

Financial Statements of
(In thousands of dollars)

CONCORDIA UNIVERSITY

Year ended April 30, 2019

CONCORDIA UNIVERSITY

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(In thousands of dollars)

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STATEMENT OF ADMINISTRATOR'S RESPONSIBILITY

Management of the University is responsible for the preparation of the financial statements, the notes and all other financial information contained in this financial report.

Management has prepared the financial statements in accordance with Canadian accounting standards for not-for-profit organizations. In order to achieve the objective of fair presentation in all material respects, reasonable estimates and professional judgements were used. Management believes the financial statements present fairly the University's financial position as at April 30, 2019, and the results of its operations, changes in fund balances and cash flows for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has developed and maintains a system of internal control designed to provide reasonable assurance that University assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements. The system of internal controls is monitored by the University's internal audit service.

The Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Governors carries out its responsibility for review of the financial statements principally through the Audit Committee. All members of the Audit Committee are not officers or employees of the University. The Audit Committee meets with management, the external auditors as well as the internal auditors to discuss the results of audit examinations and financial reporting matters to satisfy itself that each party is properly discharging its responsibilities. The external and internal auditors have full access to the Audit Committee with or without the presence of management.

The financial statements as at and for the year ended April 30, 2019 have been audited by KPMG LLP, the auditors appointed by the Board of Governors. The independent auditors' report outlines the scope of their audit and their opinion on the preparation of the information included in the financial statements.

original signed by Graham Carr _____
Interim President and Vice-Chancellor

original signed by Denis Cossette _____
Chief Financial Officer



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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Concordia University

Opinion

We have audited the financial statements of Concordia University (the "Entity"), which comprise:

- the statement of financial position as at April 30, 2019
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements".)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Concordia University as at April 30, 2019, its results of 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

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 Concordia University'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 Concordia University, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of Concordia's University.

Auditors' 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 auditors' 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 the internal controls of Concordia University.
- 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 the ability of Concordia University to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Concordia University 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.



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- 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.

*KPMG LLP**

Montréal, Canada

September 18, 2019

CONCORDIA UNIVERSITY

Statement of Financial Position
(In thousands of dollars)

April 30, 2019, with comparative information for 2018

	Total Funds		Operating Fund		Research Fund		Designated Fund		Restricted Funds Capital Asset Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets										
Current assets:										
Cash	55,912	–	55,912	–	–	–	–	–	–	–
Grants receivable (note 2)	58,812	58,938	51,045	52,527	2,756	1,705	695	46	4,316	4,660
Accounts receivable (note 3)	26,229	17,442	21,199	14,308	4,600	2,795	359	268	71	71
Prepaid expenses and other assets	9,628	9,512	7,448	8,318	–	–	1,183	929	997	265
Due from Concordia University Foundation, without interest	36,606	15,757	5,470	5,449	–	–	29,612	10,308	1,524	–
	187,187	101,649	141,074	80,602	7,356	4,500	31,849	11,551	6,908	4,996
Amount receivable from the Ministère de l'Éducation et de l'Enseignement supérieur ("MEES") (note 4)	69,785	72,183	–	–	–	–	–	–	69,785	72,183
Research partnership investment	465	437	–	–	465	437	–	–	–	–
Due from other Funds, without interest	–	–	98,907	114,963	24,130	23,738	13,850	27,156	–	–
Tangible capital assets (note 5)	852,656	806,581	–	–	–	–	–	–	852,656	806,581
Intangible capital assets (note 6)	23,026	24,820	–	–	–	–	–	–	23,026	24,820
	1,133,119	1,005,670	239,981	195,565	31,951	28,675	45,699	38,707	952,375	908,580

On behalf of the Board,

original signed by Norman Hébert
Governor

original signed by Graham Carr
Governor

CONCORDIA UNIVERSITY

Statement of Financial Position (continued)
(In thousands of dollars)

April 30, 2019, with comparative information for 2018

	Total Funds		Operating Fund		Research Fund		Designated Fund		Restricted Funds	
	2019	2018	2019	2018	2019	2018	2019	2018	Capital Asset Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Liabilities and Fund Balances										
Current liabilities:										
Bank overdraft	-	2,635	-	2,635	-	-	-	-	-	-
Bank loans (note 7)	133,400	101,200	133,400	101,200	-	-	-	-	-	-
Trade payables and other liabilities (note 8)	97,319	77,505	70,251	53,695	-	-	10,198	10,217	16,870	13,593
Agency and fiduciary accounts	15,058	11,919	15,058	11,919	-	-	-	-	-	-
Unearned revenue	27,320	16,405	27,320	16,405	-	-	-	-	-	-
Deferred contributions (note 9)	31,951	28,675	-	-	31,951	28,675	-	-	-	-
Current portion of long-term debt (note 10)	132,562	27,867	-	-	-	-	-	-	132,562	27,867
	437,610	266,206	246,029	185,854	31,951	28,675	10,198	10,217	149,432	41,460
Deferred contributions (note 9)	113,177	105,316	-	-	-	-	35,501	28,376	77,676	76,940
Due to other Funds, without interest		-	37,980	50,894	-	-	-	-	98,907	114,963
Long-term debt (note 10)	501,132	538,224	-	-	-	-	-	-	501,132	538,224
Employee future benefit liability (note 11)	190,305	182,024	190,305	182,024	-	-	-	-	-	-
	1,242,224	1,091,770	474,314	418,772	31,951	28,675	45,699	38,593	827,147	771,587
Fund surplus (deficit):										
Unrestricted deficit	(113,656)	(109,979)	(113,656)	(109,979)	-	-	-	-	-	-
Deficit from employee future benefit obligation	(190,305)	(182,024)	(190,305)	(182,024)	-	-	-	-	-	-
Internally restricted (note 12)	69,628	68,796	69,628	68,796	-	-	-	-	-	-
Externally restricted	-	114	-	-	-	-	-	114	-	-
Invested in capital assets	125,228	136,993	-	-	-	-	-	-	125,228	136,993
	(109,105)	(86,100)	(234,333)	(223,207)	-	-	-	114	125,228	136,993
Commitments (note 19)										
Contingencies (note 21)										
	1,133,119	1,005,670	239,981	195,565	31,951	28,675	45,699	38,707	952,375	908,580

See accompanying notes to financial statements.

CONCORDIA UNIVERSITY

Statement of Operations and Changes in Fund Balances (In thousands of dollars)

Year ended April 30, 2019, with comparative information for 2018

	Total Funds		Operating Fund		Research Fund		Designated Fund		Restricted Funds	
	2019	2018	2019	2018	2019	2018	2019	2018	Capital Asset Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues:										
Tuition fees	162,178	148,302	162,178	148,302	—	—	—	—	—	—
Grants (note 13)	365,019	330,970	277,185	257,642	44,683	38,513	3,396	2,727	39,755	32,088
Services to the community, students and other income	62,123	58,215	59,745	56,311	355	—	1,883	1,690	140	214
Ancillary services and rental properties (note 14)	23,457	23,578	23,457	23,578	—	—	—	—	—	—
Donations	11,823	7,881	1,707	—	246	16	9,230	7,371	640	494
Concordia University Foundation	4,096	4,997	—	—	—	—	3,807	4,526	289	471
	628,696	573,943	524,272	485,833	45,284	38,529	18,316	16,314	40,824	33,267
Expenses:										
Academic activities and support (note 15)	285,714	258,066	285,714	258,066	—	—	—	—	—	—
Research	73,803	63,370	25,700	24,478	48,103	38,892	—	—	—	—
Institutional services and support (note 15)	95,108	87,940	95,108	87,940	—	—	—	—	—	—
Services to the community, students and other expense	29,975	28,053	29,975	28,053	—	—	—	—	—	—
Endowed and restricted projects	15,322	14,105	—	—	—	—	15,322	14,105	—	—
Specified gift to Concordia University Foundation	3,527	2,720	1,000	1,000	—	—	2,527	1,720	—	—
Employee future benefits (note 11)	48,988	44,542	48,988	44,542	—	—	—	—	—	—
Ancillary services and rental properties (note 14)	16,165	15,785	16,165	15,785	—	—	—	—	—	—
Expensed capital purchases	10,506	2,815	—	—	—	—	—	—	10,506	2,815
Interest on bank loans	1,588	1,210	876	691	—	—	—	—	712	519
Interest on long-term debt (note 10)	25,072	23,031	—	—	—	—	—	—	25,072	23,031
Amortization of tangible capital assets	44,141	42,431	—	—	—	—	—	—	44,141	42,431
Amortization of intangible capital assets	4,133	3,569	—	—	—	—	—	—	4,133	3,569
	654,042	587,637	503,526	460,555	48,103	38,892	17,849	15,825	84,564	72,365
Excess (deficiency) of revenues over expenses before interfund transfers	(25,346)	(13,694)	20,746	25,278	(2,819)	(363)	467	489	(43,740)	(39,098)
Interfund transfers (note 16)	—	—	(34,562)	(32,727)	2,819	363	(232)	(477)	31,975	32,841
Excess (deficiency) of revenues over expenses after interfund transfers	(25,346)	(13,694)	(13,816)	(7,449)	—	—	235	12	(11,765)	(6,257)

CONCORDIA UNIVERSITY

Statement of Operations and Changes in Fund Balances (continued)
(In thousands of dollars)

Year ended April 30, 2019, with comparative information for 2018

	Total Funds		Operating Fund		Research Fund		Designated Fund		Restricted Funds Capital Asset Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Excess (deficiency) of revenues over expenses after interfund:										
Transfers (from previous page)	(25,346)	(13,694)	(13,816)	(7,449)	–	–	235	12	(11,765)	(6,257)
Remeasurements and other items (note 11)	2,690	(14,853)	2,690	(14,853)	–	–	–	–	–	–
Endowment contributions received	12,079	2,561	–	–	–	–	12,079	2,561	–	–
Endowment contributions transferred to Concordia University Foundation	(12,428)	(2,748)	–	–	–	–	(12,428)	(2,748)	–	–
	(23,005)	(28,734)	(11,126)	(22,302)	–	–	(114)	(175)	(11,765)	(6,257)
Fund balances, beginning of year	(86,100)	(57,366)	(223,207)	(200,905)	–	–	114	289	136,993	143,250
Fund balances, end of year	(109,105)	(86,100)	(234,333)	(223,207)	–	–	–	114	125,228	136,993

See accompanying notes to financial statements.

CONCORDIA UNIVERSITY

Statement of Cash Flows
(In thousands of dollars)

Year ended April 30, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating:		
Deficiency of revenues over expenses	\$ (25,346)	\$ (13,694)
Items not involving cash:		
Net change in fair value of financial assets and liabilities	200	(342)
Net change in deferred contributions - Research Fund and Designated Fund	10,401	4,053
Amortization of deferred contributions - Capital Asset Fund	(40,824)	(33,267)
Amortization of tangible capital assets	44,141	42,431
Amortization of intangible capital assets	4,133	3,569
Employee future benefits expense over funding contributions	10,971	5,368
Net change in working capital items	24,863	(15,264)
	28,539	(7,146)
Financing:		
Bank loans	32,200	(3,800)
Amount receivable from the MEES	2,398	8,194
Issuance of long-term debt	95,311	40,212
Repayment of long-term debt	(27,708)	(39,225)
Deferred contributions - Capital Asset Fund	41,560	38,957
Endowment contributions received	12,079	2,561
Endowment contributions transferred to Concordia University Foundation	(12,428)	(2,748)
	143,412	44,151
Investing:		
Due from Concordia University Foundation	(20,849)	(2,258)
Acquisition of tangible capital assets	(90,216)	(51,866)
Acquisition of intangible capital assets	(2,339)	(2,148)
	(113,404)	(56,272)
Net increase (decrease) in cash	58,547	(19,267)
(Bank overdraft) cash, beginning of year	(2,635)	16,632
Cash (bank overdraft), end of year	\$ 55,912	\$ (2,635)

See accompanying notes to financial statements.

CONCORDIA UNIVERSITY

Notes to Financial Statements
(In thousands of dollars)

Year ended April 30, 2019

Concordia University (the "University") was incorporated under the Concordia University Act, S.Q. 1948 c. 91 as amended by S.Q. 1959-60, c. 191 and S.Q. 2006, c. 69. The University's mission includes post-secondary and graduate education, research and public service. The University is a registered charity under Section 149 of the *Income Tax Act* and it is exempt from the payment of income tax.

1. Significant accounting policies:

The University's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(a) Use of estimates:

The preparation of 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 knowledge of current events and actions that the University may undertake in the future. Actual results may differ from these estimates.

(b) Principles of consolidation:

The University's financial statements are not consolidated with those of controlled not-for-profit organizations. The required financial information is disclosed in note 17 of the financial statements.

(c) Financial assets and liabilities:

(i) Initial measurement:

Upon initial measurement, the University's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

(ii) Subsequent measurement:

At each reporting date, the University measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets), except for investments in Canadian marketable securities, which are included in other assets and the research partnership investment, which are measured at fair value.

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

1. Significant accounting policies (continued):

(c) Financial assets and liabilities (continued):

(ii) Subsequent measurement (continued):

Financial assets and liabilities measured at amortized cost are calculated using the effective interest method (including any impairment in the case of financial assets). Interest calculated using the effective interest method is presented in the statement of operations under net investment income, interest on bank loans or interest on long-term debt, as appropriate.

With respect to financial assets measured at amortized cost, the University assesses whether there are any indicators 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 is recognized in operations in the year the reversal occurs.

(d) Derivative financial instruments:

The University uses derivative financial instruments to manage its interest rate risk exposure. 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 that it uses to provide protection against interest rate fluctuations on its variable interest rate for long-term debt. These interest rate swaps require the periodic exchange of interest payments without an exchange of the notional (capital) amount on which payments are calculated.

At the inception of the hedging relationship, the University formally documented the hedging relationship, identifying the hedged item, the related hedging items, 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 hedged item and the related hedging 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 related hedging item ceases to exist or the critical terms of the hedging item cease to match those of the hedged item.

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

1. Significant accounting policies (continued):

(d) Derivative financial instruments (continued):

The derivative financial instruments that do not meet the criteria of a hedge are recognized at their fair value on the statement of financial position and changes in fair value are recognized in the statement of operations for the year.

(e) Fund accounting:

The Operating Fund is used to account for the University's academic and administrative services. Unrestricted resources as well as internally restricted resources are reported in this fund.

Externally restricted resources that are used for research and research-related purposes are reported in the Research Fund.

The Designated Fund is used to account for funds received from external entities for specific purposes imposed by the outside donor or party.

Assets, liabilities, revenues and expenses related to the capital assets owned and managed by the University are reported in the Capital Asset Fund, including the cost of capital assets purchased, funded and expensed by other funds in the year of acquisition.

(f) Revenue 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 in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions and contributions in capital assets that are not subject to amortization are reported as direct increases in the appropriate fund balance.

Restricted investment income, grants and donations are recognized as revenue in the appropriate fund in the year the related expenses are incurred. Accordingly, investment income on endowments is recognized either in the restricted or in the operating funds, depending on the restriction specified by the donor. Unrestricted income is recognized in the Operating Fund, as earned.

Interest income is recognized on a time apportionment basis.

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

1. Significant accounting policies (continued):

(f) Revenue recognition (continued):

The University's principal sources of revenue, aside from contributions, are tuition fees, services to the community, student services, ancillary services and rental of properties. Revenue is recognized when the following criteria are met:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred and services have been rendered;
- The price is fixed or determinable;
- Collection is reasonable assured.

Revenue is recognized as services are provided. Receipts for which revenue is not yet earned are recorded as unearned revenue.

(g) Contributed supplies and services:

The University may recognize contributed supplies and services when the fair value of these contributions can be reasonably estimated and if it would have had to otherwise acquire these supplies and services for its normal operations.

(h) Inventories:

Inventories of the retail stores are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

(i) Other assets:

Tenant inducements and commissions on rental of properties included in other assets are deferred and amortized on a straight-line basis over the duration of the respective leases.

(j) Tangible and intangible capital assets:

Tangible and intangible capital assets are recorded at cost. Interest related to capital assets under construction is capitalized at rates reflecting the financing costs of such assets. Contributed capital assets are recorded at fair value at the date of contribution.

Construction in progress includes buildings under construction and other major capital projects. Once completed, projects are transferred to their respective asset class and amortized.

The art collections received by gift and bequest are recorded in the Capital Asset Fund at cost or fair value at the date of contribution if they can be reasonably estimated, and they are not amortized.

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

1. Significant accounting policies (continued):

(j) Tangible and intangible capital assets (continued):

Information technology development in progress includes internally developed systems software. Once completed, projects are transferred to their respective asset class and amortized.

(i) Amortization:

Tangible and intangible capital assets subject to amortization are amortized on a straight-line basis over their estimated useful lives as prescribed by the MEES over the following periods:

Assets	Period
Tangible capital assets:	
Land improvements	20 years
Buildings	40 to 50 years
Building alterations	25 to 40 years
Leasehold improvements	Lease term (max. 10 years)
Furniture and equipment	3 to 15 years
Library collection	10 years
Intangible capital assets:	
Information technology	10 years
Share of the large bandwidth telecommunications network managed by Réseau d'informations scientifiques du Québec (RISQ) Inc.	Over the term of the agreement

Amortization is recorded in the Capital Asset Fund.

(ii) Write-down:

Tangible capital assets, intangible capital assets and other assets subject to amortization are tested for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying amount of a long-lived asset is not recoverable when it exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposal. In such a case, an impairment loss must be recognized and is equivalent to the excess of the carrying amount of a long-lived asset over its fair value.

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

1. Significant accounting policies (continued):

(k) Foreign currency translation:

The University uses the temporal method to translate transactions denominated in a foreign currency. Under this method, monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. 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 statement of financial position date. Revenues and expenses are translated at the exchange rate in effect at the date they are recognized. The related exchange gains and losses are recognized in the operations for the year.

(l) Employee future benefits:

The University accrues its obligations under the defined benefit pension plans and the other benefit plans as the employees render the services necessary to earn the pension benefits. More specifically, the University recognizes its obligations under the defined benefit plans on the statement of financial position, net of the fair value of plan assets. The University determines the defined benefit obligations using the most recent actuarial valuation prepared for accounting purposes, which is extrapolated to the University's year-end. The total defined benefit plan cost includes current service cost and finance cost and is recognized in operations under Employee future benefits. Remeasurements and other items, which include actuarial gains and losses related to the obligations, the difference between the actual return on plan assets and interest income deducted from the finance cost as well as past service cost, are recognized separately on the statement of changes in fund balances. Remeasurements and other items are not classified to the statement of operations in a subsequent year.

(m) Internally restricted fund balance:

The internally restricted fund is used for two types of transactions:

- The University has adopted a policy to internally restrict the Operating Fund balance of unspent budgeted amounts relating to specific programs. The programs covered by this policy are described in Note 12;
- Management has chosen to internally restrict unspent budgeted amounts from the Operating Fund that relate to specific key University's priorities.

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

2. Grants receivable:

					2019
	Operating	Research	Designated	Capital	Total
Amount receivable from the MEES	\$ 50,199	\$ –	\$ 695	\$ 4,316	\$ 55,210
Amount receivable from federal agencies	846	1,489	–	–	2,335
Amount receivable from provincial agencies (other than MEES)	–	1,267	–	–	1,267
	\$ 51,045	\$ 2,756	\$ 695	\$ 4,316	\$ 58,812

					2018
	Operating	Research	Designated	Capital	Total
Amount receivable from the MEES	\$ 51,812	\$ –	\$ 38	\$ 4,660	\$ 56,510
Amount receivable from federal agencies	715	736	8	–	1,459
Amount receivable from provincial agencies (other than MEES)	–	969	–	–	969
	\$ 52,527	\$ 1,705	\$ 46	\$ 4,660	\$ 58,938

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

3. Accounts receivable:

	2019	2018
Operating Fund:		
Tuition fees, net of an allowance for doubtful accounts ⁽ⁱ⁾	\$ 6,774	\$ 4,649
Services, advances and other	7,114	4,449
Accounts receivable and advances to a wholly-owned subsidiary of a controlled entity (\$7,286 non-interest bearing and \$25 bearing interest of 7%)	7,311	5,210
	\$ 21,199	\$ 14,308

⁽ⁱ⁾ As at April 30, 2019, the gross carrying amount of tuition fees receivable totals \$11,142 (2018 - \$7,221). These tuition fees receivable are presented in the financial statements net of an allowance for doubtful accounts of \$4,368 (2018 - \$2,572).

4. Amount receivable from the MEES:

This University accounted for a grant receivable from the MEES resulting from the difference between the net value of the University's capital assets funded by the MEES and the value of the long-term debt serviced by the Government of Québec.

5. Tangible capital assets:

			2019
	Cost	Accumulated amortization	Net book value
Land	\$ 61,307	\$ –	\$ 61,307
Land improvements	4,238	1,176	3,062
Buildings, building alterations and leasehold improvements	992,280	301,259	691,021
Construction in progress	31,972	–	31,972
Furniture and equipment	102,564	61,236	41,328
Library collection	40,901	20,537	20,364
Art collections	3,602	–	3,602
	\$ 1,236,864	\$ 384,208	\$ 852,656

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

5. Tangible capital assets (continued):

	2018		
	Cost	Accumulated amortization	Net book value
Land	\$ 46,742	\$ –	\$ 46,742
Land improvements	4,311	964	3,347
Buildings, building alterations and leasehold improvements	971,056	276,799	694,257
Construction in progress	4,159	–	4,159
Furniture and equipment	99,451	63,578	35,873
Library collection	38,244	18,990	19,254
Art collections	2,949	–	2,949
	\$ 1,166,912	\$ 360,331	\$ 806,581

During the year, the University disposed of fully amortized tangible capital assets totalling \$20,264 (2018 - \$17,128).

6. Intangible capital assets:

	2019		
	Cost	Accumulated amortization	Net book value
Information technology - Development in progress	\$ 3,322	\$ –	\$ 3,322
Information technology	35,274	15,570	19,704
Share of the large bandwidth telecommunications network managed by RISQ Inc.	3,741	3,741	–
	\$ 42,337	\$ 19,311	\$ 23,026

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

6. Intangible capital assets (continued):

			2018
	Cost	Accumulated amortization	Net book value
Information technology - Development in progress	\$ 5,212	\$ —	\$ 5,212
Information technology	31,202	12,043	19,159
Share of the large bandwidth telecommunications network managed by RISQ Inc.	3,584	3,135	449
	\$ 39,998	\$ 15,178	\$ 24,820

7. Bank loans:

The University has an unsecured line of credit of \$245,000, bearing interest at prime rate of 3.95% (2018 - 3.4%). This line of credit is renewable and convertible into a fixed rate mainly through the issuance of bankers' acceptances. As at April 30, 2019, total outstanding bankers' acceptances amounted to \$133,400 (2018 - \$101,200) bearing interest at rates ranging from 0.93% to 1.86%. The average rate on all fixed rate financing for the year was 2.04% (2018 - 1.38%). In May 2019, the University received authorization from the MEES to increase the line of credit available to \$329,756.

In May 2019, the University issued an amendment to the irrevocable letter of credit of US\$766 to the U.S. Department of Education to increase it to US\$948. The irrevocable letter of credit bears a term of 12 months ending on May 31, 2020. The amount represents 50% of the Title IV, Higher Education Act Program funds received by the University under the U.S. Federal Student Aid Program.

8. Trade payables and other liabilities:

As at April 30, 2019, trade payables and other operating liabilities includes \$5,298 (2018 - \$5,074) of government remittances.

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

9. Deferred contributions:

The deferred contributions represent unused resources that are allocated to specific purposes imposed by the outside donor or party.

	2019	2018
Current:		
Research Fund:		
Balance, beginning of year	\$ 28,675	\$ 27,840
Amount received in the current year	48,560	39,364
Amount recognized in operations	(45,284)	(38,529)
End of year balance, current deferred contributions	31,951	28,675
Long term:		
Designated Fund:		
Balance, beginning of year	28,376	25,158
Amount received in the current year	25,441	19,532
Amount recognized in operations	(18,316)	(16,314)
End of year balance, long-term deferred contributions	35,501	28,376
Capital Asset Fund:		
Balance, beginning of year	76,940	71,250
Amount received in the current year	41,560	38,957
Amount recognized in operations	(40,824)	(33,267)
End of year balance, long-term deferred contributions	77,676	76,940
End of year balance, long-term deferred contributions	113,177	105,316

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

10. Long-term debt:

	2019	2018
Capital Asset Fund:		
Serviced by the University:		
Loan, bearing interest at CDOR, payable in monthly varying instalments, maturing in April 2025 ⁽ⁱ⁾	\$ 678	\$ 780
Loan, bearing interest at CDOR, payable in monthly varying instalments, maturing in April 2026 ⁽ⁱⁱ⁾	8,784	9,903
Loan, bearing interest at CDOR, payable in monthly instalments of \$36, principal only, maturing in August 2027 ⁽ⁱⁱⁱ⁾	8,120	8,552
Loan, bearing interest at CDOR, payable in monthly varying instalments, maturing in April 2038 ^(iv)	9,943	10,325
6.55% (effective interest rate of 6.97%) \$200,000 Series A Senior Unsecured Debentures, due September 2, 2042, issued by the University and subject to a trust indenture, which contains certain covenants placing restrictions on the University with respect to the giving of security, disposition of assets and other matters	190,451	190,293
3.678% \$50,000 Series B Senior Unsecured Debentures, due February 10, 2059, issued by the University and subject to a trust indenture, which contains certain covenants placing restrictions on the University with respect to the giving of security, disposition of assets and other matters	50,000	–
3.626% Series C Senior Unsecured sustainable Debentures, due February 10, 2039, issued by the University and subject to a trust indenture, which contains certain covenants placing restrictions on the University with respect to the giving of security, disposition of assets and other matters	25,000	–
	<u>292,976</u>	<u>219,853</u>
Serviced by the Government of Québec:		
2.409% loan from Financement-Québec, repayable in six varying annual instalments, maturing on May 29, 2019	69,377	75,373
	<u>69,377</u>	<u>75,373</u>
Balance carried forward	69,377	75,373

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

10. Long-term debt (continued):

	2019	2018
Balance brought forward	\$ 69,377	\$ 75,373
Capital Asset Fund (continued):		
Serviced by the Government of Québec (continued):		
2.437% loan from Financement-Québec, repayable in seven varying instalments, maturing on December 1, 2019	31,317	33,764
2.489% loan from Financement-Québec, repayable in seven varying instalments, maturing on December 1, 2019	12,160	12,800
2.947% KIP loan from Financement-Québec, repayable in twenty varying instalments, maturing on September 1, 2022	5,057	6,409
3.03% loan from Financement-Québec, repayable in nine varying annual instalments, maturing on December 1, 2022	2,062	2,578
2.561% loan from Financement-Québec, repayable in six varying annual instalments, maturing on March 1, 2024	9,855	11,733
2.466% loan from Financement-Québec, repayable in ten varying annual instalments, maturing on March 1, 2026	26,987	29,983
2.149% loan from Financement-Québec, repayable in ten varying annual instalments, maturing on September 1, 2026	57,269	60,842
2.437% loan from Financement-Québec, repayable in ten varying annual instalments, maturing on September 1, 2027	26,517	28,479
2.808% loan from Financement-Québec, repayable in fifteen varying annual instalments, maturing on March 29, 2031	2,620	2,822
3.563% KIP loan from Financement-Québec, repayable in forty varying instalments, maturing on September 1, 2032	13,381	14,141
3.511% loan from Financement-Québec, repayable in nineteen varying annual instalments, maturing on March 1, 2034	28,525	30,394
Balance carried forward	285,127	309,318

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

10. Long-term debt (continued):

	2019	2018
Balance brought forward	\$ 285,127	\$ 309,318
Capital Asset Fund (continued):		
Serviced by the Government of Québec (continued):		
3.619% loan from Financement-Québec, repayable in twenty varying annual instalments, maturing on June 1, 2034	16,800	17,600
3.23% loan from Financement-Québec, repayable in nineteen varying annual instalments, maturing on June 1, 2034	18,480	19,320
3.231% loan from Financement-Québec, repayable in twenty-five varying annual instalments, maturing on December 1, 2043	9,698	–
3.120% loan from Financement-Québec, repayable in twenty-five varying annual instalments, maturing on February 1, 2044	10,613	–
	340,718	346,238
	633,694	566,091
Current portion of long-term debt	132,562	27,867
Long-term debt	\$ 501,132	\$ 538,224

- (i) On May 1, 2013, the University entered into a 12-year long-term interest rate swap loan agreement to refinance renovations on the student residences located in the west wing of the Grey Nuns Motherhouse. The transaction was effective at a fixed rate of 2.688% plus a variable rate based on the CDOR, 1.983% (2018 - 1.641%).

The notional amount of the swap agreement entered into by the University was \$1,254 in May 2013. The fair value of liabilities of the swap calculated according to information obtained from the financial institution is \$11 (2018 - fair value of assets was \$1).

- (ii) On April 30, 2014, the University entered into a 12-year long-term interest rate swap loan agreement to refinance the advances paid for renovations and the conversion of the east wing of the Grey Nuns Motherhouse of the student residences. The transaction was effective at a fixed rate of 2.808% plus a variable rate based on the CDOR, 1.983% (2018 - 1.641%).

The notional amount of the swap agreement entered into by the University was \$14,080 in April 2014. The fair value of liabilities of the swap calculated according to information obtained from the financial institution is \$198 (2018 - fair value of liability was \$30).

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

10. Long-term debt (continued):

- (iii) On August 24, 2012, the University entered into a 15-year long-term interest swap loan agreement for \$11,000 to provide for the purchase of the 5th and the 6th floors as well as the basement of the Faubourg Complex. The transaction was effective on August 30, 2012 at a fixed rate of 3.08% plus a variable rate based on the CDOR, 1.983% (2018 - 1.641%).

The notional amount of the swap agreement entered into by the University was \$11,000 in August 2012. The fair value of liabilities of the swap calculated according to information obtained from the financial institution is \$303 (2018 - fair value of assets was \$75). This swap agreement is recorded as an asset on market value (2018 - asset) of a financial instrument since it does not fulfil the requirements of hedge accounting.

- (iv) On May 1, 2013, the University entered into a 25-year long-term interest rate swap loan agreement for the final payment of the acquisition of the property Grey Nuns Motherhouse. The transaction was effective at a fixed rate of 3.014% plus a variable rate based on the CDOR, 1.983% (2018 - 1.641%).

The notional amount of the swap agreement entered into by the University was \$12,071 in May 2013. The fair value of liabilities of the swap calculated according to information obtained from the financial institution is \$458 (2018 - the fair value of the liability was \$58).

The MEES makes two types of grants to universities: operating grants and capital grants. Capital grants are authorized under the five-year university capital investment plan and are funded by the Government of Québec out of public borrowing in the University's name (a process known as grant bonds). As a result, the long-term debt listed above is managed, administered and serviced by the Government of Québec.

In accordance with its charter and the government decrees adopted pursuant to its charter (the last such decree 1057-2018 was adopted on August 7, 2018), the University may have an outstanding aggregate principal amount of debentures and debt securities, which may not exceed \$1,000,000 at any time, excluding amounts borrowed by way of loan or promissory note.

The proceeds from the Series A, Series B and Series C Senior Unsecured Debentures were used primarily to finance the University's capital projects in the last several years. These offerings were separate and distinct from the existing "grant bonds" process, which have been used by the Government of Québec to finance capital spending in the education system, in which grant bonds are managed, administered and serviced by the Government of Québec. The debentures are direct obligations of the University.

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

10. Long-term debt (continued):

Repayments of principal over the years are scheduled as follows:

	Serviced by the University	Serviced by the Government of Québec	Total
2020	\$ 2,081	\$ 130,481	\$ 132,562
2021	2,130	17,697	19,827
2022	2,180	17,769	19,949
2023	2,230	17,077	19,307
2024	2,278	16,305	18,583
Thereafter	282,077	141,389	423,466
	\$ 292,976	\$ 340,718	\$ 633,694

A sinking fund held and managed by the Concordia University Foundation was created in order to support the repayment of long-term debt serviced by the University. See note 20 for further details on the University's capital asset management and financing policy.

Interest on long-term debt:

	2019	2018
Serviced by the Government of Quebec	\$ 11,730	\$ 10,532
Serviced by the University	13,039	13,100
Gain (loss) on market value	303	(601)
	\$ 25,072	\$ 23,031

11. Employee future benefits:

The University measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at April 30 of each year. Additionally, the financial status of the funded defined benefit pension plan is also measured through actuarial valuations for funding purposes at least once every three years. These financial statements were prepared using assumptions from an actuarial valuation performed as at December 31, 2015. An actuarial valuation performed as at December 31, 2018 is in the process of being completed, the results of which will be reflected in the fiscal year ended April 30, 2020.

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

11. Employee future benefits (continued):

The employee future benefit liability is as follows:

	2019	2018
Pension plan benefits:		
Balance, beginning of year	\$ 63,228	\$ 49,178
Expense	33,605	31,434
Funding contributions	(31,355)	(33,438)
Remeasurements and other items	822	16,054
Balance, end of year	66,300	63,228
Other plan benefits:		
Balance, beginning of year	118,796	112,625
Expense	15,383	13,108
Funding contributions	(6,662)	(5,736)
Remeasurements and other items	(3,512)	(1,201)
Balance, end of year	124,005	118,796
Total:		
Balance, beginning of year	182,024	161,803
Expense	48,988	44,542
Funding contributions	(38,017)	(39,174)
Remeasurements and other items	(2,690)	14,853
Employee future benefit liability, end of year	190,305	182,024

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

11. Employee future benefits (continued):

- (a) Reconciliation of the funded status of the benefit plans to the amounts recorded in the financial statements:

	Pension benefit plans		Other benefit plans	
	2019	2018	2019	2018
Defined benefit obligations	\$ 1,125,592	\$ 1,067,702	\$ 124,005	\$ 118,796
Fair value of plan assets	1,059,292	1,004,474	–	–
Defined benefit liability	\$ (66,300)	\$ (63,228)	\$ (124,005)	\$ (118,796)

- (b) Significant assumptions:

The significant assumptions used are as follows:

	Pension benefit plans		Other benefit plans	
	2019	2018	2019	2018
Accrued benefit obligations:				
Discount rate	6.00%	6.00%	6.00%	6.00%
Rate of compensation increase	2.70	2.70	2.70	2.70
Benefit costs:				
Discount rate	6.00	6.00	6.00	6.00
Rate of compensation increase	2.70	2.70	2.70	2.70

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

11. Employee future benefits (continued):

(b) Significant assumptions (continued):

Assumed health care cost trend rates are based on the following:

	2019	2018
Initial health care cost trend rate	7.27%	7.54%
Cost trend rate declines to	5.11	5.11
Year when the rate reaches the level at which it is assumed to remain at	2028	2028

(c) Benefits paid:

Benefits paid by the pension plans for the employees of Concordia University totalled \$54,130 (2018 - \$54,780) and benefits paid by other benefit plans amounted to \$6,662 (2018 - \$5,736).

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

12. Internally restricted fund balances:

	2019	2018
Academic-related:		
Institutional projects	\$ 17,070	\$ 17,422
Student services	10,441	10,731
Scholarship funds	7,549	7,335
Employee training programs	953	1,063
Recruitment	659	589
Centre for study of classroom programs	149	149
Academic plan	7,821	7,655
Faculty Professional Development Fund	1,889	1,726
Services to the community	1,935	2,762
Other	3,367	684
	51,833	50,116
Research-related:		
Research funded by overhead	2,736	2,338
Infrastructure for research units	2,060	2,718
General Purpose Principal Investigator	2,886	2,880
Concordia Research Chair	1,712	2,053
Faculty Research Development Program	2,013	2,240
Research Seed Funding	733	900
Concordia Aid to Scholarly Activities	528	675
Facilities Optimization Program	449	417
Faculty program in support of research	643	711
Research laboratories	266	281
Research initiatives and infrastructure	871	919
Other	2,288	1,922
	17,185	18,054
Capital and technology-related:		
Capital and special project	190	206
Information technology	420	420
	610	626
	\$ 69,628	\$ 68,796

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

13. Grants:

	2019				
	Operating	Research	Designated	Capital	Total
Government of Quebec	\$ 271,717	\$ 5,631	\$ 2,146	\$ 35,788	\$ 315,282
Government of Canada	5,213	28,974	383	3,492	38,062
Non-governmental grants	255	10,078	867	475	11,675
	\$ 277,185	\$ 44,683	\$ 3,396	\$ 39,755	\$ 365,019

	2018				
	Operating	Research	Designated	Capital	Total
Government of Quebec	\$ 252,674	\$ 4,241	\$ 1,136	\$ 27,817	\$ 285,868
Government of Canada	4,833	24,770	504	3,937	34,044
Non-governmental grants	135	9,502	1,087	334	11,058
	\$ 257,642	\$ 38,513	\$ 2,727	32,088	\$ 330,970

14. Ancillary services and rental properties:

	2019		
	Revenues	Expenses	Excess
Retail stores	\$ 8,369	\$ 8,053	\$ 316
Residences	6,614	3,136	3,478
Parking	1,521	518	1,003
Food and conference services	1,830	1,290	540
Other services	324	257	67
Rental properties	4,799	2,911	1,888
	\$ 23,457	\$ 16,165	\$ 7,292

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

14. Ancillary services and rental properties (continued):

			2018
	Revenues	Expenses	Excess
Retail stores	\$ 9,300	\$ 8,074	\$ 1,226
Residences	6,049	2,930	3,119
Parking	1,510	409	1,101
Food and conference services	1,753	1,275	478
Other services	352	262	90
Rental properties	4,614	2,835	1,779
	\$ 23,578	\$ 15,785	\$ 7,793

15. Expenses:

	2019	2018
Academic activities and support:		
Academic	\$ 254,688	\$ 231,023
Library	13,466	11,571
Instructional and information technology services	17,560	15,472
	285,714	258,066
Institutional services and support:		
Administration	53,224	51,520
Facilities and operation services	39,224	36,325
Rented facilities	2,660	95
	\$ 95,108	\$ 87,940

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

16. Interfund transfers:

The University manages its cash centrally in the Operating Fund. Receipts and disbursements of other funds are recorded as amounts due to or from the Operating Fund. The balances are non-interest bearing and have no fixed terms of repayment.

	2019			
	Operating Fund	Research Fund	Designated Fund	Capital Asset Fund
Contributions towards the following:				
Major renovation or construction projects	\$ (6,586)	\$ –	\$ (10)	\$ 6,596
Interest on capital debt	(12,784)	–	–	12,784
Equipment	(12,215)	–	(222)	12,437
Share of the large bandwidth telecommunications network managed by RISQ Inc.	(158)	–	–	158
Research Partnership Investment	(2,819)	2,819	–	–
	\$ (34,562)	\$ 2,819	\$ (232)	\$ 31,975

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

16. Interfund transfers (continued):

	2018			
	Operating Fund	Research Fund	Designated Fund	Capital Asset Fund
Contributions towards the following:				
Major renovation or construction projects	\$ (8,557)	\$ –	\$ (197)	\$ 8,754
Interest on capital debt	(11,781)	–	–	11,781
Equipment	(10,800)	–	(63)	10,863
Library equipment	(100)	–	–	100
Specific University projects	(975)	–	(217)	1,192
Share of the large bandwidth telecommunications network managed by RISQ Inc.	(151)	–	–	151
Research Partnership Investment	(363)	363	–	–
	\$ (32,727)	\$ 363	\$ (477)	\$ 32,841

17. Related party transactions:

(a) eConcordia.com:

The University exercises significant influence over eConcordia.com, a registered charity under the *Income Tax Act*. eConcordia.com has a wholly-owned subsidiary, KnowledgeOne Inc., that provides courses for the advancement of learning on electronic or other new media. There are no significant differences in accounting policies between eConcordia.com, KnowledgeOne Inc. and the University.

The University incurred service fees from KnowledgeOne Inc. for the delivery of courses to students of the University. The expense (net of rebates) amounted to approximately \$6,075 (2018 - \$4,283). The University invoiced certain academic costs and management fees amounting to approximately \$1,844 (2018 - \$1,062). The University has accounts receivable and advances totalling \$7,311 (2018 - \$5,210) of which \$7,286 (2018 - \$5,171) is non-interest bearing and \$25 (2018 - \$39) bears interest at 7%.

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

17. Related party transactions (continued):

(b) Concordia University Foundation:

The University exercises significant influence over the Concordia University Foundation (hereafter the "Foundation") since certain Board members and members of senior management are on the Board of the Foundation. The Foundation must use its resources exclusively to advance the mission of the University. The Foundation is incorporated under the *Canada Not-for-profit Corporations Act* and is a charitable organization under both the *Income Tax Act (Canada)* and the *Taxation Act (Québec)*.

	2019	2018
Due from the Foundation, without interest	\$ 36,606	\$ 15,757
Income received from the Foundation	4,096	4,997
Specified gifts to the Foundation	3,527	2,720
Endowment contributions transferred to the Foundation	12,428	2,748

The Foundation's fund balances are the following:

	2019	2018
Endowment fund	\$ 89,129	\$ 81,804
Sinking fund (note 20)	66,101	60,545
Other restricted funds	49,158	35,879
	\$ 204,388	\$ 178,228

(c) Controlled entities:

(i) Fondation universitaire de l'Université Concordia:

The University exercises control over the Fondation universitaire de l'Université Concordia (hereafter the "Fondation"). By law, the Fondation's resources must be used exclusively to promote and financially support the teaching and research activities of the University. The Fondation was created by Order-in-Council 834-97, dated June 25, 1997, of the provincial government, in accordance with the *Loi sur les fondations universitaires*. As a mandatory of the Crown, it is recognized as a charitable organization under both the *Income Tax Act (Canada)* and the *Taxation Act (Québec)*. As at April 30, 2019, the Fondation remained inactive.

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

17. Related party transactions (continued):

(c) Controlled entities (continued):

(ii) Concordia University Press:

The Concordia University Press is incorporated under the *Canada Not-for-profit Corporations Act* for the purposes of publishing scholarly books that cross disciplinary boundaries and propel scholarly inquiries into new areas and wishes to assist the University by publishing scholarly works in order to disseminate knowledge and educate. The University exercises control over Concordia University Press by virtue of the fact that the majority of its board members hold senior management positions at the University.

(iii) Galilei Innovations Inc.:

Galilei Innovations Inc. is a wholly-owned subsidiary of Concordia University and is incorporated under the *Business Corporations Act* of Quebec. Its purpose is to provide consulting and other services to new businesses and entrepreneurs.

(iv) The Kenneth Woods Portfolio Management Foundation:

The Kenneth Woods Portfolio Management Foundation is incorporated under Part II of the *Canada Business Corporations Act* as a not-for-profit organization and is a registered charity under the *Income Tax Act*. It provides financial support, investment resources, assistance and training for students at Concordia University in the Kenneth Woods Portfolio Management Program and the Calvin Patter Fellowship Program. The University exercises control over the Kenneth Woods Portfolio Management Foundation by virtue of the fact that the majority of its board members hold senior management positions at the University.

The University's related party transactions were concluded in the normal course of operations and are measured at the exchange amount, which is the amount established and accepted by the parties.

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

17. Related party transactions (continued):

The following table presents condensed financial information of its related parties:

				2019	2018
	eConcordia.com/ Knowledge One	Concordia University Foundation	Controlled entities	Total	Total
Statement of operations:					
Revenues	\$ 8,273	\$ 32,826	\$ 326	\$ 41,425	\$ 18,580
Expenses	10,149	6,633	1,035	17,817	14,072
Surplus (deficiency) of revenues over expenses	(1,876)	26,193	(709)	23,608	4,507
Statement of financial position:					
Total assets	3,583	242,785	2,569	248,937	200,747
Total liabilities	9,398	38,364	632	48,394	23,427
Surplus (deficit)	(5,815)	204,421	1,937	200,543	177,230
Statement of cash flows:					
Operating activities	70	11,329	54	11,453	2,874
Investing activities	(1,363)	(42,796)	(92)	(44,251)	(6,924)
Financing activities	686	21,579	–	22,265	2,259

18. Financial risks:

(a) Credit risk:

The University is exposed to credit risk regarding the financial assets recognized in the statement of financial position. A significant portion of the University's receivables are due from governments, which are believed to be at low risk of default. The University considers tuition fees receivable as a financial asset with more credit risk exposure and considers the concentration of the remaining risks to be minimal considering the large base of counterparties. See note 3 for details on the gross carrying amount of tuition receivables and the allowance for doubtful accounts that addresses this risk.

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

18. Financial risks (continued):

(b) Market risk:

The University's financial instruments expose it to market risk, in particular, to interest rate risk and currency risk, resulting from both its investing and financing activities.

(i) Interest rate risk:

Interest rate risk refers to the adverse consequences of interest rate changes on the University's cash flows and financial position. The University is exposed to interest rate risk as a result of short-term floating rate bank indebtedness and the variable interest rate on the long-term debt serviced by the University. The long-term debt serviced by the Government of Québec does not bear any risk since the debt service is financed by the Government of Québec.

The University's other financial instruments do not comprise any interest rate risk since they do not bear interest.

The University manages the interest rate risk on short-term bank indebtedness by locking in to fixed rates as described in note 7. Interest rate risk on long-term debt serviced by the University has been mitigated by entering into an interest rate swap agreement as described in note 10.

(ii) Currency risk:

The University is exposed to currency risk due to cash, accounts receivable and trade payables denominated in U.S. dollars. As at April 30, 2019, financial assets in foreign currency represent cash, accounts receivable and trade payables totalling \$132 (2018 - \$556).

(c) Liquidity risk:

The University's liquidity risk represents the risk that the University could encounter difficulty in meeting obligations associated with its financial liabilities. The University is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.

There has been no significant change to the risk exposures during the year.

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

19. Commitments:

As part of its operations, the University has entered into various long-term agreements. The most significant agreements have led to the following contractual obligations:

- An amount of \$24,124 related to consulting services to implement an ERP system. This contractual obligation will be payable in 2020 and 2021;
- An amount of \$37,080 for the construction, renovations and land improvement agreements to be completed during fiscal years 2020 and 2021;
- As at April 30, 2019, the University has lease commitments totalling \$105,040 maturing through to August 31, 2038. Future minimum lease payments for the next five years are \$4,196 in 2020, \$4,267 in 2021, \$4,339 in 2022, \$4,412 in 2023 and \$4,880 in 2024.

20. Capital Assets Management and Financing Policy:

The Operating Fund has a \$272,445 commitment (2018 - \$284,718) towards the Capital Asset Fund to finance the capital assets, net of the balance held at the Foundation as of April 30, 2019.

In order to fulfil this commitment, the University entered into an agreement with the Foundation to create and manage a sinking fund that would be dedicated to the repayment of certain debts of the University, namely, the \$275,000 Series A, Series B and Series C Senior Unsecured Debentures in September 2042 (Series A), February 2059 (Series B) and February 2039 (Series C). The fund is comprised of an initial gift of \$3.4 million transferred in May 2010. In addition, \$22.6 million in donations already invested in the Foundation were transferred to this fund.

These initial amounts combined with future payments on existing pledges and annual contributions will be invested to generate the required funds to meet the University's future debt obligations by 2042. In 2019, an amount of \$1,000 (2018 - \$1,000) was transferred to this fund. As at April 30, 2019, the fund balance is \$66,101 (2018 - \$60,545).

The University's capital investments are governed by its Capital Assets Management and Financing Policy. They are determined through the University's Capital Budget process, which is approved by its Board of Governors and is an integrated process with the University operating and cash budgets. The capital budget along with the University's financing program are integrated through a Capital Asset Management process, a Funding Policy and a Financing Policy.

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

20. Capital Assets Management and Financing Policy (continued):

The Funding Policy is composed of 11 indicators that measure the overall health of the University's financial position. Two of the most heavily weighted ratios are the debt burden and debt/FTE indicators. These support in determining the affordability of the University's capital investment needs and, as a result, its capital budget.

The debt burden ratio is segregated into two components:

- the overall interest cost of the University, where its affordability is determined to be no more than 5% of total revenues;
- the University's overall capital repayment contributions (including those for the pension plan) toward the repayment of its financial debt. For the capital repayment contribution portion, the University does not set a ceiling, but will rather seek to contribute as much as possible in order to create fiscal capacity towards its future capital investment needs.

For the debt/FTE ratio, the University has determined its affordability to be no more than \$12,000 of total debt (only the portion for which the University is responsible for the servicing; therefore, it excludes all government subsisted debt and net of established accumulated sinking funds per one full time equivalent registered student ("FTE")).

The results of the ratios are as follows:

	2019	2018
Debt-to-FTE	\$ 7,972	\$ 7,656
Debt burden - overall interest	2.4%	2.0%
Debt burden - overall capital repayment	3.1%	3.5%

21. Contingencies:

As with other large institutions of a similar nature, the University is party to various legal proceedings, including claims such as grievances arising under its collective agreements, claims instituted by building contractors for additional payments, claims for damages, other claims which may present themselves from time to time under the laws regulating employment matters, and claims instituted by students or former students.

While it is not possible at this time to assess definitely the outcome of these claims, the University has serious grounds to defend these claims and it is confident that they will be resolved without material effect on the University's financial position. The University has accrued an amount it deems sufficient to cover any potential losses from these claims.

CONCORDIA UNIVERSITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended April 30, 2019

22. Pledges receivable:

Pledges receivable from donors are not recorded in the statement of operations for the restricted funds. Pledges receivable amounted to \$47,028 as at April 30, 2019 (2018 - \$37,250).

These pledges will be recognized in the financial statements when collected.

23. Comparative information:

Certain comparative information has been reclassified to conform with the presentation adopted in the current year.