

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

TENTH REPORT OF THE MONITOR
January 24, 2022

INTRODUCTION

1. On February 1, 2021, Laurentian University of Sudbury (“LU” or the “**Applicant**”) brought an application (the “**CCAA 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 financially and operationally restructure itself.
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**”), and 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.
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 in the 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 (the “**Stay Extension Order**”) which, among other things, approved an increase in the DIP Facility 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 certain claims of creditors and establish bar dates by which 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 (the “**Plan**”), 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 (“**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 (the “**Real Estate 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.
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 revisions to the Order and Methodology related to the Third Party RHBP Claims (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**”) as well as the appointment of a Grievance Resolution Officer (as defined in the Grievance Resolution Order).

PURPOSE

13. The purpose of this Tenth Report of the Monitor (the “**Tenth Report**”) is to provide information to the Court on:
 - a. The Applicant’s ongoing operations;
 - b. The Applicant’s restructuring efforts;
 - c. The Applicant’s audited financial statements for fiscal 2021;
 - d. Interactions with certain government bodies;
 - e. The value-for-money audit being conducted by the Auditor General of Ontario;
 - f. The status of the Claims Process;
 - g. Support committed by the Province of Ontario (the “**Province**”);
 - h. Recent changes to LU’s Board of Governors;
 - i. The Applicant’s actual receipts and disbursements for the 21-week period from August 14, 2021 to January 7, 2022 (the “**Reporting Period**”) compared to the cash flow forecast appended to the Seventh Report;
 - j. The Applicant’s cash flow forecast (the “**Revised Cash Flow Forecast**”) for the 21-week period from January 8, 2022 to June 3, 2022 (the “**Forecast Period**”);
 - k. The proposed refinancing of the Amended DIP Facility;
 - l. The development of a strategic plan;
 - m. The Applicant’s request for approval of orders that, among other things:
 - i. approves the refinancing of the Amended DIP Facility as set out herein;
 - ii. extends the stay of proceedings from January 31, 2022 to May 31, 2022;
 - iii. permits the Monitor and CRO to determine a process to identify an independent third party to support the development of a strategic plan; and
 - n. The Monitor’s recommendations with respect to the above.

TERMS OF REFERENCE AND DISCLAIMER

14. In preparing this Tenth 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 Tenth 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 Tenth 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.
15. Future oriented financial information referred to in this Tenth 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.
16. Unless otherwise indicated, the Monitor’s understanding of factual matters expressed in this Tenth Report concerning the Applicant and its business is based on the Information, and not independent factual determinations made by the Monitor.
17. This Tenth 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 Tenth 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.
18. Capitalized terms not defined in this Tenth Report are as defined in the Pre-Filing Report of the Proposed Monitor, prior reports of the Monitor, the Amended and Restated Initial Order and other orders granted in the CCAA proceedings, as applicable.

19. Certain documents referred to in this Tenth Report are as attached to the initial affidavit of Dr. Robert Haché (the “**Initial Haché Affidavit**”) sworn January 30, 2021 or the affidavit of Dr. Robert Haché (the “**Recent Haché Affidavit**”) sworn January 20, 2022 in connection with this motion.
20. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian dollars.

BACKGROUND

21. 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**”).
22. 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.
23. 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.
24. 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 powers from the Laurentian Act. The Board, and the President and Vice-Chancellor generally have powers over the operational and financial management of LU, whereas the Senate is responsible for decisions in respect of educational policy at LU.
25. 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 Federated Universities pursuant to section 32 of the CCAA (the “**Notices of Disclaimer**”). The Notices of Disclaimer became effective on May 2, 2021.
26. Further background information with respect to the Applicant is described in the Pre-Filing Report and prior Reports of the Monitor.

UPDATE ON THE APPLICANT'S ONGOING OPERATIONS

27. As set out in the prior Reports of the Monitor, since the date of the Initial Order, the Applicant has focused on maintaining ordinary course day-to-day operations. Student classes have continued with no disruption.

Day to Day Teaching Operations

28. Fall term courses commenced in September 2021. First year student enrolment for the fall term was down 32% on a headcount basis and 33% on a full time equivalent ("FTE") basis from the fall of 2020. This decrease in enrollment was anticipated and was consistent with the forecast enrolment data used by LU as the basis for the financial forecast information in the Third Report. Returning student enrolment was stronger than projected, being down 6% or 8% on a headcount and FTE basis, respectively. As a result, overall student enrolment for the fall term was down by 14% and 15% on a headcount and FTE basis compared with the fall of 2020. This level of enrollment was slightly ahead of projections as total student headcount was 431 greater than forecast and student FTEs were 192 greater than forecast. The decline in enrollment was associated with campus degree programs whereas the change in enrollment on an FTE basis for online programs was negligible.
29. As previously reported by the Monitor, 2021 winter and spring/summer term courses were conducted virtually, due to the Pandemic. In accordance with provincial guidelines, the Applicant re-opened the campus for in-person attendance just prior to the start of the fall 2021 term with a vaccination policy in place. Classes for the 2021-22 academic year were planned to be delivered utilizing a mix of in-person and remote or on-line forums. Student residences, meal services and other services also re-opened or resumed at the start of the fall 2021 term. In person activity occurred from September to December, 2021. However, on December 17, 2021, as a result of the spread of the Delta and Omicron variants, all exams and in person activities were transitioned to virtual delivery. LU expects to continue delivering courses virtually until February 7, 2022. However, LU will continue to re-assess this date based upon the circumstances of the Pandemic as well as provincial and local health guidelines.

Future Applications

30. The Applicant continues to work through the annual cycle of receiving and processing applications for the next academic year commencing in the fall of 2022. Undergraduate applications typically fall into one of two pools: undergraduate applications from students currently attending Ontario secondary schools ("**101 Applications**") and undergraduate applications from out-of-province, mature prospective students, university or college transfer applicants and international applicants (collectively, "**105 Applications**").

31. 101 Applications are submitted through the Ontario Universities' Application Centre. The deadline to apply for admission commencing in fall 2022 was January 13, 2022. Currently, the number of 101 Applications received is down approximately 44% from 101 Applications received at the same time last year in respect of the 2021 fall term. The Monitor notes that fall 2021 applications were submitted prior to the commencement of the CCAA and the forecast enrolment data used as the basis for the financial projections set out in the Third Report assumed enrolment levels for 2022-23 would be consistent with 2021-22 levels; not with enrolment levels prior to the CCAA. The vast majority of the decrease in 101 Applications is in respect of on campus degree programs. Applications to online degree programs have increased by 5% over those received last year in respect of the fall 2021 term.
32. There are no deadlines for 105 Applications or applications to graduate programs. It is typical that these applications will continue to be received through the winter, spring and even summer. As a result, it is expected that LU will not have a reliable indication of trends related to 105 Applications for some time.
33. While a strong pool of applicants is important, actual enrolment or registration is the more important metric. Conversion rates (i.e., the percentage of applicants that accept an offer and register in courses) can vary as a result of a number of factors. The Monitor is advised by Management that it is focused on a plan to work with prospective students who submitted 101 Applications in an effort to convert them to registrants as well as to increase the pool of 105 Applications and applicants to graduate programs and ultimate registrants.

UPDATE ON THE APPLICANT'S RESTRUCTURING EFFORTS

34. The Applicant continues to advance its restructuring in a number of key areas as set out below. The Monitor has worked with LU to assist and advance these efforts. The following is a high-level summary of the key steps taken since the Seventh Report.

Employee Related Matters

35. As set out in the Third Report, in light of its financial challenges, LU undertook a full review of all aspects of its operations, including among other things, a review of its academic programming, its faculty and employee complement and its relationship with the Former Federated Universities. The review identified significant operational changes that were needed to achieve financial sustainability. Through a Court approved mediation process and with the assistance of a Court-Appointed Mediator, LU engaged in discussion and negotiation with a number of parties including the Laurentian University Faculty Association ("LUFA"), the bargaining unit representing LU's faculty members, and the Laurentian University Staff Union ("LUSU"), the bargaining unit representing certain non-

faculty staff members. Among other things, these negotiations resulted in the execution and ratification of term sheets with each of LUFA and LUSU (respectively, the “**LUFA Term Sheet**” and the “**LUSU Term Sheet**”). As set out in the Seventh Report, changes agreed to in the LUFA Term Sheet and LUSU Term Sheet have been implemented.

36. As set out in the Third Report, LU and LUFA also worked, with the assistance of a mediator and the Monitor, to resolve the grievances outstanding as at the date of the Initial Order as well as a number of collective bargaining issues that the parties had agreed to have proceed to interest arbitration. All of these matters have been resolved with the exception of an outstanding Unfair Labour Practice complaint filed by LUFA that the parties agreed to have an arbitrator determine in a one-day hearing, on the basis that no monetary damages will arise as a result of any award. This hearing was scheduled for September 21, 2021. At the request of LUFA, this hearing was rescheduled twice and eventually heard on December 9, 2021. The Monitor understands that during the hearing, the arbitrator suggested the parties continue to work together to arrive at a mutually agreeable resolution. The Monitor further understands that discussions remain ongoing between LU and LUFA, with the assistance of the arbitrator.
37. As set out in the Ninth Report of the Monitor, in connection with the Compensation Claims Process Order, LUFA filed 36 new grievances on or before October 14, 2021. Pursuant to the Grievance Resolution Process, a schedule and process was approved by this Court to allow for a determination of the classification and resolution of these grievances with the assistance of a Grievance Resolution Officer appointed by this Court. LU, LUFA and the Monitor continue to work through the established Grievance Resolution Process in order to resolve the grievances by the agreed timelines.

Former Federated Universities

38. As previously reported by the Monitor, the operational review resulted in Notices of Disclaimer being delivered to each of the Former Federated Universities. The Notices of Disclaimer became effective on May 2, 2021.
39. A transition agreement was entered into with Huntington and approved by the Court on May 2, 2021. Arrangements pursuant to that transition agreement have been implemented.
40. Since the Seventh Report, LU has entered into separate transition agreements with Thorneloe and SU. The transition agreements are similar to the transition agreement with Huntington and relate primarily to the provision of various facilities related services on campus, recognizing that each of Thorneloe and SU continue to own and operate buildings on land leased from LU.

41. As previously reported by the Monitor, employees of the Former Federated Universities historically participated in LU's defined benefit pension plan (the "**DB Pension Plan**"). While the transition agreement with Huntington also resolved certain pension related matters, the transition agreements with Thorneloe and SU do not address any pension related matters. However, subsequent to the issuance of the Notices of Disclaimer, changes were made to the DB Pension Plan such that effective July 1, 2021, no new employees of Thorneloe or SU are permitted to join the DB Pension Plan. In addition, pursuant to further amendments made to the DB Pension Plan, effective December 31, 2021, all remaining DB Pension Plan members who are employees or former employees of Thorneloe or SU cease to accrue benefits pursuant to the DB Pension Plan. Pension assets and liabilities relating to Thorneloe or SU employees or former employees will be notionally segregated within the DB Pension Plan fund. The Monitor understands that LU and each of Thorneloe and SU continue to have discussions in respect of Thorneloe and SU's obligations under the DB Pension Plan.

NOSM

42. As set out in the Third Report, the Northern Ontario School of Medicine ("**NOSM**") is a not-for-profit corporation established under the *Corporations Act*, R.S.O. 1990, c. C.38. LU and Lakehead University, located in Thunder Bay, Ontario ("**Lakehead**"), are the two members of NOSM.
43. Through an agreement between LU and Lakehead, NOSM opened in 2005. NOSM is an independent not-for-profit corporation that served as the faculty of medicine for both LU and Lakehead. Graduates of NOSM receive either an LU or Lakehead degree depending on the campus attended. NOSM has campuses located in Sudbury and Thunder Bay. LU owns the two buildings that NOSM occupies on LU's Sudbury campus and leases the buildings to NOSM for nominal rent.
44. While NOSM operates legally, financially and operationally independent of LU, representatives of both LU and Lakehead serve on NOSM's Board of Directors. Currently, LU's President, Dr. Haché serves as the Vice-Chair. With respect to NOSM's educational policy, academic decisions are required to pass at both LU's and Lakehead's Senates as ultimately NOSM students receive degrees conferred by one of LU or Lakehead.
45. Both LU and Lakehead provide facilities and support services, student registration and student fee collection, bursary (scholarship) receipt and disbursement, and other educational, research and operational services. As part of the operational services, students have access to most LU or Lakehead campus services. LU and Lakehead provide research support including the administration of NOSM research grants and awards. NOSM is invoiced monthly for the use of these services. However, rates charged do not reflect arm's length negotiated rates. NOSM student receipts and registration fees for certain of

NOSM's students are deposited into LU's general operating accounts. These amounts are remitted to NOSM at certain points in the year, net of fees charged to NOSM for support services.

46. In addition, LU holds approximately \$14 million of endowments designated to fund future scholarships for qualifying NOSM students.
47. On April 15, 2021, the Province brought forward an omnibus motion in the provincial legislature containing a number of separate bills, one of which is called the *Northern Ontario School of Medicine University Act, 2021* (the "**NOSM Act**") which is intended to grant status as an independent university to NOSM. The bill has since received Royal Assent however, there is no timeline for when it will come into force. It will come into force on a date to be named by proclamation of the Lieutenant Governor.
48. On October 18, 2021, the Province posted a summary of a proposal for a regulation under the NOSM Act respecting various operational aspects of NOSM (degree-granting authority, governance matters, transition, etc.). Comments on the proposal were to be made to the Ministry of Colleges and Universities ("**MCU**") by December 2, 2021. LU submitted comments outlining certain financial and other impacts to be considered in respect of the independence of NOSM including the need for arrangements to be made in respect of the operational and support services currently provided to NOSM and the ongoing use of the LU buildings that NOSM currently occupies. In parallel, LU has engaged in discussions with NOSM in respect of these matters. At the present time, these discussions are ongoing.

Hearst

49. L'Université de Hearst ("**Hearst**") is a university affiliated with LU that offers undergraduate French-language degree programs, covering areas of study such as history, sociology, philosophy, psychology, French, and geography for Northern Ontario's Franco-Ontarian community. It has approximately 100 students in total, spread between three campuses located in Hearst, Kapuskasing and Timmins, Ontario.
50. On April 15, 2021, as part of the same omnibus motion referred to above, the Province brought forward a bill called the *Université de Hearst Act, 2021* (the "**Hearst Act**") which is intended to grant status as an independent university to Hearst. Similar to the NOSM Act, the Hearst Act has not yet come into force. The Monitor expects that similar to NOSM, arrangements will need to be made in respect of services currently provided by LU to Hearst.

Real Estate Review

51. As set out in the Fifth Report, the Applicant engaged C&W as an advisor to perform a review of the Applicant's real estate portfolio. The scope of the Real Estate Advisor's mandate includes:
 - a. Reviewing and understanding LU's current real estate portfolio;
 - b. Considering potential strategies with respect to the monetization of redundant or potentially excess assets in the real estate portfolio;
 - c. Reviewing third party leases within the real estate portfolio;
 - d. Consideration of other strategies to monetize real estate assets;
 - e. Reviewing and making recommendations on the optimization of space utilization; and
 - f. Providing recommendations as to strategies that should be further explored and suggesting next steps.
52. An engagement letter with C&W was executed on July 20, 2021. Following execution of the engagement letter, the Real Estate Advisor commenced its work. While the Seventh Report indicated that it was expected that the Real Estate Advisor would have preliminary feedback to provide to LU by the end of September 2021, the Real Estate Review has taken longer than anticipated. This is a result of the complexity of issues related to Laurentian's real estate assets as well as delays in information being provided to the Real Estate Advisor as a result of the difficulty in locating relevant information and documents, lack of institutional knowledge amongst current LU employees and competing demands on LU personnel.
53. At the present time, the Real Estate Advisor has completed its work on the foundational information and analysis and the Monitor understands that it is very close on completing its work on the asset monetization strategy, consolidation strategy and lease monetization strategy.
54. Once these reports are finalized, they will be reviewed by LU's Board following which LU will be in a position to engage with significant creditors in respect of next steps. It is expected that the Real Estate Advisor's recommendations will form part of discussions in respect of the terms of a proposed Plan that will occur over the next few months.
55. The Monitor notes that it continues to receive numerous calls and emails from stakeholders expressing views in respect of whether LU should divest or take steps with respect to any real estate. The Monitor notes that the Real Estate Advisor's current mandate is simply to review and provide recommendations for consideration by LU and for discussion with

significant creditors. It is not expected that any implementation decisions will be made until there has been an opportunity for significant further discussion and consideration.

Operational and Governance Review

56. Pursuant to the LUFA Term Sheet and LUSU Term Sheet, LU agreed to undertake an operational and governance review to identify opportunities for increased efficiency and effectiveness of LU's Board and Senate as well as to assess LU's internal operations, including, among other things, finance, human resources, risk, compliance, and information technology and to identify opportunities to ensure that best practices are established and maintained to drive continued future financial sustainability.
57. On August 5, 2021, LU issued a request for proposals ("**RFP**") to be submitted by interested parties to undertake all or a portion of the operational and governance review. The deadline for submissions in response to the RFP was August 31, 2021. No suitable submissions were received through the RFP process. Subsequently, the Monitor and the CRO reached out to a number of parties expected to have suitable experience in conducting these types of reviews. After receiving multiple proposals and reviewing and discussing those proposals with LU and certain stakeholders, the Nous Group ("**Nous**") was selected to undertake both the governance and operational reviews. The decision to select Nous was determined based upon a number of factors including their extensive experience and expertise working with organizations in the post-secondary education sector. An engagement letter between Nous and LU was executed on October 19, 2021.
58. Since then, Nous has spent significant time engaged in their review. In conducting their review, Nous has consulted with a number of parties, including members of LU's Board, the Senate, management and other key employees across all functional areas, executives of LUFA and LUSU, representatives of the anglophone and francophone student associations and the Laurentian University Native Education Council.
59. As set out in the Seventh Report, it was expected that the governance and operational reviews would be completed in late 2021 or early in 2022. Nous's final reports were finalized very recently and have been shared on a confidential basis with Management, the Board, LUFA and LUSU executives, and representatives of the pre-filing lenders for preliminary review. Once these parties have had an opportunity to review the reports, it is expected that the Nous recommendations will be more broadly circulated.
60. It is expected that the recommendations from the Nous reports will require further discussion with various stakeholders with respect to the adoption of the recommendations as well as the mechanisms and funding that will be required to implement the recommendations. The Monitor expects those discussions will occur in parallel with discussions in respect of a proposed Plan. The Monitor expects that such discussions will

need to occur before all, or the vast majority of such recommendations, can be implemented.

FINANCIAL STATEMENTS

61. Pursuant to the *Broader Public Sector Business Documents Directive* issued by the Treasury Board of Ontario under the *Broader Public Sector Accountability Act, 2010, S.O. 2010, c. 25* (the “**BPS Directive**”), LU is required to publish audited financial statements within six months of its fiscal year-end of April 30, 2021. Accordingly, LU’s deadline to do so for the 2020-2021 audited financial statements was October 31, 2021. The BPS Directive provides that, in exceptional circumstances, the Chair of the Treasury Board can extend the date by when these documents must be publicly available.
62. As a registered charity, LU must also file an annual Registered Charity Information Return (the “**CRA Return**”) with the Canada Revenue Agency (“**CRA**”) within six months of its fiscal year-end.
63. In late September 2021, LU advised the Monitor that due to the limited resources within LU’s finance team and numerous competing priorities, including responding to the AGO’s (as defined below) information requests, it would not be in a position to complete the preparation of its 2020-21 financial statements and have them audited by the October 31, 2021 deadline. Similarly, as the CRA Return requires financial statement information and financial statements to be appended, it would be unable to complete the CRA Return by the same deadline.
64. Given the limited resources and certain complexities identified with the preparation of the financial statements, the Board asked that the Monitor arrange for additional accounting resources from EY to be brought in to provide assistance to the LU finance team in connection with certain specific matters as required. EY’s role in this respect is specific. EY is assisting Management to understand requirements of applicable accounting standards, application of those standards, impact on the financial statements and is undertaking specific financial analysis as requested using data provided by LU. EY is assisting management with the preparation of accounting position papers, accounting analysis, the preparation of financial statement disclosures and populating financial related information and numbers into financial statements for specific matters as requested by Management. EY’s work is being performed under the direction of Management and is based on inquiries of, and discussion with, Management of LU. EY is not seeking to confirm the accuracy of the data or the information and explanations provided by Management. Management of LU reviews all documents prepared by EY for completeness, accuracy and reasonableness. Decisions regarding LU’s application of generally accepted accounting principles is being made solely by LU’s management as that remains

management's responsibility. EY is not providing a professional opinion on the application of accounting principles pursuant to the Canadian accounting standards for not-for-profit organizations. The procedures that EY is performing are advisory in nature and do not constitute an audit conducted in accordance with Canadian generally accepted auditing standards or other assurance, review or related services in accordance with the standards established by the Chartered Professional Accountants of Canada. Such EY accounting resources were made available to LU in October 2021 and have been assisting LU since then.

65. Efforts continue by Management to complete and finalize the financial statements. In addition, KPMG LLP (“**KPMG**”), LU’s auditor, has been working with LU throughout this period to conduct the audit concurrently with the completion of the financial statements. While substantial progress has been made, LU advises that additional time is required to finalize the financial statements and for KPMG to complete its audit.
66. With respect to the requirements in relation to the CRA Return, on October 25, 2021, LU sent a letter to the Charities Directorate of CRA advising of the delay.
67. On December 3, 2021, CRA issued a “Notice of Intention to Revoke the Registration” to LU, which provided that if the annual information return was not filed within 45 days (i.e., by January 17, 2022), LU’s charity registration would be revoked.
68. On January 15, 2022, LU filed its annual information return with CRA prior to the expiry of the 45-day window, appending its then current unaudited financial statements.
69. Representatives of MCU at the Province have been continually apprised of the delay and anticipated timing for completion of the financial statements. LU’s grant funding from MCU has not, to date, been impacted by the delay.

INTERACTIONS WITH GOVERNMENT BODIES

70. As set out in the Monitor’s prior Reports, the Applicant has expended significant time and effort responding to requests from a number of government ministries, regulatory bodies and legislative authorities.
71. The Ministry of Francophone Affairs (the “**MFA**”) has made certain inquiries of LU to understand the impact of the academic restructuring on LU’s French-language programming and services including as it relates to LU’s partial designation under the *French Language Services Act*, R.S.O. 1990, c. F. 32 (the “**FLSA**”). Details of recent communications between LU and the MFA are set out in the Recent Haché Affidavit. The Monitor understands that LU has responded to all the MFA’s information requests to date and has committed to ongoing discussions as may be requested by MFA.

72. In June 2021, the French Language Services Commissioner (the “**Commissioner**”) with the Office of the Ombudsman for Ontario advised LU that it would be conducting an investigation pursuant to the FLSA to determine whether LU met its obligations pursuant to its partial designation under the FLSA when it closed certain French language academic programs as part of the academic restructuring. Since then, the Commissioner has made various information requests of LU which LU has responded to. LU has confirmed its commitment as a bilingual university and to ensuring that it continues to offer strong French language programs for the approximately 20% of its student population who choose to enrol in same. LU understands the Commissioner’s review remains ongoing and continues to cooperate with the Commissioner in this respect.

AUDITOR GENERAL VALUE-FOR MONEY AUDIT

Auditor General of Ontario

73. On April 28, 2021, the Standing Committee on Public Accounts of the Legislature of Ontario (the “**Committee**”) passed a motion requesting that the Auditor General of Ontario (the “**AGO**”) perform a value-for-money audit of LU for the period 2010-2020.
74. Since then, LU has received very extensive information requests from the AGO. In addition, the AGO has reached out and met with a number of LU employees and directors. A team from the AGO has visited the campus multiple times spending several days on site.
75. LU has cooperated with the AGO’s investigation and has made considerable efforts to respond to the AGO’s information requests, including producing volumes of information, providing the AGO with direct access to LU’s entire financial accounting system, enrollment database and other systems and authorizing and encouraging staff to participate directly in interviews with the AGO. Responding to the information requests has required expenditure of significant time on the part of numerous LU personnel to search for requested documents as they span more than a decade of time and to pull them together to provide them to the AGO.
76. The production of documents has also involved external counsel assisting LU with a review of privileged documents and ensuring that disclosure of information does not breach any orders issued by the Court in this proceeding. With the exception of documents subject to privilege or court-ordered confidentiality, LU has and continues to be willing to provide the AGO with all of the documents requested. It has been the position of LU that the AGO is not entitled to compel the production of privileged information or documents, or those subject to Court-ordered confidentiality.

77. In August 2021, the AGO issued a summons to Dr. Haché requiring the production of certain privileged information. After various discussions and correspondence being exchanged, LU, the AGO and the Monitor attended at a case conference before this Court on August 12, 2021 in which this Court was advised by counsel to the AGO that the AGO conceded that she could not compel the production of privileged information pursuant to the summons. Subsequent to the case conference, the AGO through her counsel confirmed that “the Auditor General has decided not to legally pursue the production of privileged documents and will conduct her audit using information and documents that she voluntarily receives from Laurentian University”.
78. In September 2021, the AGO’s position changed. She sent a letter to Dr. Haché stating that she has “determined that we require access to all privileged information, both documentary and from interviewees”.
79. On September 27, 2021, LU, the AGO and the Monitor attended at another case conference before this Court in which the AGO indicated her intention to bring an application to court seeking a declaration that every grant recipient is required to give the AGO unfettered access to information and records described in section 10 of the *Auditor General Act*, R.S.O. 1990, c. A.35, as amended (the “**Auditor General Act**”), including information and records that are subject to solicitor-client privilege, litigation privilege, or settlement privilege (the “**AG Application**”). The parties agreed to a schedule for the delivery of all materials and hearing of the AG Application, the terms of which were set out in an Endorsement issued by this Court. A copy of the Endorsement is available on the Monitor’s website at www.ey.com/ca/laurentian.
80. The AG Application was heard on December 6, 2021. On January 12, 2022, the Court issued its decision with written reasons, a copy of which is available on the Monitor’s website, providing as follows:

- (a) a Declaration shall issue that s. 10 of the Act does not require audit subjects to give the Auditor information and records that are subject to solicitor-client privilege, litigation privilege, or settlement privilege; and*
- (b) a Declaration shall issue that s. 10(2) of the Act does not give the Auditor a right to free and unfettered access to information and records that are subject to solicitor-client privilege, litigation privilege, or settlement privilege.*

Legislative Assembly

81. On October 15, 2021, prior to the hearing of the AG Application, the Committee sent a letter to LU indicating that the Committee had met on October 6, 2021 and that it had decided to request that LU provide the Committee with an extensive list of information including both privileged and non-privileged information.

82. In a series of subsequent correspondence, LU reiterated its commitment to providing non-privileged information as soon as practically possible as well as the reasons why privileged or Court-ordered confidential information could not be provided. LU also suggested a conversation between LU counsel and representatives of the Committee to further discuss the issue. The Committee declined the requests for a conversation and repeated its requests for privileged and Court-ordered confidential mediation. The Committee has made it clear that the purpose of obtaining the documents is to provide them to the AGO for her to utilize in her audit.
83. On November 30, 2021, LU sent a letter to the AGO and the Committee setting out a formal proposal to resolve the issue (the “**November 30 Proposal**”). A copy of the letter is attached at Appendix “A”. In the letter, LU offered, notwithstanding its position that it is not required to produce privileged or Court-ordered confidential information to the AGO, that LU would agree to provide the AGO and the Committee with a) all documents, including those subject to privileged information for the period prior to March 2020 when LU began to consult with external insolvency counsel; b) additional privileged documents for the period post March 2020 where it is not related to LU’s CCAA restructuring. In other words, the documents to be withheld would only comprise privileged information directly relating to LU’s CCAA restructuring and information and documents subject to Court orders as to confidentiality made within the CCAA proceeding.
84. On December 1, 2021, at the Committee’s request, Dr. Haché and then-Board Chair, Claude Lacroix attended before the Committee at a closed session. The Monitor was in attendance and observed the session. While the session was closed, the Monitor can report that representatives of the Committee rejected the November 30 Proposal. To date, no formal response to the November 30 Proposal has been received from the AGO.
85. On December 9, 2021, the Committee reported to the Legislative Assembly of Ontario (the “**Assembly**”) and sought a Speaker’s warrant compelling delivery of the information. The Assembly approved the Committee’s report and the Speaker of the Assembly issued two warrants, one for Dr. Haché and the other for Mr. Lacroix (together, the “**Speaker’s Warrants**”). The Speaker’s Warrants require LU to produce all documents from the Committee’s requests by February 1, 2022. The Speaker’s Warrants provide that if they are disobeyed, the individuals named may be subject to punishment, including imprisonment.

86. On December 17, 2021, LU brought a motion seeking a stay of enforcement of the Speaker's Warrants, pending a determination of whether the Speaker's Warrants fall within the scope and extent of the Assembly's parliamentary privilege. The motion in respect of the stay was heard by this Court on January 18, 2022 and a determination is pending.
87. During the hearing on January 18, 2022, the Monitor indicated to the Court that it supported a stay of the Speaker's Warrants and that in its view, the parties should instead agree to the production of documents as set out in the November 30 Proposal. It is the Monitor's opinion that the November 30 Proposal provides the AGO and the Committee with the necessary information to allow the AGO to conduct her audit and investigation. It provides all requested information and documents of LU other than specific privileged information directly connected to LU's CCAA restructuring and information previously ordered to be kept confidential by this Court. Factual and historical information and documents have either already been disclosed to the AGO or will be. Production of privileged advice given by counsel to LU in connection with LU's CCAA restructuring does not appear relevant to the AGO's mandate to conduct a value-for-money audit on LU's operations for the period 2010-2020. LU's CCAA restructuring itself is not the subject of the AGO's audit and the CCAA proceeding is subject to the supervision of the Court.
88. The Monitor is particularly concerned with the prospect of disclosing information that has been ordered by this Court to be confidential, including the details of the confidential negotiations that have occurred during LU's CCAA restructuring. In the Monitor's view, such disclosure could negatively impact the ability or willingness of parties to participate in further negotiations in connection with a Plan, a critical step to permitting LU to emerge from its CCAA proceedings.
89. Despite the disagreements outlined above, LU has been working to provide non-privileged documents to the Committee. So far, approximately 15 gigabytes of information have been provided. Many documents exist only in paper form and so this has involved engaging outside assistance to transport boxes of documents to off-site locations, have them copied and then return the originals as the necessary service was not available in Sudbury. This process has been extensive and given LU's limited resources, has impacted the ability of LU personnel to complete their day-to-day ordinary course duties as well as advancing the many other aspects of LU's CCAA restructuring.

CLAIMS PROCESS¹

90. The Claims Process Order outlines the process by which Pre-Filing Claims, Restructuring Claims and D&O Claims (each as defined in the Claims Process Order) are to be solicited, reviewed and adjudicated. The Claims Bar Date for such claims was July 30, 2021, or in the case of Restructuring Claims, is the date that is thirty days after the date the Monitor sends a Proof of Claim Document package to the Creditor.
91. As set out in the Seventh Report, as of the Claims Bar Date, the Monitor had received approximately 200 Proofs of Claim with an aggregate asserted claim value in excess of \$300 million (excluding Compensation Claims as set out below). The Monitor and LU have made significant progress in reviewing these claims, however due to the complexity of the issues raised in many of the claims and delays associated with obtaining the necessary factual and historical information from LU or the claimants, review of many of these claims continues. The Monitor expects that its review will be further advanced in the coming weeks and additional Notices of Revision or Disallowance will be issued (after consultation with the Inspector Group in the case of Material Claims).
92. The Compensation Claims Process Order approved a methodology to calculate Compensation Claims and a process for notification and claims processing to determine Compensation Claims for voting and distribution purposes in relation to a Plan.
93. Pursuant to the Compensation Claims Process Order, the Monitor prepared individual Statements of Compensation Claims which were mailed to approximately 1,300 individual recipients with an aggregate claim value of approximately \$60 million. The Monitor also arranged for publication of the notices as contemplated in the Compensation Claims Process Order in the Globe & Mail, the Sudbury Star and Le Voyageur newspapers.
94. The Monitor received approximately 55 Notices of Dispute in connection with the Statements of Compensation Claims. The vast majority of these Notices of Dispute have been resolved consensually as between the claimant and the Monitor.
95. Pursuant to the Grievance Resolution Order, LUFA was to provide particulars in respect of the October 14 Grievances (as defined in the Grievance Resolution Order) by January 20, 2022. The Monitor and the Applicant are reviewing the particulars provided and continue to work through the outstanding October 14 Grievances. It may be necessary to seek the assistance of the Grievance Resolution Officer to determine some of the outstanding October 14 Grievances.

¹ All capitalized terms used in this section that are not otherwise defined shall have the meaning ascribed to such terms in the Claims Process Order.

PROVINCE SUPPORT PACKAGE

96. LU has been in regular communication with MCU throughout its CCAA proceedings. These communications have included requests by LU for financial and other support to assist LU in emerging from its CCAA proceedings and becoming a financially sustainable university.
97. In November 2021, the Province communicated an offer to provide the following financial support to LU:
 - a. Replacement of the Amended DIP Facility with a new DIP facility from the Province (the “**MCU DIP Facility**”) and the intention that the MCU DIP Facility be subsequently converted to long term financing upon emergence from CCAA proceedings;
 - b. The suspension of recoveries associated with lower than anticipated enrollment and failure to meet performance targets for a period of up to 6 years (2021/22 to 2026/27) of up to \$12 million and \$10 million, respectively, all of which could be granted on an annual basis; and
 - c. A COVID-19 related grant in the amount of \$6 million;
98. The Province’s financial support was subject to the following conditions:
 - a. Renewal of the Board including replacement of the existing members;
 - b. Development of a full strategic plan for LU with the assistance of an external third party; and
 - c. Public reporting on financial health and other metrics.
99. The Province advised that the terms of support were part of an overall package that had received the requisite approvals within government and therefore was not subject to modification.
100. LU and the Board considered the Province’s offer of assistance and determined that accepting such offer was in the best interests of LU. On December 16, 2021, the Province publicly announced that it had agreed to provide LU with the package of support.
101. The MCU DIP Facility is further described later in this Report and the implementation of the DIP refinancing is contemplated to occur immediately following this Court’s approval.
102. The first steps LU’s commitment to Board renewal were implemented in December 2021 and are further described in the next section of this Report.

103. Further discussions will be necessary to implement the remaining terms of the Province's support package.

CHANGES TO BOARD OF GOVERNORS

104. On December 15, 2021, the following individuals resigned from the Board: Claude Lacroix (former Chair), Sonia Del Missier (former Vice-Chair), Fabiola Garcia, Peter Faggioni, Kathy Dokis, Stuart Harshaw, Natalie Turvey, Karen Restoule, Nelson Toulouse, Martin Gran and Dr. Jennifer Jocko.
105. On December 16, 2021, the Province appointed five individuals to LU's Board through the Lieutenant Governor in Council process. Each were appointed for a one-year term. The five new Board members are:
- a. Debbi Nicholson - Ms. Nicholson is a resident of Sudbury. Ms. Nicholson is the President and Chief Executive Officer of the Greater Sudbury Chamber of Commerce;
 - b. Don Duval – Mr. Duval is a resident of Greater Sudbury. He is the Chief Executive Officer of NORCAT a not-for-profit organization that promotes skilled labour training and development for Northern Ontario. Mr. Duval is also a member of the Board of Health Sciences North;
 - c. Robert Brouillette – Mr. Brouillette is a resident of Greater Sudbury. He is a lawyer and is the owner and general manager of City Welding in Sudbury;
 - d. Gerard (Gerry) Bilodeau – Mr. Bilodeau is a resident of the Sudbury District. He provides consulting services to organizations within the mining industry through GBMC Inc.; and
 - e. Jeff Bangs – Mr. Bangs is a resident of Pickering, Ontario but is originally from Northern Ontario. Mr. Bangs is partner at Pathway Group, a firm that provides advice in government relations and public affairs. Until his appointment to the LU Board, Mr. Bangs and Pathway Group provided government relations advice to LU.
106. Since their appointment, LU has spent considerable time, with the assistance of its advisors and the Monitor, to support the onboarding of the new members.
107. On January 17, 2021, at a meeting of LU's Board, Jeff Bangs was elected Chair *pro tempore* until the next annual meeting in June 2022.

108. Prior to the recent Board changes, LU's Board comprised 20 members (out of a total of 25 permitted members), including the President. Currently, with the changes set out above, there are 14 voting members of the Board, including the President.
109. The Monitor expects that in accordance with LU's commitment to renewal of the Board, there will be additional changes that will occur. The timing of such changes will depend on several factors including consideration of the skillsets and experience required (i.e., in particular finance, accounting, business and operations), representation from key constituencies (i.e., francophone or indigenous communities) and how the Nous report recommendations may guide or influence Board composition.

ACTUAL RECEIPTS AND DISBURSEMENTS

110. The Applicant's weekly cash flow forecast for the period from August 14, 2021 to February 4, 2022 (the "**Cash Flow Forecast**") was appended to the Seventh Report.
111. Attached at Appendix "**B**" to this Report is a summary of the Applicant's actual receipts and disbursements for the Reporting Period. Appendix "**C**" to this Report contains a variance analysis with respect to some of the larger variances from the Cash Flow Forecast.
112. The Applicants had net cash inflow of approximately \$20.1 million during the Reporting Period after \$4.4 million in net transfers of receipts from restricted funds directed to/from the Segregated Accounts (as defined in the Initial Order) and before (a) a draw on the Amended DIP Facility of \$10 million, and (b) payment of monthly interest expense on the Amended DIP Facility.
113. Net receipts, including capital project grants, were \$91.7 million vs. a previous forecast of \$80.6 million. The primary reasons for the \$11.0 million variance were as follows:
 - a. Collection of student fees was \$12.7 million greater than forecast, the vast majority of which is a timing difference arising from students paying earlier than forecast;
 - b. Collection of operating grants were \$3.4 million lower than forecast, primarily due to timing differences in the receipt of funds; and
 - c. Other receipts being \$1.6 million greater than forecast as a result of various permanent differences arising from the collection of non-forecast HST refunds, receipt of payment from the Canadian Red Cross for the provision of emergency services and collection of other miscellaneous receivables.
114. Net disbursements, including payment of interest charges on the Amended DIP Facility, were \$73.1 million compared to a forecasted amount of \$78.9 million resulting in a positive variance of \$5.8 million. Approximately \$3.9 million of this variance relates to lower than

forecast payroll, benefits and pension amounts primarily due to vacant positions that remain unfilled, resignations and lower than forecast part-time and casual hires. Approximately \$9.4 million relates to deferrals of operating expenditures, other than critical expenditures, as LU continues to work through its restructuring, and delays in processing payments. These variances were offset by \$1.0 million in increased student refunds as students paid accounts prior to receiving financial aid or other credits on account and \$6.5 million in forecast transfers from the Segregated Accounts that did not occur due to delays in the finance team completing reconciliations of restricted funds.

115. Overall, the Applicant's actual net cash inflow was materially better than forecast. The Monitor notes that while all efforts have been made to limit or defer expenditures given the current circumstances, an increase in operating expenses will be required for LU to continue to operate effectively in the longer term.

REVISED CASH FLOW FORECAST

116. The Revised Cash Flow Forecast, attached as Appendix "D" to this Report, has been 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.
117. 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.
118. The Monitor has reviewed the Revised Cash Flow Forecast to 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.
119. 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.

120. 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.
121. The Revised Cash Flow Forecast projects that during the Forecast Period, the Applicant will have estimated total combined receipts of approximately \$59.5 million, net of \$7.2 million in receipts from restricted funds to be directed to the Segregated Accounts. Estimated total combined disbursements including payment of interest charges on the MCU DIP Facility are forecast to be approximately \$74.2 million, net of reimbursements from the Segregated Accounts of \$14.0 million. This results in projected net cash outflow (net of Segregated Account activity), of approximately \$14.7 million. The Revised Cash Flow Forecast projects that LU will have access to sufficient liquidity during the Forecast Period.
122. The main assumptions of the Revised Cash Flow Forecast are as follows:
- a. The refinancing of the Amended DIP Facility is implemented;
 - b. Academic teaching operations, the provision of ancillary services and certain in-process research activity continues in the ordinary course, uninterrupted;
 - c. Enrolment for the remainder of the 2021-22 academic year remains unchanged for the winter term and is in accordance with LU's previous projections for the spring/summer term;
 - d. On campus operations will resume on February 7, 2022 and continue throughout the academic year (the Monitor notes that should the current mode of virtual delivery of courses continue, this could result in further declines in ancillary revenue and cash receipts);
 - e. Certain vacancies in staff positions will remain unfilled pending the 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;
 - f. 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;

- g. 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;
- h. 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 as per previous orders granted by this Court;
- i. 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; and
- j. 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.

THE MCU DIP FACILITY

123. The Amended and Restated Initial Order approved a term sheet (the "**DIP Term Sheet**") dated January 19, 2021, between LU and Firm Capital Corporation for the provision of the DIP Facility in the principal amount of \$25 million. After executing the DIP Term Sheet, Firm Capital Corporation assigned its interest to Firm Capital Mortgage Fund Inc. (the "**DIP Lender**"). In addition, as contemplated by the DIP Term Sheet, LU and the DIP Lender executed a definitive agreement dated February 10, 2021 (the "**DIP Agreement**") to formally document the terms and conditions set out in the DIP Term Sheet. On April 20, 2021, LU and the DIP Lender entered into an Amended DIP Term Sheet (the "**First**

DIP Amendment”), pursuant to which LU and the DIP Lender agreed to the terms of the Amended DIP Facility which increased the maximum principal amount available under the DIP Facility by a further \$10 million.

124. As of today’s date, LU has drawn on the full \$35 million available pursuant to the Amended DIP Facility. The Amended DIP Facility currently has a maturity date of January 31, 2022.
125. As set out above, as part of the package of support offered by the Province, the Province has 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 will advance \$35 million to LU, such proceeds to be used to repay in full and discharge the Amended DIP Facility. A copy of the MCU DIP Loan Agreement is attached as Exhibit “G” to the Recent Haché Affidavit and has been executed by LU and the Province, subject to Court approval.
126. The key terms of the MCU DIP Loan Agreement are summarized as follows:
 - a. The Province will step into the shoes of the existing DIP Lender and obtain the benefit of the super-priority court ordered charge on LU’s assets (the “**DIP Lender’s Charge**”) as provided for in the Amended and Restated Initial Order;
 - b. The interest rate payable on the MCU DIP Facility will be based on the Province’s one year cost of funds at the time of the advance. For reference, the Monitor has been advised by the Province that had the MCU DIP Facility been advanced on January 12, 2022, the interest rate would be 1.052%. This interest rates is substantially lower than the interest rate payable on the Amended DIP Facility of 8.5%;
 - c. There are no other fees payable;
 - d. 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 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;
 - e. It is a covenant of the MCU DIP Loan Agreement that LU, in consultation with the Monitor and the CRO shall pursue and implement the renewal process for the Board and management in a manner and on timing acceptable to the Province; and
 - f. Other terms are substantially similar to those set out in the Amended DIP Facility.
127. As set out above, the Revised Cash Flow Forecast projects that LU will not require any additional financing for the period of the requested stay extension. However, LU is also not in a position to repay the Amended DIP Facility without refinancing. While LU is

expected to have positive net cash inflow and to maintain a reasonable cash balance, this balance will be required to allow LU to operate through to the next academic year, including through the summer when cyclically, receipts are at its lowest. In addition, if the Pandemic results in a longer period of virtual operations and students are not living in LU's residences, there could be significant impacts on the ability to achieve the results in the Revised Cash Flow Forecast.

128. The Monitor notes that with no fees contemplated and a substantially lower interest rate vis-a-vis the Amended DIP Facility, the MCU DIP Facility will provide LU with the necessary working capital, at a relatively low cost, to continue operating through the balance of the 2021-22 academic year and into the following academic year while working with its stakeholders to complete its restructuring. Accordingly, the Monitor is of the view that the Applicant's request for approval of the MCU DIP Loan Agreement is necessary and reasonable and supports the request.

STRATEGIC PLAN

129. A term of the Province's offer of support was that LU commit to the development of a new, full strategic plan, to be developed with the assistance of an external third party. The Monitor understands that LU is also committed to the development of a new strategic plan.
130. The Monitor is of the view that such an exercise is critical and necessary as LU's current strategic plan is out of date and does not reflect material changes in LU's circumstances. The Monitor notes that it is critical that such strategic plan be developed in a manner that ensures broad consultation with all key stakeholders and that it remains focussed on a direction that prioritizes long term financial sustainability.
131. In order to facilitate the identification of prospective parties that are independent and qualified to assist with the development of a strategic plan, LU has proposed that this Court authorize the Monitor and CRO to initiate such discussions with appropriate candidates. Should this Court approve LU's requested relief, the Monitor is prepared to do so.

STAY EXTENSION

132. The Stay Period is currently set to expire on January 31, 2022. The Applicant requests an extension of the Stay Period up to and including May 31, 2022.

133. The Monitor is of the view that the requested extension of the Stay Period is appropriate for the following reasons:
- a. The extension of the Stay Period will provide comfort to LU's existing and new incoming students that the Applicant will continue operations in the ordinary course during the remainder of the 2021-22 academic year and into the 2022-23 academic year;
 - b. The Applicant requires the extension in order to undertake several steps necessary to advance its restructuring, including:
 - i. receiving the results of the Real Estate Advisor's work to identify potential opportunities to realize on assets that are considered not critical to LU's ongoing operations, which is expected to be completed very shortly;
 - ii. reviewing the recommendations from the Nous governance and operational review with key stakeholders and receiving feedback from such review;
 - iii. completing the review and determination of claims as asserted pursuant to the Claims Process Order;
 - iv. resolve the October 14 Grievances pursuant to the process set out in the Grievance Resolution Order;
 - v. identifying an independent third party to assist with a process to develop a fulsome strategic plan for LU;
 - vi. working with the Province to implement all aspects of the Province's support package; and
 - vii. conducting negotiations with significant creditors in respect of the framework for a Plan; and
 - c. The Applicant continues to operate in good faith and with due diligence since the date of the Initial Order.
134. Based on the Revised Cash Flow Forecast, and with the approval of the MCU DIP Facility, the Monitor is of the view that the Applicant should have sufficient liquidity to fund its operations until May 31, 2022. If there are any material events to report upon in the interim period, the Applicant and the Monitor will return to the Court.
135. For the foregoing reasons, the Monitor supports the Applicant's request for an order extending the Stay Period to May 31, 2022.

MONITOR'S RECOMMENDATIONS AND CONCLUSIONS

136. For the reasons stated herein, the Monitor supports the relief sought by the Applicant including the approval of:
- a. The MCU DIP Loan Agreement;
 - b. The identification by the Monitor and CRO of parties to assist with the development of a strategic plan; and
 - c. The extension of the stay of proceedings to May 31, 2022.
137. Accordingly, the Monitor recommends that the Court grant the relief sought by the Applicant.

All of which is respectfully submitted this 24th day of January, 2022.

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

Per:



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

APPENDIX "A"
NOVEMBER 30 PROPOSAL

November 30, 2021

BY EMAIL

Richard G. Dearden
Gowling WLG
Suite 2600, 160 Elgin Street
Ottawa, Ontario K1P 1C3
richard.dearden@gowlingwlg.com

Christopher Tyrell
Clerk, Standing Committee on Public Accounts
Legislative Building, Queen's Park
Toronto, ON
M7A 1A5
comm-publicaccounts@ola.org

Dear Mr. Dearden and Mr. Tyrell:

Re: Auditor General of Ontario v Laurentian University (Toronto CV-21-00669471-00CL)

I write on behalf of Laurentian University to relay the terms of an offer to resolve the outstanding issues relating to the Auditor General's and the Standing Committee's requests for production of privileged and confidential information and documents.

On November 17, 2021, the University received a memorandum from Shelley Tapp, the Deputy Minister of the Ontario Ministry of Colleges and Universities. The memorandum encouraged the University try to find a solution to the issue with the Auditor General regarding the production of privileged information to her for her audit.

On November 22, 2021, the University's President replied to Deputy Minister Tapp, saying that "[t]he University has always been, and remains, willing to consider any potential solution that will allow the Auditor General access to the information she feels is necessary for her work, while protecting the University's vital interests."

On November 23, 2021, counsel to the University contacted Mr. Dearden, counsel to the Auditor General, and spoke with him about potential resolution. Since then, counsel to the Auditor General has not made further contact with counsel to the University. Nevertheless, the University is committed to making all efforts to find a mutually agreeable resolution and, therefore, is prepared to make this offer even in the absence of further engagement by the Auditor General.

Accordingly, we propose the following to resolve this matter on the following basis: the University would provide the Auditor General and Standing Committee with: (i) *all* documents (including those subject to privilege) created before the University began to consult with external insolvency counsel in March 2020; and (ii) many non-*CCAA* privileged documents created after that date (as explained in more detail below) (collectively, the “**Proposed Production**”).

I note that the time period for the value for money audit that the Standing Committee established is 2010 to 2020. Production of information and documents that relate to the restructuring commenced pursuant to the *CCAA* would be highly problematic, given the importance of the restructuring to the University and its other stakeholders, and the outstanding court orders prohibiting disclosure of documents and information pertaining to the court-ordered mediation.

For the proposal to be accepted, it would have to constitute a full and final resolution of both the request for documents by the Standing Committee, and the privilege issue that has arisen with respect to the Auditor General’s value for money audit. Our intention is to make a proposal that will put this matter behind us.

If the proposal is accepted, it will not be practically possible or financially feasible to manually review all of the documents and information requested by the Auditor General (let alone those requested by the Standing Committee) to determine whether each one relates to the *CCAA* restructuring. As you know, the requests implicate tens of millions of emails, among a great many other documents.

Accordingly, if the offer made by the University above is accepted, the University would have to apply cut-off dates for each information source within the Proposed Production, to ensure that no information is produced that relates to the *CCAA* restructuring. So, for example, where the request is for the email account of a certain person, the University would identify that person’s role, and whether they were involved in the preparation for the *CCAA* restructuring, or only became involved upon the commencement of the *CCAA* proceeding on February 1, 2021. If so, the University would identify the earliest date on which they would have participated in those discussions, and the Proposed Production would only include emails or documents created before that date. I understand that much of the work of identifying cut-off dates has already been done by the University and its advisors.

Such a resolution would also require:

- Confirmations from the Standing Committee and the Auditor General that they: (i) will not continue to seek additional privileged information relating to the University’s restructuring under the *CCAA*; (ii) will not publicly disclose the content of privileged documents and information that may form part of the Proposed Production; and, (iii) will agree that disclosure by the University is not a waiver of privilege;
- A court order to be sought from Chief Justice Morawetz reflecting the terms of this settlement and authorizing and directing the University to produce privileged information (other than as relates to *CCAA* matters) to protect the University from potential liability to

those third parties, since the Proposed Production may infringe the privilege of third parties. I would propose that such a court order be requested on a consent basis so that same can be obtained the date currently set aside for the hearing of the Auditor General's application, December 6, 2021; and

- Flexibility and accommodation around the timing of the Proposed Production, given the voluminous nature of the requests and the multiple other pressing demands on the University's staff.

The University is making this offer because it wants to resolve this situation and believes that its terms will satisfy the interests of the Auditor General and the Standing Committee, while protecting the University's vital interests to allow the University to move forward as it restructures as a viable and vibrant post-secondary institution. The University remains confident in the strength of its legal arguments that, if no resolution on the above terms is reached, it will present to the court on December 6. It makes this offer without prejudice to those arguments, but it may refer to this offer, and any response or lack thereof, in court or otherwise.

Tomorrow, at their appearance at the closed session of the Standing Committee on Public Accounts, Dr. Haché and Mr. Lacroix will be happy to answer any questions the Committee may have about this proposal.

Yours truly,



Fredrick Schumann

- c. Shelley Tapp, Deputy Minister, Ontario Ministry of Colleges and Universities
Claude Lacroix, Chair, Board of Governors
Dr. Robert Haché, President and Vice-Chancellor
D. J. Miller, *Thornton Grout Finnigan LLP* (Insolvency counsel to the University)
Sharon Hamilton, *Ernst & Young Inc.* (Court-Appointed Monitor of the University)
Ashley Taylor, *Stikeman Elliott LLP* (Counsel to the Court-Appointed Monitor)
Peter Osborne, *Lenczner Slaght* (Counsel to the Board of Governors of the University)
Richard Dearden, *Gowling WLG (Canada) LLP* (Counsel to the Auditor General)
Brian Gover, *Stockwoods LLP*
Celeste Boyer, *Laurentian University*

APPENDIX "B"

SUMMARY OF ACTUAL RECEIPTS AND DISBURSEMENTS

Laurentian University

Cash Flow - Actuals

For the twenty-one weeks ended January 7, 2022

| (in 000s CAD\$) | | Week: | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | |
|--|----|------------------|-------------------|------------------|------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|------------------|--|
| Notes | | 14-Aug-2021 | 21-Aug-2021 | 28-Aug-2021 | 04-Sep-2021 | 11-Sep-2021 | 18-Sep-2021 | 25-Sep-2021 | 02-Oct-2021 | 09-Oct-2021 | 16-Oct-2021 | 23-Oct-2021 | 30-Oct-2021 | 06-Nov-2021 | 13-Nov-2021 | |
| | | 20-Aug-2021 | 27-Aug-2021 | 03-Sep-2021 | 10-Sep-2021 | 17-Sep-2021 | 24-Sep-2021 | 01-Oct-2021 | 08-Oct-2021 | 15-Oct-2021 | 22-Oct-2021 | 29-Oct-2021 | 05-Nov-2021 | 12-Nov-2021 | 19-Nov-2021 | |
| Receipts | | | | | | | | | | | | | | | | |
| Operating Grants | 1 | \$ 2,938 | \$ - | \$ 3,000 | \$ - | \$ 2,938 | \$ - | \$ 2,958 | \$ 130 | \$ 3,029 | \$ - | \$ 2,938 | \$ 30 | \$ - | \$ 3,335 | |
| Research Grants | 2 | - | 422 | 18 | - | 361 | 75 | 18 | 222 | 319 | 59 | 292 | 13 | 3 | 61 | |
| Student Fees | 3 | 2,409 | 2,290 | 2,944 | 7,175 | 3,893 | 3,313 | 1,380 | 1,018 | 671 | 999 | 658 | 908 | 906 | 753 | |
| Reimbursements | 4 | 560 | - | 975 | 19 | 586 | 0 | 298 | 731 | 470 | 1 | 817 | 264 | 944 | 98 | |
| Donations | 5 | 12 | 1 | 6 | 25 | 68 | - | 113 | 10 | 4 | 24 | 23 | 0 | 0 | 10 | |
| Other Receipts | 6 | 742 | 122 | 996 | 338 | 112 | 61 | 335 | 33 | 494 | 136 | 101 | 45 | 65 | 20 | |
| Less Restricted Receipts | 21 | (12) | (422) | (59) | (25) | (429) | (75) | (131) | (362) | (1,310) | (83) | (314) | (44) | (3) | (71) | |
| Total Receipts | | 6,649 | 2,412 | 7,880 | 7,531 | 7,529 | 3,374 | 4,971 | 1,782 | 3,677 | 1,135 | 4,515 | 1,217 | 1,915 | 4,206 | |
| Operating Disbursements | | | | | | | | | | | | | | | | |
| Payroll & Benefits | 7 | (531) | (3,382) | (1,359) | (839) | (470) | (4,228) | (79) | (2,376) | (732) | (4,156) | (19) | (2,367) | (1,054) | (1,080) | |
| Pension | 8 | - | (1,057) | - | - | - | - | (938) | - | - | - | (954) | - | - | - | |
| Occupancy Costs | 9 | (238) | - | (596) | (125) | (640) | (132) | (28) | (113) | (20) | (392) | (39) | (358) | (351) | (181) | |
| Other Operating Costs | 10 | (426) | (14) | (143) | (634) | (459) | (761) | (42) | 172 | (180) | (353) | (443) | (547) | (466) | (401) | |
| Information Technology | 11 | (79) | - | (2) | (78) | (35) | (167) | - | (43) | (84) | (18) | (20) | (91) | (34) | (26) | |
| Professional Fees | 12 | (193) | (190) | (19) | (128) | (47) | (54) | (9) | (160) | (92) | (18) | (215) | (130) | (176) | (266) | |
| Student Refunds | 13 | (74) | - | - | (67) | (163) | (371) | - | (129) | (482) | - | (261) | (328) | (223) | - | |
| Transferred Research Grants | 14 | - | - | - | - | (19) | - | - | (55) | - | - | (664) | (269) | (194) | - | |
| Transfers to Federated Universities | 15 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Transfers to NOSM | 16 | - | - | - | - | - | - | - | - | - | - | (1,544) | - | - | - | |
| Transfers to the Students' Associations | 17 | - | - | - | - | - | - | - | - | - | - | - | - | - | (462) | |
| Transfers from / (to) Segregated Accounts | 23 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total Operating Disbursements | | (1,540) | (4,643) | (2,118) | (1,871) | (1,833) | (5,712) | (1,087) | (2,552) | (1,659) | (5,011) | (4,159) | (4,090) | (2,498) | (2,415) | |
| Net Operating Cash Flow | | 5,108 | (2,232) | 5,762 | 5,661 | 5,696 | (2,338) | 3,884 | (771) | 2,019 | (3,876) | 356 | (2,873) | (582) | 1,791 | |
| Non operating Receipts/ (Disbursements) | | | | | | | | | | | | | | | | |
| Capital Project Grants | 18 | - | - | - | - | - | - | - | - | 988 | - | - | - | - | - | |
| Capital Projects | 18 | - | - | - | - | (2) | (47) | (2) | (288) | (45) | - | - | (64) | - | - | |
| Debt Service | 19 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Restructuring Costs | 22 | - | - | (693) | (384) | (367) | (169) | - | - | (742) | (161) | (540) | (172) | (299) | (288) | |
| Total Non-Operating Disbursements | | - | - | (693) | (384) | (369) | (216) | (2) | (288) | 201 | (161) | (540) | (236) | (299) | (288) | |
| Total Disbursements | | (1,540) | (4,643) | (2,812) | (2,255) | (2,202) | (5,928) | (1,089) | (2,840) | (1,457) | (5,172) | (4,699) | (4,326) | (2,797) | (2,703) | |
| Net Cash Receipts/(Disbursements) | | \$ 5,108 | \$ (2,232) | \$ 5,068 | \$ 5,276 | \$ 5,327 | \$ (2,554) | \$ 3,882 | \$ (1,059) | \$ 2,220 | \$ (4,036) | \$ (184) | \$ (3,109) | \$ (882) | \$ 1,504 | |
| Cash Balance | | | | | | | | | | | | | | | | |
| Beginning cash balance | | \$ 34,195 | \$ 39,303 | \$ 46,722 | \$ 51,591 | \$ 56,867 | \$ 62,194 | \$ 59,640 | \$ 63,277 | \$ 62,218 | \$ 64,438 | \$ 60,402 | \$ 59,965 | \$ 56,856 | \$ 55,974 | |
| Adjustment to Actual, fix adjustment | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Cash Receipts/(Disbursements) | | 5,108 | (2,232) | 5,068 | 5,276 | 5,327 | (2,554) | 3,882 | (1,059) | 2,220 | (4,036) | (184) | (3,109) | (882) | 1,504 | |
| DIP Financing Draw/(Interest Payments) | | - | 9,650 | (199) | - | - | - | (245) | - | - | - | (253) | - | - | - | |
| Ending cash balance | | \$ 39,303 | \$ 46,722 | \$ 51,591 | \$ 56,867 | \$ 62,194 | \$ 59,640 | \$ 63,277 | \$ 62,218 | \$ 64,438 | \$ 60,402 | \$ 59,965 | \$ 56,856 | \$ 55,974 | \$ 57,478 | |
| DIP Financing | | | | | | | | | | | | | | | | |
| Opening Balance | 23 | \$ 25,000 | \$ 25,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | |
| Draw/(Payback) | | - | 10,000 | - | - | - | - | - | - | - | - | - | - | - | - | |
| Interest and Other Fees | | - | 350 | 199 | - | - | - | 245 | - | - | - | 253 | - | - | - | |
| Repayment of Interest and Other Fees | | - | (350) | (199) | - | - | - | (245) | - | - | - | (253) | - | - | - | |
| Ending Balance | | \$ 25,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | |
| Available Liquidity | | \$ 49,303 | \$ 46,722 | \$ 51,591 | \$ 56,867 | \$ 62,194 | \$ 59,640 | \$ 63,277 | \$ 62,218 | \$ 64,438 | \$ 60,402 | \$ 59,965 | \$ 56,856 | \$ 55,974 | \$ 57,478 | |
| Endowment Fund | | | | | | | | | | | | | | | | |
| Beginning balance | 20 | \$ 63,906 | \$ 63,906 | \$ 63,906 | \$ 64,629 | \$ 64,629 | \$ 64,629 | \$ 64,629 | \$ 63,634 | \$ 63,634 | \$ 63,634 | \$ 63,634 | \$ 63,634 | \$ 64,318 | \$ 64,318 | |
| Transfers in/(out) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Change in Market Value | | - | - | 723 | - | - | - | (995) | - | - | - | - | 684 | - | - | |
| Ending Balance | | \$ 63,906 | \$ 63,906 | \$ 64,629 | \$ 64,629 | \$ 64,629 | \$ 64,629 | \$ 63,634 | \$ 63,634 | \$ 63,634 | \$ 63,634 | \$ 63,634 | \$ 64,318 | \$ 64,318 | \$ 64,318 | |
| Segregated Accounts | | | | | | | | | | | | | | | | |
| Beginning balance | | \$ 11,533 | \$ 11,545 | \$ 11,967 | \$ 12,026 | \$ 12,051 | \$ 12,480 | \$ 12,555 | \$ 12,686 | \$ 13,048 | \$ 14,358 | \$ 14,441 | \$ 14,756 | \$ 14,799 | \$ 14,802 | |
| Restricted Receipts | 21 | 12 | 422 | 59 | 25 | 429 | 75 | 131 | 362 | 1,310 | 83 | 314 | 44 | 3 | 71 | |
| Transfers from / (to) Operating Account | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Ending Balance | | \$ 11,545 | \$ 11,967 | \$ 12,026 | \$ 12,051 | \$ 12,480 | \$ 12,555 | \$ 12,686 | \$ 13,048 | \$ 14,358 | \$ 14,441 | \$ 14,756 | \$ 14,799 | \$ 14,802 | \$ 14,873 | |

Laurentian University

Cash Flow - Actuals

For the twenty-one weeks ended January 7, 2022



| (in 000s CAD\$) | Week: | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual |
|--|-------|-------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|
| | Notes | 20-Nov-2021 | 27-Nov-2021 | 04-Dec-2021 | 11-Dec-2021 | 18-Dec-2021 | 25-Dec-2021 | 01-Jan-2022 | 14-Aug-2021 |
| | | 26-Nov-2021 | 03-Dec-2021 | 10-Dec-2021 | 17-Dec-2021 | 24-Dec-2021 | 31-Dec-2021 | 07-Jan-2022 | 14-Aug-2021 |
| | | | | | | | | | 07-Jan-2022 |
| Receipts | | | | | | | | | |
| Operating Grants | 1 | \$ - | \$ 2,970 | \$ 154 | \$ 3,864 | \$ 1,000 | \$ 3,280 | \$ - | \$ 32,563 |
| Research Grants | 2 | 15 | - | 137 | 134 | 148 | - | 201 | 2,499 |
| Student Fees | 3 | 868 | 1,508 | 3,344 | 3,089 | 1,505 | 642 | 6,216 | 46,489 |
| Reimbursements | 4 | 617 | 51 | 892 | 64 | 22 | 3 | 728 | 8,139 |
| Donations | 5 | 6 | 9 | 174 | 8 | 128 | 2 | 3 | 624 |
| Other Receipts | 6 | 175 | 142 | 46 | 372 | 29 | 430 | 64 | 4,858 |
| Less Restricted Receipts | 21 | (21) | (27) | (312) | (142) | (276) | (155) | (204) | (4,478) |
| Total Receipts | | 1,660 | 4,653 | 4,435 | 7,390 | 2,556 | 4,200 | 7,007 | 90,694 |
| Operating Disbursements | | | | | | | | | |
| Payroll & Benefits | 7 | (3,202) | (2,077) | (304) | (1,745) | (3,866) | - | (1,370) | (35,234) |
| Pension | 8 | - | (972) | - | - | - | (1,012) | - | (4,933) |
| Occupancy Costs | 9 | (378) | (72) | (499) | (187) | (231) | - | (270) | (4,851) |
| Other Operating Costs | 10 | (760) | (432) | (271) | (501) | (1,129) | (7) | (9) | (7,806) |
| Information Technology | 11 | (139) | (41) | (21) | (389) | (11) | - | - | (1,277) |
| Professional Fees | 12 | (144) | (317) | (235) | (20) | (360) | - | (137) | (2,894) |
| Student Refunds | 13 | (278) | (148) | (101) | (164) | (173) | - | - | (2,962) |
| Transferred Research Grants | 14 | (28) | - | - | - | - | - | - | (1,229) |
| Transfers to Federated Universities | 15 | - | - | - | - | - | - | - | - |
| Transfers to NOSM | 16 | - | - | - | - | - | - | - | (1,544) |
| Transfers to the Students' Associations | 17 | (1,970) | - | - | - | - | - | - | (2,433) |
| Transfers from / (to) Segregated Accounts | 23 | - | - | 102 | - | - | - | - | 102 |
| Total Operating Disbursements | | (6,900) | (4,060) | (1,330) | (3,007) | (5,770) | (1,019) | (1,786) | (65,059) |
| Net Operating Cash Flow | | (5,240) | 594 | 3,105 | 4,382 | (3,213) | 3,182 | 5,221 | 25,635 |
| Non operating Receipts/ (Disbursements) | | | | | | | | | |
| Capital Project Grants | 18 | - | - | - | - | - | - | - | 988 |
| Capital Projects | 18 | (256) | - | - | (2) | (156) | - | - | (862) |
| Debt Service | 19 | - | - | - | - | - | - | - | - |
| Restructuring Costs | 22 | - | (455) | (492) | - | (514) | - | (384) | (5,661) |
| Total Non-Operating Disbursements | | (256) | (455) | (492) | (2) | (670) | - | (384) | (5,535) |
| Total Disbursements | | (7,157) | (4,515) | (1,822) | (3,009) | (6,440) | (1,019) | (2,170) | (70,594) |
| Net Cash Receipts/(Disbursements) | | \$ (5,497) | \$ 139 | \$ 2,614 | \$ 4,380 | \$ (3,884) | \$ 3,182 | \$ 4,837 | \$ 20,100 |
| Cash Balance | | | | | | | | | |
| Beginning cash balance | | \$ 57,478 | \$ 51,735 | \$ 51,874 | \$ 54,488 | \$ 58,868 | \$ 54,732 | \$ 57,914 | \$ 34,195 |
| Adjustment to Actual, fix adjustment | | - | - | - | - | - | - | - | - |
| Cash Receipts/(Disbursements) | | (5,497) | 139 | 2,614 | 4,380 | (3,884) | 3,182 | 4,837 | 20,100 |
| DIP Financing Draw/(Interest Payments) | | (246) | - | - | - | (253) | - | - | 8,455 |
| Ending cash balance | | \$ 51,735 | \$ 51,874 | \$ 54,488 | \$ 58,868 | \$ 54,732 | \$ 57,914 | \$ 62,751 | \$ 62,751 |
| DIP Financing | | | | | | | | | |
| Opening Balance | 23 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 25,000 |
| Draw/(Payback) | | - | - | - | - | - | - | - | 10,000 |
| Interest and Other Fees | | 246 | - | - | - | 253 | - | - | 1,545 |
| Repayment of Interest and Other Fees | | (246) | - | - | - | (253) | - | - | (1,545) |
| Ending Balance | | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 |
| Available Liquidity | | \$ 51,735 | \$ 51,874 | \$ 54,488 | \$ 58,868 | \$ 54,732 | \$ 57,914 | \$ 62,751 | \$ 62,751 |
| Endowment Fund | | | | | | | | | |
| Beginning balance | 20 | \$ 64,318 | \$ 64,318 | \$ 64,264 | \$ 64,264 | \$ 64,264 | \$ 64,264 | \$ 61,024 | \$ 63,906 |
| Transfers in/(out) | | - | - | - | - | - | - | - | - |
| Change in Market Value | | - | (54) | - | - | - | (3,241) | - | (2,882) |
| Ending Balance | | \$ 64,318 | \$ 64,264 | \$ 64,264 | \$ 64,264 | \$ 64,264 | \$ 61,024 | \$ 61,024 | \$ 61,024 |
| Segregated Accounts | | | | | | | | | |
| Beginning balance | | \$ 14,873 | \$ 14,894 | \$ 14,922 | \$ 15,131 | \$ 15,274 | \$ 15,550 | \$ 15,705 | \$ 11,533 |
| Restricted Receipts | 21 | 21 | 27 | 312 | 142 | 276 | 155 | 204 | 4,478 |
| Transfers from / (to) Operating Account | | - | - | (102) | - | - | - | - | (102) |
| Ending Balance | | \$ 14,894 | \$ 14,922 | \$ 15,131 | \$ 15,274 | \$ 15,550 | \$ 15,705 | \$ 15,909 | \$ 15,909 |

APPENDIX "C"
CASH FLOW VARIANCE ANALYSIS

Laurentian University

Cash Flow - Variance Report

For the twenty-one weeks ended January 7, 2022



| (in 000s CAD\$) | Actual | | Forecast | | Variance | |
|--|----------------------------|--|----------------------------|--|----------------------------|--|
| | 14-Aug-2021 07-Jan-2022 | | 14-Aug-2021 07-Jan-2022 | | 14-Aug-2021 07-Jan-2022 | |
| Receipts | | | | | | |
| Operating Grants | \$ 32,563 | | \$ 35,914 | | \$ (3,351) | |
| Research Grants | 2,499 | | 4,989 | | (2,490) | |
| Student Fees | 46,489 | | 33,826 | | 12,663 | |
| Reimbursements | 8,139 | | 7,606 | | 533 | |
| Donations | 624 | | - | | 624 | |
| Other Receipts | 4,858 | | 3,271 | | 1,587 | |
| Less Restricted Receipts | (4,478) | | (5,977) | | 1,499 | |
| Total Receipts | 90,694 | | 79,630 | | 11,064 | |
| Operating Disbursements | | | | | | |
| Payroll & Benefits | (35,234) | | (38,862) | | 3,628 | |
| Pension | (4,933) | | (5,196) | | 263 | |
| Occupancy Costs | (4,851) | | (4,470) | | (381) | |
| Other Operating Costs | (7,806) | | (13,815) | | 6,009 | |
| Information Technology | (1,277) | | (1,233) | | (44) | |
| Professional Fees | (2,894) | | (2,020) | | (873) | |
| Student Refunds | (2,962) | | (1,958) | | (1,004) | |
| Transferred Research Grants | (1,229) | | (950) | | (279) | |
| Transfers to Federated Universities | - | | - | | - | |
| Transfers to NOSM | (1,544) | | (1,500) | | (44) | |
| Transfers to the Students' Associations | (2,433) | | (3,254) | | 821 | |
| Transfers from / (to) Segregated Accounts | 102 | | 6,566 | | (6,464) | |
| Total Operating Disbursements | (65,059) | | (66,692) | | 1,633 | |
| Net Operating Cash Flow | 25,635 | | 12,938 | | 12,697 | |
| Non operating Receipts/ (Disbursements) | | | | | | |
| Capital Project Grants | 988 | | 988 | | - | |
| Capital Projects | (862) | | (1,954) | | 1,092 | |
| Debt Service | - | | - | | - | |
| Restructuring Costs | (5,661) | | (8,676) | | 3,015 | |
| Total Non-Operating Disbursements | (5,535) | | (9,642) | | 4,107 | |
| Total Disbursements | (70,594) | | (76,334) | | 5,740 | |
| Net Cash Receipts/(Disbursements) | \$ 20,100 | | \$ 3,296 | | \$ 16,804 | |
| Cash Balance | | | | | | |
| Beginning cash balance | \$ 34,195 | | \$ 34,122 | | \$ 73 | |
| Adjustment to Actual, fx adjustment | - | | - | | - | |
| Cash Receipts/(Disbursements) | 20,100 | | 3,296 | | 16,804 | |
| DIP Financing Draw/(Payback) | 8,455 | | 8,438 | | 18 | |
| Ending cash balance | \$ 62,751 | | \$ 45,856 | | \$ 16,895 | |
| DIP Financing | | | | | | |
| Opening Balance | \$ 25,000 | | \$ 25,000 | | \$ - | |
| Draw/(Payback) | 10,000 | | 10,000 | | - | |
| Interest and Other Fees | 1,545 | | 1,562 | | (18) | |
| Repayment of Interest and Other Fees | (1,545) | | (1,562) | | 18 | |
| Ending Balance | \$ 35,000 | | \$ 35,000 | | \$ - | |
| Available Liquidity | \$ 62,751 | | \$ 45,856 | | \$ 16,895 | |
| Endowment Fund | | | | | | |
| Beginning balance | \$ 63,906 | | \$ 63,906 | | \$ - | |
| Transfers in/(out) | - | | - | | - | |
| Change in Market Value | (2,882) | | - | | (2,882) | |
| Ending Balance | \$ 61,024 | | \$ 63,906 | | \$ (2,882) | |
| Segregated Accounts | | | | | | |
| Beginning balance | \$ 11,533 | | \$ 11,606 | | \$ (73) | |
| Restricted Receipts | 4,478 | | 5,977 | | (1,499) | |
| Transfers from / (to) Operating Account | (102) | | (6,566) | | 6,464 | |
| Ending Balance | \$ 15,909 | | \$ 11,017 | | \$ 4,893 | |

Variance Analysis

The following paragraphs set out LU's explanations for the more significant variances between LU's actual cash flows and those included in the cash flow forecast in the Seventh Report for the period August 14, 2021 to January 7, 2022:

1. Collections related to Operating Grants were lower than forecast by approximately \$3.4 million. This variance is primarily due to the following:
 - a. Approximately \$3.7 million negative timing difference due to the timing of the collection of special purpose operating grants compared to forecast; and
 - b. Approximately \$0.3 million positive permanent difference due to the collection of restricted operating grants that were not forecast.
2. Collections related to Research Grants were lower than forecast by approximately \$2.5 million primarily due to timing differences in the collection of restricted research grants compared to forecast;
3. Collections related to Student Fees were higher than forecast by approximately \$12.7 million due to several factors including a) the collection of Student Fees earlier than forecast, including students paying their entire balance for the year in the Fall semester and b) students paying their accounts in full and later in the Fall semester receiving scholarships and bursaries thereby resulting in higher gross Student Fees and higher gross Student Refunds.
4. Collections related to Reimbursements were higher than forecast by approximately \$0.5 million. This variance is due to the following:
 - a. Approximately \$0.7 million positive permanent difference due to greater reimbursements than forecast relating to the DB Pension Plan administrative costs;
 - b. Approximately \$0.7 million negative permanent difference due to lower reimbursable expenses than forecast from SNOLab, CEMI, and MIRARCO for payroll & benefits recovered; and
 - c. Approximately \$0.5 million positive permanent difference due to other reimbursable expenses being greater than forecast.
5. Collections related to Other Receipts were higher than forecast by approximately \$1.6 million. This variance is due to the following:
 - a. Approximately \$0.2 million positive permanent difference due to the collection of HST refunds being greater than forecast;
 - b. Approximately \$0.4 million positive permanent difference relating to emergency services provided to the Red Cross that were received but not forecast; and

- c. Approximately \$1.0 million positive permanent difference due to the collection of other receivables being greater than forecast.
6. Collections related to Restricted Receipts were lower than forecast by approximately \$1.5 million primarily due to timing differences in receipt of restricted research grants, partially offset by the positive permanent difference in the receipt of restricted donations and restricted operating grants.
7. Disbursements related to Payroll & Benefits were lower than forecast by approximately \$3.6 million primarily due to the following:
 - a. Approximately \$2.9 million positive permanent difference primarily due to unfilled vacant positions and lower part-time and casual hires during the period; and
 - b. Approximately \$0.7 million positive permanent difference due to lower SNOLab, CEMI, and MIRARCO payroll & benefits.
8. Disbursements related to Pension were lower than forecast by approximately \$0.3 million due to lower pension contributions than forecast;
9. Disbursements related to Occupancy Costs were higher than forecast by approximately \$0.4 million primarily due to the timing of payments to suppliers and timing of maintenance spending;
10. Disbursements related to Other Operating Costs were lower than forecast by approximately \$6.0 million partially due to permanent differences due to LU minimizing spending during the CCAA proceedings. The variance is also reflects the limited resources of LU's finance team which has resulted in timing differences in payments to suppliers;
11. Disbursements related to Professional Fees were higher than forecast by approximately \$0.9 million due to increased usage of consultants and other professionals during the period compared forecast;
12. Disbursements related to Student Refunds were higher than forecast by approximately \$1.0 million due to several factors including the awarding of scholarships and bursaries and adjustments to course registrations;
13. Disbursements related to Transferred Research Grants were higher than forecast by approximately \$0.3 million primarily due to higher research grant transfers to research partners;
14. Disbursements related to Transfers to Students' Associations were lower than forecast by approximately \$0.8 million primarily due to the timing of transfers to Students' Associations;
15. Transfers from Segregated Accounts were lower than forecast by approximately \$6.5 million as the forecast assumed more frequent reconciliations and settlements of the Segregated Accounts. Due to limited resources in LU's finance team, the reconciliations, settlements, and transfers have been delayed.
16. Disbursements related to Capital Projects were lower than forecast by approximately \$1.1 million primarily due to the timing of scheduled work; and
17. Disbursements related to Restructuring Costs were lower than forecast by approximately \$3.0 million primarily due to the timing of payments to Assistants.

APPENDIX "D"
REVISED CASH FLOW FORECAST

Laurentian University
Cash Flow Forecast



| (in 000s CAD\$) | Week: | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|--|-------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Notes | | 08-Jan-2022 14-Jan-2022 | 15-Jan-2022 21-Jan-2022 | 22-Jan-2022 28-Jan-2022 | 29-Jan-2022 04-Feb-2022 | 05-Feb-2022 11-Feb-2022 | 12-Feb-2022 18-Feb-2022 | 19-Feb-2022 25-Feb-2022 | 26-Feb-2022 04-Mar-2022 | 05-Mar-2022 11-Mar-2022 | 12-Mar-2022 18-Mar-2022 | 19-Mar-2022 25-Mar-2022 | 26-Mar-2022 01-Apr-2022 | 02-Apr-2022 08-Apr-2022 | 09-Apr-2022 15-Apr-2022 |
| Receipts | | | | | | | | | | | | | | | |
| Operating Grants | 1 | \$ 4,530 | \$ - | \$ - | \$ 3,094 | \$ - | \$ 4,495 | \$ - | \$ 5,506 | \$ - | \$ 2,916 | \$ 1,289 | \$ 3,137 | \$ - | \$ 2,908 |
| Research Grants | 2 | - | 2,591 | 38 | 63 | 63 | 63 | 113 | 50 | 1,897 | 50 | 50 | 50 | 63 | 63 |
| Student Fees | 3 | 1,000 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 |
| Reimbursements | 4 | 426 | 105 | 864 | 204 | 446 | 225 | 756 | 229 | 446 | 189 | 756 | 229 | 446 | 105 |
| Donations | 5 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Receipts | 6 | 18 | 18 | 18 | 18 | 53 | 53 | 303 | 50 | 50 | 50 | 50 | 300 | 53 | 53 |
| Less Restricted Receipts | 21 | - | (2,591) | (1,026) | (63) | (63) | (63) | (113) | (50) | (1,897) | (50) | (50) | (50) | (63) | (63) |
| Total Receipts | | 5,974 | 275 | 47 | 3,468 | 651 | 4,926 | 1,211 | 5,937 | 648 | 3,307 | 2,247 | 3,817 | 651 | 3,219 |
| Operating Disbursements | | | | | | | | | | | | | | | |
| Payroll & Benefits | 7 | (1,859) | (357) | (3,835) | (2,187) | (987) | (1,349) | (3,935) | (2,118) | (987) | (1,149) | (3,935) | (2,119) | (987) | (1,149) |
| Pension | 8 | - | (1,200) | - | - | - | (816) | - | - | - | (381) | (835) | - | - | - |
| Occupancy Costs | 9 | (262) | (307) | (244) | (162) | (275) | (238) | (172) | (235) | (235) | (160) | (198) | (200) | (200) | |
| Other Operating Costs | 10 | (661) | (661) | (740) | (861) | (661) | (661) | (861) | (661) | (661) | (661) | (861) | (661) | (661) | (661) |
| Information Technology | 11 | (122) | (122) | (122) | (69) | (69) | (69) | (69) | (69) | (69) | (69) | (69) | (69) | (69) | (69) |
| Professional Fees | 12 | (186) | (126) | (126) | (126) | (151) | (85) | (85) | (76) | (96) | (96) | (96) | (96) | (105) | (105) |
| Student Refunds | 13 | (261) | (368) | (209) | (259) | (386) | (386) | (386) | (365) | (365) | (365) | (365) | (365) | (175) | (175) |
| Transferred Research Grants | 14 | - | - | - | - | - | - | - | - | - | - | - | (950) | - | - |
| Transfers to Federated Universities | 15 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers to NOSM | 16 | - | - | - | - | - | - | - | - | - | - | (1,500) | - | - | - |
| Transfers to the Students' Associations | 17 | - | - | - | - | - | - | - | - | - | (2,134) | - | - | - | - |
| Transfers from / (to) Segregated Accounts | 23 | - | - | 8,649 | - | - | - | - | - | - | - | - | 950 | - | - |
| Total Operating Disbursements | | (3,350) | (3,140) | 3,373 | (3,664) | (2,529) | (3,641) | (5,574) | (3,461) | (2,413) | (5,089) | (7,821) | (3,507) | (2,198) | (2,360) |
| Net Operating Cash Flow | | 2,624 | (2,864) | 3,420 | (196) | (1,878) | 1,285 | (4,362) | 2,476 | (1,765) | (1,782) | (5,574) | 310 | (1,546) | 859 |
| Non operating Receipts/ (Disbursements) | | | | | | | | | | | | | | | |
| Capital Project Grants | 18 | - | - | 988 | - | - | - | - | - | - | - | - | - | - | - |
| Capital Projects | 18 | (161) | (62) | (62) | (62) | (62) | (62) | (62) | (62) | (62) | (62) | (62) | (62) | (62) | (62) |
| Debt Service | 19 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Restructuring Costs | 22 | (703) | (609) | (686) | (325) | (325) | (325) | (325) | (325) | (325) | (325) | (325) | (325) | (325) | (325) |
| Total Non-Operating Disbursements | | (864) | (672) | 239 | (387) | (387) | (387) | (387) | (387) | (387) | (387) | (387) | (387) | (387) | (387) |
| Total Disbursements | | (4,214) | (3,812) | 3,612 | (4,051) | (2,917) | (4,029) | (5,961) | (3,848) | (2,800) | (5,477) | (8,208) | (3,894) | (2,585) | (2,747) |
| Net Cash Receipts/(Disbursements) | | \$ 1,760 | \$ (3,536) | \$ 3,659 | \$ (583) | \$ (2,265) | \$ 897 | \$ (4,750) | \$ 2,089 | \$ (2,153) | \$ (2,169) | \$ (5,961) | \$ (77) | \$ (1,934) | \$ 472 |
| Cash Balance | | | | | | | | | | | | | | | |
| Beginning cash balance | | \$ 62,751 | \$ 64,511 | \$ 60,975 | \$ 64,634 | \$ 63,798 | \$ 61,533 | \$ 62,430 | \$ 57,680 | \$ 59,736 | \$ 57,583 | \$ 55,414 | \$ 49,453 | \$ 49,339 | \$ 47,405 |
| Adjustment to Actual, fix adjustment | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cash Receipts/(Disbursements) | | 1,760 | (3,536) | 3,659 | (583) | (2,265) | 897 | (4,750) | 2,089 | (2,153) | (2,169) | (5,961) | (77) | (1,934) | 472 |
| DIP Financing Draw/(Interest Payments) | | - | - | - | (253) | - | - | - | (34) | - | - | - | (37) | - | - |
| Ending cash balance | | \$ 64,511 | \$ 60,975 | \$ 64,634 | \$ 63,798 | \$ 61,533 | \$ 62,430 | \$ 57,680 | \$ 59,736 | \$ 57,583 | \$ 55,414 | \$ 49,453 | \$ 49,339 | \$ 47,405 | \$ 47,877 |
| DIP Financing | | | | | | | | | | | | | | | |
| Opening Balance | 23 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 |
| Draw/(Payback) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest and Other Fees | | - | - | - | 253 | - | - | - | 34 | - | - | - | 37 | - | - |
| Repayment of Interest and Other Fees | | - | - | - | (253) | - | - | - | (34) | - | - | - | (37) | - | - |
| Ending Balance | | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 |
| Available Liquidity | | \$ 64,511 | \$ 60,975 | \$ 64,634 | \$ 63,798 | \$ 61,533 | \$ 62,430 | \$ 57,680 | \$ 59,736 | \$ 57,583 | \$ 55,414 | \$ 49,453 | \$ 49,339 | \$ 47,405 | \$ 47,877 |
| Endowment Fund | | | | | | | | | | | | | | | |
| Beginning balance | 20 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 |
| Transfers in/(out) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Change in Market Value | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Ending Balance | | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 |
| Segregated Accounts | | | | | | | | | | | | | | | |
| Beginning balance | | \$ 15,909 | \$ 15,909 | \$ 18,500 | \$ 10,877 | \$ 10,940 | \$ 11,002 | \$ 11,065 | \$ 11,177 | \$ 11,227 | \$ 13,124 | \$ 13,174 | \$ 13,224 | \$ 12,324 | \$ 12,387 |
| Restricted Receipts | 21 | - | 2,591 | 1,026 | 63 | 63 | 63 | 113 | 50 | 1,897 | 50 | 50 | 50 | 63 | 63 |
| Transfers from / (to) Operating Account | | - | - | (8,649) | - | - | - | - | - | - | - | - | (950) | - | - |
| Ending Balance | | \$ 15,909 | \$ 18,500 | \$ 10,877 | \$ 10,940 | \$ 11,002 | \$ 11,065 | \$ 11,177 | \$ 11,227 | \$ 13,124 | \$ 13,174 | \$ 13,224 | \$ 12,324 | \$ 12,387 | \$ 12,449 |

Laurentian University
Cash Flow Forecast

| (in 000s CAD\$) | | Week: | 15 | 16 | 17 | 18 | 19 | 20 | 21 | Forecast |
|--|----|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|-------------|--------------------|
| Notes | | 16-Apr-2022 | 23-Apr-2022 | 30-Apr-2022 | 07-May-2022 | 14-May-2022 | 21-May-2022 | 28-May-2022 | 08-Jan-2022 | 03-Jun-2022 |
| | | 22-Apr-2022 | 29-Apr-2022 | 06-May-2022 | 13-May-2022 | 20-May-2022 | 27-May-2022 | 03-Jun-2022 | | |
| Receipts | | | | | | | | | | |
| Operating Grants | 1 | \$ - | \$ 3,460 | \$ 1,612 | \$ - | \$ 2,858 | \$ - | \$ 3,168 | \$ | 38,974 |
| Research Grants | 2 | 63 | 63 | 30 | 365 | 263 | 64 | 179 | | 6,177 |
| Student Fees | 3 | 153 | 153 | 1,217 | 1,217 | 1,217 | 1,217 | 1,217 | | 9,372 |
| Reimbursements | 4 | 730 | 339 | 446 | 105 | 447 | 648 | 447 | | 8,587 |
| Donations | 5 | - | - | - | - | - | - | - | | - |
| Other Receipts | 6 | 53 | 929 | 41 | 41 | 41 | 340 | 41 | | 2,568 |
| Less Restricted Receipts | 21 | (63) | (63) | (30) | (365) | (263) | (64) | (179) | | (7,165) |
| Total Receipts | | 936 | 4,880 | 3,315 | 1,362 | 4,563 | 2,205 | 4,872 | | 58,514 |
| Operating Disbursements | | | | | | | | | | |
| Payroll & Benefits | 7 | (987) | (3,516) | (2,505) | (1,131) | (900) | (3,544) | (3,075) | | (42,612) |
| Pension | 8 | - | (835) | - | - | - | (825) | - | | (4,891) |
| Occupancy Costs | 9 | (200) | (238) | (189) | (189) | (189) | (189) | (189) | | (4,547) |
| Other Operating Costs | 10 | (861) | (661) | (294) | (294) | (294) | (544) | (294) | | (13,171) |
| Information Technology | 11 | (69) | (69) | (53) | (53) | (53) | (53) | (53) | | (1,532) |
| Professional Fees | 12 | (105) | (105) | (57) | (57) | (57) | (57) | (57) | | (2,052) |
| Student Refunds | 13 | (175) | (175) | (60) | (60) | (60) | (60) | (60) | | (5,082) |
| Transferred Research Grants | 14 | - | - | - | - | - | - | - | | (950) |
| Transfers to Federated Universities | 15 | - | - | - | - | - | - | - | | - |
| Transfers to NOSM | 16 | - | - | - | - | - | - | - | | (1,500) |
| Transfers to the Students' Associations | 17 | - | - | - | - | - | - | - | | (2,134) |
| Transfers from / (to) Segregated Accounts | 23 | 3,415 | 988 | - | - | - | - | - | | 14,001 |
| Total Operating Disbursements | | 1,017 | (4,612) | (3,159) | (1,785) | (1,554) | (5,273) | (3,729) | | (64,468) |
| Net Operating Cash Flow | | 1,953 | 269 | 156 | (423) | 3,009 | (3,068) | 1,144 | | (5,954) |
| Non operating Receipts/ (Disbursements) | | | | | | | | | | |
| Capital Project Grants | 18 | - | - | - | - | - | - | - | | 988 |
| Capital Projects | 18 | (62) | (62) | (78) | (78) | (78) | (78) | (78) | | (1,485) |
| Debt Service | 19 | - | - | - | - | - | - | - | | - |
| Restructuring Costs | 22 | (325) | (325) | (325) | (325) | (325) | (325) | (325) | | (7,849) |
| Total Non-Operating Disbursements | | (387) | (387) | (403) | (403) | (403) | (403) | (403) | | (8,346) |
| Total Disbursements | | 630 | (4,999) | (3,562) | (2,188) | (1,957) | (5,676) | (4,132) | | (72,814) |
| Net Cash Receipts/(Disbursements) | | \$ 1,565 | \$ (119) | \$ (247) | \$ (826) | \$ 2,606 | \$ (3,471) | \$ 741 | | \$ (14,301) |
| Cash Balance | | | | | | | | | | |
| Beginning cash balance | | \$ 47,877 | \$ 49,442 | \$ 49,288 | \$ 49,041 | \$ 48,215 | \$ 50,821 | \$ 47,350 | \$ | 62,751 |
| Adjustment to Actual, fix adjustment | | - | - | - | - | - | - | - | | - |
| Cash Receipts/(Disbursements) | | 1,565 | (119) | (247) | (826) | 2,606 | (3,471) | 741 | | (14,301) |
| DIP Financing Draw/(Interest Payments) | | - | (36) | - | - | - | - | (37) | | (397) |
| Ending cash balance | | \$ 49,442 | \$ 49,288 | \$ 49,041 | \$ 48,215 | \$ 50,821 | \$ 47,350 | \$ 48,054 | \$ | 48,054 |
| DIP Financing | | | | | | | | | | |
| Opening Balance | 23 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ | 35,000 |
| Draw/(Payback) | | - | - | - | - | - | - | - | | - |
| Interest and Other Fees | | - | 36 | - | - | - | - | 37 | | 397 |
| Repayment of Interest and Other Fees | | - | (36) | - | - | - | - | (37) | | (397) |
| Ending Balance | | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ | 35,000 |
| Available Liquidity | | \$ 49,442 | \$ 49,288 | \$ 49,041 | \$ 48,215 | \$ 50,821 | \$ 47,350 | \$ 48,054 | \$ | 48,054 |
| Endowment Fund | | | | | | | | | | |
| Beginning balance | 20 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ | 61,024 |
| Transfers in/(out) | | - | - | - | - | - | - | - | | - |
| Change in Market Value | | - | - | - | - | - | - | - | | - |
| Ending Balance | | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ 61,024 | \$ | 61,024 |
| Segregated Accounts | | | | | | | | | | |
| Beginning balance | | \$ 12,449 | \$ 9,097 | \$ 8,171 | \$ 8,201 | \$ 8,566 | \$ 8,829 | \$ 8,893 | \$ | 15,909 |
| Restricted Receipts | 21 | 63 | 63 | 30 | 365 | 263 | 64 | 179 | | 7,165 |
| Transfers from / (to) Operating Account | | (3,415) | (988) | - | - | - | - | - | | (14,001) |
| Ending Balance | | \$ 9,097 | \$ 8,171 | \$ 8,201 | \$ 8,566 | \$ 8,829 | \$ 8,893 | \$ 9,073 | \$ | 9,073 |

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 DIP Agreement dated February 10, 2021 and the DIP facility extension.
- Cash Flow Forecast assumes the necessary availability of financing under the proposed 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-imbusement.

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.

Disbursements

7. 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

8. 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.

9. Occupancy Costs:

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

10. 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.

11. Information Technology:

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

12. 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.

13. Student Refunds:

- Amounts owing to students for the current 2020-21 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 2020-21 academic year and future amounts payable to students in respect of student scholarship, bursary or grants will be paid in the ordinary course.

14. Transferred Research Grants:

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

15. 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.

16. Transfers to NOSM:

- Transfers to NOSM for Student Fees collected on behalf of NOSM are forecast based on post-filing collection of NOSM Student Fees.
- Student fees collected pre-filing are stayed.

17. 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.

18. 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.

19. Debt Service:

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

20. 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.

21. 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.

22. Transfers from Segregated Accounts:

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

23. 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.

24. DIP Financing:

- The cash flow assumes that the DIP Facility is replaced by the proposed MCU DIP Facility on January 31, 2022.
- The cash flow includes ongoing interest costs at the current rate for the month of January 2022 and then at the MCU DIP Facility rate thereafter.