

**Université Laval**  
**Financial Statements**  
**April 30, 2024**

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## Independent Auditor's Report

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To the Members of the Board of Directors of  
Université Laval

### Opinion

We have audited the financial statements of Université Laval, which comprise the statement of financial position as at April 30, 2024, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Université Laval as at April 30, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “Auditor's responsibilities for the audit of the financial statements” section of our report. We are independent of Université Laval in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter

We draw attention to Note 2 to the financial statements, which indicates that Université Laval and La Fondation de l'Université Laval have merged on May 1, 2023, and that the financial statements of prior fiscal years have been restated to reflect the assets, liabilities and operations of both entities. The financial statements of La Fondation de l'Université Laval for the year ended April 30, 2023 (before any adjustment made to standardize the accounting policies of the merged entities), were audited by another auditor, who expressed an unmodified opinion on those statements on September 28, 2023. Our opinion is not modified in respect of this matter.

## **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Université Laval's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Université Laval or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Université Laval's financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Université Laval's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Université Laval's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Université Laval to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Raymond Cholet Grant Thornton LLP<sup>1</sup>*

Québec  
September 30, 2024

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<sup>1</sup> CPA auditor, public accountancy permit no. A119912

## Université Laval

### Operations

Year ended April 30, 2024  
(in thousands of dollars)

	Operating Fund		Restricted Fund		Capital Assets Fund		Endowment Fund		Subscription Fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>												
Subsidies – Ministère de l'Enseignement supérieur (MES) (Note 4)	560,905	512,066	23,027	30,405	50,523	46,070	–	–	–	–	634,455	588,541
Tuition fees	170,651	157,317	–	–	–	–	–	–	–	–	170,651	157,317
Community services	20,090	18,383	11,650	10,380	–	–	–	–	–	–	31,740	28,763
External services	48,213	44,840	–	–	724	1,493	–	–	–	–	48,937	46,333
Net investment income (Note 22)	26,597	16,661	3,067	2,376	1,765	1,018	–	–	683	457	32,112	20,512
Student services	32,160	29,695	12,939	9,792	–	–	–	–	–	–	45,099	39,487
Ancillary services	20,551	19,202	–	–	–	–	–	–	–	–	20,551	19,202
Donations from other organizations	–	–	18,569	17,146	1,009	4,770	–	–	287	455	19,865	22,371
Other subsidies and revenues	11,701	15,242	268,804	230,185	26,576	24,178	–	–	–	–	307,081	269,605
	890,868	813,406	338,056	300,284	80,597	77,529	–	–	970	912	1,310,491	1,192,131
<b>Expenses</b>												
Teaching and independent research	525,102	462,541	4,342	2,841	–	–	–	–	–	–	529,444	465,382
Community services	14,650	11,333	23,407	19,197	–	–	–	–	–	–	38,057	30,530
Research	17,414	13,454	269,094	251,315	–	–	–	–	–	–	286,508	264,769
Support services	197,930	176,231	5,283	2,944	2,526	1,418	1,269	1,487	2	105	207,010	182,185
Student services	32,363	29,539	35,342	30,620	–	–	–	–	–	–	67,705	60,159
Ancillary services	13,664	13,493	–	–	–	–	–	–	–	–	13,664	13,493
Renovations and redevelopment	–	–	–	–	4,980	2,813	–	–	–	–	4,980	2,813
Interest on long-term debt	–	–	–	–	16,288	16,125	–	–	–	–	16,288	16,125
Future employee benefits	18,468	14,954	–	–	–	–	–	–	–	–	18,468	14,954
Amortization of tangible capital assets (Note 11)	–	–	–	–	84,603	79,355	–	–	–	–	84,603	79,355
Amortization of intangible capital assets (Note 12)	–	–	–	–	16	–	–	–	–	–	16	–
	819,591	721,545	337,468	306,917	108,413	99,711	1,269	1,487	2	105	1,266,743	1,129,765
<b>Excess (deficiency) of revenues over expenses</b>	<b>71,277</b>	<b>91,861</b>	<b>588</b>	<b>(6,633)</b>	<b>(27,816)</b>	<b>(22,182)</b>	<b>(1,269)</b>	<b>(1,487)</b>	<b>968</b>	<b>807</b>	<b>43,748</b>	<b>62,366</b>

The accompanying notes are an integral part of the financial statements.

## Université Laval

### Changes in Fund Balances

Year ended April 30, 2024

(in thousands of dollars)

	Operating Fund		Restricted Fund		Capital Assets Fund		Endowment Fund		Subscription Fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund balances (negative), beginning of year	<b>(607,656)</b>	(505,169)	-	-	<b>473,549</b>	392,814	<b>199,944</b>	196,922	<b>12,821</b>	11,987	<b>78,658</b>	96,554
Excess (deficiency) of revenues over expenses	<b>71,277</b>	91,861	<b>588</b>	(6,633)	<b>(27,816)</b>	(22,182)	<b>(1,269)</b>	(1,487)	<b>968</b>	807	<b>43,748</b>	62,366
Remeasurements and other items related to the pension and other postretirement benefit plans	<b>408,972</b>	(94,434)	-	-	-	-	-	-	-	-	<b>408,972</b>	(94,434)
Endowment contributions:	-	-	-	-	-	-	<b>8,902</b>	13,611	-	-	<b>8,902</b>	13,611
Contributions restricted to the acquisition of capital assets not subject to amortization	-	-	-	-	<b>136</b>	561	-	-	-	-	<b>136</b>	561
Interfund transfers (Note 5)	<b>(47,233)</b>	(99,914)	<b>(588)</b>	6,633	<b>41,830</b>	102,356	<b>16,920</b>	(9,102)	<b>(10,929)</b>	27	-	-
Fund balances (negative), end of year	<b>(174,640)</b>	<b>(607,656)</b>	-	-	<b>487,699</b>	473,549	<b>224,497</b>	199,944	<b>2,860</b>	12,821	<b>540,416</b>	78,658

The accompanying notes are an integral part of the financial statements.

# Université Laval

## Cash Flows

Year ended April 30, 2024

(in thousands of dollars)

	2024	2023
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	43,748	62,366
Non-cash items		
Net change in fair value of investments	(7,208)	(1,559)
Gain on disposal of investments	(344)	(2,426)
Net change in defined benefit liability	15,872	12,206
Amortization of deferred contributions related to capital assets	(29,626)	(29,217)
Gain on disposal of capital assets	(413)	(203)
Amortization of tangible capital assets	84,603	79,355
Amortization of intangible capital assets	16	–
Net change in working capital items (Note 6)	14,358	27,615
Cash flows from operating activities	<u>121,006</u>	<u>148,137</u>
<b>INVESTING ACTIVITIES</b>		
Net change in note receivable	225	(4)
Net change in current investments	59,753	(212,234)
Investments	(17,488)	(44,803)
Disposal of investments	18,317	30,985
Tangible capital assets (a)	(140,438)	(101,754)
Proceeds from disposal of tangible capital assets	694	400
Intangible capital assets	(161)	–
Cash flows from investing activities	<u>(79,098)</u>	<u>(327,410)</u>
<b>FINANCING ACTIVITIES</b>		
Net change in bank loans	5,710	16,853
Long-term debt	65,666	22,906
Repayment of long-term debt	(76,619)	(106,162)
Deferred contributions related to capital assets	65,173	28,997
Endowment contributions	8,902	13,611
Cash flows from financing activities	<u>68,832</u>	<u>(23,795)</u>
<b>Net increase (decrease) in cash</b>	<b>110,740</b>	<b>(203,068)</b>
Cash, beginning of year	<u>18,243</u>	<u>221,311</u>
Cash, end of year	<u><u>128,983</u></u>	<u><u>18,243</u></u>

(a) Tangible capital assets acquired during the year include donations with a value of \$339,549 (\$1,377,847 in 2023).

During the year, Université Laval acquired tangible capital assets of which an amount of \$18,763,929 (\$10,457,665 as at April 30, 2023) is included in accounts payable and other operating liabilities.

**Université Laval**  
**Financial Position**

April 30, 2024

(in thousands of dollars)

	Operating Func		Restricted Fund		Capital Assets Func		Endowment Func		Subscription Fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>												
Current												
Cash	128,983	18,243	-	-	-	-	-	-	-	-	128,983	18,243
Accounts receivable and other amounts receivable (Note 7)	84,959	87,155	61,526	50,335	67,459	81,823	-	-	-	-	213,944	219,313
Prepaid expenses (Note 8)	7,672	7,578	3,433	1,333	-	-	-	-	-	-	11,105	8,911
Current portion of investments (Note 10)	352,571	412,324	-	-	-	-	-	-	-	-	352,571	412,324
Interfund advances, without interest	-	-	275,208	291,043	285,828	302,422	-	-	2	-	-	-
	574,185	525,300	340,167	342,711	353,287	384,245	-	-	2	-	706,603	658,791
Long-term												
Accounts receivable and other amounts receivable (Note 7)	-	-	-	-	549,305	525,052	-	-	-	-	549,305	525,052
Note receivable (Note 9)	-	225	-	-	-	-	-	-	-	-	-	225
Investments (Note 10)	53,129	50,900	58,481	65,396	3,806	7,988	227,615	202,063	2,860	12,821	345,891	339,168
Tangible capital assets (Note 11)	-	-	-	-	1,045,765	981,565	-	-	-	-	1,045,765	981,565
Intangible capital assets (Note 12)	-	-	-	-	145	-	-	-	-	-	145	-
	627,314	576,425	398,648	408,107	1,952,308	1,898,850	227,615	202,063	2,862	12,821	2,647,709	2,504,801



**Université Laval**  
**Financial Position**

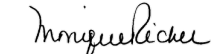
April 30, 2024

(in thousands of dollars)

	Operating Func		Restricted Fund		Capital Assets Func		Endowment Func		Subscription Fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>LIABILITIES</b>												
Current												
Bank loans (Note 13)	-	-	-	-	56,552	50,842	-	-	-	-	56,552	50,842
Accounts payable and other operating liabilities (Note 14)	209,537	161,887	25,828	20,843	22,872	14,072	2,188	2,119	2	-	260,427	198,921
Deferred revenues (Note 15)	9,131	12,451	-	-	-	-	-	-	-	-	9,131	12,451
Deferred contributions (Note 16)	-	-	372,820	387,264	-	-	-	-	-	-	372,820	387,264
Interfund advances, without interest	560,108	593,465	-	-	-	-	930	-	-	-	-	-
Current portion of long-term debt (Note 17)	-	-	-	-	60,769	76,620	-	-	-	-	60,769	76,620
	<b>778,776</b>	767,803	<b>398,648</b>	408,107	<b>140,193</b>	141,534	<b>3,118</b>	2,119	<b>2</b>	-	<b>759,699</b>	726,098
Long-term												
Long-term debt (Note 17)	-	-	-	-	493,182	488,284	-	-	-	-	493,182	488,284
Defined benefit liability (Note 18)	23,178	416,278	-	-	-	-	-	-	-	-	23,178	416,278
Deferred contributions related to capital assets (Note 19)	-	-	-	-	831,234	795,483	-	-	-	-	831,234	795,483
	<b>801,954</b>	1,184,081	<b>398,648</b>	408,107	<b>1,464,609</b>	1,425,301	<b>3,118</b>	2,119	<b>2</b>	-	<b>2,107,293</b>	2,426,143
<b>FUND BALANCES</b>												
<b>(NEGATIVE) (NOTE 21)</b>												
Unrestricted	(224,830)	(654,542)	-	-	-	-	-	-	2,860	12,821	(221,970)	(641,721)
Internally restricted	50,190	46,886	-	-	-	-	45,657	88,636	-	-	95,847	135,522
Restricted as endowments	-	-	-	-	-	-	178,840	111,308	-	-	178,840	111,308
Invested in capital assets	-	-	-	-	487,699	473,549	-	-	-	-	487,699	473,549
	<b>(174,640)</b>	(607,656)	-	-	<b>487,699</b>	473,549	<b>224,497</b>	199,944	<b>2,860</b>	12,821	<b>540,416</b>	78,658
	<b>627,314</b>	576,425	<b>398,648</b>	408,107	<b>1,952,308</b>	1,898,850	<b>227,615</b>	202,063	<b>2,862</b>	12,821	<b>2,647,709</b>	2,504,801

The accompanying notes are an integral part of the financial statements.

On behalf of the Board



Director



Director

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

### 1 - UNIVERSITÉ LAVAL'S GOVERNING STATUTES AND OBJECTIVES

Université Laval was incorporated pursuant to Bill 115 of the Quebec National Assembly, sanctioned on September 1, 1971.

Université Laval's mission is to contribute to the development of society through the training of competent, responsible individuals who are agents of change and through the advancement and sharing of knowledge in a dynamic environment that promotes research and creativity.

Université Laval (hereinafter the "University") is a tax-exempt organization as defined in the *Income Tax Act*.

### 2 - MERGER OF UNIVERSITÉ LAVAL AND LA FONDATION DE L'UNIVERSITÉ LAVAL

As of May 1, 2023, the activities of La Fondation de l'Université Laval were integrated with those of the University, to enable greater collaboration in philanthropic development and to enhance the experience offered to graduates.

As at May 1, 2023, the assets and liabilities of La Fondation de l'Université Laval were transferred to the University, with the exception of life insurance policies and interests in the capital of residual trusts. This combination is accounted for as a merger in accordance with Section 4449, "Combinations by Not-for-profit Organizations", of Part III of the *CPA Canada Handbook – Accounting*.

Comparative figures reflect the combined assets, liabilities and operations of both entities. These operations take into account adjustments made to comparative balances to standardize accounting policies, mainly as a result of the adoption by la Fondation de l'Université Laval of the restricted fund method of accounting for its externally restricted contributions.

The impact of this merger on the main items presented as at April 30, 2023, is as follows:

	La Fondation Université de l'Université			
	Laval	Laval	Adjustments	Total
	\$	\$	\$	\$
Financial position				
Assets	2,274,050	236,789	(6,038)	2,504,801
Liabilities	2,367,839	1,583	56,721	2,426,143
Fund balances (negative)	(93,789)	235,206	(62,759)	78,658
	2,274,050	236,789	(6,038)	2,504,801

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

### 2 - MERGER OF UNIVERSITÉ LAVAL AND LA FONDATION DE L'UNIVERSITÉ LAVAL (continued)

	Université Laval	La Fondation de l'Université Laval	Adjustments	Total
	\$	\$	\$	\$
Operations				
Revenues	1,196,308	40,299	(44,476)	1,192,131
Expenses	1,124,577	28,337	(23,149)	1,129,765
Excess of revenues over expenses	<u>71,731</u>	<u>11,962</u>	<u>(21,327)</u>	<u>62,366</u>

The main adjustments of this merger are described subsequently.

In order to standardize accounting policies relating to the deferral of externally restricted amounts not received as endowments, the opening balance of externally restricted fund balances has been reduced by \$61,087,420, and deferred contributions increased by \$54,844,397, as well as deferred contributions relating to capital assets by \$6,243,023. This adjustment resulted in a \$7,883,000 decrease in revenue.

Endowment contributions previously recognized as revenue have been reclassified as a direct increase in fund balances, in accordance with the deferral method. This reclassification resulted in a decrease in revenue for the year ended April 30, 2023, of \$12,231,486.

### 3 - SIGNIFICANT ACCOUNTING POLICIES

The University's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the significant accounting policies described below:

#### Funds classification

The University presents its financial information by funds:

##### *Operating Fund*

This fund includes amounts without external restrictions that can be used to achieve the University's fundamental objectives, such as teaching, research, community services, etc.

##### *Restricted Fund*

This fund includes amounts which can only be used in accordance with the restrictions imposed by the donor. Only external restrictions are considered as restricting the use of these funds.

##### *Capital Assets Fund*

This fund includes amounts which can only be used for transactions relating to capital assets and the financing thereof.

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

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### **3 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### *Endowment Fund*

This fund includes donations to the University. The principal must be maintained at all times and the income derived from such principal can generally only be used as specified by the donor.

#### *Subscription Fund*

This fund includes amounts collected through financing campaigns and is not externally restricted.

#### **Accounting estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the University may undertake in the future. Actual results may differ from these estimates.

#### **Principles of consolidation**

The accounts of entities that are controlled by the University have not been consolidated in the financial statements. However, Notes 26 and 27 provide information regarding those entities.

#### **Ancillary services**

Ancillary services include services for residences, parking, reprography, event logistics and the Montmorency Forest (forest management).

#### **Foreign currency translation**

Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the date of the statement of financial position. Non-monetary assets and liabilities are translated at historical exchange rates, with the exception of those recognized at fair value, which are translated at the exchange rate in effect at the date of the statement of financial position. Revenues and expenses in foreign currency are translated at the exchange rate in effect at the transaction date and exchange gains and losses on financial assets and liabilities are included in the statement of operations. Exchange gains or losses on financial assets and liabilities measured at fair value are included in the net change in fair value presented in the net investment income.

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

### 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Tangible and intangible capital assets

Capital assets are recorded in the Capital Assets Fund at acquisition cost and amortized in accordance with instructions issued by the MES according to the straight-line method and the following periods:

	Periods
Major improvements – building services	25 years
Major improvements – interior redevelopment	30 years
Major improvements – structure and architecture	40 years
Landscaping under \$30,000	10 years
Landscaping over \$30,000	20 years
Buildings with a wooden structure	40 years
Buildings, excluding those with a wooden structure	50 years
Library documents	10 years
Audiovisual and communication equipment	5 years
Computer equipment	3 years
Specialized equipment	10 years
Other equipment	10 years
Automotive equipment	5 years
Furniture	5 years
Telecommunications network	10 years
Leasehold improvements	Remaining lease term
Development costs relating to non-credit training activities	5 years
Other assets subject to amortization	20 years

Projects in progress are not amortized; amortization will begin from the date they are put into service.

#### Write-down

When conditions indicate that a tangible or intangible capital asset is impaired, the net carrying amount of the capital asset is written down to its fair value or replacement cost. The write-down is accounted for in the statement of operations and cannot be reversed.

#### Contribution recognition

The University follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the Operating Fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

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### **3 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

Endowment contributions and contributions restricted to the acquisition of capital assets not subject to amortization are presented as direct increases in the appropriate fund balances.

#### *Donations*

Donated real property, equipment, supplies and services received by the University are recorded at their fair value when fair value can be reasonably estimated and if the University would have had to otherwise acquire these supplies and services for its normal operations.

#### *Research subsidies, contracts and other revenues*

Research subsidies from external organizations are included in the Restricted Fund. These subsidies are generally granted to researchers, but are paid to the University as agent.

#### *Investment income*

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Therefore, investment income earned on the Endowment Fund is presented in the Operating Fund, the Restricted Fund, the Capital Assets Fund and the Subscription Fund depending on the nature of any restriction imposed by contributors. Unrestricted interest income is recognized in the Operating Fund when it is earned.

### **Revenue recognition**

The University's principal sources of revenues, other than contributions, are tuition fees, community services, external services and student services. Revenues are recognized when the following conditions are fulfilled:

- There is evidence of the existence of an agreement;
- Services have been supplied;
- Sale price is or can be determined;
- Collection is reasonably assured.

Revenues are recognized as the services are supplied. Deferred revenues represent receipts for which revenues are not yet earned.

### **Interest on debts**

#### *Capital Assets Fund*

Interest on credit facilities with Financement-Québec and debts secured by the Government of Quebec is reimbursed by the MES.

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

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### 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Future employee benefits

##### *Defined benefit plans*

The University offers the following to its eligible employees:

- Defined benefit pension plans (collectively hereinafter the “pension plans”);
- Another defined benefit plan, i.e. a health insurance plan for retirees (hereinafter the “other benefit plan”).

The University recognizes its obligations under each defined benefit plan as employees render the services necessary to earn the pension benefits. For each defined benefit plan, the University determines its defined benefit obligations using the projected benefit method prorated on services.

The balance of the pension plans obligations is based on the most recent actuarial valuation for funding purposes, which is extrapolated to the University's year-end date. The University recognizes its obligations in respect of these pension plans in the statement of financial position, net of the fair value of the plan assets. If the fair value of the assets exceeds the defined benefit obligations, the defined benefit asset must be adjusted, if necessary, to take into account any valuation allowance.

The balance of the other benefit plan obligation is based on the most recent actuarial valuation for accounting purposes, which is prepared using management's best estimate assumptions as at the date of the full actuarial valuation and is extrapolated to the University's year-end date.

The cost of all these defined benefit plans comprises the current service cost and the interest cost, i.e. the net interest on the defined benefit liability or asset.

Remeasurements and other items, recognized in the statement of changes in fund balances, correspond to the difference between the actual return on pension plan assets and the return calculated using the discount rate used to determine the defined benefit obligations, to actuarial gains and losses, to the impact of valuation allowances (if any) in the case of a net defined benefit asset, to past service cost (which is recognized immediately on the date of plan amendments) and to gains and losses arising from settlements and curtailments. Remeasurements and other items are not reclassified in the statement of operations in a subsequent year.

##### *Defined contribution plan*

The University also offers a defined contribution plan to its lecturers, research professionals and certain other employees who do not meet the criteria for participation in the defined benefit plans. The costs of the defined contribution pension plan are recognized when payments are due, in accordance with the terms of the plan.

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

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### 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial assets and liabilities

##### *Initial measurement*

Upon initial measurement, the University's financial assets and liabilities from transactions not concluded with related parties and those from transactions with parties whose sole relationship with the entity is in the capacity of management (and members of the immediate family) are measured at fair value, which, in the case of financial assets or liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. The University's financial assets and liabilities from related party transactions are measured at cost.

Transaction costs relating to financial assets and liabilities that will be subsequently measured at fair value and those relating to financial assets and liabilities from related party transactions are recognized in operations in the year they are incurred.

##### *Subsequent measurement*

At each reporting date, the University measures its financial assets and liabilities from transactions not concluded with related parties at amortized cost (including any impairment in the case of financial assets), except for portfolio investments in equity instruments that are quoted in an active market, that is mutual fund investments and shares which are measured at fair value and investments in the master trust fund which the University has elected to measure at fair value by designating that fair value measurement shall apply. With respect to the financial assets and liabilities from related party transactions, the University measures them using the cost method (including any impairment in the case of financial assets).

Transaction costs relating to financial assets and liabilities that are measured at amortized cost, and any difference arising from their initial measurement at fair value, are amortized using the effective rate method over the term of the related financial instrument. Amortization of transaction costs related to long-term debt is recognized in operations as interest expenses on long-term debt.

With respect to financial assets measured at amortized cost or using the cost method, the University assesses whether there are any indications of impairment. When there is an indication of impairment, and if the University determines that, during the year, there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost or using the cost method is recognized in operations in the year the reversal occurs.



# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

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### **3 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Derivative financial instruments**

The University uses interest rate swaps to manage its interest rate risk exposure resulting from its long-term debt. It does not use these derivative financial instruments for trading or speculative purposes.

The University has elected to use hedge accounting to recognize the interest rate swaps it uses to provide protection against interest rate fluctuations on its variable interest rate debt.

At the inception of the hedging relationship, the University formally documented the hedging relationship, identifying the hedged item, the related hedging item, the nature of the specific risk exposure being hedged and the intended term of the hedging relationship. Both at the inception of the hedging relationship and throughout its term, the University has reasonable assurance that the critical terms of the hedging item and the hedged item will remain the same. For hedged items that are an anticipated transaction, the University determines that it is probable that the anticipated transaction will occur at the time and in the amount designated, as documented at the inception of the hedging relationship.

The University discontinues hedge accounting when the hedged item or the hedging item ceases to exist or the critical terms of the hedging item cease to match those of the hedged item.

#### **Asset retirement obligations**

The University recognizes an asset retirement obligation when there is a legal obligation associated with the retirement of a tangible capital asset that arises from its acquisition, construction, development or normal operation. The University recognizes a liability for such an obligation in the period in which it arises, provided that it can be reasonably estimated.

The amount recognized for an asset retirement obligation corresponds to management's best estimate of the expenditure required to settle the obligation at the date of the statement of financial position. Asset retirement costs are capitalized as part of the cost of the assets concerned, and are amortized on a straight-line basis from the date of the legal obligation until the planned completion of the asset retirement activities.

The initial measurement of the liability is made by discounting the estimated cash flows required to perform the asset retirement activities. Cash flows are adjusted for inflation and discounted using a discount rate that represents management's best estimate of the funds required to settle the obligation at its known or estimated maturity.

The liability recognized is adjusted each year for new obligations, actual costs incurred, revisions to estimates and accretion expense.

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

### 4 - SUBSIDIES – MES

#### Operating Fund

This item does not include the \$4,100,000 (\$3,671,400 in 2023) subsidy for student services, which is included under this category.

#### Capital Assets Fund

A substantial portion of subsidies for this fund includes amounts allocated for the reimbursement of interest and capital assets financed by the MES.

### 5 - INTERFUND TRANSFERS

During the year, in accordance with a decision of the Board of Directors, unrestricted resources were restricted for the following purposes:

	<u>2024</u>	<u>2023</u>
	\$	\$
Projects		
Operating Fund	(47,233)	(99,914)
Restricted Fund	(588)	6,633
Capital Assets Fund	41,830	102,356
Endowment Fund	16,920	(9,102)
Subscription Fund	(10,929)	27
	<u>–</u>	<u>–</u>

### 6 - INFORMATION ON CASH FLOWS

The net change in working capital items is as follows:

	<u>2024</u>	<u>2023</u>
	\$	\$
Accounts receivable and other amounts receivable	(18,884)	25,285
Prepaid expenses	(2,194)	(843)
Accounts payable and other operating liabilities	53,200	2,887
Deferred revenues	(3,320)	3,489
Deferred contributions	(14,444)	(3,203)
	<u>14,358</u>	<u>27,615</u>

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

### 7 - ACCOUNTS RECEIVABLE AND OTHER AMOUNTS RECEIVABLE

#### Current

	<u>2024</u>	<u>2023</u>
	\$	\$
Operating Fund		
Subsidy – MES (1)	63,226	69,238
Sales, independent businesses and other	14,221	12,557
Tuition fees and other expenses	7,512	5,360
	<u>84,959</u>	<u>87,155</u>
Restricted Fund		
Subsidies, contracts and other (2)	<u>61,526</u>	<u>50,335</u>
Capital Assets Fund		
Subsidies (3)	64,095	78,688
Other	3,364	3,135
	<u>67,459</u>	<u>81,823</u>
	<u>213,944</u>	<u>219,313</u>

#### Long-term

	<u>2024</u>	<u>2023</u>
	\$	\$
Capital Assets Fund		
Subsidies (3)	<u>549,305</u>	<u>525,052</u>

Accounts receivable and other amounts receivable are presented in the financial statements net of an allowance for impairment of \$9,607,100, that is \$8,823,000 for tuition fees and \$784,100 for general billing (\$9,295,000 as at April 30, 2023, that is \$8,680,000 for tuition fees and \$615,000 for general billing). The amount of the impairment loss related to accounts receivable and other amounts receivable is \$1,794,906 for the year (\$1,684,087 in 2023).

- (1) The subsidy – MES receivable consists of the total final subsidy balance for the year 2023-2024 of \$63,226,158 (\$48,526,016 as at April 30, 2023, and an account receivable resulting from the change in the student population of \$20,712,298).
- (2) Subsidies receivable from the Restricted Fund are generally from governments and government bodies.
- (3) Subsidies receivable from the Capital Assets Fund represent the amounts to be received in repayment of long-term debt and bank loans. Subsidies receivable also include an amount of \$5,519,065 (\$4,872,413 as at April 30, 2023) related to the interest on the financing of capital assets, which is repaid by the MES.

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

### 7 - ACCOUNTS RECEIVABLE AND OTHER AMOUNTS RECEIVABLE (continued)

#### Conditional subsidy

According to the financial framework proposed by the MES, the University is committed to balancing its budget and respecting the remuneration framework of senior administrative personnel. Non-compliance with this commitment could result in changes in the subsidies granted. As at April 30, 2024, an amount of \$47,312,243 has been recorded as revenue and is receivable on that date (\$46,982,232 receivable as at April 30, 2023). It was cashed on July 30, 2024.

### 8 - PREPAID EXPENSES

These expenses are supplies and services from the different faculties to be used in the coming year and advances to projects.

### 9 - NOTE RECEIVABLE

	2024	2023
	\$	\$
Amount receivable from La Boutique Rouge et Or – Université Laval, 3.3%	–	225

### 10 - INVESTMENTS

						2024
	Operating Fund	Restricted Fund	Capital Assets Fund	Endowment Fund	Subscription Fund	Total
	\$	\$	\$	\$	\$	\$
Master trust fund	5,101	58,481	3,806	227,615	2,860	297,863
Shares	24,941	–	–	–	–	24,941
Fixed-interest securities	23,087	–	–	–	–	23,087
Money market securities and other	352,571	–	–	–	–	352,571
	<u>405,700</u>	<u>58,481</u>	<u>3,806</u>	<u>227,615</u>	<u>2,860</u>	<u>698,462</u>
Current portion	352,571	–	–	–	–	352,571
	<u>53,129</u>	<u>58,481</u>	<u>3,806</u>	<u>227,615</u>	<u>2,860</u>	<u>345,891</u>

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

### 10 - INVESTMENTS (continued)

						2023
	Operating Fund	Restricted Fund	Capital Assets Fund	Endowment Fund	Subscription Fund	Total
	\$	\$	\$	\$	\$	\$
Master trust fund	1,564	65,396	7,988	202,063	12,821	289,832
Shares	26,098	–	–	–	–	26,098
Fixed-interest securities	23,238	–	–	–	–	23,238
Money market securities and other	412,324	–	–	–	–	412,324
	<u>463,224</u>	<u>65,396</u>	<u>7,988</u>	<u>202,063</u>	<u>12,821</u>	<u>751,492</u>
Current portion	412,324	–	–	–	–	412,324
	<u>50,900</u>	<u>65,396</u>	<u>7,988</u>	<u>202,063</u>	<u>12,821</u>	<u>339,168</u>

### Shares assigned to the University

In connection with the signing of license agreements entitling private businesses to exploit intellectual property it owns, the University was granted shares in the following companies:

- BioVec Pharma Inc., 50 common shares, voting, participating, without par value;
- ARNA Therapeutics Inc., 246,122 preferred shares;
- InflammatoRx Inc., 50 common shares, voting, participating, without par value;
- DiaMentis Inc., 500,170 common shares;
- SOVAR, limited partnership, 1 class “B” common share, 4 class “Gel A” preferred shares, 1 class “Gel C” preferred share, 191,504 preferred shares and 1 “UL” preferred share;
- Depix Technologies Inc., 48,000 common shares.

Since there is no market value for these shares, they are not recorded in the statement of financial position.

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

### 11 - TANGIBLE CAPITAL ASSETS

	2024		
	Cost	Accumulated amortization	Unamortized cost
	\$	\$	\$
Major improvements	555,883	137,318	418,565
Landscaping	53,316	22,600	30,716
Buildings	596,318	318,409	277,909
Library documents	93,872	46,410	47,462
Audiovisual and communication equipment	8,809	3,411	5,398
Computer equipment	75,901	34,774	41,127
Specialized equipment	163,861	77,348	86,513
Other equipment	959	48	911
Automotive equipment	2,451	962	1,489
Furniture	8,722	3,998	4,724
Telecommunications network	418	21	397
Leasehold improvements	36	17	19
Assets not subject to amortization	8,675	-	8,675
Projects in progress	107,914	-	107,914
Land	13,946	-	13,946
	<b>1,691,081</b>	<b>645,316</b>	<b>1,045,765</b>

	2023		
	Cost	Accumulated amortization	Unamortized cost
	\$	\$	\$
Major improvements	535,033	119,117	415,916
Landscaping	52,814	19,990	32,824
Buildings	603,714	307,394	296,320
Library documents	92,775	46,022	46,753
Audiovisual and communication equipment	7,327	3,372	3,955
Computer equipment	67,620	32,308	35,312
Specialized equipment	156,958	74,091	82,867
Automotive equipment	2,225	1,139	1,086
Furniture	8,376	3,614	4,762
Leasehold improvements	16	8	8
Assets not subject to amortization	8,538	-	8,538
Projects in progress	39,278	-	39,278
Land	13,946	-	13,946
	<b>1,588,620</b>	<b>607,055</b>	<b>981,565</b>

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

### 11 - TANGIBLE CAPITAL ASSETS (continued)

The amortization expense for tangible capital assets is as follows:

	2024	2023
	\$	\$
Major improvements	18,202	17,351
Landscaping	2,656	2,555
Buildings	11,103	11,296
Library documents	9,332	9,221
Audiovisual and communication equipment	1,614	1,415
Computer equipment	24,008	20,954
Specialized equipment	15,432	14,624
Other equipment	48	–
Automotive equipment	468	384
Furniture	1,710	1,552
Telecommunications network	21	–
Leasehold improvements	9	3
	<b>84,603</b>	<b>79,355</b>

### 12 - INTANGIBLE CAPITAL ASSETS

	2024		2023	
	Cost	Accumulated amortization	Unamortized cost	Unamortized cost
	\$	\$	\$	\$
Development costs relating to non-credit training activities	<b>161</b>	<b>16</b>	<b>145</b>	–

### 13 - BANK LOANS

The University has a \$80,000,000 opening of credit with three financial institutions from which it is only authorized to draw a maximum of \$25,000,000, as required by the MES.

As at April 30, 2024, these bank loans are unused (unused as at April 30, 2023).

The University also has credit facilities with Financement-Québec, for an authorized amount of \$368,321,000 (\$335,139,000 as at April 30, 2023), which bear interest at the average three-month treasury bills rate plus 0.02%. This temporary financing is dedicated to the Plan quinquennal des investissements universitaires as well as to investments made as part of the project to develop research spaces dedicated to cutting-edge research on the microbiome. This temporary financing is in effect until such debt is converted to long-term financing. As at April 30, 2024, \$56,551,672 (\$50,089,526 as at April 30, 2023) has been used for the entire Plan quinquennal des investissements universitaires as well as \$0 (\$752,914 as at April 30, 2023) for microbiome research.

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

### 14 - ACCOUNTS PAYABLE AND OTHER OPERATING LIABILITIES

	<u>2024</u>	<u>2023</u>
	\$	\$
Accounts payable and other notes payable	<b>238,432</b>	196,645
Subsidies to be repaid to the MES for the change in the student population	<b>21,995</b>	2,276
	<b><u>260,427</u></b>	<b><u>198,921</u></b>

Government remittances total \$15,982,349 (\$12,562,597 as at April 30, 2023).

### 15 - DEFERRED REVENUES

	<u>2024</u>	<u>2023</u>
	\$	\$
Tuition fees and other revenues	<b>6,648</b>	10,182
Revenues collected in advance on land rental	<b>797</b>	864
Room deposits	<b>817</b>	708
Sport activity deposits	<b>869</b>	697
	<b><u>9,131</u></b>	<b><u>12,451</u></b>

### 16 - DEFERRED CONTRIBUTIONS

Deferred contributions represent the unspent portion of subsidies allocated to research under external restrictions and are as follows:

	<u>2024</u>	<u>2023</u>
	\$	\$
Balance, beginning of year	<b>387,264</b>	390,467
Amounts recognized as revenue	<b>(269,094)</b>	(251,315)
Amounts received for next year	<b>254,650</b>	248,112
Balance, end of year	<b><u>372,820</u></b>	<b><u>387,264</u></b>

### 17 - LONG-TERM DEBT

	<u>2024</u>	<u>2023</u>
	\$	\$

#### Capital Assets Fund

Debts secured by the Government of Quebec from annual appropriations voted by the National Assembly

Group of loans, weighted average rate of 3.12% (2.8% as at April 30, 2023), maturing in tranches until December 2043	<b>539,094</b>	547,244
Loan, variable rate based on CDOR plus 0.71%, payable in principal monthly instalments of \$33,100, plus interest, maturing in December 2026 (1)	<b>1,064</b>	1,461



# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

### 17 - LONG-TERM DEBT (continued)

	2024	2023
	\$	\$
Loan, variable rate based on CDOR plus 0.69%, payable in principal monthly instalments of \$54,000, plus interest, maturing in February 2027 (1)	1,948	2,596
Loan, variable rate based on CDOR plus 0.63%, payable in principal monthly instalments of \$21,000, plus interest, maturing in November 2035 (1)	4,279	4,531
Loan, variable rate based on CDOR plus 0.63%, payable in principal monthly instalments of \$30,000, plus interest, maturing in March 2036 (1)	4,290	4,650
Loan, 2.9025% capitalized semiannually, payable in principal monthly instalments of \$25,208, plus interest, maturing in October 2027	1,059	1,361
Loan, variable rate based on CDOR plus 0.77%, payable in principal monthly instalments of \$19,444, plus interest, maturing in October 2033 (1)	2,217	2,450
Loan, variable rate based on CDOR plus 0.61%, repaid during the year	-	611
	<b>553,951</b>	564,904
Current portion	<b>60,769</b>	76,620
	<b>493,182</b>	488,284

(1) These loans are subject to interest rate swaps, as described in Note 20. The rates of these loans refer to an interbank rate that is subject to the reform of reference interest rates. Consequently, the reference interest rate stipulated in the loan agreement will be replaced by an alternative rate.

The estimated instalments on long-term debt for the next five years are \$60,768,583 in 2025, \$58,858,942 in 2026, \$117,558,190 in 2027, \$41,913,482 in 2028 and \$27,813,831 in 2029.

The portion subsidized by the Government of Quebec included in estimated instalments for the next five years is \$58,575,555 in 2025, \$56,665,914 in 2026, \$115,488,517 in 2027, \$40,916,903 in 2028 and \$26,968,508 in 2029.

### 18 - FUTURE EMPLOYEE BENEFITS

#### Defined benefit pension plans

The University measures its defined benefit obligations and the fair value of plan assets for accounting purposes as at April 30 of each year. Complete actuarial valuations of the pension plans for funding purposes were performed as at December 31, 2022. The next valuations will be performed as at December 31, 2025.

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

### 18 - UNIVERSITÉ LAVAL'S PENSION PLANS (continued)

*Reconciliation of the funded statute of the employee benefit plans and the amounts recorded in the financial statements*

	<u>2024</u>	<u>2023</u>
	\$	\$
<b>Pension plans</b>		
Defined benefit obligations	3,257,053	3,828,968
Fair value of plan assets	3,258,015	3,413,822
Funded statute – deficit (excess)	(962)	415,146
Valuation allowance	23,163	–
Defined benefit liability	<u>22,201</u>	<u>415,146</u>
<b>Other benefit plan</b>		
Defined benefit obligations	977	1,132
Fair value of plan assets	–	–
Funded statute – deficit and defined benefit liability	<u>977</u>	<u>1,132</u>
	<u>23,178</u>	<u>416,278</u>

### *Pension plan asset components*

At the measurement date, i.e. December 31 of each year, the pension plan assets consist of the following:

	<u>2024</u>	<u>2023</u>
	%	%
Asset category		
Debt securities	37.37	35.78
Equity securities	21.56	22.05
Real estate funds	16.77	16.99
Other investment vehicles	24.30	25.18
	<u>100.00</u>	<u>100.00</u>

### *Total cash payments*

Cash payments for future employee benefits, consisting of cash contributed by the University to its funded pension plans and amounts paid directly to beneficiaries for its unfunded other benefit plan, total \$46,591,600 (\$43,019,400 in 2023).

### *Future employee benefit costs recognized during the year*

	<u>2024</u>	<u>2023</u>
	\$	\$
Pension plans	62,415	55,174
Other plan	48	52

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

### 18 - UNIVERSITÉ LAVAL'S PENSION PLANS (continued)

#### Significant assumptions

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

	Pension plans	
	2024	2023
	%	%
Inflation rate	2	2
Discount rate	4.07 - 6.05	4.05 - 5.95
Expected long-term rate of return on plan assets	4.07 - 6.05	4.05 - 5.95
Compensation increase rate	3 - 3.5	3 - 3.5
	Other benefit plan	
	2024	2023
	%	%
Discount rate	4.65	4.4
Increase in medical costs rate	5	5

### 19 - DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets include the unamortized balance of contributed capital assets and the unamortized balance of capital assets acquired from externally restricted contributions that were restricted for this purpose.

	2024	2023
	\$	\$
Balance, beginning of year	795,483	794,886
Amounts received during the year	65,173	28,997
Contributions received in capital assets	340	1,378
Contributions restricted to the acquisition of tangible capital assets not subject to amortization	(136)	(561)
Amounts recognized as revenue	(29,626)	(29,217)
Balance, end of year	831,234	795,483

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

### 20 - CASH FLOW HEDGING SWAPS

The University has entered into fixed and variable interest rate swaps to hedge changes in cash flows relating to the variable-rate portion of long-term debt.

	Maturity dates	Fixed interest rate %	2024
			Notional amount \$
Capital Assets Fund			
Long-term debt	31-12-2026	2.15	1,064
Long-term debt	28-02-2027	2.34	1,948
Long-term debt	24-10-2033	3.03	2,217
Long-term debt	18-11-2035	2.64	4,279
Long-term debt	03-03-2036	1.8	4,290
			<u>13,798</u>
			2023
	Maturity dates	Fixed weighted average interest rate %	Notional amount \$
Capital Assets Fund			
Long-term debt	31-12-2026	2.15	1,461
Long-term debt	29-02-2024 and 28-02-2027	2.22	3,207
Long-term debt	24-10-2033	3.03	2,450
Long-term debt	18-11-2035	2.64	4,531
Long-term debt	03-03-2036	1.8	4,650
			<u>16,299</u>

At the end of these swaps, the University pays fixed interest rates, as presented in the tables above and receives variable interest rates based on CDOR 1 month (5.29% as at April 30, 2024). The rate of this swap refers to an interbank rate that is subject to the reform of reference interest rates. Consequently, the reference interest rate stipulated in the swap agreement will be replaced by an alternative rate.

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

### 21 - OPERATING FUND BALANCE

	2024	2023
	\$	\$
<b>Unrestricted</b>		
Future employee benefits		
Pension plans	(22,201)	(415,146)
Other benefit plan	(977)	(1,132)
Vacations payable, accumulated overtime and other employee benefits payable	(54,609)	(50,564)
Operations	(147,043)	(187,700)
	<b>(224,830)</b>	<b>(654,542)</b>
<b>Internally restricted (1)</b>	<b>50,190</b>	<b>46,886</b>
	<b>(174,640)</b>	<b>(607,656)</b>
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>(1) Balance of the internally restricted fund</b>		
<i>Special programs</i>		
Budget carried over to multiple-faculty entities	271	181
Unrestricted research projects	41,958	38,564
Special research budget	5,530	5,717
Other	2,431	2,424
	<b>50,190</b>	<b>46,886</b>
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>22 - NET INVESTMENT INCOME</b>		
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Investments measured at fair value		
Net change in fair value		
From restricted resources	1,482	900
From resources held as endowments	8,821	207
Unrestricted	(3,095)	452
	<b>7,208</b>	<b>1,559</b>
Other investment income		
From restricted resources	3,035	2,494
From resources held as endowments	5,076	9,254
Unrestricted	23,383	16,666
	<b>31,494</b>	<b>28,414</b>
	<b>38,702</b>	<b>29,973</b>
Investment income added to endowment capital	<b>6,590</b>	<b>9,461</b>
	<b>32,112</b>	<b>20,512</b>

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

### **23 - COMMITMENTS**

#### **Outstanding purchase orders for goods and services**

Unrecorded commitments for outstanding purchase orders for goods and services assumed by the University amount to \$76,640,141.

#### **Leases**

The University has entered into lease agreements expiring between August 2024 and January 2034, which call for lease payments made from the Operating Fund totalling \$15,772,966 for offices. Minimum lease payments for the next five years are \$3,257,506 in 2025, \$3,254,921 in 2026, \$2,356,120 in 2027, \$1,848,736 in 2028 and \$1,392,447 in 2029.

#### **Building construction and renovations**

Unrecorded commitments for building construction and renovations assumed by the University's Capital Assets Fund amount to \$133,301,833.

### **24 - ASSET RETIREMENT OBLIGATIONS**

The University's asset retirement obligations mainly concern the removal of asbestos from its buildings.

No asset retirement obligation liability is recognized since the University is unable to make a reasonable estimate of the amount of the obligation.

### **25 - FINANCIAL RISKS**

The University's main financial risk exposure is detailed as follows.

#### **Currency risk**

Currency risk results from the University's equity securities and foreign fund units. The University manages this risk through its investment policies. As at April 30, 2024, the market value of the foreign investment portfolio amounts to \$136,960,230 (\$120,863,921 as at April 30, 2023), mainly denominated in U.S. dollars.

The University is also exposed to currency risk due to accounts receivable and other amounts receivable, as well as accounts payable and other operating liabilities denominated in euros and U.S. dollars. As at April 30, 2024, financial assets denominated in foreign currency are comprised of accounts receivable and other amounts receivable totalling \$1,038,069, i.e. US\$598,310 and €146,738 (\$742,078 as at April 30, 2023, i.e. US\$353,011 and €175,653). Financial liabilities denominated in foreign currency are comprised of accounts payable and other operating liabilities totalling \$2,906,551, i.e. US\$1,924,808 and €177,414 (\$2,775,655 as at April 30, 2023, i.e. US\$1,943,190 and €91,712).

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

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### **25 - FINANCIAL RISKS (continued)**

#### **Interest rate risk**

Some long-term debts and the bank loans bear interest at a variable rate and the University is, therefore, exposed to the cash flow risk resulting from interest rate fluctuations. As detailed in Note 20, the University uses derivative financial instruments to reduce its exposure to cash flow risk.

Some long-term debts bear interest at a fixed rate and the University is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. The University does not use derivative financial instruments to reduce its exposure to this risk. However, most instalments in interest are assumed by the Government of Quebec.

#### **Credit risk**

Credit risk is the risk that a counterparty to a financial instrument fails to fulfill a commitment or obligation, thus subjecting the other party to a financial loss. Each financial instrument is entered into pursuant to an ISDA master agreement and the University verifies the credit rating of each of the counterparties, which are all recognized Canadian financial institutions.

The University's maximum credit risk corresponds to the fair value on the statement of financial position of cash, accounts receivable and other amounts receivable and investments.

There is a concentration of credit risk when a substantial part of the portfolio is comprised of investments in values with similar characteristics or sensitive to the same economic, political and other factors. The University manages the risks relating to the management of its investments on a continuous basis with the help of the investment and treasury committee and considers that the risk is low.

#### *Accounts receivable and other amounts receivable*

The University does not require a guarantee from its customers. The accounts receivable balance is managed and analyzed on an ongoing basis and, accordingly, the University's exposure to doubtful accounts is not significant.

#### **Liquidity risk**

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the University has financing sources such as loans for a sufficient authorized amount. The University establishes budget and cash estimates to ensure it has the necessary funds to fulfill its obligations.

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

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### **25 - FINANCIAL RISKS (continued)**

#### **Other**

The University is exposed to market risk, credit risk and interest rate risk with respect to its investments, either directly or indirectly through mutual funds or through its interest in a master trust fund. The University manages its risk related to the management of its investments on an ongoing basis with the assistance of the investment and treasury committee and considers that the risk is low.

### **26 - RELATED ENTITIES**

In order to better assume some aspects of its mission, the University supports certain related entities, either by the pursuit of common objectives, the presence of University's representatives on the Board of Directors of these entities, the requirement for these entities to obtain the University's consent in order to modify their structure or their mission, or by the participation of the University to the development of their policies.

The University's support to these entities comprises financial contributions or gratuitous supply of personnel, equipment, space, accounting services or support.

These related entities are the following:

1. Les Presses de l'Université Laval
2. Les Missions commerciales de l'Université Laval
3. Entrepreneuriat ULaval inc.
4. Clubs d'excellence sportifs du Rouge et Or de l'Université Laval
5. Boutique Rouge et Or – Université Laval
6. Gestion La Fabrique inc.

### **27 - CONTROLLED NOT-FOR-PROFIT ORGANIZATIONS**

The University controls the following four organizations, all incorporated under Part III of the *Companies Act* (Quebec). They are related parties over which the University has a presumption of control due to its economic interest and their shared objectives.

These organizations are excluded from the information to provide because their individual materiality is not significant. These organizations are the following:

1. Les Missions commerciales de l'Université Laval
2. Entrepreneuriat ULaval inc.
3. Clubs d'excellence sportifs du Rouge et Or de l'Université Laval
4. Boutique Rouge et Or – Université Laval



# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

### 28 - JOINT VENTURE

#### Gestion La Fabrique inc.

The University has joint control over Gestion La Fabrique inc., since it owns 50% of the class “A” outstanding shares, voting and participating, of this company. The University also has the right to appoint 50% of the voting members of the Board of Directors.

The mission of this company is to manage a commercial building in which the University provides teaching activities. It is incorporated under the *Business Corporations Act* (Quebec) and its fiscal status is that of a Canadian-controlled private corporation.

The company’s condensed financial statements as at May 31, 2023 and 2022, are presented for information purposes only, given that the equity value of the investment in this company is not significant. The financial statements are as follows, according to the 50% interest of the University:

	<u>2023</u>	<u>2022</u>
	\$	\$
Balance sheet		
Assets	<u>137</u>	<u>141</u>
Liabilities	137	141
Equity	-	-
	<u>137</u>	<u>141</u>
Earnings		
Revenues	757	619
Expenses	757	619
Net earnings	-	-
Retained earnings, beginning of year	-	-
Retained earnings, end of year	<u>-</u>	<u>-</u>
Cash flows		
Operating activities	(9)	(4)
Investing activities	-	-
Financing activities	10	5

# Université Laval

## Notes to Financial Statements

April 30, 2024

(amounts in the tables are in thousands of dollars)

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### **29 - NOT-FOR-PROFIT ORGANIZATION SUBJECT TO SIGNIFICANT INFLUENCE**

The following organization, incorporated under Part III of the *Companies Act* (Quebec), is a tax-exempt entity under the Income Tax Act. It is under the significant influence of the University.

#### **Les Presses de l'Université Laval**

The University exercises significant influence over this organization due to its capacity to appoint certain members of the Board of Directors. The mission of the organization is to edit academic and educational books as well as books intended for the general public, in French.

The University pays a \$50,000 annual contribution to the Operating Fund of this organization, which represents 3% of its revenues.