Forecast projects that LU will have access to sufficient liquidity during the Forecast Period.

46. The main assumptions of the Revised Cash Flow Forecast are as follows:

a. the Amended MCU DIP Loan Agreement is approved;

b. academic teaching operations, the provision of ancillary services and certain in-process research activity continues in the ordinary course, uninterrupted;

c. certain vacancies in staff positions will remain unfilled pending further discussions in respect of the recently completed operational and governance review, at which time LU will be in a better position to assess future staffing needs;

d. capital project related disbursements, including deferred maintenance, are limited to critical time-sensitive expenditures required to maintain the buildings and infrastructure. All other budgeted deferred maintenance amounts will continue to be postponed pending the completion of the restructuring;

e. critical research pursuant to research grants received prior to December 2020 for which funds were not segregated are funded to the extent the research is required to support students enrolled in LU programs. Non-critical research continues to be deferred;

f. payment by the Applicant of its portion of assessments due to the Pension Benefit Guarantee Fund in respect of the pre-filing period as well as special payments to the Applicant's defined benefit pension plan continue to be stayed in accordance with the Order granted on March 7, 2021;

g. LU continues to fund certain scholarships and bursaries to students from operations without drawing on its investment account which holds funds designated to support endowments;

h. all payments in respect of goods and services supplied pre-filing and principal and interest payments on pre-filing debt continue to be stayed with the following limited exceptions:

    i. customary exceptions with respect to wages and benefits (but not termination and severance or pre-filing vacation pay) owing to active employees;

    ii. currently registered students will remain unaffected, including in respect of ordinary course student refunds, scholarships, bursaries and other amounts; and

    iii. funds collected on behalf of the Students' Associations will be remitted in the ordinary course; and

i. the Applicant will bring current payment of certain accounts payable including the payment of Restructuring Costs, which payment has been significantly delayed due to delays in the Applicant's processing of payments.

AMENDMENTS TO THE MCU DIP LOAN AGREEMENT

47. As set out in the Tenth Report, as part of the package of support offered by the Province in late 2021, the Province agreed to refinance the Amended DIP Facility. Accordingly, LU agreed to enter into an agreement (the "**MCU DIP Loan Agreement**") with the Province, as represented by MCU pursuant to which the Province would advance $35 million to LU (the "**MCU DIP Facility**") to permit LU to repay in full and discharge the Amended DIP Facility.

48. On January 27, 2022, the Province advanced the $35 million and on January 28, 2022, the Amended DIP facility was repaid in full and discharged.

49. The maturity date of the MCU DIP Facility is September 30, 2022, or earlier in the event of the occurrence of certain events, including the implementation of a CCAA plan, the sale of substantially all assets of LU, the lifting of the CCAA stay of proceedings or an event of default pursuant to the MCU DIP Loan Agreement.

50. LU does not expect that it will require additional financing for the maturity extension period of the MCU DIP Facility, as described below. While LU is expected to have positive net cash inflow and to maintain a reasonable cash balance, this balance continues to be required to allow LU to operate through the next academic year. In addition, should the Sanction Order be granted, this balance will be required to assist in satisfying the Plan Implementation Conditions until LU obtains the proposed exit financing contemplated in the Plan.

51. Accordingly, LU has agreed with the Province to enter into an Amended MCU DIP Loan Agreement pursuant to which the Province has agreed to extend the maturity date of the MCU DIP Facility to November 30, 2022 (subject to the same limitations set forth above in paragraph 50). The Province will not be charging LU an extension fee in respect of this amendment. A copy of the Amended MCU DIP Loan Agreement is attached as Exhibit "A" to the Recent Haché Affidavit and has been executed by LU and the Province, subject to court approval.

52. The Amended MCU DIP Loan Agreement provides that the MCU DIP Facility shall remain subject to the same terms and conditions as set out in the MCU DIP Loan Agreement.

53. The Applicant has achieved a significant milestone in the CCAA proceeding with the approval of the Plan. The Monitor notes that with no additional fees contemplated in this amendment, the extension of the MCU DIP Facility will provide LU with the necessary working capital to continue operating during 2022-23 academic year and to satisfy specific Plan Implementation Conditions, should the Sanction Order be granted. Upon implementation of the Plan, the Exit Financing contemplated in the Plan will repay and replace the MCU DIP Facility and provide necessary financial support going forward for LU. Accordingly, the Monitor is of the view that the Applicant's request for the amendment of the MCU DIP Loan Agreement is necessary and reasonable and supports the request.

MONITOR'S RECOMMENDATIONS AND CONCLUSIONS

54. For the reasons stated herein, the Monitor supports the relief sought by the Applicant including approval of:

    a. The extension of the Stay Period to October 7, 2022; and

    b. The Amended MCU DIP Loan Agreement.

55. Accordingly, the Monitor recommends that the Court grant the relief sought by the Applicant.

All of which is respectfully submitted this 23rd day of September, 2022.

ERNST & YOUNG INC., in its capacity as
Monitor of the Applicant, and not in
its corporate or personal capacity
Per:

Sharon Hamilt

Sharon S. Hamilton, CPA, CA, CIRP, LIT
Senior Vice President

APPENDIX "A"

REVISED FLOW FORECAST

Laurentian University
Cash Flow Forecast

(in 000s CAD$)	Notes	Week: 1 10-Sep-2022 16-Sep-2022	2 17-Sep-2022 23-Sep-2022	3 24-Sep-2022 30-Sep-2022	4 01-Oct-2022 07-Oct-2022	Forecast 10-Sep-2022 07-Oct-2022
Receipts						
Operating Grants	1	$ 2,944	$ -	$ 3,068	$ -	$ 6,012
Research Grants	2	111	27	27	130	294
Student Fees	3	3,515	1,081	1,277	683	6,556
Reimbursements	4	884	252	-	447	1,583
Donations	5	26	-	-	-	26
Other Receipts	6	84	20	347	181	632
Less Restricted Receipts	7	(142)	(27)	(142)	(130)	(441)
Total Receipts		7,422	1,353	4,576	1,311	14,662
Operating Disbursements						
Payroll & Benefits	8	(749)	(3,849)	(1,918)	(1,340)	(7,857)
Pension	9	-	-	(994)	-	(994)
Occupancy Costs	10	(121)	(189)	(492)	(304)	(1,106)
Other Operating Costs	11	(295)	(439)	(490)	(493)	(1,718)
Information Technology	12	(46)	(89)	(89)	(89)	(312)
Professional Fees	13	(55)	(100)	(100)	(100)	(355)
Student Refunds	14	(191)	(192)	(192)	(192)	(767)
Transferred Research Grants	15	-	(541)	-	-	(541)
Transfers to Federated Universities	16	-	-	-	-	-
Transfers to NOSM	17	-	-	-	-	-
Transfers to the Students' Associations	18	(371)	-	-	-	(371)
Transfers from / (to) Segregated Accounts	19	-	-	-	-	-
Total Operating Disbursements		(1,827)	(5,400)	(4,275)	(2,518)	(14,020)
Net Operating Cash Flow		5,595	(4,047)	301	(1,207)	642
Non operating Receipts/ (Disbursements)						
Capital Project Grants	20	-	-	-	-	-
Capital Projects	20	(3)	(50)	(50)	(50)	(153)
Debt Service	21	-	-	-	-	-
Restructuring Costs	22	-	(764)	(764)	(764)	(2,293)
Total Non-Operating Disbursements		(3)	(814)	(814)	(814)	(2,446)
Total Disbursements		(1,830)	(6,214)	(5,089)	(3,332)	(16,466)
Net Cash Receipts/(Disbursements)		$ 5,592	$ (4,862)	$ (513)	$ (2,021)	$ (1,804)
Cash Balance						
Beginning cash balance		$ 87,095	$ 92,687	$ 87,825	$ 87,282	$ 87,095
Adjustment to Actual, fx adjustment		-	-	-	-	-
Cash Receipts/(Disbursements)		5,592	(4,862)	(513)	(2,021)	(1,804)
DIP Financing Draw/(Interest Payments)		-	-	(30)	-	(30)
Ending cash balance		$ 92,687	$ 87,825	$ 87,282	$ 85,261	$ 85,261
DIP Financing	23					
Opening Balance		$ 35,000	$ 35,000	$ 35,000	$ 35,000	$ 35,000
Draw/(Payback)		-	-	-	-	-
Interest and Other Fees		-	-	30	-	30
Repayment of Interest and Other Fees		-	-	(30)	-	(30)
Ending Balance		$ 35,000	$ 35,000	$ 35,000	$ 35,000	$ 35,000
Available Liquidity		$ 92,687	$ 87,825	$ 87,282	$ 85,261	$ 85,261
Endowment Fund	24					
Beginning balance		$ 60,585	$ 60,585	$ 60,585	$ 60,585	$ 60,585
Transfers in/(out)		-	-	-	-	-
Change in Market Value		-	-	-	-	-
Ending Balance		$ 60,585	$ 60,585	$ 60,585	$ 60,585	$ 60,585
Segregated Accounts						
Beginning balance		$ 19,836	$ 19,978	$ 20,004	$ 20,147	$ 19,836
Restricted Receipts	7	142	27	142	130	441
Transfers from / (to) Operating Account		-	-	-	-	-
Ending Balance		$ 19,978	$ 20,004	$ 20,147	$ 20,277	$ 20,277

In the Matter of the CCAA of Laurentian University of Sudbury

Notes to the Unaudited Cash Flow Forecast of the Applicant

This Cash Flow Forecast has been prepared by the Applicant, with the assistance of the Monitor, for the purpose of the CCAA proceedings, using the following probable and hypothetical assumptions. The defined terms used in this Cash Flow Forecast are defined in the Monitor's Pre-filing Report.

The following provides a description of revenue and expense items and assumptions used in preparing the forecast:

General assumptions

- Receipts and disbursements denominated in US currency have been converted into Canadian dollars using an exchange rate of CDN$1.30 = US$1.00.
- Cash Flow Forecast includes estimates and assumptions concerning the impact of COVID-19 on the Applicant's operations.
- Cash Flow Forecast assumes the necessary availability of financing under the MCU DIP Facility
- Unless otherwise indicated pre-filing amounts owing to third party suppliers and service providers are stayed. Post-filing goods and services from suppliers and service providers will be settled in the normal course.

Receipts

1. Operating Grants:

- Operating grants are primarily forecast based on the grant funding framework determined by the Province of Ontario and are expected to continue to be funded on a semi-monthly basis.

2. Research Grants:

- Research grants are based on revenue forecast by the Applicant's Research group and past funding experience.

3. Student Fees:

- Tuition, ancillary fees, and other student fees are billed to students upon registration for each academic semester and are collected on a seasonal basis. Student Fees are projected based on forecast student billings and collection experience.

4. Reimbursements:

- Receipts for the reimbursement of costs funded by the Applicant on behalf of certain associated organizations, including, but not limited to SNOLab, CEMI, and MIRARCO, have been forecast based upon the anticipated timing of incurring the costs and the subsequent billing and collection experience of the re-imbursement.

5. Donations:

- Donation receipts for operations, restricted use, research projects and capital projects are forecast based on historical experience. Endowment fund contributions are accounted for separately in the Cash Flow Forecast.

6. Other Receipts:

- Miscellaneous receipts are forecast based on expected revenues and collection experience, including amounts related to ancillary services, including, parking, copier & printer, campus services, Ontario Universities' Application Centre fees, HST refunds and other miscellaneous receipts.

7. Restricted Receipts:

- Restricted receipts primarily include restricted donations and research grants, which are held in segregated accounts and are only available for their restricted use.

<u>Disbursements</u>

8. Payroll & Benefits:

- All outstanding and future wages, salaries, employee and retiree benefits (including, without limitation, employee medical, dental, vision, insurance and similar benefit plans or arrangements), ordinary course pension benefits or contributions, vacation pay, expenses and any director fees and expenses, payable on or after the date of this Order, in each case for costs incurred in the ordinary course of business and consistent with existing practices, compensation policies and arrangements for current and future employees (but not including any payments to former employees or retirees in respect of the SuRP, the RHBP or termination or severance payments, which are hereby stayed), and all other payroll processing and servicing expenses will be paid in the ordinary course.
- All statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province or other taxing authority that are required to be deducted from employee wages including, in respect of employee insurance, Canada Pension Plan, Quebec Pension Plan and income taxes will be remitted

9. Pension:

- DB Pension Plan in respect of required employee contributions, including pre-filing amounts, and the employer current service payments made in ordinary course.
- Payments to former employees or retirees in respect of the SuRP are stayed.
- LU's portion of Special Payments (as defined in the Amended and Restated Initial Order dated February 11, 2021) with respect to the DB Pension Plan are suspended.
- Payments related to pre-filing amounts owing to Pension Benefit Guarantee Fund are stayed.

10. Occupancy Costs:

- Costs of operating and maintaining the Applicant’s facilities and rental properties are forecast based on historical run rates.

11. Other Operating Costs:

- Other Operating Costs including equipment purchases, library subscription fees, travel costs, food service costs, costs related to research projects and other operating costs are forecast based on historical run rates.

12. Information Technology:

- Information Technology costs including licensing fees and purchasing of new hardware are forecast based on historical run rates.

13. Professional Fees:

- Professional Fees include fees related to auditors, actuaries and other professionals assisting with research or other university operating projects, as well as the cost of Assistants up to the CCAA Filing Date, are forecast based on historical run rates.

14. Student Refunds:

- Amounts owing to students for the current 2022-23 academic year and future amounts owing in respect of rebates, refunds or other similar amounts will be paid in the ordinary course.
- Amounts owing in respect of the current 2022-23 academic year and future amounts payable to students in respect of student scholarship, bursary or grants will be paid in the ordinary course.

15. Transferred Research Grants:

- Research grants transferred to other researchers or research partners are forecast based on the forecast availability of segregated research grants.

16. Transfers to Federated Universities:

- There are no payments forecast to the Federated Universities as the disclaimer of each of the Federation Agreements and Financial Distribution Notices became effective May 1, 2021.

17. Transfers to NOSM:

- There are no transfers to NOSM forecast as LU is not collecting Student Fees on behalf of NOSM for the 2022-23 academic year.
- Student fees collected pre-filing are stayed.

18. Transfers to Students' Associations:

- Transfers of Student Fees collected on behalf of its Students' Associations are forecast based on the forecast billing and collection of Student Fees.

19. Transfers from Segregated Accounts:

- Funds are transferred from LU's segregated accounts to its operating accounts as a reimbursement for restricted use expenditures.

20. Capital projects:

- Due to cash conservation measures taken by LU, most capital projects have been deferred however, the amounts forecast reflect certain expenditures that are expected to be necessary for critical maintenance and repairs.

21. Debt Service:

- Debt service costs including, interest and principal repayments, are stayed as of the CCAA Filing Date.

22. Restructuring Costs:

- Restructuring costs have been forecast based on anticipated run rates. All outstanding fees and disbursements of Assistants retained or employed by the Applicant will be paid.

23. Endowment Fund:

- Endowment Funds represent funds held in an investment account and internally designated to support previously donated endowments, primarily for LU scholarships, NOSM scholarships and other purposes.
- The funds are invested in an investment account however, no change in market value has been forecasted.

24. DIP Financing:

- The cash flow includes ongoing interest costs in accordance with the MCU DIP Facility rate and assumes the MCU DIP Facility is extended to November 30, 2022.