

Consolidated Financial Statements of

**LAURENTIAN UNIVERSITY
OF SUDBURY**

Years ended April 30, 2013 and 2012



KPMG LLP
Chartered Accountants
Claridge Executive Centre
144 Pine Street PO Box 700
Sudbury ON P3E 4R6

Telephone (705) 675-8500
Fax (705) 675-7586
In Watts (1-800) 461-3551
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Governors of Laurentian University of Sudbury

We have audited the accompanying consolidated financial statements of Laurentian University of Sudbury, which comprise the statements of consolidated financial position as at April 30, 2013, April 30, 2012 and May 1, 2011, the consolidated statements of operations, changes in net assets (deficiency) and cash flows for the years ended April 30, 2013 and April 30, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Laurentian University of Sudbury as at April 30, 2013, April 30, 2012 and May 1, 2011, its results of operations, changes in net assets (deficiency) and its cash flows for the years ended April 30, 2013 and April 30, 2012 in accordance with Canadian accounting standards for-not-for profit organizations.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

October 16, 2013
Sudbury, Canada

LAURENTIAN UNIVERSITY OF SUDBURY

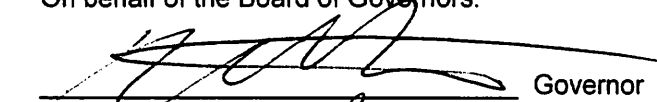
Consolidated Statements of Financial Position

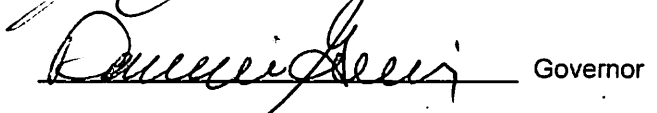
April 30, 2013, April 30, 2012 and May 1, 2011
(thousands of dollars)

	April 30, 2013	April 30, 2012	May 1, 2011
Assets			
Current assets:			
Cash and short-term investments (note 3)	\$ 14,990	21,046	20,084
Accounts receivable (note 4)	24,109	16,247	20,796
Other	1,124	895	645
	40,223	38,188	41,525
Investments (note 3)	38,496	35,622	35,439
Capital assets (note 6)	167,327	159,549	147,593
	\$ 246,046	233,359	224,557
Liabilities, Deferred Contributions and Net Assets			
Current liabilities:			
Short-term loan (note 7)	\$ 1,773	1,835	1,903
Accounts payable and accrued liabilities (note 8)	19,387	18,408	18,100
Accrued vacation pay	1,727	1,367	1,392
Deferred revenue	1,008	1,981	1,695
Current portion of long-term debt (note 9)	1,257	1,033	820
Current portion of special voluntary early retirement program (note 10)	856	713	607
	26,008	25,337	24,517
Long-term obligations:			
Special voluntary early retirement program (note 10)	719	1,473	1,263
Long-term debt (note 9)	58,383	54,206	43,539
Employee future benefits liabilities (note 5)	19,464	12,290	10,581
	78,566	67,969	55,383
Deferred contributions (note 11):			
Deferred contributions	23,658	19,366	19,593
Deferred capital contributions	75,166	72,799	74,043
	98,824	92,165	93,636
Net assets	42,648	47,888	51,021
Commitments and contingencies (note 15)			
	\$ 246,046	233,359	224,557

See accompanying notes to consolidated financial statements.

On behalf of the Board of Governors:

 Governor

 Governor

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statements of Operations

Years ended April 30, 2013 and 2012
(thousands of dollars)

	2013	2012
Revenue:		
Operating grants and contracts	\$ 74,912	73,261
Tuition fees	44,690	38,837
Sales and services	11,323	11,941
Investment income	3,023	223
Research grants and contracts	14,284	15,644
Other fees and income (note 17)	11,245	14,040
Amortization of deferred capital contributions	3,700	3,433
	163,177	157,379
Expenses:		
Salaries and benefits	112,216	111,518
Operating and research	19,884	20,914
Scholarships and bursaries	10,636	10,600
Occupancy	12,254	8,931
Amortization of capital assets	6,285	6,421
Cost of ancillary sales and services	1,457	1,462
	162,732	159,846
Excess (deficiency) of revenue over expenses before the undernoted	445	(2,467)
Employee future benefits expense	7,174	1,709
Deficiency of revenue over expenses	\$ (6,729)	(4,176)

See accompanying notes to consolidated financial statements.

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statements of Changes in Net Assets (Deficiency)

Years ended April 30, 2013 and 2012
(thousands of dollars)

April 30, 2013	Unrestricted	Employee Future Benefits	Internally Restricted (note 12)	Investment in Capital Assets (note 13)	Endowment	Total
Net assets (deficiency), beginning of year	\$ (9,742)	(12,290)	4,944	29,709	35,267	47,888
Excess (deficiency) of revenue over expenses	2,197	(7,174)	(367)	(1,385)	–	(6,729)
Transfer for capital transactions (note 13)	(1,293)	–	–	1,293	–	–
Endowment contributions	–	–	–	–	1,489	1,489
Net assets (deficiency), end of year	\$ (8,838)	(19,464)	4,577	29,617	36,756	42,648

April 30, 2012	Unrestricted	Employee Future Benefits	Internally Restricted (note 12)	Investment in Capital Assets (note 13)	Endowment	Total
Net assets (deficiency), May 1, 2011 (note 2 (a))	\$ (9,772)	(10,581)	9,258	27,892	34,224	51,021
Excess (deficiency) of revenue over expenses	4,835	(1,709)	(4,314)	(2,988)	–	(4,176)
Transfer for capital transactions (note 13)	(4,805)	–	–	4,805	–	–
Endowment contributions	–	–	–	–	1,043	1,043
Net assets (deficiency), end of year	\$ (9,742)	(12,290)	4,944	29,709	35,267	47,888

See accompanying notes to consolidated financial statements.

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statements of Cash Flows

Years ended April 30, 2013 and 2012
(thousands of dollars)

	2013	2012
Cash flows from operating activities:		
Deficiency of revenue over expenses	\$ (6,729)	(4,176)
Adjustments for:		
Amortization of capital assets	6,285	6,421
Amortization of deferred capital contributions	(3,700)	(3,433)
Change in accrued early retirement program costs	(611)	316
Increase in employee future benefits obligations	7,174	1,709
	2,419	837
Change in non-cash working capital (note 16)	(7,725)	4,868
	(5,306)	5,705
Cash flows from financing activities:		
Purchases of capital assets	(14,063)	(18,377)
Change in deferred contributions	4,292	(227)
Deferred capital contributions received	6,067	2,189
Repayment of long-term debt	(980)	(820)
Long-term debt obtained	5,381	11,700
Decrease in short-term loan	(62)	(68)
	635	(5,603)
Cash flows from investing activities:		
Change in investments	(2,874)	(183)
Endowment contributions	1,489	1,043
	(1,385)	860
Net increase (decrease) in cash and short-term investments	(6,056)	962
Cash and short-term investments, beginning of year	21,046	20,084
Cash and short-term investments, end of year	\$ 14,990	21,046
Supplemental information:		
Interest paid	\$ 2,570	1,856
Interest received	(239)	(224)

See accompanying notes to consolidated financial statements.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Years ended April 30, 2013 and 2012

Laurentian University of Sudbury (the "University") is incorporated by special act under the laws of Ontario.

On May 1, 2012, the University adopted Canadian Accounting Standards for not-for-profit organizations. These are the first financial statements prepared in accordance with these accounting standards.

In accordance with the transitional provisions, the University has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is May 1, 2011 and all comparative information provided has been presented by applying these accounting standards.

A summary of transitional adjustments recorded to net assets and excess (deficiency) of revenue over expenses is provided in note 2.

1. Significant accounting policies:

(a) Revenue recognition:

The University follows the deferral method of accounting for contributions. The principles under this method are summarized as follows:

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

Contributions externally restricted for purposes other than endowment are deferred 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.

Endowment contributions consist of donations and capitalized investment income (loss) and are recognized on the accrual basis as direct changes in net assets.

Student fees and tuitions are recognized as revenue in the fiscal period when the respective courses and seminars are held.

(b) Investments:

Investments are largely invested in pooled funds, which are carried at fair value.

Income/loss derived from endowment investments is allocated to the related scholarship and bursary accounts and the endowment fund balance. Investment income/loss on non-endowment investments is allocated to the respective non-endowment fund balance in proportion to their yearly weighted average.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Years ended April 30, 2013 and 2012

1. Significant accounting policies: (continued)

(c) Capital assets:

Purchased assets are recorded at cost. Contributed assets are recorded at fair market value at the date of contribution. Certain parcels of land that were purchased prior to May 1, 2011 are recorded at deemed cost, being their fair value at May 1, 2011, the transition date to Canadian accounting standards for not-for-profit organizations as described in note 2. Capital assets are amortized on the straight-line basis over their estimated useful lives as follows:

Buildings	40 years
Equipment and furnishings	7 years
Land and site improvements	15 years

Construction in progress is not amortized until the project is complete and the facilities are put in use.

(d) Employee future benefits liabilities:

The University has a defined contribution pension plan in which the University contributes a set amount to the plan in respect of individual employees, with a guaranteed minimum defined benefit. All employees of the University and its federated institutions which participate in the plan, are eligible to join the plan upon entering the service of one of those employers. The benefits are based on years of service and final average salary.

Effective July 1, 2011, the University registered its Pension Plan in two parts. Part A continues to provide a defined contribution Pension Plan with a guaranteed minimum defined benefit. Part B is a defined benefit plan for future service for all employees of the University after July 1, 2012.

The University sponsors a defined benefit health care plan for substantially all retirees and employees.

The University has approved a supplemental plan for employees to provide them with full benefits should the Canada Revenue Agency limitations not have been imposed.

The University accrues its obligations under the defined benefit plans as the employees render the services necessary to earn the pension and other retirement benefits. The actuarial determination of the accrued benefit obligations for pensions and other retirement benefit uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors). The most recent actuarial valuation of the pension plans for funding purposes was as of July 1, 2011, and the next required valuation will be as of July 1, 2014.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Years ended April 30, 2013 and 2012

1. Significant accounting policies: (continued)

(d) Employee future benefits obligation (continued):

Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gains (losses) over 10% of the greater of the accrued defined benefit obligation and the fair value of related plan assets is amortized over the average remaining service period of active employees of 10.8 years.

(e) Internally restricted net assets:

The University restricts use of portions of its operating net assets for specific future uses. When incurred, the related expenses are charged to operations, and the balance of internally restricted assets is reduced accordingly with a transfer to unrestricted net assets.

(f) Related entities and basis of presentation:

MIRARCO

The consolidated financial statements are inclusive of the assets, liabilities, revenues and expenses of the Mining Innovation Rehabilitation and Applied Research Corporation, which is a wholly controlled entity.

Northern Ontario School of Medicine

The Northern Ontario School of Medicine (the "School") was created in order to provide medical education in Northern Ontario. Although the University, along with Lakehead University the only other voting members of the School, has significant relationships with the School, the University has no claim to the School's net assets and nor is the University liable or contingently liable for any of the School's obligations. Accordingly, the operations of the School are not included in these consolidated financial statements.

Sudbury Neutrino Observatory

The Sudbury Neutrino Observatory ("SNO") was created on December 2, 1997 as a joint venture of the University and three other Canadian Universities, to perform research in sub-atomic physics. It was wound up into SNOLAB in fiscal 2012.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Years ended April 30, 2013 and 2012

1. Significant accounting policies: (continued)

(f) Related entities and basis of presentation: (continued)

SNOLAB

SNOLAB is a research project whose principal objective is the construction, operation and decommissioning of the SNOLAB International Facility for Underground Science. An agreement specifies that the project's liabilities and assets are to be divided among the SNOLAB member institutions, which are consistent with SNO above. The University's proportionate share of the entity's assets, liabilities, revenues and expenses to March 31, 2012 have been included in these consolidated financial statements. The 2013 financial statements are not available and accordingly, the balances and transactions will be accounted for prospectively.

Centre for Excellence in Mining and Innovation (CEMI)

The Centre for Excellence in Mining and Innovation (CEMI) was created on April 23, 2007 to advance, study, research and innovation. The University contributed \$10 million received from the Provincial Government to create and fund CEMI on its inception.

The remaining balance of \$1.5 million to be paid to CEMI is included in accounts payable. The University has no claim to CEMI's assets during its operating life nor is it liable or contingently liable for CEMI's obligations. Accordingly, the operations of CEMI are not included in these consolidated financial statements.

(g) Financial instruments:

All financial instruments are initially recorded on the consolidated statement of financial position at fair value.

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

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

The University is party to interest rate swap agreements used to manage exposure to market risks from changing interest rates. The University's policy is not to utilize derivative financial instruments for trading or speculative purposes. Interest rate swaps have critical terms matching and are now recognized at amortized cost.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Years ended April 30, 2013 and 2012

1. Significant accounting policies: (continued)

(h) 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 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 capital assets and assets and obligations related to employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are recognized in the financial statements in the year in which they become known.

(i) Impairment of long-lived assets:

Long-lived assets, including capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Years ended April 30, 2013 and 2012

2. Accounting adjustments:

(a) Transitional adjustments - Net Assets:

The following table summarizes the impact of the transition to Canadian accounting standards for not-for-profit organizations and other changes on the University's net assets as of May 1, 2011:

Net assets (in thousands of dollars):

As previously reported under Canadian generally accepted accounting principles, April 30, 2011	\$	35,539
Transition election to fair value land held by the University		11,783
Transition adjustments to record financial instruments at amortized cost		2,970
		50,292
Other adjustment:		
Transfer of externally restricted research to internally restricted		729
Restated, May 1, 2011	\$	51,021

In accordance with transitional provisions Canadian accounting standards for not-for-profit organizations, the University has elected to use the following transitional elections:

- i) The University has elected to measure items of land at May 1, 2011 using the election to fair value election.
- ii) The University has elected to measure certain financial instruments at amortized cost by applying section 3856 of Part II of the Handbook.

(b) Statement of Operations:

As a result of the above noted elections and the retrospective application of Canadian accounting standards for not-for-profit organizations, the University recorded the following adjustments to excess of revenue over expenses for the year ended April 30, 2012:

Deficiency of revenue over expenses (in thousands of dollars):

As previously reported under Canadian generally accepted accounting principles for year ended April 30, 2012	\$	(13,296)
Change to eliminate fair value difference on financial instruments		9,120
Restated for the year ended April 30, 2012	\$	(4,176)

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Years ended April 30, 2013 and 2012

3. Investments (in thousands of dollars):

	April 30, 2013	April 30, 2012	May 1, 2011
Short-term:			
Cash	\$ 13,113	19,751	18,804
Short-term investments	1,877	1,295	1,280
	14,990	21,046	20,084
Long-term:			
Equity funds, segregated funds	20,018	18,260	18,052
Fixed income	18,447	17,329	17,352
Government bonds and guaranteed Investment certificates	31	33	35
	38,496	35,622	35,439
	\$ 53,486	56,668	55,523

Long-term investments reflect funds for endowment and some specified research programs.

The equity funds, segregated funds and fixed income securities are measured at market value.

4. Accounts receivable (in thousands of dollars):

	April 30, 2013	April 30, 2012	May 1, 2011
Accounts receivable	\$ 25,507	17,408	21,815
Less allowance for doubtful accounts	(1,398)	(1,161)	(1,019)
	\$ 24,109	16,247	20,796

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Years ended April 30, 2013 and 2012

5. Employee future benefits:

The University provides for the reimbursement of a fixed annual amount of medical expenses to retired employees provided that certain specified conditions are met. An actuarial calculation of the future liabilities thereof has been made and forms the basis for the liability reported in these consolidated financial statements.

The University has a defined contribution pension plan with a guaranteed minimum defined benefit. The actuarial report, effective July 1, 2011, indicates that the guaranteed defined benefit portion of the pension plan has a going concern unfunded liability of approximately \$31 million.

The reconciliation of the funded status of the defined benefit plan to the amounts recorded in the financial statements is as follows:

Liabilities	Pension	Post-Employment Benefit Obligation	Supplemental Pension Plan	Total
April 30, 2013 (in thousands of dollars)				
Accrued benefit obligation	\$ (333,732)	(8,022)	(4,564)	(346,318)
Fair value of plan assets	271,567	1,299	–	272,866
Funded status – plan deficit	(62,165)	(6,723)	(4,564)	(73,452)
Balance of unamortized amounts	50,676	1,706	1,606	53,988
Accrued benefit liabilities	\$ (11,489)	(5,017)	(2,958)	(19,464)

Liabilities	Pension	Post-Employment Benefit Obligation	Supplemental Pension Plan	Total
April 30, 2012 (in thousands of dollars)				
Accrued benefit obligation	\$ (318,266)	(8,159)	(4,592)	(331,017)
Fair value of plan assets	253,322	1,269	–	254,591
Funded status – plan deficit	(64,944)	(6,890)	(4,592)	(76,426)
Balance of unamortized amounts	60,018	2,428	1,690	64,136
Accrued benefit liabilities	\$ (4,926)	(4,462)	(2,902)	(12,290)

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Years ended April 30, 2013 and 2012

5. Employee future benefits (continued):

Liabilities May 1, 2011 (in thousands of dollars)	Pension	Post-Employment Benefit Obligation	Supplemental Pension Plan	Total
Accrued benefit obligation	\$ (289,094)	(6,463)	(4,358)	(299,915)
Fair value of plan assets	255,879	1,236	–	257,115
Funded status – plan deficit	(33,215)	(5,227)	(4,358)	(42,800)
Balance of unamortized amounts	29,371	1,240	1,608	32,219
Accrued benefit liabilities	\$ (3,844)	(3,987)	(2,750)	(10,581)

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

	Pension benefit plan and Supplemental Retirement Plan			Post-employment benefit obligation		
	2013	2012	2011	2013	2012	2011
Discount rate	4.0%	4.2%	5.4%	4.0%	4.2%	5.4%
Rate of compensation increases	3.5%	3.5%	3.5%	–	–	–
Expected long-term rate of return on plan assets	6.3%	6.3%	6.5%	5.0%	5.0%	5.0%
Health care cost trend rate	–	–	–	3.0%	3.0%	3.0%
Rate of inflation	2.0%	2.0%	2.0%	–	–	–

The retiree health benefit plan expense for 2013 amounted to \$547,000 (2012 - \$475,000) and the benefit payments included therein made on behalf of retirees amounted to approximately \$289,600 (2012 - \$197,000).

Total cash amounts recognized as paid or payable for pension benefits in 2013, consisting of all employer contributions to the pension plan were \$12,979,000 (2012 - \$9,599,000).

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Years ended April 30, 2013 and 2012

6. Capital assets (in thousands of dollars):

April 30, 2013	Cost	Accumulated Amortization	Net book Value
Building	\$ 211,298	67,114	144,184
Equipment and furnishing	95,838	89,231	6,607
Land and site improvements	24,397	7,861	16,536
	\$ 331,533	164,206	167,327

April 30, 2012	Cost	Accumulated Amortization	Net book Value
Building	\$ 202,187	63,496	138,691
Equipment and furnishing	93,864	86,895	6,969
Land and site improvements	21,418	7,529	13,889
	\$ 317,469	157,920	159,549

May 1, 2011	Cost	Accumulated Amortization	Net book Value
Building	\$ 186,487	59,946	126,541
Equipment and furnishing	91,187	84,237	6,950
Land and site improvements	21,418	7,316	14,102
	\$ 299,092	151,499	147,593

A total of \$11,483 (2012 - \$41,353; 2011 - \$25,738) of buildings is under construction and not yet subject to amortization.

7. Short-term loan:

The short-term loan represents an unsecured loan from TD Canada Trust for the student recreation centre, with a floating interest rate of 1.22% at April 30, 2013 (2012 – 1.23%).

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Years ended April 30, 2013 and 2012

8. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$2,366 (2012 - \$2,257, 2011 - \$2,508), which includes amounts payable for HST and payroll related taxes.

9. Long-term debt (in thousands of dollars):

	Fixed Rate	Maturity	April 30, 2013	April 30, 2012	May 1, 2011
Bank of Montreal	5.14%	2024	\$ 2,874	3,051	3,220
Royal Bank of Canada	3.90%	2040	15,640	15,907	16,187
Royal Bank of Canada	4.50%	2042	20,438	15,200	3,500
TD Canada Trust	4.70%	2036	13,125	13,414	13,689
TD Canada Trust	4.74%	2043	7,563	7,667	7,763
			59,640	55,239	44,359
Less current portion of long-term debt			1,257	1,033	820
			\$ 58,383	54,206	43,539

The above-noted debt was advanced under variable rate credit facilities in the principal face amounts of \$4.116 million, \$16.3 million, \$3.5 million in 2011 increasing to \$15.2 million in 2012 and \$20.6 in 2013, \$14.8 million and \$8.0 million for the financing of various residences and the construction of the School of Education and of a Student Recreation Centre. Interest rates are adjusted monthly and were 1.22% at April 30, 2013.

The University has entered into interest rate derivative agreements to manage the volatility of interest rates. The University converted floating rate debt for fixed rate debt as noted above. The related derivative agreements are in place until the maturity of the debt.

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

2014	\$ 1,257
2015	1,315
2016	1,377
2017	1,445
2018	1,512
Thereafter	52,734
	\$ 59,640

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Years ended April 30, 2013 and 2012

10. Special voluntary early retirement program (in thousands of dollars):

The University offered a voluntary early retirement program to all faculty. An actuarial calculation of the future liabilities thereof has been made and forms the basis of this provision.

The significant assumptions used are as indicated in note 5. There are no plan assets for this benefit.

	April 30, 2013	April 30, 2012	May 1, 2011
Balance, beginning of year	\$ 2,186	1,870	1,551
Interest costs	75	80	69
Benefits paid	(844)	(762)	(590)
Actuarial losses	158	998	840
	1,575	2,186	1,870
Less current portion of special voluntary early retirement program	(856)	(713)	(607)
	\$ 719	1,473	1,263

11. Deferred contributions (in thousands of dollars):

(a) Deferred contributions:

Deferred contributions represent external contributions restricted for research and trust expenditures to be incurred in subsequent fiscal years. Details of the change in deferred contributions are as follows:

	April 30, 2013	April 30, 2012	May 1, 2011
Balance, beginning of year	\$ 19,366	19,593	19,885
Add contributions received in the year	20,401	18,799	21,299
Less amounts recognized as revenue	(16,109)	(19,026)	(21,591)
Balance, end of year	\$ 23,658	19,366	19,593

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Years ended April 30, 2013 and 2012

11. Deferred contributions (continued) (in thousands of dollars):

(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:

	April 30, 2013	April 30, 2012	May 1, 2011
Unspent:			
Balance, beginning of year	\$ 897	1,691	3,137
Add contributions received in the year	6,067	2,189	6,014
Less amounts utilized	(6,487)	(2,983)	(7,460)
Balance, end of year	477	897	1,691
Unamortized:			
Balance, beginning of year	71,902	72,352	68,494
Add contributions utilized in the year	6,487	2,983	7,460
Less amount amortized to revenue	(3,700)	(3,433)	(3,602)
Balance, end of year	74,689	71,902	72,352
Total unspent and unamortized capital contributions	\$ 75,166	72,799	74,043

12. Internally restricted net assets (in thousands of dollars):

	April 30, 2013	April 30, 2012	May 1, 2011
Sudbury Neutrino Observatory	\$ (164)	103	94
Departmental trust funds	3,937	3,074	3,732
Scholarship and bursary funds	134	189	202
Departmental and subsidiary research funds	1,120	2,411	4,253
Departmental carry forwards	2,082	4,058	2,978
Outstanding purchase orders	1,000	602	509
Self-insurance funds	275	275	275
Reserve for early retirement	(1,575)	(2,186)	(1,870)
Ancillaries	761	1,113	984
Replacement reserve - ancillaries	767	181	181
Future budget provision	(150)	—	1,000
Unexpended (over expended) capital fund	(1,883)	(3,509)	(1,688)
Vacation	(1,727)	(1,367)	(1,392)
	\$ 4,577	4,944	9,258

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Years ended April 30, 2013 and 2012

13. Investment in capital assets (in thousands of dollars):

The investment in capital assets is calculated as follows:

	April 30, 2013	April 30, 2012	May 1, 2011
Capital assets	\$ 167,327	159,549	147,593
Less amounts financed by:			
Long-term debt	(59,640)	(55,239)	(44,359)
Internal financing (note 14)	(1,608)	(864)	(1,087)
Short-term loan	(1,773)	(1,835)	(1,903)
Unamortized deferred capital contributions	(74,689)	(71,902)	(72,352)
	\$ 29,617	29,709	27,892

Details of the transfer for capital transactions are as follows:

	April 30, 2013	April 30, 2012
Repayment of long-term debt	\$ 980	820
Repayment of short-term loan	62	68
Repayment of internal financing	236	223
Internally funded capital assets	15	3,694
	\$ 1,293	4,805

14. Internal financing (in thousands of dollars):

Details of capital asset internal financing activities are as follows:

	May 1, 2011	Repayments	April 30, 2012	New Financing	Repayments	April 30, 2013
Heating plant	\$ 99	(54)	45	—	(45)	—
Energy retrofit	810	(124)	686	—	(129)	557
Telephone system and copier equipment	178	(45)	133	—	(45)	88
Ancillary	—	—	—	416	—	416
Barrie Campus	—	—	—	564	(17)	547
	\$ 1,087	(223)	864	980	(236)	1,608

The internal loans bear interest at a floating rate equal to the return earned on short-term investments and are to be repaid over a period ranging from five to ten years.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Years ended April 30, 2013 and 2012

15. Commitments and contingencies:

- (a) The University has access to an unsecured line of credit in the amount of \$2 million. The line of credit bears interest at Royal Bank prime less 0.50%. As at April 30, 2013, the University has not drawn on this line of credit.
- (b) The University participates in a reciprocal exchange of insurance risks in association with forty other Canadian universities. This self-insurance co-operative involves a contractual agreement to share the insurance property and liability risks of member universities.
- (c) The Board of Governors of Laurentian University approved the Laurentian School of Architecture capital project in the amount of \$42.6 million for which the funding has largely been secured. To date, \$6.7 million has been expended.
- (d) The University is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved. Management is of the opinion that these matters are mitigated by adequate insurance coverage.

16. Change in non-cash working capital (in thousands of dollars):

	2013	2012
Cash flows from operating activities:		
Accounts receivable	\$ (7,862)	4,549
Other assets	(229)	(250)
Accounts payable and accrued liabilities	979	308
Accrued vacation pay	360	(25)
Deferred revenue	(973)	286
	\$ (7,725)	4,868

17. Other fees and income (in thousands of dollars):

Details of the other fees and income are as follows:

	2013	2012
Sponsored students	\$ 2,520	2,768
Compulsory fees	2,111	2,138
Administrative fees	1,813	2,214
Ancillary and other	1,930	2,688
Scholarships, bursaries and other trust account contributions	2,871	4,232
	\$ 11,245	14,040

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Years ended April 30, 2013 and 2012

18. Financial risks:

(a) Credit risk:

The risk relates to the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

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

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

(b) Interest rate risk:

The University is exposed to interest rate risk with respect to its interest-bearing investments, long-term debt and interest rate swaps as disclosed in the statements of cash flows and notes 1, 3 and 9.

(c) Currency risk:

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

(d) Liquidity risk:

Liquidity risk is the risk that the University will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The University manages its liquidity risk by monitoring its operating requirements. The University prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There has been no change to the risk exposures from 2012.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Years ended April 30, 2013 and 2012

19. First Generation Pilot Project Initiatives:

For the period of May 1, 2012 to April 30, 2013, the University's financial statements include expenditures totaling \$131,500 (May 1, 2011 to April 30, 2012 - \$131,500) incurred for the purpose of carrying out the First Generation Pilot Project initiatives. The goal of this project is to increase the awareness of the benefits of post-secondary education of first generation students and to increase their participation, retention and graduation rates.

20. Student organizations:

These consolidated financial statements do not reflect the assets, liabilities and results of operations of the various student organizations at the University.

21. Comparative figures:

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