

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

THIRTEENTH REPORT OF THE MONITOR  
May 27, 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 restructure itself both financially and operationally.
2. On February 1, 2021, the Court granted an initial order (the “**Initial Order**”) that, among other things, appointed Ernst & Young Inc. as monitor of the Applicant in these CCAA proceedings (in such capacity, the “**Monitor**”), 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 (collectively, 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 after 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).

13. On January 27, 2022, the Court granted two orders (a) extending the stay of proceedings to May 31, 2022; (b) approving a new DIP facility (the “**MCU DIP Facility**”) which, among other things, replaced the existing DIP Lender with the Province of Ontario (the “**Province**”) as represented by the Ministry of Colleges and Universities (“**MCU**”) and provided for a maturity date of September 30, 2022; and (c) authorizing the Monitor and CRO to develop and implement a process to identify and retain a qualified, independent third-party to assist LU with the development of a new strategic plan.
14. On April 1, 2022, the Court granted an order on consent terminating the stay of proceedings with respect to information requests made under the *Freedom of Information and Protection of Privacy Act*, effective May 1, 2022.
15. On May 11, 2022, the Court granted an order approving the fees and disbursements and activities of the Monitor and its counsel for the period February 1, 2021 to December 31, 2021.

## **PURPOSE**

16. The purpose of this thirteenth report of the Monitor (the “**Thirteenth Report**”) is to provide information to the Court on:
  - a. The Applicant’s ongoing operations;
  - b. The Applicant’s restructuring efforts;
  - c. A pension participation agreement (the “**SU Pension Agreement**”) LU has executed (subject to Court approval) with the University of Sudbury regarding its obligations under the Applicant’s defined benefit pension plan;
  - d. The Applicant’s audited financial statements for fiscal 2021;
  - e. Interactions with certain government bodies;
  - f. The value-for-money audit being conducted by the Auditor General of Ontario; The status of the Claims Process;
  - g. The status of the development of a Plan to be presented to creditors including certain financial support recently communicated by the Province;
  - h. Recent changes to LU’s Board of Governors;
  - i. The Applicant’s actual receipts and disbursements for the 17-week period from January 8, 2022 to May 6, 2022 (the “**Reporting Period**”) compared to the cash flow forecast appended to the Tenth Report;

- j. The Applicant’s cash flow forecast (the “**Revised Cash Flow Forecast**”) for the 21-week period from May 7, 2022 to September 30, 2022 (the “**Forecast Period**”);
- k. The development of a strategic plan;
- l. The Applicant’s request for approval of orders that, among other things:
  - i. extends the stay of proceedings from May 31, 2022 to September 30, 2022; and
  - ii. approves the SU Pension Agreement; and
- m. The Monitor’s recommendations with respect to the above.

## **TERMS OF REFERENCE AND DISCLAIMER**

17. In preparing this Thirteenth 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 Thirteenth 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 Thirteenth 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.
18. Future oriented financial information referred to in this Thirteenth 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.

19. Unless otherwise indicated, the Monitor’s understanding of factual matters expressed in this Thirteenth Report concerning the Applicant and its business is based on the Information, and not independent factual determinations made by the Monitor.
20. This Thirteenth 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 Thirteenth 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.
21. Capitalized terms not defined in this Thirteenth 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.
22. Certain documents referred to in this Thirteenth 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 May 23, 2022 in connection with this motion.
23. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian dollars.

## **BACKGROUND**

24. 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**”).
25. 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.
26. 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.
27. 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.

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

30. 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**

31. As previously reported by the Monitor, 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. In-person activity resumed on February 7, 2022 for experiential learning (i.e. labs and other hands on activities) and February 28, 2022 for all other courses. The winter term was recently completed, concluding the 2021-22 academic year.
32. Spring term courses commenced on May 2, 2022 with a combination of in-person and online courses.
33. LU is also preparing for spring convocation ceremonies to occur in the week of May 30 to June 3, 2022. As a result of the Pandemic, in person convocation ceremonies were not held in 2020 or 2021. Accordingly, LU is offering students who had their degree conferred in those years an opportunity to participate in a special in-person convocation ceremony on May 30, 2022. This will be followed by in-person convocation ceremonies for the 2022 graduating class during the balance of the week.

## **Future Applications**

34. 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**”).
35. 101 Applications are submitted through the Ontario Universities’ Application Centre. The deadline to apply for admission commencing in Fall 2022 was January 13, 2022. Based upon data available as at May 18, 2022, the number of 101 Applications received for Fall 2022 is down approximately 46% 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 Monitor’s Third Report assumed first year student 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 for Fall 2022 have increased approximately 29% over those received last year in respect of the Fall 2021 term.
36. There are no deadlines for 105 Applications or applications to graduate programs. Based upon data available as at May 18, 2022, domestic 105 Applications for Fall 2022 are down 26% and domestic graduate program applications are up approximately 15% as compared to 2021 applications. International applications are up 28% as compared to 2021 applications. Overall, applications from all students to all programs for Fall 2022 are down 24% from those received at the same time last year in respect of the Fall 2021 term.
37. While a strong pool of applicants is important, actual enrolment or registration is the more relevant 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. Registration for Fall 2022 will not open until mid-June and actual registration will not be known until the Fall. However, the Applicant does track “confirmants” being those students who have expressed an intention to accept an offer. Confirmations from domestic students (101 Applicants, 105 Applicants and graduate students) for the Fall 2022 term are down 4% over those received at the same time last year in respect of the Fall 2021 term. Confirmations from international students (undergraduate and graduate students) for the Fall 2022 term are up 119% over those received at the same time last year in respect of the Fall 2021 term. Overall, confirmations are up 24%. The Monitor is advised by Management that it continues to be focused on a plan to work with prospective students who submitted applications in an effort to convert them to registrants.

## UPDATE ON THE APPLICANT'S RESTRUCTURING EFFORTS

38. 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 Tenth Report.

### Employee Related Matters

39. 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 the 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 Tenth Report, changes agreed to in the LUFA Term Sheet and LUSU Term Sheet have been implemented.
40. 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. Each of the grievances or issues from the initial phase have now been resolved. The Monitor notes that one of the matters outstanding at the time of filing the Tenth Report was 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 eventually heard on December 9, 2021. At the conclusion of the hearing, and with the assistance of the Arbitrator, LU and LUFA agreed to a consent award dated February 7, 2022 resolving the remaining issues.
41. 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 (the “**October 14 Grievances**”). Pursuant to the Grievance Resolution Order, a schedule and process (the “**Grievance Resolution Process**”) was approved by this Court to allow for a determination of the classification and resolution of the October 14 Grievances with the assistance of a Grievance Resolution Officer appointed by this Court, Ken Rosenberg. Since the Tenth Report, LU, LUFA and the Monitor, with the assistance of the Grievance Resolution Officer and the Court Appointed Mediator, have continued to work through the established

Grievance Resolution Process in order to resolve the October 14 Grievances. This included the following efforts:

- a. As contemplated by the Grievance Resolution Order, LUFA provided to LU and the Monitor additional particulars in respect of various grievances;
- b. The Monitor then initially classified each of the grievances as between Pre-Filing (4), Restructuring (8), Material Post-Filing (2), Non-Material Post-Filing (14), multiple categories (3) and withdrawn/resolved grievances (5);
- c. LUFA initially identified 11 grievances in respect of which it disputed the Monitor's classification;
- d. LU, LUFA and the Monitor engaged in discussions that resolved the classification for the majority of the disputed classifications;
- e. As contemplated by the Grievance Resolution Order, the Court-Appointed Mediator was available to assist with any classification issues that could not be resolved among the parties. The parties attended a mediation and a hearing with the Court-Appointed Mediator to resolve the classification issues. Ultimately, the Court-Appointed Mediator was required to determine the classification of only two grievances;
- f. The parties attended a number of case conferences, prepared mediation briefs and attended mediation sessions and one arbitration session (in respect of a grievance that could not be resolved through mediation) with the Grievance Resolutions Officer to work through the resolution of Restructuring, Pre-Filing and Material Post Filing Grievances. The Grievance Resolution Officer was also able to assist the parties to sort through issues associated with some of the Non-Material Post Filing Grievances.
- g. As contemplated by the Grievance Resolution Order, the Grievance Resolution Officer had jurisdiction to hear and determine Disputed Compensation Claims, and was called upon to assist with one such compensation claim through a mediation/arbitration process.
- h. The parties also attended an arbitration hearing with Mr. Kaplan in respect of one of the October 14 Grievances, which related to a matter in respect of which Mr. Kaplan had previously issued a decision and was seized of any further issues arising therefrom. The parties attended an initial hearing with Mr. Kaplan on March 21, 2022 and are exchanging further information following that hearing. If required, the balance of this arbitration is scheduled to be held on June 15 and 16, 2022;

- i. In addition, the parties attended mediation sessions with Mr. Kaplan in respect of a grievance filed against both LU and Huntington, which ultimately resulted in the resolution of the grievance;
  - j. With the assistance of the Grievance Resolution Officer, Mr. Kaplan, and through direct negotiations between Laurentian, LUFA and their respective counsel, the parties drafted, negotiated and finalized a number of memoranda of agreement, minutes of settlement, memoranda of understanding and withdrawal letters (from LUFA) in respect of the October 14 Grievances. The parties agreed that aspects of some of the October 14 Grievances (in particular in respect of the Retiree Health Benefits Plan and research grants) will be addressed in the general Claims Process; and
  - k. For a number of October 14 Grievances, the parties were also able to discuss and narrow the focus of the grievances, such that they were re-classified as Non-Material Post-Filing Grievances and/or determine a process by which such grievances would be addressed in the ordinary course. The Monitor views the streamlining of these procedural issues to be beneficial.
42. The Monitor understands that currently three issues remain to be addressed in respect of the October 14 Grievances. LU, LUFA and the Monitor continue to work through the resolution of the three outstanding October 14 Grievances. Two of the grievances were the subject of earlier mediations and negotiations and the parties are seeking to document the resolution of the grievances. The final outstanding matter, as outlined above, is a grievance classified by the Monitor as a Restructuring and/or Material Post Filing Grievance, which is the subject of a hearing before Mr. Kaplan in June 2022, if the parties are unable to resolve the matters prior to that time.

### **Former Federated Universities**

43. 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.
44. A transition agreement was entered into with Huntington and approved by the Court on May 2, 2021. Arrangements contemplated by that transition agreement have been implemented.
45. Subsequently, LU 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.

46. 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 did 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. As of July 1, 2021, pension assets and liabilities relating to Thorneloe or SU employees or former employees will have been notionally segregated within the DB Pension Plan fund.
47. Since the Tenth Report, LU continued to have discussions with each of Thorneloe and SU in respect of Thorneloe and SU's obligations under the DB Pension Plan. These discussions resulted in LU and SU entering into the SU Pension Agreement described in the section below.

#### **DB Pension Plan and SU Pension Agreement**

48. As previously reported to the Court, the last actuarial valuation conducted in respect of the DB Pension Plan was as at January 1, 2020. This valuation indicated that the DB Pension Plan was 104.7% funded on a going-concern basis (99% including the provision for adverse deviation), 85.4% funded on a solvency basis and 65.8% funded on a hypothetical wind-up basis.
49. As set out in the Third Report, certain changes to the DB Pension Plan were agreed as part of the LUFA Term Sheet and LUSU Term Sheet. These changes were subsequently implemented and were effective as of July 1, 2021. These changes (combined with actual investment returns and changes in interest rates) improved the funding status of the DB Pension Plan. LU initiated an updated actuarial valuation of the DB Pension Plan.
50. The updated actuarial valuation (the "**2021 Pension Valuation**") was prepared as at July 1, 2021 and completed after the Tenth Report. The 2021 Pension Valuation indicates that the DB Pension Plan was 111.1% funded on a going-concern basis (106.2% including the provision for adverse deviation), 96% funded on a solvency basis and 71.1% funded on a hypothetical wind-up basis. The 2021 Pension Valuation also segregates the assets and liabilities relating to employees or former employees of SU and Thorneloe. The 2021 Pension Valuation was filed with both the Financial Services Regulatory Authority and the Canada Revenue Agency (the "**CRA**").
51. On May 16, 2022, LU and SU entered into the SU Pension Agreement. A copy of the SU Pension Agreement is attached as Exhibit "C" to the Recent Haché Affidavit.

52. The SU Pension Agreement includes the following key terms:
- a. SU shall remain a participating employer in the DB Pension Plan in respect of benefits accrued by SU employees and former employees (the “**SU Members**”) prior to January 1, 2022;
  - b. There is a notional segregation of assets and liabilities of the SU Members;
  - c. SU shall be solely responsible for funding the benefits payable from the DB Pension Plan to SU Members. Assets of the DB Pension Plan other than those notionally segregated for SU will not be used to pay benefits to SU Members and assets notionally segregated for SU will not be used to pay benefits to non-SU Members;
  - d. SU shall make a lump sum payment to the DB Pension Plan, in respect of former SU Members who were paid partial commuted value (“**CV**”) payments on their termination of employment, based on the transfer ratio of the SU portion of the DB Pension Plan as set out in the 2021 Pension Valuation. Following the receipt of the SU lump sum payment, former SU members who are entitled to a residual CV payment will receive the remaining portion of their CV entitlement from the DB Pension Plan. If, in the future, any SU Member terminates employment and elects a CV option, SU will make a further lump sum payment based on the transfer ratio set out in the 2021 Pension Valuation after which, the SU Member shall receive the full CV payment option;
  - e. SU shall pay its proportionate share of annual Pension Benefits Guarantee Fund (“**PBGF**”) assessments based on the formula set out in the SU Pension Agreement;
  - f. SU shall make an annual payment to the DB Pension Plan in respect of administration fees and expenses relating to the SU Members;
  - g. If, in the future, SU fails to meet its obligations under the SU Pension Agreement, LU may give written notice of default to SU, and if such default is not rectified within 30 days of such notice, LU may take any steps it deems necessary or desirable to have the default rectified and/or to terminate SU’s participation in the DB Pension Plan; and
  - h. If, at any time, the assets segregated in the SU portion of the DB Pension Plan are sufficient to fully fund all pension liabilities to SU Members, Laurentian or SU, with the consent of Laurentian, may initiate an annuity purchase.
53. The Monitor is of the view that the SU Pension Agreement is reasonable because it clarifies the obligations of each of LU and SU with respect to the funding of pension plan benefits for their respective employees and former employees.

54. A pension participation agreement has not been negotiated with Thorneloe. To date, Thorneloe has made payments in relation to its share of the ongoing DB Pension Plan administration costs and the PBGF assessment paid in March 2022.

## **NOSM**

55. 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”), were the two founding members of NOSM.
56. 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 received 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.
57. While NOSM has operated legally, financially and operationally independent of LU, representatives of both LU and Lakehead served on NOSM’s Board of Directors. With respect to NOSM’s educational policy, academic decisions were required to pass at both LU’s and Lakehead’s Senates as NOSM students received degrees conferred by one of LU or Lakehead.
58. Both LU and Lakehead provided facilities and support services, student registration and student fee collection, bursary (scholarship) receipt and disbursement, and other educational, research and operational services to NOSM. As part of the operational services, students have access to most of LU or Lakehead’s 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 were deposited into LU’s general operating accounts. These amounts were remitted to NOSM at certain points in the year, net of fees charged to NOSM for support services.
59. In addition, LU holds approximately \$14 million of endowments designated to fund future scholarships for qualifying NOSM students.
60. 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 was intended to grant status as an independent university to NOSM. On March 4, 2022, the NOSM Act was proclaimed to come into force on April 1, 2022.

61. The effect of the NOSM Act is that NOSM is now a separate degree-granting university and is not affiliated with either Laurentian or Lakehead. As a transition measure, students graduating from NOSM in the current year will receive their medical degrees from Laurentian or Lakehead. After the current year, NOSM will confer its own degrees.
62. For many months, LU and NOSM have been engaged in discussions in respect of facilitating the transition of the operational, financial and other services currently provided by LU to NOSM. The intent of these discussions is to reach an agreement on the terms by which LU may provide certain services to NOSM in the future on an arms-length basis and to identify services that must be transitioned to NOSM responsibility. These discussions have also covered potential future arrangements with respect to the two buildings owned by LU and currently utilized by NOSM.
63. At the current time, discussions with respect to the ongoing provision of services are continuing. It is expected that arrangements in respect of the two buildings will be made in connection with the purchase of real estate by the Province as set out later in this Thirteenth Report.

### **Hearst**

64. 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.
65. 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 was intended to grant status as an independent university to Hearst. The Hearst Act has now come into force. LU is engaged in discussions with Hearst in respect of services currently provided by LU to Hearst.

### **Real Estate Review**

66. 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 "**Real Estate Review**"). 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.
67. 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. As set out in the Tenth Report, the Real Estate Review took longer than anticipated as 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, the loss of institutional knowledge from the departure of certain LU employees and competing demands on LU personnel.
68. Since the date of the Tenth Report, the Real Estate Advisor completed its work and delivered a number of confidential reports to LU. These reports were presented to the Board and to significant creditors including the Applicant’s pre-filing lenders (the “**Pre-Filing Lenders**”), LUFA and LUSU. They were also provided to MCU as DIP Lender.
69. Discussions in respect of the findings from these reports have been a key component of discussions around potential terms of a Plan.

### **Operational and Governance Review**

70. 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.
71. As set out in the Tenth Report, 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.

72. Subsequently, Nous spent significant time engaged in their review. In conducting their review, Nous 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.
73. Nous finalized its reports after the Tenth Report. These reports were initially shared on a confidential basis with Management, the Board, LUFA and LUSU executives, and representatives of the Pre-Filing Lenders as well as the Senate after which the reports were made publicly available. Copies of the Nous reports are attached at Exhibits "E" and "F" to the Recent Haché Affidavit.
74. The governance report provided a review of LU's Board and Senate including an assessment of processes, policies, structures and overall effectiveness with consideration of governing body materials and good governing practices. The report provided 2 overall recommendations, 18 recommendations in respect of Board governance and 17 recommendations in respect of Senate governance.
75. The recommendations include the adoption of an improved bicameralism structure that enables information flows between bodies, re-asserts the Board as the prime governance body accountable for financial and business outcomes and clarifies the Senate's responsibility for academic policies and regulations. Nous also recommends that both governing bodies focus their attention on performance and risk.
76. The 18 recommendations in respect of Board governance are focussed on improving performance and decision-making and covers roles and responsibilities, composition, capabilities, structure and processes with a view to ensuring the Board's activities are focussed on areas of key accountability.
77. The 17 recommendations made in respect of Senate governance also analyze the roles and responsibilities, composition, capabilities, structure and processes with a view to focussing the Senate on its specific and expert role as it relates to accountability for academic performance and teaching quality and ensuring it operates efficiently and effectively.
78. The Nous operational report included an assessment of the strategies, service delivery models, structures, processes, systems and capabilities for seven administrative functions within LU. The report indicates that administrative operations are less efficient, less effective and under-resourced than many universities and that deficiencies exist across all functions, many of which appear to be operating below a baseline standard. The report indicates that changes required to address the deficiencies are significant and include

changes to strategic plans, service delivery, financial performance, structure, processes, systems and capabilities. The report recommends a major transformation program to be undertaken over a period of three years which should include:

- a. Re-setting the strategic plan to chart a new course forward;
  - b. Optimizing service delivery for students, faculty and staff;
  - c. Improving financial performance to support sustainability;
  - d. Re-aligning administrative structures to drive accountability;
  - e. Re-designing processes with a focus on lean principles;
  - f. Updating systems to enable more efficient operations; and
  - g. Building capability and capacity to enable effectiveness.
79. Nous estimates that the cost of such a transformation program will range from \$26 million to \$32.5 million over three years, with additional estimated annual continuous improvement costs of \$2-3 million each year thereafter.
80. The Nous recommendations have generated significant discussion amongst stakeholders with differing views on the recommendations. It is expected that further discussion with various stakeholders will be required with respect to the adoption of the recommendations. It will also be critical that the structure of the Plan provide for adequate funding to implement the recommendations. The Monitor expects those discussions will continue in parallel with discussions around the terms of a Plan.

## FINANCIAL STATEMENTS

81. 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.
82. As a registered charity, LU must also file an annual Registered Charity Information Return (the “**CRA Return**”) with CRA within six months of its fiscal year-end.

83. As set out in the Tenth Report, in late September 2021, LU advised the Monitor, the Board and advisors 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.
84. 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 was specific. The nature of the assistance provided by EY to LU was set out in the Tenth and Twelfth Reports.
85. Subsequent to the date of the Tenth Report, efforts continued by Management to complete and finalize the financial statements. In addition, KPMG LLP (“**KPMG**”), LU’s auditor, worked with LU throughout this period to conduct the audit concurrently with the completion of the financial statements.
86. As set out in the Tenth Report, 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. 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.
87. On March 7, 2022, the Board approved LU’s audited financial statements, which were then posted on LU’s website. The audited financial statements were also provided to CRA on March 11, 2022. Subsequent to the approval of LU’s audited financial statements, additional information was brought to the attention of the auditor, and after review by management and the auditor, resulted in restated audited financial statements approved by the Board on April 22, 2022. The restated audited financial statements, along with LU’s annual report were posted to LU’s website on May 17, 2022. A copy of the annual report and restated audited financial statements are attached as Exhibit “G” to the Recent Haché Affidavit.

## **INTERACTIONS WITH GOVERNMENT BODIES**

88. 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.

89. The Ministry of Francophone Affairs (the “**MFA**”) 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**”). Further details were provided in the Monitor’s prior Reports.
90. 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. LU responded to a number of information requests made by the Commissioner.
91. On February 22, 2022, the Commissioner advised that her preliminary report was ready for comment. The Commissioner subsequently provided a copy of the preliminary report, on a confidential basis, to key representatives of LU, its counsel and the Monitor and offered the opportunity to provide comments on the observations and recommendations.
92. On March 9, 2022, LU submitted its comments to the Commissioner. These comments included certain corrections to factual statements and provided LU’s position on the recommendations. LU’s position and the factual corrections were then reflected in the final report issued by the Commissioner on March 31, 2022.
93. On March 11, 2022, LU received notice from the Office of the Integrity Commissioner of Ontario (the “**Integrity Commissioner**”) that it was commencing an investigation into any potential non-compliance with the *Lobbyists Registration Act, 1998* (the “**Lobbyist Act**”), including the potential failure to register individual lobbyists. The investigation inquires into work performed by both internal lobbyists (individuals employed by LU) and certain government relations consultants retained by LU, including whether the work performed by the government relations consultants constituted external lobbying pursuant to the Lobbyist Act as well as the arrangements between LU and the government relations consultants. The Monitor understands that the Integrity Commissioner’s investigation is ongoing.

## **AUDITOR GENERAL VALUE-FOR-MONEY AUDIT**

### **Auditor General of Ontario**

94. 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.

95. LU received extensive information requests from the AGO. In addition, the AGO met with a number of LU employees and directors. A team from the AGO visited the campus multiple times spending several days on site.
96. LU has cooperated with the AGO's investigation and has made considerable efforts to respond to the AGO's information requests, including the production of 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.
97. In the course of the AGO's investigation, the issue of whether the Auditor General was entitled to require the delivery of privileged information and documents in LU's possession arose. The AGO commenced a court application in September 2021 seeking a declaration that she was entitled to free and unfettered access to privileged information pursuant to the provisions of the *Auditor General Act* (Ontario) (the "**AG Application**"). The AG Application was heard by the Court on December 6, 2021.
98. On January 12, 2022, the Court issued its decision (the "**AG Decision**") which found that the *Auditor General Act* (Ontario) did not entitle the AGO to require the delivery of information or documents that are subject to privilege. The AGO has appealed the AG Decision. The Monitor is informed that LU will be responding to the appeal. The Monitor has recently been notified that The Advocates' Society has retained counsel to seek leave to intervene in the appeal.
99. Responding to the AGO's information requests required the expenditure of significant time on the part of many LU personnel to search for and pull together the requested documents as the relevant time frame spans more than a decade. The process has been impacted by challenges with LU's document management system, limited internal resources and the loss of institutional knowledge regarding certain information requested by the AGO. Given these factors, LU requested the assistance of the Monitor in reviewing the AGO's extensive information requests and working with LU personnel to gather the information and provide responses. The production of documents to the AGO and to the Committee (discussed below) also required the assistance of external counsel and the Monitor to review privileged documents to ensure 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.
100. Since the date of the Tenth Report, the AGO has provided LU with a number of documents (the "**Fact Checking Excerpts**") containing summaries of certain of the AGO's analysis and findings with a request that LU review the materials and respond with any factual corrections. Reviewing each of the statements and the analysis in the Fact Checking

Excerpts has been a significant task. In order to respond in a timely manner, LU sought the assistance of the Monitor. In this regard, the Monitor:

- a. Reviewed the statements and analysis contained in the Fact Checking Excerpts;
  - b. Identified LU personnel and / or documents and records that may be available to corroborate the information;
  - c. Met with relevant LU personnel to review the information in the Fact Checking Excerpts and gather the information necessary to confirm or correct the factual statements;
  - d. Reconciled information in the Fact Checking Excerpts to LU's accounting records and other financial, human resources, payroll, legal and other records and identified any discrepancies;
  - e. Reconciled information in the Fact Checking Excerpts to publicly available information, as appropriate and identified any discrepancies;
  - f. Assisted LU with preparing any financial analysis necessary to respond to the Fact Checking Excerpts;
  - g. Assisted LU with documenting the factual corrections and other responses in the template provided by the AGO and pulling together relevant supporting documentation for submission to the AGO; and
  - h. Reviewed the detailed responses with Management including the President and Interim General Counsel.
101. On April 13, 2022, the AGO publicly released a document entitled "Preliminary Perspective on Laurentian University" (the "**Perspectives Document**"). LU was not provided with a draft of the document in advance of its release in order to review it and bring any factual corrections to the AGO's attention. The Perspectives Document contains a number of statements that were included in the Fact Checking Excerpts corrected by LU without those factual corrections being incorporated in the Perspectives Document.
102. Subsequently, the AGO has followed up on a number of the responses to the Fact Checking Excerpts. In certain cases, the AGO submitted specific questions in writing. At the request of LU, the Monitor has continued to assist LU with its responses to these follow up questions in the manner described above. In other cases, the AGO has asked to meet with specific LU personnel to discuss the responses. The Monitor understands that LU's Acting General Counsel requested to be present in those meetings as certain of the individuals the AGO has sought to meet with may not be able to assist with all of the responses, due to the fact that certain information came from confidential files and records only accessible to

and reviewed by the Acting General Counsel, the President, external counsel and the Monitor. The Monitor understands that Acting General Counsel was not permitted to participate in these meetings.

103. The Perspectives Document generated considerable media attention. The Monitor understands that a number of stakeholders have relied upon statements made in the Perspectives Document and formed views on potential next steps in the CCAA proceeding and otherwise based on these statements. Amongst others, this includes the statement in the Perspectives Document that “We believe Laurentian did not have to file for CCAA protection; it strategically planned and chose to take steps to file for creditor protection in the Ontario Superior Court of Justice on February 1, 2021”. The Monitor does not share this view. In the Monitor’s opinion, the need for LU to file for CCAA protection is clearly established from the evidence filed with the Court in support of and during the CCAA proceeding.
104. The Monitor is also aware that the Canadian Universities Reciprocal Insurance Exchange (“**CURIE**”), LU’s insurer, has, in response to the Perspectives document, raised questions regarding LU’s insurance coverage. Further discussion and correspondence between LU and CURIE, in which the Monitor and counsel to the Board is directly participating with counsel for LU, is ongoing.
105. The Monitor notes that the impact of any factual inaccuracies in the Perspectives Document may be significant. For this reason, the Monitor is of the view that it is critical that LU be given a sufficient opportunity to review a draft of the AGO’s final report in advance and provide any factual corrections and commentary to the AGO. The Monitor notes that in the materials filed by the AGO in connection with the AG Application, the AGO appended a document entitled “OPS Guide for Interaction with the Office of the Auditor General of Ontario: Value-for-Money Audits”. This guide specifically notes that after completion of fieldwork and after the factual clearance stage, the AGO prepares a confidential preliminary draft report which is sent to the auditee for further factual clearance and management responses. The guide notes that auditees are provided a reasonable period, of at least two weeks, to review findings and develop management responses. The guide further notes that factual corrections and management responses are then incorporated in the final draft report and the auditee is given a further opportunity to review the final draft report.
106. The Monitor notes that for LU to properly review a draft report and provide fulsome responses, the draft report will need to be made available, subject to appropriate confidentiality safeguards, to key members of Management, certain employees within key functions, such as Finance, Human Resources, the General Counsel’s office and other functions, the Applicant’s external counsel and the Monitor, who at the request of LU has assisted LU to respond to the AGO due to LU’s limited internal resources.

107. The Monitor understands that there have been discussions between a representative of the Board and the AGO to discuss the process for sharing and having an opportunity to provide factual corrections and Management's responses to the draft final report before it is formally issued. The Monitor has not been advised of the outcome of those discussions.
108. The Monitor is also aware that a meeting was held among the Board, the University Secretary, selected members of Management and the AGO on May 19, 2022, to discuss the draft report. The Monitor was not in attendance at this meeting, nor was counsel to the Applicant or LU's Acting General Counsel. The Monitor understands that, shortly before the meeting, individuals invited to attend the meeting were advised that they were required to sign a confidentiality agreement provided to them by the AGO, which prohibits them from disclosing the subject matter of the meeting to any person not in attendance, including the Monitor, LU's Acting General Counsel and counsel to the Applicant. The Monitor was advised by counsel to the Board that it had a discussion with the AGO prior to the meeting to request amendments to the confidentiality agreement that would permit disclosure to the Monitor, as may be required in relation to the CCAA proceeding, and to LU's counsel on a confidential basis. The Monitor was advised by counsel to the Board that the AGO did not agree to the requested amendments and that participants were required to execute the original form of confidentiality agreement to attend the meeting. The Monitor is further advised by counsel to the Board that one lawyer acting for the Board executed the confidentiality agreement in order to be permitted to attend the meeting and facilitate legal advice thereafter.

### **Legislative Assembly**

109. 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.
110. 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 made it clear that the purpose of obtaining the documents is to provide them to the AGO for her to utilize in her audit.
111. The Tenth Report provided a summary of the interaction between LU and the Committee, including a proposal made by LU. The Tenth Report also noted that on December 9, 2021, the Committee reported to the Legislative Assembly of Ontario (the "**Assembly**") and

ultimately the Speaker of the Assembly issued two warrants, one for Dr. Haché and the other for Mr. Lacroix, the former Chair of the Board (together, the “**Speaker’s Warrants**”). The Speaker’s Warrants required LU to produce all documents from the Committee’s requests by February 1, 2022.

112. On January 18, 2022, the Court heard a motion by LU 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. On January 26, 2022, the Court issued a decision wherein LU was obligated to deliver privileged information and documents under the Speaker’s Warrants, but not information or documents that were subject to a sealing order granted by the Court in respect of certain correspondence between LU and MCU (the “**Sealing Order**”) and the Mediator Appointment Order.
113. In order to comply with the Court’s decision, LU needed to undertake a process to separate information subject to the Sealing Order or the Mediator Appointment Order from all other information including other privileged information. This was a significant task as much of this information was contained within the email accounts of specific LU personnel but not sorted or filed such that it was easily distinguishable. As a result, LU retained a third-party service provider to assist in performing a comprehensive document review exercise on a population of approximately 700,000 documents (which was reduced to 550,000 after running through an electronic de-duplication process). This included developing and implementing tailored electronic searches and using artificial intelligence to assist in the process of reviewing and identifying those documents that were to be produced, and those that were not to minimize the population for which manual traditional searches or review was required.
114. LU has now completed the review of all of these documents and is of the view that it has produced all documents subject to the Speaker’s Warrants other than those subject to the Sealing Order or Mediator Appointment Order.

## **CLAIMS PROCESS<sup>1</sup>**

115. 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.

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<sup>1</sup> 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.

116. As set out in the Seventh and Tenth Reports, 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). This includes a number of D&O Indemnification Claims for which a claim value was not attached. A large number of the Proofs of Claim raised a substantial number of highly complex factual, financial and legal issues.
117. 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.
118. Pursuant to the Compensation Claims Process Order, the Monitor prepared individual Statements of Compensation Claims which were mailed to approximately 1,300 individual recipients. A number of these recipients were active employees in respect of which the Monitor determined that the individuals did not have a Compensation Claim. Ultimately, 937 individuals were determined to have Compensation Claims 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.
119. 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.
120. Initially, the Monitor's review of the Proofs of Claim was delayed due to the complexity of the issues raised as described above and issues associated with obtaining the necessary factual and historical information from LU or the claimants. However, the Monitor and LU have now made significant progress in resolving many of these Claims. A significant number of these Claims have required the issuance of a Notice of Revision or Disallowance by the Monitor and a number have been disputed and been referred to a Claims Officer for determination.
121. In connection with the resolution of Claims, the Monitor and LU's counsel also worked with CURIE and certain claimants to have these claimants agree to remove certain claims with an aggregate value of \$50 million from the Claims Process on the basis that the claimants can pursue their claims against insurance, where available, but cannot seek recovery against LU.
122. In addition, LU has determined that for various reasons, including the time that such determination would add to the length of the CCAA process and the number of parties that would be involved in addressing these claims, the D&O Claims filed in the Claims Process will not be determined within the Claims Process. The Applicant will not seek releases in respect of these filed D&O Claims pursuant to the Plan that is being developed. Claimants

that filed these D&O Claims will be able to pursue these claims subsequent to LU's emergence from CCAA, if they so choose. This has resulted in Claims with an aggregate value of \$28 million (representing claims filed solely against directors and officers and not LU) being removed from the Claims Process.

123. Accordingly, the current status is that 1,090 of a total of 1,152 Claims and Compensation Claims have been fully resolved. The Monitor and LU continue to work to resolve the remaining 62 Claims and Compensation Claims.

## **STATUS OF PLAN DEVELOPMENT AND PROVINCE SUPPORT PACKAGE**

124. Since the date of the Tenth Report, LU with the assistance of the Monitor, has engaged in negotiations with key stakeholders with respect to the terms of a potential Plan. These stakeholders included the Pre-Filing Lenders, LUFA and LUSU.
125. Negotiations were structured around an assessment of the assets that LU had to offer and therefore, included extensive discussion and analysis with respect to LU's five-year financial projections, consideration of the funding required to undertake the operational transformation recommended in the Nous reports, and the results of the Real Estate Advisor's review.
126. LU's goal had been to develop and finalize a proposed Plan and be in a position to seek a meeting order prior to May 31, 2022.
127. Since the date of the Tenth Report, and throughout the CCAA proceedings, LU has been in regular communication with MCU. 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.
128. The Tenth Report provided an update on an offer of financial support publicly announced in December 2021 by the Province which included:
  - a. Replacement of the Amended DIP Facility with 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 up to \$6 million;
- 129. The Province’s financial support was subject to the following conditions:
  - a. Renewal of the Board including the 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.
- 130. As previously advised, LU accepted the Province’s offer of financial support and steps required to implement certain aspects have taken place.
- 131. Following a further request by LU for support, on May 6, 2022, counsel for MCU delivered a letter (the “**Plan Support Letter**”) to LU’s counsel and the Monitor’s counsel outlining the terms of additional financial support intended to assist LU in its efforts to develop and implement a Plan so that it may emerge from CCAA proceedings. A copy of the letter is attached as Exhibit “I” to the Recent Haché Affidavit.
- 132. The Plan Support Letter provides that the Province will purchase real estate assets from LU for aggregate proceeds of up to \$53.5 million (net of transaction costs), subject to the completion of due diligence and satisfaction of a duty to consult. The Plan Support Letter also reiterates the previous intention to refinance the MCU DIP Facility with long-term exit financing upon implementation of the Plan, subject to agreed upon terms and conditions.
- 133. The Monitor understands that 100% of the net sale proceeds from the sale of real estate to the Province will be available to creditors pursuant to a Plan.
- 134. In the Monitor’s view, the Plan Support Letter is a positive development for LU and for its creditors because it will likely result in greater and more certain recovery for creditors vs. what LU might have otherwise been able to offer on its own. However, it has implications for the details of the Plan and as a result, LU needs additional time to finalize the terms of a Plan and bring a motion for a meeting order. LU is targeting to do so during the month of June, 2022.

## **CHANGES TO BOARD OF GOVERNORS**

- 135. As set out in the Tenth Report, on December 15, 2021, 11 individuals resigned from the Board. 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 LGIC appointed Board members were Jeff Bangs, Gerard Bilodeau, Robert Brouillette, Don Duval and Debbi Nicholson.

136. Subsequently, four additional Board members including Maxim Jean-Louis, Guy Labine, Cathy Modesto and Brian Montgomery resigned. In addition, two of the LGIC-appointed Board members – Gerard Bilodeau and Debbi Nicholson resigned from the Board.
137. Since the date of the Tenth Report, the Monitor and the CRO have worked with the Board to help identify and recruit suitable new Board members. To date, three new Board members have been appointed. These new Board members are:
- a. Vernon Cameron – Mr. Cameron is a resident of Greater Sudbury. Mr. Cameron has spent a number of years serving in President and Chief Executive Officer roles in companies in Canada and the United States. Mr. Cameron is a Chartered Professional Accountant and a graduate of Laurentian University;
  - b. Judy Gougeon - Ms. Gougeon is a resident of Greater Sudbury. She holds a senior leadership role with BrokerLink having previously been the President of Gougeon Insurance Brokers for a number of years. She is a graduate of Laurentian University; and
  - c. David Harquail - Mr. Harquail is a resident of Toronto. He is Chair of the Board of Franco-Nevada Corporation, having previously served as its Chief Executive Officer for more than 13 years. He is also a Director of the Bank of Montreal. He has over 35 years of experience in senior executive roles and on public and non-profit boards;
138. In addition, one of the student representative Board members, Camille Duhaime, completed her term. She has been succeeded by Hemliss Konan.
139. Since the appointments of all of the new Board members, LU has spent considerable time, led by its counsel and the Monitor, to support the onboarding of the new members.
140. As set out in the Tenth Report, 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. On April 22, 2022 Jeff Bangs was elected Chair for a one-year term commencing on July 1, 2022 and ending on June 30, 2023.
141. On March 3, 2022, the Province passed legislation amending the LU Act to alter the composition of the Board. The amendment decreased the maximum number of voting Board members from 25 members to 16 members. The changes provided that the 16 voting members would be comprised of five LGIC appointees, the President and 10 other Board members. It also provided for the ability of the Province to fill LGIC vacancies mid-term. Currently, LU’s Board comprises 11 members out of a total of 16 permitted members, including the President.

142. 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**

143. The Applicant's weekly cash flow forecast for the period from January 8, 2022 to June 2, 2022 (the "**Cash Flow Forecast**") was appended to the Tenth Report.
144. Attached at Appendix "A" to this Report is a summary of the Applicant's actual receipts and disbursements for the Reporting Period. Appendix "B" to this Report contains a variance analysis with respect to some of the larger variances from the Cash Flow Forecast.
145. The Applicants had net cash inflow of approximately \$1.6 million during the Reporting Period after \$2.0 million in net transfers of receipts from restricted funds directed to/from the Segregated Accounts (as defined in the Initial Order) and before payment of monthly interest expense on the MCU DIP Facility.
146. Net receipts, including capital project grants, were \$55.3 million vs. a previous forecast of \$46.5 million. The primary reasons for the \$8.8 million variance were as follows:
- a. Collection of student fees was \$10.2 million greater than forecast due to:
    - i. Approximately \$8.0 million positive permanent difference as a result of higher student and ancillary fees for the term, collection of international student deposits for future terms driven by the increase in international student applications and students paying their winter semester accounts in full and later receiving scholarships or bursaries resulting in a credit on their student account; and
    - ii. Approximately \$2.2 million positive timing difference in student receipts;
  - b. Collection of operating grants were \$3.8 million lower than forecast due to a combination of net negative permanent differences due to lower grants received than forecast and negative timing differences in the receipt of grants; and
  - c. Other receipts being \$1.1 million greater than forecast as a result of various permanent differences arising from the collection of non-forecast HST refunds and collection of other miscellaneous receivables.

147. Net disbursements, including payment of interest charges on the MCU DIP Facility, were \$54.0 million compared to a forecasted amount of \$60.2 million resulting in a positive variance of \$6.2 million. Approximately \$2.1 million of this variance relates to lower than forecast student refunds. Approximately \$4.3 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 \$4.3 million in forecast transfers from the Segregated Accounts that did not occur due to delays in the finance team completing reconciliations of restricted funds.
148. 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**

149. The Revised Cash Flow Forecast, attached as Appendix "C" 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.
150. 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.
151. 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.
152. 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.

153. 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.
154. The Revised Cash Flow Forecast projects that during the Forecast Period, the Applicant will have estimated total combined receipts of approximately \$84.6 million, net of \$6.1 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 \$71.5 million, net of reimbursements from the Segregated Accounts of \$3.5 million. This results in projected net cash inflow (net of Segregated Account activity), of approximately \$13.1 million. The Revised Cash Flow Forecast projects that LU will have access to sufficient liquidity during the Forecast Period.
155. The main assumptions of the Revised Cash Flow Forecast are as follows:
- a. Academic teaching operations, the provision of ancillary services and certain in-process research activity continues in the ordinary course, uninterrupted;
  - b. Enrolment for the spring/summer and fall of the 2022-23 academic year remains consistent with LU’s previous projections for the spring/summer and fall term;
  - c. 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;
  - d. Capital project related disbursements including deferred maintenance are limited to critical time-sensitive expenditures required to maintain the buildings and infrastructure. All other budgeted deferred maintenance amounts will continue to be postponed pending the completion of the restructuring;
  - e. Critical research pursuant to research grants received prior to December 2020 for which funds were not segregated are funded to the extent the research is required to support students enrolled in LU programs. Non-critical research continues to be deferred;

- f. Payment by the Applicant of its portion of assessments due to the Pension Benefit Guarantee Fund in respect of the pre-filing period as well as special payments to the Applicant's defined benefit pension plan continue to be stayed as per previous orders granted by this Court;
- g. LU continues to fund certain scholarships and bursaries to students from operations without drawing on its investment account which holds funds designated to support endowments; and
- h. All payments in respect of goods and services supplied pre-filing and principal and interest payments on pre-filing debt continue to be stayed with the following limited exceptions;
  - i. customary exceptions with respect to wages and benefits (but not termination and severance or pre-filing vacation pay) owing to active employees;
  - ii. currently registered students will remain unaffected, including in respect of ordinary course student refunds, scholarships, bursaries and other amounts; and
  - iii. funds collected on behalf of the Students' Associations will be remitted in the ordinary course.

## **THE MCU DIP FACILITY**

- 156. As set out in the Tenth Report, as part of the package of support offered by the Province in late 2021, the Province agreed to refinance the Amended DIP Facility. Accordingly, LU agreed to enter into an agreement (the "**MCU DIP Loan Agreement**") with the Province, as represented by MCU pursuant to which the Province would advance \$35 million to LU, such proceeds to be used to repay in full and discharge the Amended DIP Facility.
- 157. On January 27, 2022, the Province advanced the \$35 million and on January 28, 2022, the Amended DIP facility was repaid in full and discharged.
- 158. 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.

159. 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.

## **STRATEGIC PLAN**

160. A term of the Province's November 2021 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 development of a new strategic plan with measurable goals focussed on financial sustainability is also a recommendation contained in the Nous reports. The Monitor understands that LU is committed to the development of a new strategic plan.
161. 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.
162. As set out in the Tenth Report, in order to facilitate the identification of prospective parties that are independent and qualified to assist with the development of a strategic plan, LU sought approval from this Court in January 2022 for authorization for the Monitor and CRO to initiate such discussions with appropriate candidates.
163. Since the date of the Tenth Report, LU and the Monitor have been focussed on the activities necessary to formulating a Plan that can be presented to creditors. This has primarily included working to resolve Claims in the Claims Process and working through the specific terms of a Plan in consultation with key creditors.
164. At the present time, the Monitor and LU are of the view that the primary focus should be the presentation of a Plan to creditors. Obtaining creditor approval for a Plan will also provide further clarity as to the obligations of LU over the next few years and will further inform parameters for the development of a strategic plan. Accordingly, efforts to commence the strategic plan process have been paused pending advancement of a Plan.
165. LU and the Monitor have had regular consultation with MCU in this regard.

## STAY EXTENSION

166. The Stay Period is currently set to expire on May 31, 2022. The Applicant requests an extension of the Stay Period up to and including September 30, 2022.
167. 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 spring/summer term 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. Completing the review and determination of claims filed pursuant to the Claims Process Order;
    - ii. Concluding negotiations with significant creditors in respect of the terms of a Plan and finalizing the form of Plan;
    - iii. Bringing forward a motion for a meeting order for creditors to consider and vote on a proposed Plan; and
    - iv. Continuing discussions with MCU in respect of terms and conditions of the exit financing to replace the MCU DIP Facility on implementation of a Plan, terms and conditions of a conditional offer to purchase real estate assets as described above and any other matters that may be conditions to implementation of a Plan.
  - c. The Applicant continues to operate in good faith and with due diligence since the date of the Initial Order.
168. Based on the Revised Cash Flow Forecast, the Monitor is of the view that the Applicant should have sufficient liquidity to fund its operations until September 30, 2022. If there are any material events to report upon in the interim period, the Applicant and the Monitor will return to the Court.
169. For the foregoing reasons, the Monitor supports the Applicant's request for an order extending the Stay Period to September 30, 2022.

## **MONITOR'S RECOMMENDATIONS AND CONCLUSIONS**

170. For the reasons stated herein, the Monitor supports the relief sought by the Applicant including the approval of:
- a. The SU Pension Agreement; and
  - b. The extension of the stay of proceedings to September 30, 2022.
171. Accordingly, the Monitor recommends that the Court grant the relief sought by the Applicant.

All of which is respectfully submitted this 27<sup>th</sup> day of May, 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"**

**SUMMARY OF ACTUAL RECEIPTS AND DISBURSEMENTS**

**Laurentian University**

**Cash Flow - Actuals**

For the seventeen weeks ended May 6, 2022



(in 000s CAD\$)	Week:	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
		08-Jan-2022	15-Jan-2022	22-Jan-2022	29-Jan-2022	05-Feb-2022	12-Feb-2022	19-Feb-2022	26-Feb-2022	05-Mar-2022	12-Mar-2022
Notes		14-Jan-2022	21-Jan-2022	28-Jan-2022	04-Feb-2022	11-Feb-2022	18-Feb-2022	25-Feb-2022	04-Mar-2022	11-Mar-2022	18-Mar-2022
<b>Receipts</b>											
Operating Grants	1	\$ -	\$ 2,983	\$ 53	\$ 3,210	\$ -	\$ 5,403	\$ -	\$ 3,020	\$ 581	\$ 3,196
Research Grants	2	374	123	615	267	152	984	3,745	119	155	2,082
Student Fees	3	1,654	1,885	1,140	737	577	796	487	491	561	391
Reimbursements	4	513	688	10	129	624	674	104	69	1,095	606
Donations	5	3	44	3	8	-	40	4	0	1	1
Other Receipts	6	22	32	48	545	177	273	38	145	41	59
Less Restricted Receipts	7	(376)	(137)	(637)	(422)	(137)	(2,096)	(3,748)	(88)	(101)	(2,038)
<b>Total Receipts</b>		<b>2,189</b>	<b>5,619</b>	<b>1,232</b>	<b>4,475</b>	<b>1,392</b>	<b>6,076</b>	<b>629</b>	<b>3,756</b>	<b>2,334</b>	<b>4,297</b>
<b>Operating Disbursements</b>											
Payroll & Benefits	8	(1,119)	(3,728)	(949)	(2,093)	(1,056)	(1,443)	(3,772)	(2,167)	(1,070)	(995)
Pension	9	-	-	-	(1,212)	-	-	-	(733)	-	-
Occupancy Costs	10	(174)	(507)	(101)	(226)	(36)	(383)	(494)	(80)	(198)	(275)
Other Operating Costs	11	(326)	(860)	(157)	(1,115)	(583)	(333)	(333)	(618)	(427)	(410)
Information Technology	12	(26)	(142)	(38)	(14)	(73)	-	(55)	(3)	(16)	(16)
Professional Fees	13	(101)	(231)	(333)	(97)	(372)	(166)	(77)	(7)	(10)	(520)
Student Refunds	14	(254)	(67)	(449)	(276)	(131)	(176)	(107)	(226)	-	(373)
Transferred Research Grants	15	-	(21)	-	-	-	(37)	(10)	-	-	-
Transfers to Federated Universities	16	-	-	-	-	-	-	-	-	-	-
Transfers to NOSM	17	-	-	-	-	-	-	-	-	-	-
Transfers to the Students' Associations	18	-	-	-	-	-	-	-	-	-	-
Transfers from / (to) Segregated Accounts	19	-	-	55	-	-	8,493	-	14	-	-
<b>Total Operating Disbursements</b>		<b>(2,001)</b>	<b>(5,557)</b>	<b>(1,972)</b>	<b>(5,033)</b>	<b>(2,252)</b>	<b>5,954</b>	<b>(4,847)</b>	<b>(3,821)</b>	<b>(1,720)</b>	<b>(2,589)</b>
<b>Net Operating Cash Flow</b>		<b>188</b>	<b>62</b>	<b>(740)</b>	<b>(559)</b>	<b>(860)</b>	<b>12,029</b>	<b>(4,218)</b>	<b>(65)</b>	<b>614</b>	<b>1,708</b>
<b>Non operating Receipts/ (Disbursements)</b>											
Capital Project Grants	20	-	-	-	-	-	988	-	-	-	-
Capital Projects	20	(161)	-	-	-	(150)	-	(339)	-	-	(59)
Debt Service	21	-	-	-	-	-	-	-	-	-	-
Restructuring Costs	22	(702)	-	(963)	-	(279)	(483)	(590)	-	-	(571)
<b>Total Non-Operating Disbursements</b>		<b>(863)</b>	<b>-</b>	<b>(963)</b>	<b>-</b>	<b>(429)</b>	<b>505</b>	<b>(929)</b>	<b>-</b>	<b>-</b>	<b>(630)</b>
<b>Total Disbursements</b>		<b>(2,863)</b>	<b>(5,557)</b>	<b>(2,935)</b>	<b>(5,033)</b>	<b>(2,681)</b>	<b>6,458</b>	<b>(5,776)</b>	<b>(3,821)</b>	<b>(1,720)</b>	<b>(3,219)</b>
<b>Net Cash Receipts/(Disbursements)</b>		<b>\$ (675)</b>	<b>\$ 62</b>	<b>\$ (1,703)</b>	<b>\$ (559)</b>	<b>\$ (1,289)</b>	<b>\$ 12,534</b>	<b>\$ (5,147)</b>	<b>\$ (65)</b>	<b>\$ 614</b>	<b>\$ 1,078</b>
<b>Cash Balance</b>											
Beginning cash balance		\$ 62,775	\$ 62,100	\$ 62,162	\$ 60,238	\$ 59,679	\$ 58,390	\$ 70,924	\$ 65,749	\$ 65,683	\$ 66,297
Adjustment to Actual, fix adjustment		-	-	-	-	-	-	-	-	-	-
Cash Receipts/(Disbursements)		(675)	62	(1,703)	(559)	(1,289)	12,534	(5,147)	(65)	614	1,078
DIP Financing Draw/(Interest Payments)		-	-	(221)	-	-	-	(28)	-	-	-
<b>Ending cash balance</b>		<b>\$ 62,100</b>	<b>\$ 62,162</b>	<b>\$ 60,238</b>	<b>\$ 59,679</b>	<b>\$ 58,390</b>	<b>\$ 70,924</b>	<b>\$ 65,749</b>	<b>\$ 65,683</b>	<b>\$ 66,297</b>	<b>\$ 67,375</b>
<b>DIP Financing</b>											
Opening Balance	23	\$ 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		-	-	221	-	-	-	28	-	-	-
Repayment of Interest and Other Fees		-	-	(221)	-	-	-	(28)	-	-	-
<b>Ending Balance</b>		<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>
<b>Available Liquidity</b>		<b>\$ 62,100</b>	<b>\$ 62,162</b>	<b>\$ 60,238</b>	<b>\$ 59,679</b>	<b>\$ 58,390</b>	<b>\$ 70,924</b>	<b>\$ 65,749</b>	<b>\$ 65,683</b>	<b>\$ 66,297</b>	<b>\$ 67,375</b>
<b>Endowment Fund</b>											
Beginning balance	24	\$ 61,024	\$ 61,024	\$ 61,024	\$ 61,024	\$ 64,556	\$ 64,556	\$ 64,556	\$ 64,556	\$ 63,991	\$ 63,991
Transfers in/(out)		-	-	-	-	-	-	-	-	-	-
Change in Market Value		-	-	-	3,532	-	-	-	(564)	-	-
<b>Ending Balance</b>		<b>\$ 61,024</b>	<b>\$ 61,024</b>	<b>\$ 61,024</b>	<b>\$ 64,556</b>	<b>\$ 64,556</b>	<b>\$ 64,556</b>	<b>\$ 64,556</b>	<b>\$ 63,991</b>	<b>\$ 63,991</b>	<b>\$ 63,991</b>
<b>Segregated Accounts</b>											
Beginning balance		\$ 15,885	\$ 16,261	\$ 16,398	\$ 16,981	\$ 17,403	\$ 17,540	\$ 11,142	\$ 14,890	\$ 14,965	\$ 15,065
Restricted Receipts	7	376	137	637	422	137	2,096	3,748	88	101	2,038
Transfers from / (to) Operating Account		-	-	(55)	-	-	(8,493)	-	(14)	-	-
<b>Ending Balance</b>		<b>\$ 16,261</b>	<b>\$ 16,398</b>	<b>\$ 16,981</b>	<b>\$ 17,403</b>	<b>\$ 17,540</b>	<b>\$ 11,142</b>	<b>\$ 14,890</b>	<b>\$ 14,965</b>	<b>\$ 15,065</b>	<b>\$ 17,103</b>

# Laurentian University

## Cash Flow - Actuals

For the seventeen weeks ended May 6, 2022

(in 000s CAD\$)	Week:	Actual							
	Notes	19-Mar-2022 25-Mar-2022	26-Mar-2022 01-Apr-2022	02-Apr-2022 08-Apr-2022	09-Apr-2022 15-Apr-2022	16-Apr-2022 22-Apr-2022	23-Apr-2022 29-Apr-2022	30-Apr-2022 06-May-2022	08-Jan-2022 06-May-2022
<b>Receipts</b>									
Operating Grants	1	\$ 400	\$ 3,850	\$ 322	\$ 3,114	\$ 63	\$ 2,959	\$ 19	\$ 29,174
Research Grants	2	1,976	574	169	150	150	118	15	11,767
Student Fees	3	499	526	403	254	479	1,111	2,761	14,752
Reimbursements	4	82	548	1,099	523	22	7	32	6,826
Donations	5	15	1	0	16	26	51	2	217
Other Receipts	6	483	174	94	44	46	935	94	3,248
Less Restricted Receipts	7	(513)	(776)	(159)	(90)	(176)	(169)	(37)	(11,698)
<b>Total Receipts</b>		<b>2,942</b>	<b>4,897</b>	<b>1,928</b>	<b>4,012</b>	<b>610</b>	<b>5,011</b>	<b>2,887</b>	<b>54,285</b>
<b>Operating Disbursements</b>									
Payroll & Benefits	8	(3,742)	(6)	(3,079)	(757)	(4,176)	-	(3,084)	(33,236)
Pension	9	(111)	(798)	-	-	-	(738)	-	(3,594)
Occupancy Costs	10	(162)	(61)	(448)	(114)	(27)	(121)	(162)	(3,570)
Other Operating Costs	11	(153)	(47)	(911)	(98)	(164)	(248)	(632)	(7,417)
Information Technology	12	(154)	-	(28)	(2)	(11)	(1)	(58)	(638)
Professional Fees	13	(314)	-	(118)	(48)	(73)	(48)	(73)	(2,587)
Student Refunds	14	(35)	(263)	(132)	(120)	(17)	(45)	(54)	(2,724)
Transferred Research Grants	15	-	-	(28)	-	(159)	-	-	(256)
Transfers to Federated Universities	16	-	-	-	-	-	-	-	-
Transfers to NOSM	17	-	(1,657)	-	-	-	-	-	(1,657)
Transfers to the Students' Associations	18	(1,013)	(472)	-	-	-	-	-	(1,484)
Transfers from / (to) Segregated Accounts	19	-	-	-	-	-	188	988	9,737
<b>Total Operating Disbursements</b>		<b>(5,684)</b>	<b>(3,304)</b>	<b>(4,745)</b>	<b>(1,139)</b>	<b>(4,627)</b>	<b>(1,012)</b>	<b>(3,076)</b>	<b>(47,425)</b>
<b>Net Operating Cash Flow</b>		<b>(2,742)</b>	<b>1,594</b>	<b>(2,817)</b>	<b>2,873</b>	<b>(4,017)</b>	<b>3,999</b>	<b>(188)</b>	<b>6,861</b>
<b>Non operating Receipts/ (Disbursements)</b>									
Capital Project Grants	20	-	-	-	-	-	-	-	988
Capital Projects	20	-	-	(184)	-	-	-	(2)	(895)
Debt Service	21	-	-	-	-	-	-	-	-
Restructuring Costs	22	-	-	(710)	-	(858)	(234)	-	(5,389)
<b>Total Non-Operating Disbursements</b>		<b>-</b>	<b>-</b>	<b>(893)</b>	<b>-</b>	<b>(858)</b>	<b>(234)</b>	<b>(2)</b>	<b>(5,296)</b>
<b>Total Disbursements</b>		<b>(5,684)</b>	<b>(3,304)</b>	<b>(5,638)</b>	<b>(1,139)</b>	<b>(5,485)</b>	<b>(1,246)</b>	<b>(3,078)</b>	<b>(52,720)</b>
<b>Net Cash Receipts/(Disbursements)</b>		<b>\$ (2,742)</b>	<b>\$ 1,594</b>	<b>\$ (3,710)</b>	<b>\$ 2,873</b>	<b>\$ (4,875)</b>	<b>\$ 3,765</b>	<b>\$ (191)</b>	<b>\$ 1,565</b>
<b>Cash Balance</b>									
Beginning cash balance		\$ 67,375	\$ 64,633	\$ 66,196	\$ 62,486	\$ 65,359	\$ 60,484	\$ 64,219	\$ 62,775
Adjustment to Actual, fix adjustment		-	-	-	-	-	-	-	-
Cash Receipts/(Disbursements)		(2,742)	1,594	(3,710)	2,873	(4,875)	3,765	(191)	1,565
DIP Financing Draw/(Interest Payments)		-	(31)	-	-	-	(30)	-	(311)
<b>Ending cash balance</b>		<b>\$ 64,633</b>	<b>\$ 66,196</b>	<b>\$ 62,486</b>	<b>\$ 65,359</b>	<b>\$ 60,484</b>	<b>\$ 64,219</b>	<b>\$ 64,028</b>	<b>\$ 64,028</b>
<b>DIP Financing</b>									
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		-	31	-	-	-	30	-	311
Repayment of Interest and Other Fees		-	(31)	-	-	-	(30)	-	(311)
<b>Ending Balance</b>		<b>\$ 35,000</b>							
<b>Available Liquidity</b>		<b>\$ 64,633</b>	<b>\$ 66,196</b>	<b>\$ 62,486</b>	<b>\$ 65,359</b>	<b>\$ 60,484</b>	<b>\$ 64,219</b>	<b>\$ 64,028</b>	<b>\$ 64,028</b>
<b>Endowment Fund</b>									
Beginning balance	24	\$ 63,991	\$ 63,991	\$ 63,319	\$ 63,319	\$ 63,319	\$ 63,319	\$ 61,744	\$ 61,024
Transfers in/(out)		-	-	-	-	-	-	-	-
Change in Market Value		-	(673)	-	-	-	(1,575)	-	720
<b>Ending Balance</b>		<b>\$ 63,991</b>	<b>\$ 63,319</b>	<b>\$ 63,319</b>	<b>\$ 63,319</b>	<b>\$ 63,319</b>	<b>\$ 61,744</b>	<b>\$ 61,744</b>	<b>\$ 61,744</b>
<b>Segregated Accounts</b>									
Beginning balance		\$ 17,103	\$ 17,616	\$ 18,391	\$ 18,551	\$ 18,641	\$ 18,816	\$ 18,797	\$ 15,885
Restricted Receipts	7	513	776	159	90	176	169	37	11,698
Transfers from / (to) Operating Account		-	-	-	-	-	(188)	(988)	(9,737)
<b>Ending Balance</b>		<b>\$ 17,616</b>	<b>\$ 18,391</b>	<b>\$ 18,551</b>	<b>\$ 18,641</b>	<b>\$ 18,816</b>	<b>\$ 18,797</b>	<b>\$ 17,846</b>	<b>\$ 17,846</b>

**APPENDIX "B"**  
**CASH FLOW VARIANCE ANALYSIS**

**Laurentian University**  
**Cash Flow - Variance Report**  
For the seventeen weeks ended May 6, 2022



	Actual		Forecast		Variance	
	08-Jan-2022 06-May-2022		08-Jan-2022 06-May-2022		08-Jan-2022 06-May-2022	
<b>(in 000s CAD\$)</b>						
<b>Receipts</b>						
Operating Grants	\$ 29,174		\$ 32,948		\$ (3,774)	
Research Grants	11,767		5,306		6,461	
Student Fees	14,752		4,506		10,246	
Reimbursements	6,826		6,939		(113)	
Donations	217		-		217	
Other Receipts	3,248		2,107		1,142	
Less Restricted Receipts	(11,698)		(6,293)		(5,405)	
<b>Total Receipts</b>	<b>54,285</b>		<b>45,512</b>		<b>8,774</b>	
<b>Operating Disbursements</b>						
Payroll & Benefits	(33,236)		(33,962)		726	
Pension	(3,594)		(4,066)		473	
Occupancy Costs	(3,570)		(3,789)		220	
Other Operating Costs	(7,417)		(11,743)		4,327	
Information Technology	(638)		(1,320)		682	
Professional Fees	(2,587)		(1,823)		(764)	
Student Refunds	(2,724)		(4,840)		2,116	
Transferred Research Grants	(256)		(950)		694	
Transfers to Federated Universities	-		-		-	
Transfers to NQSM	(1,657)		(1,500)		(157)	
Transfers to the Students' Associations	(1,484)		(2,134)		650	
Transfers from / (to) Segregated Accounts	9,737		14,001		(4,264)	
<b>Total Operating Disbursements</b>	<b>(47,425)</b>		<b>(52,127)</b>		<b>4,703</b>	
<b>Net Operating Cash Flow</b>	<b>6,861</b>		<b>(6,616)</b>		<b>13,476</b>	
<b>Non operating Receipts/ (Disbursements)</b>						
Capital Project Grants	988		988		-	
Capital Projects	(895)		(1,174)		280	
Debt Service	-		-		-	
Restructuring Costs	(5,389)		(6,549)		1,160	
<b>Total Non-Operating Disbursements</b>	<b>(5,296)</b>		<b>(6,735)</b>		<b>1,439</b>	
Total Disbursements	(52,720)		(58,862)		6,142	
<b>Net Cash Receipts/(Disbursements)</b>	<b>\$ 1,565</b>		<b>\$ (13,351)</b>		<b>\$ 14,916</b>	
<b>Cash Balance</b>						
Beginning cash balance	\$ 62,775		\$ 62,751		\$ 23	
Adjustment to Actual, fx adjustment	-		-		-	
Cash Receipts/(Disbursements)	1,565		(13,351)		14,916	
DIP Financing Draw/(Payback)	(311)		(359)		48	
<b>Ending cash balance</b>	<b>\$ 64,028</b>		<b>\$ 49,041</b>		<b>\$ 14,988</b>	
<b>DIP Financing</b>						
Opening Balance	\$ 35,000		\$ 35,000		\$ -	
Draw/(Payback)	-		-		-	
Interest and Other Fees	311		359		(48)	
Repayment of Interest and Other Fees	(311)		(359)		48	
<b>Ending Balance</b>	<b>\$ 35,000</b>		<b>\$ 35,000</b>		<b>\$ -</b>	
<b>Available Liquidity</b>	<b>\$ 64,028</b>		<b>\$ 49,041</b>		<b>\$ 14,988</b>	
<b>Endowment Fund</b>						
Beginning balance	\$ 61,024		\$ 61,024		\$ -	
Transfers in/(out)	-		-		-	
Change in Market Value	720		-		720	
<b>Ending Balance</b>	<b>\$ 61,744</b>		<b>\$ 61,024</b>		<b>\$ 720</b>	
<b>Segregated Accounts</b>						
Beginning balance	\$ 15,885		\$ 15,909		\$ (23)	
Restricted Receipts	11,698		6,293		5,405	
Transfers from / (to) Operating Account	(9,737)		(14,001)		4,264	
<b>Ending Balance</b>	<b>\$ 17,846</b>		<b>\$ 8,201</b>		<b>\$ 9,645</b>	

## Appendix “B”

### 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 Tenth Report for the period January 8, 2022 to May 6, 2022:

1. Collections related to Operating Grants were lower than forecast by approximately \$3.8 million. This variance is primarily due to the following:
  - a. Approximately \$2.5 million negative permanent difference due to special purpose French Language grants forecast but not received;
  - b. Approximately \$2.1 million negative timing difference due to the timing of the collection of Nursing Collaboration and CNFS Grants; and
  - c. Approximately \$0.8 million positive permanent difference primarily due to restricted operating grants received but not forecast.
2. Collections related to Research Grants were higher than forecast by approximately \$6.5 million primarily due to greater receipt of restricted research grants than forecast;
3. Collections related to Student Fees were higher than forecast by approximately \$10.2 million due to
  - a. Approximately \$8.0 million positive permanent difference due to higher collection of Student Fees than forecast, due to several factors including i) higher student and ancillary fees than budget ii) collection of international student deposits for future terms that were not forecast, and iii) students paying their Winter semester accounts in full and later receiving scholarships and bursaries thereby resulting in higher collection of Student Fees and higher student credit balances.; and
  - b. Approximately \$2.2 million positive timing difference in receipts from students.
4. Collections related to Other Receipts were higher than forecast by approximately \$1.1 million. This variance is due to the following:
  - a. Approximately \$0.7 million positive permanent difference due to the collection of HST refunds being greater than forecast; and
  - b. Approximately \$0.4 million positive permanent difference due to the collection of other receivables that were greater than forecast.
5. Collections related to Restricted Receipts were higher than forecast by approximately \$5.4 million primarily due to permanent differences in receipt of restricted research grants, restricted donations, and restricted operating grants.
6. Disbursements related to Payroll & Benefits were lower than forecast by approximately \$0.7 million primarily due to unfilled vacant positions and lower part-time hires during the period;

7. Disbursements related to Pension were lower than forecast by approximately \$0.5 million due to lower pension contributions than forecast;
8. Disbursements related to Other Operating Costs were lower than forecast by approximately \$4.3 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;
9. Disbursements related to Information Technology were lower than forecast by approximately \$0.7 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;
10. Disbursements related to Professional Fees were higher than forecast by approximately \$0.8 million due to increased usage of consultants and other professionals during the period compared forecast;
11. Disbursements related to Student Refunds were lower than forecast by approximately \$2.1 million and are due to several factors, but ultimately are dependent on students submitting student refund requests in respect of the student account credit balances.
12. Disbursements related to Transferred Research Grants were lower than forecast by approximately \$0.7 million primarily due to the timing of research grant transfers to research partners;
13. Disbursements related to Transfers to Students' Associations were lower than forecast by approximately \$0.7 million primarily due to the timing of transfers to Students' Associations;
14. Transfers from Segregated Accounts were lower than forecast by approximately \$4.3 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; and
15. Disbursements related to Restructuring Costs were lower than forecast by approximately \$1.2 million primarily due to the timing of payments to Assistants.

**APPENDIX "C"**  
**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		07-May-2022	14-May-2022	21-May-2022	28-May-2022	04-Jun-2022	11-Jun-2022	18-Jun-2022	25-Jun-2022	02-Jul-2022	09-Jul-2022	16-Jul-2022	23-Jul-2022	30-Jul-2022	06-Aug-2022	
		13-May-2022	20-May-2022	27-May-2022	03-Jun-2022	10-Jun-2022	17-Jun-2022	24-Jun-2022	01-Jul-2022	08-Jul-2022	15-Jul-2022	22-Jul-2022	29-Jul-2022	05-Aug-2022	12-Aug-2022	
<b>Receipts</b>																
Operating Grants	1	\$ 1,580	\$ 3,001	\$ -	\$ 3,739	\$ 400	\$ 3,009	\$ -	\$ 3,013	\$ -	\$ 2,858	\$ 544	\$ 2,858	\$ 155	\$ -	
Research Grants	2	70	263	389	199	242	892	100	308	142	356	1,315	39	196	177	
Student Fees	3	1,488	1,488	484	270	213	360	513	513	530	530	530	530	2,820	4,726	
Reimbursements	4	197	1,148	564	447	-	779	530	845	-	450	-	1,065	-	406	
Donations	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Receipts	6	41	41	338	66	51	51	368	76	51	51	51	368	76	51	
Less Restricted Receipts	7	(70)	(263)	(389)	(475)	(242)	(892)	(100)	(308)	(142)	(356)	(1,315)	(39)	(196)	(177)	
<b>Total Receipts</b>		<b>3,305</b>	<b>5,677</b>	<b>1,387</b>	<b>4,247</b>	<b>664</b>	<b>4,199</b>	<b>1,412</b>	<b>4,447</b>	<b>581</b>	<b>3,889</b>	<b>1,125</b>	<b>4,821</b>	<b>3,051</b>	<b>5,183</b>	
<b>Operating Disbursements</b>																
Payroll & Benefits	8	(1,157)	(815)	(3,525)	(3,055)	(658)	(1,882)	(3,430)	(2,358)	(462)	(1,157)	(390)	(3,331)	(2,246)	(1,401)	
Pension	9	-	-	(825)	-	-	-	-	(888)	-	-	-	(926)	-	-	
Occupancy Costs	10	(706)	(177)	(216)	(189)	(237)	(237)	(237)	(237)	(237)	(237)	(237)	(237)	(237)	(237)	
Other Operating Costs	11	(338)	(273)	(273)	(273)	(303)	(368)	(618)	(368)	(368)	(368)	(368)	(618)	(399)	(399)	
Information Technology	12	(48)	(53)	(53)	(53)	(66)	(66)	(66)	(66)	(66)	(66)	(66)	(66)	(66)	(66)	
Professional Fees	13	(621)	(34)	(34)	(71)	(71)	(71)	(71)	(71)	(71)	(71)	(71)	(71)	(71)	(71)	
Student Refunds	14	(251)	(155)	(67)	(63)	(96)	(82)	(117)	(117)	(59)	(59)	(59)	(59)	(47)	(47)	
Transferred Research Grants	15	-	-	-	-	-	(846)	-	-	-	-	-	-	-	-	
Transfers to Federated Universities	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers to NOSM	17	(86)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers to the Students' Associations	18	-	-	(645)	-	-	-	-	-	-	-	-	-	-	-	
Transfers from / (to) Segregated Accounts	19	-	-	-	-	-	-	-	-	3,500	-	-	-	-	-	
<b>Total Operating Disbursements</b>		<b>(3,207)</b>	<b>(1,506)</b>	<b>(5,636)</b>	<b>(3,661)</b>	<b>(1,431)</b>	<b>(3,553)</b>	<b>(4,540)</b>	<b>(4,106)</b>	<b>2,237</b>	<b>(1,958)</b>	<b>(1,191)</b>	<b>(5,308)</b>	<b>(3,068)</b>	<b>(2,223)</b>	
<b>Net Operating Cash Flow</b>		<b>98</b>	<b>4,171</b>	<b>(4,249)</b>	<b>586</b>	<b>(767)</b>	<b>646</b>	<b>(3,128)</b>	<b>342</b>	<b>2,817</b>	<b>1,931</b>	<b>(66)</b>	<b>(487)</b>	<b>(16)</b>	<b>2,960</b>	
<b>Non operating Receipts/ (Disbursements)</b>																
Capital Project Grants	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital Projects	20	-	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	
Debt Service	21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Restructuring Costs	22	(1,017)	(235)	(575)	(632)	(325)	(325)	(325)	(325)	(325)	(325)	(325)	(325)	(325)	(325)	
<b>Total Non-Operating Disbursements</b>		<b>(1,017)</b>	<b>(285)</b>	<b>(625)</b>	<b>(682)</b>	<b>(375)</b>	<b>(375)</b>	<b>(375)</b>	<b>(375)</b>	<b>(375)</b>	<b>(375)</b>	<b>(375)</b>	<b>(375)</b>	<b>(375)</b>	<b>(375)</b>	
<b>Total Disbursements</b>		<b>(4,225)</b>	<b>(1,791)</b>	<b>(6,261)</b>	<b>(4,343)</b>	<b>(1,806)</b>	<b>(3,928)</b>	<b>(4,915)</b>	<b>(4,481)</b>	<b>1,862</b>	<b>(2,333)</b>	<b>(1,566)</b>	<b>(5,683)</b>	<b>(3,443)</b>	<b>(2,598)</b>	
<b>Net Cash Receipts/(Disbursements)</b>		<b>\$ (919)</b>	<b>\$ 3,886</b>	<b>\$ (4,874)</b>	<b>\$ (96)</b>	<b>\$ (1,142)</b>	<b>\$ 271</b>	<b>\$ (3,503)</b>	<b>\$ (33)</b>	<b>\$ 2,442</b>	<b>\$ 1,556</b>	<b>\$ (441)</b>	<b>\$ (862)</b>	<b>\$ (391)</b>	<b>\$ 2,585</b>	
<b>Cash Balance</b>																
Beginning cash balance		\$ 64,028	\$ 63,109	\$ 66,995	\$ 62,120	\$ 61,993	\$ 60,851	\$ 61,123	\$ 57,620	\$ 57,556	\$ 59,998	\$ 61,554	\$ 61,113	\$ 60,251	\$ 59,829	
Adjustment to Actual, fix adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash Receipts/(Disbursements)		(919)	3,886	(4,874)	(96)	(1,142)	271	(3,503)	(33)	2,442	1,556	(441)	(862)	(391)	2,585	
DIP Financing Draw/(Interest Payments)		-	-	-	(31)	-	-	-	(30)	-	-	-	-	(30)	-	
<b>Ending cash balance</b>		<b>\$ 63,109</b>	<b>\$ 66,995</b>	<b>\$ 62,120</b>	<b>\$ 61,993</b>	<b>\$ 60,851</b>	<b>\$ 61,123</b>	<b>\$ 57,620</b>	<b>\$ 57,556</b>	<b>\$ 59,998</b>	<b>\$ 61,554</b>	<b>\$ 61,113</b>	<b>\$ 60,251</b>	<b>\$ 59,829</b>	<b>\$ 62,415</b>	
<b>DIP Financing</b>																
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		-	-	-	31	-	-	-	30	-	-	-	-	30	-	
Repayment of Interest and Other Fees		-	-	-	(31)	-	-	-	(30)	-	-	-	-	(30)	-	
<b>Ending Balance</b>		<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	
<b>Available Liquidity</b>		<b>\$ 63,109</b>	<b>\$ 66,995</b>	<b>\$ 62,120</b>	<b>\$ 61,993</b>	<b>\$ 60,851</b>	<b>\$ 61,123</b>	<b>\$ 57,620</b>	<b>\$ 57,556</b>	<b>\$ 59,998</b>	<b>\$ 61,554</b>	<b>\$ 61,113</b>	<b>\$ 60,251</b>	<b>\$ 59,829</b>	<b>\$ 62,415</b>	
<b>Endowment Fund</b>																
Beginning balance	24	\$ 61,744	\$ 61,744	\$ 61,744	\$ 61,744	\$ 61,744	\$ 61,744	\$ 61,744	\$ 61,744	\$ 61,744	\$ 61,744	\$ 61,744	\$ 61,744	\$ 61,744	\$ 61,744	
Transfers in/(out)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Change in Market Value		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Ending Balance</b>		<b>\$ 61,744</b>	<b>\$ 61,744</b>	<b>\$ 61,744</b>	<b>\$ 61,744</b>	<b>\$ 61,744</b>	<b>\$ 61,744</b>	<b>\$ 61,744</b>	<b>\$ 61,744</b>	<b>\$ 61,744</b>	<b>\$ 61,744</b>	<b>\$ 61,744</b>	<b>\$ 61,744</b>	<b>\$ 61,744</b>	<b>\$ 61,744</b>	
<b>Segregated Accounts</b>																
Beginning balance		\$ 17,846	\$ 17,916	\$ 18,179	\$ 18,568	\$ 19,043	\$ 19,285	\$ 20,176	\$ 20,276	\$ 20,584	\$ 17,226	\$ 17,582	\$ 18,897	\$ 18,936	\$ 19,133	
Restricted Receipts	7	70	263	389	475	242	892	100	308	142	356	1,315	39	196	177	
Transfers from / (to) Operating Account		-	-	-	-	-	-	-	-	(3,500)	-	-	-	-	-	
<b>Ending Balance</b>		<b>\$ 17,916</b>	<b>\$ 18,179</b>	<b>\$ 18,568</b>	<b>\$ 19,043</b>	<b>\$ 19,285</b>	<b>\$ 20,176</b>	<b>\$ 20,276</b>	<b>\$ 20,584</b>	<b>\$ 17,226</b>	<b>\$ 17,582</b>	<b>\$ 18,897</b>	<b>\$ 18,936</b>	<b>\$ 19,133</b>	<b>\$ 19,310</b>	

**Laurentian University**  
Cash Flow Forecast

(in 000s CAD\$)									
	Week:	15	16	17	18	19	20	21	Forecast
	Notes	13-Aug-2022 19-Aug-2022	20-Aug-2022 26-Aug-2022	27-Aug-2022 02-Sep-2022	03-Sep-2022 09-Sep-2022	10-Sep-2022 16-Sep-2022	17-Sep-2022 23-Sep-2022	24-Sep-2022 30-Sep-2022	07-May-2022 30-Sep-2022
<b>Receipts</b>									
Operating Grants	1	\$ 2,858	\$ -	\$ 3,040	\$ -	\$ 2,858	\$ -	\$ 3,033	\$ 32,947
Research Grants	2	39	461	57	39	400	114	57	5,857
Student Fees	3	4,726	4,726	3,102	3,102	3,102	3,102	3,102	39,954
Reimbursements	4	-	1,151	-	447	108	587	564	9,289
Donations	5	-	-	-	-	-	-	-	-
Other Receipts	6	51	368	66	41	41	41	358	2,644
Less Restricted Receipts	7	(39)	(461)	(57)	(39)	(400)	(114)	(57)	(6,133)
<b>Total Receipts</b>		<b>7,635</b>	<b>6,245</b>	<b>6,208</b>	<b>3,590</b>	<b>6,108</b>	<b>3,729</b>	<b>7,057</b>	<b>84,558</b>
<b>Operating Disbursements</b>									
Payroll & Benefits	8	(468)	(3,586)	(2,094)	(889)	(1,002)	(3,849)	(1,918)	(39,672)
Pension	9	-	(941)	-	-	-	-	(994)	(4,573)
Occupancy Costs	10	(237)	(237)	(189)	(189)	(189)	(189)	(189)	(5,077)
Other Operating Costs	11	(524)	(774)	(419)	(419)	(419)	(419)	(669)	(8,977)
Information Technology	12	(66)	(66)	(53)	(53)	(53)	(53)	(53)	(1,267)
Professional Fees	13	(71)	(71)	(57)	(57)	(57)	(57)	(57)	(1,858)
Student Refunds	14	(47)	(47)	(138)	(263)	(263)	(263)	(263)	(2,564)
Transferred Research Grants	15	-	-	-	-	-	-	-	(846)
Transfers to Federated Universities	16	-	-	-	-	-	-	-	-
Transfers to NOSM	17	-	-	-	-	-	-	-	(86)
Transfers to the Students' Associations	18	-	-	-	-	-	-	-	(645)
Transfers from / (to) Segregated Accounts	19	-	-	-	-	-	-	-	3,500
<b>Total Operating Disbursements</b>		<b>(1,414)</b>	<b>(5,723)</b>	<b>(2,951)</b>	<b>(1,871)</b>	<b>(1,984)</b>	<b>(4,831)</b>	<b>(4,144)</b>	<b>(62,066)</b>
<b>Net Operating Cash Flow</b>		<b>6,221</b>	<b>522</b>	<b>3,257</b>	<b>1,719</b>	<b>4,124</b>	<b>(1,102)</b>	<b>2,913</b>	<b>22,492</b>
<b>Non operating Receipts/ (Disbursements)</b>									
Capital Project Grants	20	-	-	-	-	-	-	-	-
Capital Projects	20	(50)	(50)	(100)	(100)	(100)	(100)	(100)	(1,250)
Debt Service	21	-	-	-	-	-	-	-	-
Restructuring Costs	22	(325)	(325)	(325)	(325)	(325)	(325)	(325)	(7,985)
<b>Total Non-Operating Disbursements</b>		<b>(375)</b>	<b>(375)</b>	<b>(425)</b>	<b>(425)</b>	<b>(425)</b>	<b>(425)</b>	<b>(425)</b>	<b>(9,235)</b>
<b>Total Disbursements</b>		<b>(1,789)</b>	<b>(6,098)</b>	<b>(3,376)</b>	<b>(2,296)</b>	<b>(2,409)</b>	<b>(5,256)</b>	<b>(4,569)</b>	<b>(71,301)</b>
<b>Net Cash Receipts/(Disbursements)</b>		<b>\$ 5,846</b>	<b>\$ 147</b>	<b>\$ 2,832</b>	<b>\$ 1,294</b>	<b>\$ 3,699</b>	<b>\$ (1,527)</b>	<b>\$ 2,488</b>	<b>\$ 13,257</b>
<b>Cash Balance</b>									
Beginning cash balance		\$ 62,415	\$ 68,260	\$ 68,407	\$ 71,208	\$ 72,502	\$ 76,201	\$ 74,674	\$ 64,028
Adjustment to Actual, fix adjustment		-	-	-	-	-	-	-	-
Cash Receipts/(Disbursements)		5,846	147	2,832	1,294	3,699	(1,527)	2,488	13,257
DIP Financing Draw/(Interest Payments)		-	-	(31)	-	-	-	(30)	(153)
<b>Ending cash balance</b>		<b>\$ 68,260</b>	<b>\$ 68,407</b>	<b>\$ 71,208</b>	<b>\$ 72,502</b>	<b>\$ 76,201</b>	<b>\$ 74,674</b>	<b>\$ 77,133</b>	<b>\$ 77,133</b>
<b>DIP Financing</b>									
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		-	-	31	-	-	-	30	153
Repayment of Interest and Other Fees		-	-	(31)	-	-	-	(30)	(153)
<b>Ending Balance</b>		<b>\$ 35,000</b>							
<b>Available Liquidity</b>		<b>\$ 68,260</b>	<b>\$ 68,407</b>	<b>\$ 71,208</b>	<b>\$ 72,502</b>	<b>\$ 76,201</b>	<b>\$ 74,674</b>	<b>\$ 77,133</b>	<b>\$ 77,133</b>
<b>Endowment Fund</b>									
Beginning balance	24	\$ 61,744	\$ 61,744	\$ 61,744	\$ 61,744	\$ 61,744	\$ 61,744	\$ 61,744	\$ 61,744
Transfers in/(out)		-	-	-	-	-	-	-	-
Change in Market Value		-	-	-	-	-	-	-	-
<b>Ending Balance</b>		<b>\$ 61,744</b>							
<b>Segregated Accounts</b>									
Beginning balance		\$ 19,310	\$ 19,349	\$ 19,810	\$ 19,867	\$ 19,906	\$ 20,307	\$ 20,421	\$ 17,846
Restricted Receipts	7	39	461	57	39	400	114	57	6,133
Transfers from / (to) Operating Account		-	-	-	-	-	-	-	(3,500)
<b>Ending Balance</b>		<b>\$ 19,349</b>	<b>\$ 19,810</b>	<b>\$ 19,867</b>	<b>\$ 19,906</b>	<b>\$ 20,307</b>	<b>\$ 20,421</b>	<b>\$ 20,478</b>	<b>\$ 20,478</b>

## **In the Matter of the CCAA of Laurentian University of Sudbury**

### **Notes to the Unaudited Cash Flow Forecast of the Applicant**

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

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

#### **General assumptions**

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

#### **Receipts**

##### **1. Operating Grants:**

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

##### **2. Research Grants:**

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

##### **3. Student Fees:**

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

##### **4. Reimbursements:**

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

## **7. Restricted Receipts:**

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

## **Disbursements**

## **8. Payroll & Benefits:**

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

## **9. Pension:**

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

## **10. Occupancy Costs:**

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

**11. Other Operating Costs:**

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

**12. Information Technology:**

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

**13. Professional Fees:**

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

**14. Student Refunds:**

- Amounts owing to students for the current 2021-22 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 2021-22 academic year and future amounts payable to students in respect of student scholarship, bursary or grants will be paid in the ordinary course.

**15. Transferred Research Grants:**

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

**16. Transfers to Federated Universities:**

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

**17. Transfers to NOSM:**

- 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.

**18. Transfers to Students' Associations:**

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

**19. Transfers from Segregated Accounts:**

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

**20. Capital projects:**

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

**21. Debt Service:**

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

**22. Restructuring Costs:**

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

**23. Endowment Fund:**

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

**24. DIP Financing:**

- The cash flow includes ongoing interest costs in accordance with the MCU DIP Facility rate.