Concordia University

Financial Statements
April 30, 2018

Statement of Administrator's Responsibility

September 17, 2018

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, 2018, 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, 2018 have been audited by Raymond Chabot Grant Thornton LLP, Chartered Professional Accountants, the auditors appointed by the Board of Governors. The independent auditor's report outlines the scope of their audit and their opinion on the preparation of the information included in the financial statements.

original signed by Alan Shepard	original signed by Denis Cossette
Dr. Alan Shepard	Denis Cossette
President & Vice Chancellor	Chief Financial Officer

Raymond Chabot Grant Thornton

Independent Auditor's Report

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To the Members of the Board of Governors of
Concordia University

We have audited the accompanying financial statements of Concordia University, which comprise the statement of financial position as at April 30, 2018 and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Concordia University as at April 30, 2018 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.

Raymond Chabot Grant Thornton LLP[1]

Montréal
September 17, 2018

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[1] CPA auditor, CA public accountancy permit no. A117472

Concordia University
Financial Position
April 30, 2018
(In thousands of dollars)

	Total Funds		Operating Fund		Restricted Funds					
					Research Fund		Designated Fund		Capital Asset Fund	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
ASSETS										
Current										
Cash		16,632		16,632						
Grants receivable (Note 4)	**60,436**	51,805	**54,025**	45,285	**1,705**	1,125	**46**	30	**4,660**	5,365
Accounts receivable (Note 5)	**17,442**	14,696	**14,308**	12,420	**2,795**	2,171	**268**	105	**71**	
Inventories	**2,227**	2,572	**2,227**	2,572						
Other assets and prepaid expenses	**4,877**	5,894	**4,135**	5,732			**477**	100	**265**	62
Due from Concordia University Foundation, without interest	**15,757**	13,499	**5,449**	5,269			**10,308**	8,230		
	100,739	105,098	**80,144**	87,910	**4,500**	3,296	**11,099**	8,465	**4,996**	5,427
Long-term										
Amount receivable from the Ministère de l'Éducation et de l'Enseignement supérieur (MEES) (Note 6)	**72,183**	80,377							**72,183**	80,377
Other assets and prepaid expenses	**2,408**	3,524	**1,956**	3,092			**452**	432		
Research partnership investment	**437**	565			**437**	565				
Due from Capital Asset Fund, without interest			**123,765**	121,903						
Due from Operating Fund, without interest					**23,738**	23,979	**27,156**	24,780		
Tangible capital assets (Note 7)	**806,581**	795,192							**806,581**	795,192
Intangible capital assets (Note 8)	**24,820**	26,241							**24,820**	26,241
	1,007,168	1,010,997	**205,865**	212,905	**28,675**	27,840	**38,707**	33,677	**908,580**	907,237
LIABILITIES										
Current										
Bank overdraft	**2,635**		**2,635**							
Bank loans (Note 9)	**101,200**	105,000	**101,200**	105,000						
Trade payables and other operating liabilities	**72,714**	80,403	**62,497**	72,173			**10,217**	8,230		
Amount payable to the MEES	**1,498**	1,614	**1,498**	1,614						
Agency and fiduciary accounts	**11,919**	10,726	**11,919**	10,726						
Unearned revenue	**16,405**	13,735	**16,405**	13,735						
Deferred contributions (Note 10)	**28,675**	27,840			**28,675**	27,840				
Liability on market value of a financial instrument (Note 11 (iii))		526								526
Interest payable on long-term debt	**4,791**	5,355							**4,791**	5,355
Current portion of long-term debt (Note 11)	**27,867**	40,181							**27,867**	40,181
	267,704	285,380	**196,154**	203,248	**28,675**	27,840	**10,217**	8,230	**32,658**	46,062
Long-term										
Deferred contributions (Note 10)	**105,316**	96,408					**28,376**	25,158	**76,940**	71,250
Due to Restricted Funds, without interest			**50,894**	48,759						
Due to Operating Fund, without interest									**123,765**	121,903
Long-term debt (Note 11)	**538,224**	524,772							**538,224**	524,772
Employee future benefit liability (Note 12)	**182,024**	161,803	**182,024**	161,803						
	1,093,268	1,068,363	**429,072**	413,810	**28,675**	27,840	**38,593**	33,388	**771,587**	763,987
FUND BALANCES (NEGATIVE)										
Unrestricted deficit	**(292,003)**	(268,211)	**(292,003)**	(268,211)						
Internally restricted (Note 13)	**68,796**	67,306	**68,796**	67,306						
Externally restricted	**114**	289					**114**	289		
Invested in capital assets	**136,993**	143,250							**136,993**	143,250
	(86,100)	(57,366)	**(223,207)**	(200,905)	**–**	–	**114**	289	**136,993**	143,250
	1,007,168	1,010,997	**205,865**	212,905	**28,675**	27,840	**38,707**	33,677	**908,580**	907,237

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

On behalf of the Board,

original signed by Norman Hébert
Governor

original signed by Alan Shepard
Governor

Concordia University
Operations
Year ended April 30, 2018

(In thousands of dollars)

	Total Funds		Operating Fund		Restricted Funds					
					Research Fund		Designated Fund		Capital Asset Fund	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Revenues										
Tuition fees	**148,321**	131,583	**148,321**	131,583						
Governmental grants										
Government of Quebec	**282,793**	275,018	**249,599**	241,727	**4,241**	5,218	**1,136**	1,027	**27,817**	27,046
Government of Canada	**34,038**	31,982	**4,827**	4,772	**24,770**	22,795	**504**	223	**3,937**	4,192
Non-governmental grants	**10,923**	8,870			**9,502**	7,471	**1,087**	902	**334**	497
Fees and other income	**33,911**	34,970	**32,007**	31,150		378	**1,690**	3,130	**214**	312
Services to the community	**10,156**	8,205	**10,156**	8,205						
Student services	**17,344**	16,554	**17,344**	16,554						
Ancillary services (Note 14)	**18,965**	19,083	**18,965**	19,083						
Rental properties	**4,614**	4,982	**4,614**	4,982						
Donations	**7,881**	9,778			**16**	139	**7,371**	8,822	**494**	817
Concordia University Foundation	**4,997**	16,350		10,835			**4,526**	4,993	**471**	522
	573,943	557,375	**485,833**	468,891	**38,529**	36,001	**16,314**	19,097	**33,267**	33,386
Expenses										
Academic services and support (Note 15)	**258,066**	250,254	**258,066**	250,254						
Research	**63,370**	57,428	**24,478**	21,800	**38,892**	35,628				
Institutional support (Note 15)	**87,940**	83,759	**87,940**	83,759						
Services to the community	**12,455**	11,695	**12,455**	11,695						
Student services	**15,598**	15,551	**15,598**	15,551						
Endowed and restricted projects	**14,105**	16,108					**14,105**	16,108		
Specified gift to Concordia University Foundation	**2,720**	4,844	**1,000**	1,000			**1,720**	3,844		
Employee future benefits (Note 12)	**44,542**	43,416	**44,542**	43,416						
Voluntary Retirement Program (Note 16)		13,649		13,649						
Ancillary services (Note 14)	**12,950**	13,104	**12,950**	13,104						
Rental properties	**2,835**	2,433	**2,835**	2,433						
Expensed capital assets	**2,815**	2,403							**2,815**	2,403
Change in fair value of a financial instrument (Note 11 (iii))	**(601)**	(96)							**(601)**	(96)
Interest on bank loans	**1,129**	1,038	**610**	590					**519**	448
Interest on long-term debt	**10,532**	10,606							**10,532**	10,606
Bond and brokerage fees	**13,181**	13,178	**81**	78					**13,100**	13,100
Amortization of tangible capital assets	**42,431**	41,291							**42,431**	41,291
Amortization of intangible capital assets	**3,569**	3,466							**3,569**	3,466
	587,637	584,127	**460,555**	457,329	**38,892**	35,628	**15,825**	19,952	**72,365**	71,218
Excess (deficiency) of revenues over expenses	**(13,694)**	(26,752)	**25,278**	11,562	**(363)**	373	**489**	(855)	**(39,098)**	(37,832)

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

Concordia University
Changes in Fund Balances
Year ended April 30, 2018
(In thousands of dollars)

	Total Funds		Operating Fund		Restricted Funds: Research Fund		Restricted Funds: Designated Fund		Restricted Funds: Capital Asset Fund	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Fund balances (negative), beginning of year										
Fund balances (negative), as previously reported	**(40,759)**	(44,881)	**(200,905)**	(214,949)			**289**	1,039	**159,857**	169,029
Prior period adjustments (Note 2)	**(16,607)**	(25,747)							**(16,607)**	(25,747)
Fund balances (negative), as restated	**(57,366)**	(70,628)	**(200,905)**	(214,949)			**289**	1,039	**143,250**	143,282
Excess (deficiency) of revenues over expenses	**(13,694)**	(26,752)	**25,278**	11,562	**(363)**	373	**489**	(855)	**(39,098)**	(37,832)
Remeasurements and other items (Note 12)	**(14,853)**	40,281	**(14,853)**	40,281						
Endowment contributions received	**2,561**	1,351					**2,561**	1,351		
Endowment contributions transferred to Concordia University Foundation	**(2,748)**	(1,618)					**(2,748)**	(1,618)		
Interfund transfers (Note 17)			**(32,727)**	(37,799)	**363**	(373)	**(477)**	372	**32,841**	37,800
Fund balances (negative), end of year	**(86,100)**	(57,366)	**(223,207)**	(200,905)	**–**	–	**114**	289	**136,993**	143,250

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

Concordia University
Cash Flows
Year ended April 30, 2018
(In thousands of dollars)

	2018	2017
	$	$
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	**(13,694)**	(26,752)
Non-cash items		
Net change in fair value of financial assets and liabilities	**(342)**	(567)
Net change in deferred contributions – Research Fund and Designated Fund	**4,053**	800
Amortization of deferred contributions – Capital Asset Fund	**(33,267)**	(33,386)
Amortization of tangible capital assets	**42,431**	41,291
Amortization of intangible capital assets	**3,569**	3,466
Employee future benefits expense over funding contributions	**5,368**	8,293
Net change in working capital items	**(15,264)**	20,216
Cash flows from operating activities	**(7,146)**	13,361
INVESTING ACTIVITIES		
Due from Concordia University Foundation	**(2,258)**	(4,684)
Acquisition of tangible capital assets	**(51,866)**	(43,470)
Acquisition of intangible capital assets	**(2,148)**	(2,118)
Cash flows from investing activities	**(56,272)**	(50,272)
FINANCING ACTIVITIES		
Bank loans	**(3,800)**	(1,500)
Amount receivable from the MEES	**8,194**	8,667
Issuance of long-term debt	**40,212**	64,415
Repayment of long-term debt	**(39,225)**	(56,236)
Deferred contributions – Capital Asset Fund	**38,957**	34,434
Endowment contributions received	**2,561**	1,351
Endowment contributions transferred to Concordia University Foundation	**(2,748)**	(1,618)
Cash flows from financing activities	**44,151**	49,513
Net increase (decrease) in cash	**(19,267)**	12,602
Cash, beginning of year	**16,632**	4,030
Cash (bank overdraft), end of year	**(2,635)**	16,632

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

Concordia University
Notes to Financial Statements
April 30, 2018
(In thousands of dollars)

1 - GOVERNING STATUTES AND PURPOSE OF THE UNIVERSITY

Concordia University (hereafter 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.

2 - PRIOR PERIOD ADJUSTMENTS

During the year, the University reviewed the Capital Asset Fund amortization schedule of revenue received from the MEES and third party grants. The financing received should be amortized to revenue according to the same rate as the capital asset it is financing. The University concluded that the amortized revenue from the MEES was accelerated into income in prior years and that the amounts amortized to revenue received from the third party grants was insufficient in prior years.

The impact of the adjustments to the prior period opening fund balance is as follows:

	Balance, as previously reported	Prior period adjustments	Balance adjusted
	$	$	$
Financial Position – Capital Asset Fund			
Assets			
Amounts receivable from the MEES	103,212	(22,835)	80,377
Liabilities			
Deferred contributions	77,478	(6,228)	71,250
Changes in fund balances – Capital Asset Fund			
Fund balance, beginning of year	169,029	(25,747)	143,282
Fund balance, end of year	159,857	(16,607)	143,250
Deficiency of revenues over expenses	(46,972)	9,140	(37,832)

3 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting 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.

Principles of consolidation

The University's financial statements are not consolidated with those of a controlled not-for-profit organization. The required financial information is disclosed in the notes to financial statements.

Financial assets and liabilities

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.

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.

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 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 is recognized in operations in the year the reversal occurs.

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 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.

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.

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.

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 is 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 investment income is recognized in the Operating Fund, as earned.

Interest income is recognized on a time apportionment basis.

The University's principal sources of revenue, aside from contributions, are tuition fees, miscellaneous fees and other income, 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 reasonably assured.

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

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.

Inventories

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

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.

Concordia University
Notes to Financial Statements
April 30, 2018
(In thousands of dollars)

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tangible and intangible capital assets

Tangible and intangible capital assets acquired 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.

Improvements to leased premises are capitalized.

Buildings under construction and other major capital projects funded by the Operating Fund are recorded directly in the Capital Asset Fund.

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, at the following periods as follows:

	Periods
Tangible capital assets	
Land improvements	20 years
Buildings	Over 40 to 50 years
Building alterations – mechanical	25 years
Building alterations – interior	30 years
Building alterations – architectural or structural	40 years
Leasehold improvements	Lease term (max. 10 years)
Furniture and equipment	Over 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.

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
April 30, 2018
(In thousands of dollars)

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Art collections

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.

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.

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 relating 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.

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 13;

- 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
April 30, 2018
(In thousands of dollars)

4 - GRANTS RECEIVABLE

					2018
	Operating (a)	**Research**	**Designated**	**Capital**	**Total**
	$	**$**	**$**	**$**	**$**
Amount receivable from the MEES	**53,310**		**38**	**4,660**	**58,008**
Amount receivable from federal agencies	**715**	**736**	**8**		**1,459**
Amount receivable from provincial agencies (excluding the MEES)		**969**			**969**
	54,025	**1,705**	**46**	**4,660**	**60,436**

					2017
	Operating (a)	Research	Designated	Capital	Total
	$	$	$	$	$
Amount receivable from the MEES	44,832		30	5,365	50,227
Amount receivable from federal agencies	453	383			836
Amount receivable from provincial agencies (excluding the MEES)		742			742
	45,285	1,125	30	5,365	51,805

(a) This amount includes an amount of $29,246 corresponding to grants conditional on attaining a balanced financial situation for the year ended April 30, 2018 ($31,106 as at April 30, 2017). Subsequent to year-end, the subsidy was confirmed and received.

5 - ACCOUNTS RECEIVABLE

	2018	2017
	$	$
Operating Fund		
Tuition fees, net of an allowance for doubtful accounts (a)	**4,649**	5,570
Services, advances and other	**4,449**	4,779
Accounts receivable and advances to a wholly-owned subsidiary of a controlled entity ($5,171 non-interest bearing and $39 bearing interest of 7%)	**5,210**	2,071
	14,308	12,420

Concordia University
Notes to Financial Statements
April 30, 2018
(In thousands of dollars)

5 - ACCOUNTS RECEIVABLE (Continued)

(a) As at April 30, 2018, the gross carrying amount of tuition fees receivable totals $7,221 ($8,434 as at April 30, 2017). These tuition fees receivable are presented in the financial statements net of an allowance for doubtful accounts of $2,572 ($2,864 as at April 30, 2017).

6 - AMOUNT RECEIVABLE FROM THE MEES

The University accounted for a grant receivable from the MEES resulting from the transition to generally accepted accounting principles. This amount is the result of the difference between the net value of the University's capital assets funded by the MEES and the value of the long-term debt service by the Government of Quebec.

7 - TANGIBLE CAPITAL ASSETS

			2018
	Cost	**Accumulated amortization**	**Net carrying amount**
	$	**$**	**$**
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**

			2017
	Cost	Accumulated amortization	Net carrying amount
	$	$	$
Land	45,473		45,473
Land improvements	4,189	749	3,440
Buildings, building alterations and leasehold improvements	940,527	252,619	687,908
Construction in progress	133		133
Furniture and equipment	103,552	65,288	38,264
Library collection	35,363	18,326	17,037
Art collections	2,937		2,937
	1,132,174	336,982	795,192

As at April 30, 2018, trade payables and other operating liabilities include an amount of $8,092 that relates to the acquisition of tangible capital assets ($6,963 as at April 30, 2017).

Concordia University
Notes to Financial Statements
April 30, 2018
(In thousands of dollars)

8 - INTANGIBLE CAPITAL ASSETS

			2018
	Cost	**Accumulated amortization**	**Net carrying amount**
	$	**$**	**$**
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**

			2017
	Cost	Accumulated amortization	Net carrying amount
	$	$	$
Information technology – Development in progress	3,487		3,487
Information technology	30,930	8,922	22,008
Share of the large bandwidth telecommunications network managed by RISQ Inc.	3,432	2,686	746
	37,849	11,608	26,241

9 - BANK LOANS

The University has an unsecured line of credit of $245,000 with its bankers, bearing interest at prime rate of 3.4% (2.7% as at April 30, 2017). This line of credit is renewable and convertible into a fixed rate mainly through the issuance of bankers' acceptances. As at April 30, 2018, total outstanding bankers' acceptances amounted to $101,000 ($105,000 as at April 30, 2017) bearing interest at rates ranging from 0.93% to 1.86% and total demand loan amounted to $200 bearing interest at 3.45%. The average rate on all fixed rate financing for the year was 1.38% (1.02% as at April 30, 2017).

In May 2018, the University issued an amendment to the irrevocable letter of credit of US$694 to the U.S. Department of Education to increase it to US$766. The irrevocable letter of credit bears a term of 12 months ending on May 31, 2019. 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.

10 - DEFERRED CONTRIBUTIONS

Research Fund

The deferred contributions represent unused resources that are allocated to research projects.

Designated Fund

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

Concordia University
Notes to Financial Statements
April 30, 2018
(In thousands of dollars)

10 - DEFERRED CONTRIBUTIONS (Continued)

Capital Asset Fund

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

	2018	2017
	$	$
Current		
Research Fund		
Balance, beginning of year	**27,840**	27,673
Amount received in the current year	**39,364**	36,168
Amount recognized in operations	**(38,529)**	(36,001)
Balance, end of year	**28,675**	27,840
Long-term		
Designated Fund		
Balance, beginning of year	**25,158**	24,525
Amount received in the current year	**19,532**	19,730
Amount recognized in operations	**(16,314)**	(19,097)
Balance, end of year	**28,376**	25,158
Capital Asset Fund		
Balance, beginning of year	**71,250**	70,202
Amount received in the current year	**38,957**	34,434
Amount recognized as revenue of the year	**(33,267)**	(33,386)
Balance, end of year	**76,940**	71,250
	105,316	96,408

11 - LONG-TERM DEBT

	2018	2017
	$	$
Capital Asset Fund		
Serviced by the University		
Loan, bearing interest at CDOR, payable in monthly varying instalments, maturing in April 2025 (i)	**780**	880
Loan, bearing interest at CDOR, payable in monthly varying instalments, maturing in April 2026 (ii)	**9,903**	10,990
Loan, bearing interest at CDOR, payable in monthly instalments of $36, principal only, maturing in August 2027 (iii)	**8,552**	8,984
Loan, bearing interest at CDOR, payable in monthly varying instalments, maturing in April 2038 (iv)	**10,325**	10,694

Concordia University
Notes to Financial Statements
April 30, 2018
(In thousands of dollars)

11 - LONG-TERM DEBT (Continued)

	2018	2017
	$	$
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	**190,293**	190,142
	219,853	221,690
Serviced by the Government of Quebec		
2.409% loan from Financement-Québec, repayable in six varying annual instalments, maturing on May 29, 2019	**75,373**	81,370
2.437% loan from Financement-Québec, repayable in seven varying instalments, maturing on December 1, 2019	**33,764**	36,212
2.489% loan from Financement-Québec, repayable in seven varying instalments, maturing on December 1, 2019	**12,800**	13,440
2.947% KIP loan from Financement-Québec, repayable in twenty varying instalments, maturing on September 1, 2022	**6,409**	7,722
3.03% loan from Financement-Québec, repayable in nine varying annual instalments, maturing on December 1, 2022	**2,578**	3,093
2.561% loan from Financement-Québec, repayable in six varying annual instalments, maturing on March 1, 2024	**11,733**	
2.466% loan from Financement-Québec, repayable in ten varying annual instalments, maturing on March 1, 2026	**29,983**	32,979
2.149% loan from Financement-Québec, repayable in ten varying annual instalments, maturing on September 1, 2026	**60,842**	64,416
2.437% loan from Financement-Québec, repayable in ten varying annual instalments, maturing on September 1, 2027	**28,479**	
2.808% loan from Financement-Québec, repayable in fifteen varying annual instalments, maturing on May 29, 2031	**2,822**	3,024
3.563% KIP loan from Financement-Québec, repayable in forty varying instalments, maturing on September 1, 2032	**14,141**	14,874
3.511% loan from Financement-Québec, repayable in nineteen varying annual instalments, maturing on March 1, 2034	**30,394**	32,263
3.619% loan from Financement-Québec, repayable in twenty varying annual instalments, maturing on June 1, 2034	**17,600**	18,400
3.23% loan from Financement-Québec, repayable in nineteen varying annual instalments, maturing on June 1, 2034	**19,320**	20,160

Concordia University
Notes to Financial Statements
April 30, 2018
(In thousands of dollars)

11 - LONG-TERM DEBT (Continued)

	2018	2017
	$	$
2.472% loan from Financement-Québec		13,611
4.37% and 4.57% Series "15D" bonds		2,653
	346,238	344,217
Cumulative sinking fund paid by the Province of Quebec		(954)
	346,238	343,263
	566,091	564,953
Current portion	**27,867**	40,181
Long-term debt	**538,224**	524,772

(i) On May 1, 2013, the University entered into a 12-year long-term interest rate swap loan agreement to refinance renovation 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, 1.641% (0.896% as at April 30, 2017).

The notional amount of the swap agreement entered into by the University was $1,254 in May 2013. The fair value of assets of the swap calculated according to information obtained from the financial institution is $1 (the fair value of the liability was $39 in 2017).

(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, 1.641% (0.896% as at April 30, 2017).

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 $30 (the fair value of the liability was $577 in 2017).

(iii) On August 24, 2012, the University entered into a 15-year long-term swap loan agreement with RBC (Royal Bank of Canada) 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, 1.641% (0.896% as at April 30, 2017).

The notional amount of the swap agreement entered into by the University was $11,000 in August 2012. The fair value of assets of the swap calculated according to information obtained from the financial institution is $75 (the fair value of the liability was $526 in 2017). This swap agreement is recorded as an asset on market value (liability in 2017) of a financial instrument since it does not fulfil the requirements of hedge accounting.

Concordia University
Notes to Financial Statements
April 30, 2018
(In thousands of dollars)

11 - LONG-TERM DEBT (Continued)

(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, 1.641% (0.896% as at April 30, 2017).

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 $58 (the fair value of the liability was $855 in 2017).

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 Quebec 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 Quebec.

In accordance with its charter and the government decrees adopted pursuant to its charter (the last such decree has been adopted on June 2, 2010), the University may have an outstanding aggregate principal amount of debentures and debt securities, which may not exceed at any time $700,000, excluding amounts borrowed by way of loan or promissory note. Subsequent to year-end, the government adopted the decree 1057-2018, increasing the limit to $1,000,000.

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

Repayments of principal over the next five years are scheduled as follows:

	Serviced by the University	Serviced by the Government of Quebec	Total
	$	$	$
2019	2,036	25,831	27,867
2020	2,081	129,669	131,750
2021	2,130	16,884	19,014
2022	2,180	16,956	19,136
2023	2,230	16,265	18,495
	10,657	205,605	216,262

Concordia University
Notes to Financial Statements
April 30, 2018
(In thousands of dollars)

12 - EMPLOYEE FUTURE BENEFITS

Defined benefit plans

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. The most recent actuarial valuation was performed as at December 31, 2015 and the next required valuation will be on December 31, 2018.

The employee future benefit liability is as follows:

	2018	2017
	$	$
Pension plan benefits		
Balance, beginning of year	**49,178**	92,750
Expense	**31,434**	32,562
Funding contributions	**(33,438)**	(30,399)
Remeasurements and other items	**16,054**	(45,735)
Balance, end of year	**63,228**	49,178
Other plan benefits		
Balance, beginning of year	**112,625**	101,041
Expense	**13,108**	10,854
Funding contributions	**(5,736)**	(4,724)
Remeasurements and other items	**(1,201)**	5,454
Balance, end of year	**118,796**	112,625
Total		
Balance, beginning of year	**161,803**	193,791
Expense	**44,542**	43,416
Funding contributions	**(39,174)**	(35,123)
Remeasurements and other items	**14,853**	(40,281)
Employee future benefit liability, end of year	**182,024**	161,803

Reconciliation of the funded status of the benefit plans to the amounts recorded in the financial statements

	Pension benefit plans		Other benefit plans	
	2018	2017	**2018**	2017
	$	$	**$**	$
Defined benefit obligations	**1,067,702**	1,022,491	**118,796**	112,625
Fair value of plan assets	**1,004,474**	973,313		
Defined benefit liability	**(63,228)**	(49,178)	**(118,796)**	(112,625)

Concordia University
Notes to Financial Statements
April 30, 2018
(In thousands of dollars)

12 - EMPLOYEE FUTURE BENEFITS (Continued)

Plan asset components

At the measurement date, i.e. April 30 of each year, the assets of the pension plan consist of the following:

	2018	2017
	%	%
Asset category		
Cash and cash equivalents	**3**	2
Equity instruments	**2**	2
Fixed income	**1**	
Pooled funds	**75**	71
Other investments	**19**	25
	100	100

Significant assumptions

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

	Pension benefit plans		Other benefit plans	
	2018	2017	**2018**	2017
	%	%	**%**	%
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

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

	2018	2017
	%	%
Initial health care cost trend rate	**7.54**	7.81
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

Benefits paid

Benefits paid by the pension plans for the employees of Concordia University totalled $54,780 ($49,483 in 2017) and benefits paid by other benefit plans amounted to $5,736 ($4,724 in 2017).

Concordia University
Notes to Financial Statements
April 30, 2018
(In thousands of dollars)

13 - INTERNALLY RESTRICTED FUND BALANCES

	2018	2017
	$	$
Academic-related		
Institutional projects	**17,422**	16,179
Student services	**10,731**	10,932
Scholarship funds	**7,335**	7,461
Employee training programs	**1,063**	1,001
Recruitment	**589**	604
Centre for study of classroom programs	**149**	149
Academic plan	**7,655**	3,994
Faculty Professional Development Fund	**1,726**	1,561
Services to the community	**2,762**	3,682
Other	**684**	1,484
	50,116	47,047
Research-related		
Research funded by overhead	**2,338**	2,112
Infrastructure for research units	**2,718**	3,931
General Purpose Principal Investigator	**2,880**	2,858
Concordia Research Chair	**2,053**	2,461
Faculty Research Development Program	**2,240**	2,214
Research Seed Funding	**900**	719
Concordia Aid to Scholarly Activities	**675**	836
Facilities Optimization Program	**417**	208
Faculty program in support of research	**711**	799
Research laboratories	**281**	290
Research initiatives and infrastructure	**919**	1,156
Other	**1,922**	2,034
	18,054	19,618
Capital and technology-related		
Capital and special project	**206**	221
Information technology	**420**	420
	626	641
	68,796	67,306

Concordia University
Notes to Financial Statements
April 30, 2018
(In thousands of dollars)

14 - ANCILLARY SERVICES

	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 services	**1,753**	**1,275**	**478**
Advertising	**117**		**117**
Other services	**236**	**262**	**(26)**
	18,965	**12,950**	**6,015**

	2017		
	Revenues	Expenses	Excess
	$	$	$
Retail stores	9,588	8,522	1,066
Residences	5,751	2,647	3,104
Parking	1,727	550	1,177
Food services	1,658	1,136	522
Advertising	118		118
Other services	241	249	(8)
	19,083	13,104	5,979

15 - EXPENSES

	2018	2017
	$	$
Academic services and support		
Academic	**231,023**	224,805
Library	**11,571**	12,082
Instructional and information technology services	**15,472**	13,367
	258,066	250,254
Institutional support		
Administration	**51,520**	48,236
Facilities and operation services	**36,325**	35,429
Rented facilities	**95**	94
	87,940	83,759

16 - VOLUNTARY RETIREMENT PROGRAM

In 2016, the University has decided to extend an exceptional, time-limited retirement offer to eligible staff through a Voluntary Retirement Program (hereafter the "VRP"). The VRP has been offered to employees who, as at May 31, 2017, were aged 60 years or older, with a minimum of 10 years of continuous service at the University in a permanent position.

Concordia University
Notes to Financial Statements
April 30, 2018
(In thousands of dollars)

16 - VOLUNTARY RETIREMENT PROGRAM (Continued)

The purpose of this program was to assist the University in addressing years of budget compressions to the operating budget and to preserve the University's long-term financial sustainability. The cost of this program has been recorded in the Operating Fund.

17 - INTERFUND TRANSFERS

				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**

				2017
	Operating Fund	Research Fund	Designated Fund	Capital Asset Fund
	$	$	$	$
Contributions towards the following				
Major renovation or construction projects	(13,235)		(90)	13,325
Interest on capital debt	(11,946)			11,946
Equipment	(11,328)		(729)	12,057
Library equipment	(470)			470
Specific University projects	(419)		583	(164)
Graduate and undergraduate student aid	(623)		608	15
Share of the large bandwidth telecommunications network managed by RISQ Inc.	(151)			151
Research Partnership Investment	373	(373)		
	(37,799)	(373)	372	37,800

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.

Concordia University
Notes to Financial Statements
April 30, 2018
(In thousands of dollars)

18 - RELATED PARTY TRANSACTIONS

The following 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.

The University exercises control over eConcordia.com since the majority of the Board members hold senior management positions at the University, but it does not consolidate the financial statements of eConcordia.com with those of the University.

eConcordia.com is a registered charity under the Income Tax Act (Canada). eConcordia.com has a wholly-owned subsidiary, KnowledgeOne Inc., that provides courses for the advancement of learning on electronic or other new media.

Following is the significant financial information for eConcordia.com as at April 30, 2018 and 2017:

	2018	2017
	$	$
Statement of operations		
Revenues	**5,984**	6,570
Expenses	**8,049**	7,358
Deficiency of revenues over expenses	**(2,065)**	(788)
Statement of financial position		
Total assets	**3,261**	2,766
Total liabilities	**6,815**	4,254
Deficit	**(3,554)**	(1,488)
	3,261	2,766
Statement of cash flows		
Operating activities	**1,100**	1,457
Investing activities	**(646)**	(1,045)
Financing activities	**(15)**	(13)

There are no significant differences in accounting policies between eConcordia.com, KnowledgeOne Inc. and the University.

The University paid service fees to KnowledgeOne Inc. for the delivery of courses to students of the University. The expense amounted to approximately $4,283 ($4,620 in 2017). The University invoiced certain academic costs and management fees amounting to approximately $1,062 ($1,111 in 2017). The University has accounts receivable and advances totalling $5,210 ($2,071 in 2017) of which $5,171 ($2,016 in 2017) is non-interest bearing and $39 ($55 in 2017) bears interest at 7%.

Concordia University
Notes to Financial Statements
April 30, 2018
(In thousands of dollars)

18 - RELATED PARTY TRANSACTIONS (Continued)

The Concordia University Foundation (hereafter 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 (Quebec). The University exercises significant influence over the Foundation since certain Board members and members of senior management are on the Board of the Foundation. Revenues from the Foundation amounting to $4,997 ($16,364 in 2017) have been recorded by the University in accordance with the wishes of donors. Amounts recorded as expenses by the University related to the Foundation amount to $2,720 ($4,844 in 2017). The assets, liabilities and fund balances of the Foundation total $194,834, $16,606 and $178,228 respectively ($185,925, $14,029 and $171,896 in 2017 respectively).

The fund balances are the following:

	2018	2017
	$	$
Endowment fund	**81,804**	79,001
Sinking fund (Note 20)	**60,545**	57,524
Other restricted funds	**35,846**	35,342
General fund	**33**	29
	178,228	171,896

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 (Quebec). In 2018, the Fondation remained inactive.

19 - FINANCIAL RISKS

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.

19 - FINANCIAL RISKS (Continued)

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.

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 Quebec does not bear any risk since the debt service is financed by the Government of Quebec.

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 by locking in to fixed rates as explained in Note 11.

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, 2018, financial assets in foreign currency represent cash, accounts receivable and trade payables totalling $556 ($885 in 2017).

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.

20 - COMMITMENTS

Contractual obligations

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 $63,832 for the construction, renovations and land improvement agreements to be completed during fiscal years 2019 and 2020;

- As at April 30, 2018, the University has commitments for lease agreements totalling $2,566 and expiring until August 31, 2027. Minimum lease payments for the next five years are $235 in 2019, $239 in 2020, $244 in 2021, $248 in 2022 and $253 in 2023.

20 - COMMITMENTS (Continued)

Capital assets Management and Financing Policy

The Operating Fund has a $291,540 commitment ($291,170 as at April 30, 2017) towards the Capital Asset Fund to finance the capital assets.

In order to fulfil this commitment, the University entered into an agreement with the Foundation to create and manage a fund that would be dedicated to the repayment of certain debts of the University, namely, the $200,000 bond issue payable in September 2042. 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 2018, an amount of $1,000 ($1,000 in 2017) was transferred to this fund. As at April 30, 2018, the fund balance is $60,545 ($57,524 as at April 30, 2017).

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.

The Funding Policy is composed of 11 indicators that measures the overall health of the University's financial position. Two of the most heavily weighted ratios are the debt burden and debt/FTE indicators. They support in determining the University's affordability towards its 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 by being no more than 5% of total revenues;

– the University's overall capital repayment contributions (including those for the pension plan) towards the repayment of its financial debt. For the capital repayment contribution portion, the University's 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 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).

Concordia University
Notes to Financial Statements
April 30, 2018
(In thousands of dollars)

20 - COMMITMENTS (Continued)

The results of the ratios are as follows:

	2018	2017
	$	$
Debt-to-FTE	**7,656**	7,781
Debt burden – overall interest	**2.0%**	2.1%
Debt burden – overall capital repayment	**3.5%**	3.4%

Banked Credits

Article 16.14 of the CUFA Collective Agreement provides for provision with respect to banked credits accumulated by its faculty members. As at April 30, 2018, banked credits amount to $3,323 (1,106 credits). This commitment must be managed with the terms of the Collective Agreement.

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.

In the aggregate, the total amount of material claims asserted in these various legal and other proceedings is approximately $4.8 million in principal. This amount does not include interest on principal or additional amounts, which may be claimed pursuant to amendments to existing claims. While it is not possible at this time to assess definitively 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.

On May 18, 2006, the Supreme Court of Canada rejected an appeal of a decision which refused to authorize a class action against the University related to the administration of its pension plans. The Supreme Court held that this matter had to be decided by a labour arbitrator and not by civil courts. Several unions had initiated, before the Supreme Court decision, collective grievances under the provisions of their collective agreements. The University is confident of the administration of the pension plans at the times cited in the grievances. These grievances do not refer to a specific amount claimed and are being contested as being prescribed. It is not possible at the present time to determine the amount of any potential claim. Accordingly, no amount has been accrued in these financial statements related to these claims. No arbitrators have been named to hear these grievances to date.

Concordia University
Notes to Financial Statements
April 30, 2018
(In thousands of dollars)

21 - CONTINGENCIES (Continued)

In the normal course of the University's building construction projects, there are various claims secured by legal hypothecs that have been made by building contractors to secure payment. Such hypothecs are related to the buildings constructed or under construction. In addition, there are certain third party claims for damages alleging that certain projects have provoked a loss of enjoyment of premises and/or a loss of revenue. While it is not possible at this time to assess definitively the outcome of these actions, the University is confident that they will be resolved without material effect on the University's financial position. No amount has been accrued in these financial statements relating to these claims.

22 - PLEDGES RECEIVABLE

Pledges receivable from donors are not recorded in the statement of operations for the restricted funds. Pledges receivable amounted to $37,250 as at April 30, 2018 ($18,084 as at April 30, 2017).

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

23 - SUBSEQUENT EVENTS

Subsequent to year-end, the University received authorization from the government to enter into the following transactions:

– Purchase of land and buildings near its downtown operations for an estimated amount of $17,000 as part of the University's long-term needs and development strategy;

– The lease of office space in a nearby office tower beginning on September 1, 2018. The average annual rental cost of this operating lease is estimated to be $5,400. The lease term will be 20 years.

24 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.