

Consolidated Financial Statements of

**LAURENTIAN UNIVERSITY
OF SUDBURY**

Year ended April 30, 2012



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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 consolidated statement of financial position as at April 30, 2012, the consolidated statements of operations, changes in net assets and cash flows for the year then ended, 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 generally accepted accounting principles, 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 audit. We conducted our audit 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 consolidated 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 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, 2012, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

October 18, 2012
Sudbury, Canada

LAURENTIAN UNIVERSITY OF SUDBURY

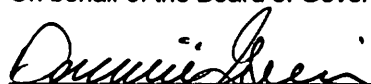
Consolidated Statement of Financial Position


April 30, 2012, with comparative figures for 2011
(thousands of dollars)

	2012	2011
		(as restated - Note 17)
Assets		
Current assets:		
Cash and short-term investments (note 2)	\$ 21,046	20,084
Accounts receivable	16,247	20,796
Other	895	645
	<u>38,188</u>	<u>41,525</u>
Investments (note 2)	35,622	35,439
Capital assets (note 4)	147,766	135,810
	<u>\$ 221,576</u>	<u>212,774</u>
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Short-term loan (note 5)	\$ 1,835	1,903
Accounts payable and accrued liabilities	18,408	18,100
Accrued vacation pay	1,367	1,392
Deferred revenue	1,981	1,695
Current portion of long-term debt (note 6)	1,033	820
	<u>24,624</u>	<u>23,910</u>
Long-term obligations:		
Special voluntary early retirement program (note 7)	2,186	1,870
Long-term debt (note 6)	54,206	43,539
Interest rate swaps (notes 1(h) and 6)	12,090	2,970
Employee future benefits obligations (notes 1(d) and 3)	12,290	10,581
	<u>80,772</u>	<u>58,960</u>
Deferred contributions (note 8):		
Deferred contributions	20,095	20,322
Deferred capital contributions	72,799	74,043
	<u>92,894</u>	<u>94,365</u>
Net assets	23,286	35,539
Subsequent event (note 1(d))		
Commitments and contingencies (note 12)		
	<u>\$ 221,576</u>	<u>212,774</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board of Governors:

 Governor

 Governor

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statement of Operations

Year ended April 30, 2012, with comparative figures for 2011
(thousands of dollars)

	2012	2011
		(as restated - Note 17)
Revenue:		
Government grants and contracts	\$ 73,261	70,257
Tuition fees	38,837	35,541
Sales and services	11,941	12,135
Investment income	223	2,767
Research grants and contracts	15,644	18,493
Other fees and income (note 14)	14,040	15,453
Amortization of deferred capital contributions	3,433	3,602
	157,379	158,248
Expenses:		
Salaries and benefits	113,227	111,708
Operating and research	22,092	23,821
Scholarships and bursaries	10,600	12,390
Change in value of interest rate swap	9,120	1,299
Occupancy	7,753	7,599
Amortization of capital assets	6,421	6,231
Cost of ancillary sales and services	1,462	1,654
	170,675	164,702
Deficiency of revenue over expenses	\$ (13,296)	(6,454)

See accompanying notes to consolidated financial statements.

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statement of Changes in Net Assets

Year ended April 30, 2012, with comparative figures for 2011
(thousands of dollars)

	Unrestricted	Vacation Pay and Employee Future Benefits	Interest Rate Swaps	Internally Restricted (note 9)	Investment in Capital Assets (note 10)	Endowment	Total 2012	Total 2011 (as restated - Note 17)
Net assets (deficiency), as previously reported	\$ (11,273)	(11,973)	(2,970)	9,921	16,109	34,224	34,038	38,741
Restatement of prior year (note 17)	1,501	–	–	–	–	–	1,501	1,113
Net assets (deficiency) beginning balance	(9,772)	(11,973)	(2,970)	9,921	16,109	34,224	35,539	39,854
Excess (deficiency) of revenue over expenses	4,835	(1,684)	(9,120)	(4,339)	(2,988)	–	(13,296)	(6,454)
Transfer for capital transactions (note 10)	(4,805)	–	–	–	4,805	–	–	–
Endowment contributions	–	–	–	–	–	1,043	1,043	2,139
Net assets (deficiency), end of year	\$ (9,742)	(13,657)	(12,090)	5,582	17,926	35,267	23,286	35,539

See accompanying notes to consolidated financial statements.

LAURENTIAN UNIVERSITY OF SUDBURY

Consolidated Statement of Cash Flows

Year ended April 30, 2012, with comparative figures for 2011
(thousands of dollars)

	2012	2011
		(as restated - Note 17)
Cash flows from operating activities:		
Deficiency of revenue over expenses	\$ (13,296)	(6,454)
Adjustments for:		
Amortization of capital assets	6,421	6,231
Amortization of deferred capital contributions	(3,433)	(3,602)
Change in accrued early retirement program costs	316	319
Increase in employee future benefits obligations (note 1(d))	1,709	4,532
Interest rate swaps (note 1(h))	9,120	1,299
	837	2,325
Change in non-cash working capital (note 13)	4,868	(6,918)
	5,705	(4,593)
Cash flows from financing activities:		
Purchases of capital assets	(18,377)	(13,620)
Change in deferred contributions	(227)	(292)
Deferred capital contributions received	2,189	6,014
Repayment of long-term debt	(820)	(631)
Long-term debt obtained	11,700	19,800
Decrease in short-term loan	(68)	(16,358)
	(5,603)	(5,087)
Cash flows from investing activities:		
Change in investments	(183)	(3,332)
Endowment contributions	1,043	1,483
Gain on endowment investments	-	656
	860	(1,193)
Net increase (decrease) in cash and short-term investments	962	(10,873)
Cash and short-term investments, beginning of year	20,084	30,957
Cash and short-term investments, end of year	\$ 21,046	20,084
Supplemental information:		
Interest paid	\$ 1,856	1,741
Interest received	(224)	(226)

See accompanying notes to consolidated financial statements.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2012

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

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 market 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.

(c) Capital assets:

Purchased assets are recorded at cost. Contributed assets are recorded at fair market value at the date of contribution. Capital assets are amortized on the straight-line basis over their estimated useful lives as follows:

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

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

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2012

1. Significant accounting policies (continued):

(d) Employee future benefits obligation:

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 after July 1, 2012 for certain employee groups of the University. On June 22, 2012, the Board of Governors approved a modification to the Pension Plan to be effective July 1, 2012, such that all employees are part of a defined benefit plan for future service.

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.

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.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2012

1. Significant accounting policies (continued):

(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. The University's proportionate share of the entity's assets, liabilities, revenues and expenses to March 31, 2011 have been included in these consolidated financial statements. The 2012 financial statements are not available and accordingly, the balances and transactions will be accounted for prospectively.

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, 2011 have been included in these consolidated financial statements. The 2012 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.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2012

1. Significant accounting policies (continued)

(g) Financial instruments:

The University accounts for its financial assets and liabilities in accordance with Canadian generally accepted accounting principles.

The financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the statement of financial position at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in the consolidated statement of operations.

The University continues to disclose under CICA Handbook Section 3861 – Financial Instruments.

(h) Interest rate swaps:

The University is party to interest rate swap agreements used to manage the exposure to market risks from changing interest rates. The University's policy is not to utilize derivative financial instruments for trading or speculative purposes.

The University has not hedged these agreements and the change in the net value of the swaps is reflected in the consolidated statement of operations.

(i) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying value of capital assets; the valuation of pension assets and employee future benefit obligations and valuation allowances for accounts receivable. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2012

1. Significant accounting policies (continued)

(j) 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.

(k) Future changes in accounting policies:

The Accounting Standards Board of the Canadian Institute of Chartered Accountants ("CICA") issued Part III of the CICA Handbook that sets out the accounting standards for not-for-profit organizations that are effective for fiscal years beginning on or after January 1, 2012. The University will adopt the standards for their April 30, 2013 year end.

2. Investments (in thousands of dollars):

Cash and short-term investments	2012	2011
Cash	\$ 19,751	18,804
Short-term investments	1,295	1,280
	\$ 21,046	20,084

Long-term investments	2012	2011
Pooled funds:		
Equities	\$ 18,260	18,052
Fixed income	17,329	17,352
Government bonds and guaranteed investment certificates	33	35
	\$ 35,622	35,439

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

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2012

3. 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 \$31.0 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		Pension Plan		Supplemental Total		Total
	2012	2011	2012	2011	2012	2011	2012	2011	
(in thousands of dollars)									
Accrued benefit obligation	\$ (318,266)	(289,094)	(8,159)	(6,463)	(4,592)	(4,358)	(331,017)	(299,915)	
Fair value of plan assets	253,322	255,879	1,269	1,236	-	-	254,591	257,115	
Funded status - plan surplus (deficit)	(64,944)	(33,215)	(6,890)	(5,227)	(4,592)	(4,358)	(76,426)	(42,800)	
Balance of unamortized amounts	60,018	29,371	2,428	1,240	1,690	1,608	64,136	32,219	
Accrued benefit liabilities	\$ (4,926)	(3,844)	(4,462)	(3,987)	(2,902)	(2,750)	(12,290)	(10,581)	

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2012

3. Employee future benefits (continued):

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

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

The retiree health benefit plan expense for 2012 amounted to \$475,000 (2011 - \$418,000) and the benefit payments included therein made on behalf of retirees amounted to approximately \$197,000 (2011 - \$175,000).

Total cash amounts recognized as paid or payable for pension benefits in 2012, consisting of all employer contributions to the pension plan were \$9,599,000 (2011 - \$7,832,000).

4. Capital assets (in thousands of dollars):

	2012		2011	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Buildings	\$ 202,187	63,496	186,487	59,946
Equipment and furnishings	93,864	86,895	91,187	84,237
Land and site improvements	9,635	7,529	9,635	7,316
	305,686	157,920	287,309	151,499
Less accumulated amortization	157,920		151,499	
	\$ 147,766		135,810	

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

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2012

5. 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 1.23% at April 30, 2012.

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

	Fixed Rate	Maturity		2012	2011
Bank of Montreal	5.14%	2024	\$	3,051	3,220
Royal Bank of Canada	3.90%	2040		15,907	16,187
Royal Bank of Canada	4.50%	2042		15,200	3,500
TD Canada Trust	4.70%	2036		13,414	13,689
TD Canada Trust	4.74%	2043		7,667	7,763
				55,239	44,359
Less current portion of long-term debt				1,033	820
			\$	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, \$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, 2012.

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:

2013	\$	1,033
2014		1,260
2015		1,318
2016		1,379
2017		1,453
Thereafter		48,796
	\$	55,239

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2012

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

The University offers 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 3. There are no plan assets for this benefit.

	2012	2011
Balance, beginning of year	\$ 1,870	1,551
Interest costs	80	69
Benefits paid	(762)	(590)
Actuarial losses	998	840
Balance, end of year	\$ 2,186	1,870

8. 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:

	2012	2011
Balance, beginning of year	\$ 20,322	20,614
Add contributions received in the year	18,799	21,299
Less amounts recognized as revenue	(19,026)	(21,591)
Balance, end of year	\$ 20,095	20,322

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2012

8. 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:

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

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

	2012	2011
Sudbury Neutrino Observatory	\$ 103	94
Departmental trust funds	3,074	3,732
Scholarship and bursary funds	189	202
Departmental and subsidiary research funds	1,682	3,524
Departmental carry forwards	4,058	2,978
Outstanding purchase orders	601	509
Self-insurance funds	275	275
Reserve for early retirement	(2,185)	(1,870)
Ancillaries	1,113	984
Replacement reserve - ancillaries	181	181
Future budget provision	–	1,000
Unexpended (overexpended) capital fund	(3,509)	(1,688)
	\$ 5,582	9,921

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2012

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

The investment in capital assets is calculated as follows:

	2012	2011
Capital assets	\$ 147,766	135,810
Less amounts financed by:		
Long-term debt	(55,239)	(44,359)
Internal financing (note 11)	(864)	(1,087)
Short-term loan	(1,835)	(1,903)
Unamortized deferred capital contributions	(71,902)	(72,352)
	\$ 17,926	16,109

Details of the transfer for capital transactions are as follows:

Repayment of long-term debt	\$ 820	631
Repayment of short-term loan	68	59
Repayment of internal financing	223	352
Internally funded capital assets	3,694	2,519
	\$ 4,805	3,561

11. Internal financing (in thousands of dollars):

Details of capital asset internal financing activities are as follows:

	April 30, 2011	Repayments	April 30, 2012
Heating plant	\$ 99	(54)	45
Energy retrofit	810	(124)	686
Telephone system and copier equipment	178	(45)	133
	\$ 1,087	(223)	864

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

Year ended April 30, 2012

12. Commitments and contingencies:

- (a) The University has access to an unsecured line of credit in the amount of \$2,000,000. The line of credit bears interest at Royal Bank prime less 0.50%. As at April 30, 2012, 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 University has contracted to construct a 236 bed residence. The total cost of the project is estimated at \$20,581,000 and as of April 30, 2012, the University has recorded \$17,684,000. The construction is expected to be completed in August 2012 and is financed by advances on a long-term debt commitment with repayment to start after completion of the project.
- (d) 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.
- (e) 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.

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

	2012	2011
Cash flows from operating activities:		
Accounts receivable	\$ 4,549	(5,249)
Other assets	(250)	21
Accounts payable and accrued liabilities	308	(1,571)
Accrued vacation pay	(25)	37
Deferred revenue	286	(156)
	\$ 4,868	(6,918)

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2012

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

Details of the other fees and income are as follows:

	2012	2011
Sponsored students	\$ 2,768	4,354
Compulsory fees	2,138	1,844
Administrative fees	2,214	2,589
Ancillary and other	5,239	5,051
Scholarships, bursaries and other trust account contributions	1,681	1,615
	\$ 14,040	15,453

15. Fair value of financial assets and financial liabilities:

The carrying values of the University's cash and short-term investments, accounts receivable, short-term loan, accounts payable and accrued liabilities and accrued vacation pay approximate their fair values due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

Information concerning investments is provided in note 2; the fair value is the carrying value.

The fair values of the interest rate swaps and related long-term debt approximate their carrying value.

The University is exposed to market risks in the form of currency, and other price risks. The exposure does not significantly impact the University.

16. First Generation Pilot Project Initiatives:

For the period of May 1, 2011 to April 30, 2012, the University's financial statements include expenditures totaling \$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.

LAURENTIAN UNIVERSITY OF SUDBURY

Notes to Consolidated Financial Statements

Year ended April 30, 2012

17. Restatement of prior year:

During the year ended April 30, 2012, the University became aware that prior to fiscal 2011 the Province of Ontario had changed its policy for funding the Collaborative Nursing Program and the revenue recognition policy should have been changed to record revenue in the year the student is educated, not in the period the funding is received. The impact of the correction in revenue recognized has been recorded retrospectively and the cumulative effect up to April 30, 2011 has been recorded as a \$1,501,000 increase of accounts receivable and net assets, and a \$388,000 increase of revenue-government grants and contracts and a \$388,000 decrease in deficiency of revenue over expenses for the year ended April 30, 2011. The impact of the correction as at May 1, 2010 was a \$1,113,000 increase in accounts receivable and net assets.

18. Comparative figures:

Certain 2011 comparative figures have been reclassified to conform with the presentation adopted in 2012.