Concordia University

Financial Statements
April 30, 2013

2013-10-03

Independent Auditor's Report

To the Members of the Board of Directors of
Concordia University

We have audited the accompanying financial statements of Concordia University, which comprise the statement of financial position as at April 30, 2013 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, 2013 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.

Comparative information

Without modifying our opinion, we draw attention to Note 3 to the financial statements, which describes that Concordia University adopted Canadian accounting standards for not-for-profit organizations on May 1, 2012 with a transition date of May 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at April 30, 2012 and May 1, 2011 and the statements of operations, changes in fund balances and cash flows for the year ended April 30, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

[1]

Montréal
September 19, 2013

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

Concordia University
Financial Position
April 30, 2013
(In thousands of dollars)

	Total Funds			Operating Fund			Restricted Funds – Research Fund			Restricted Funds – Designated Fund			Restricted Funds – Capital Asset Fund		
	2013-04-30	2012-04-30	2011-05-01	**2013-04-30**	2012-04-30	2011-05-01	**2013-04-30**	2012-04-30	2011-05-01	**2013-04-30**	2012-04-30	2011-05-01	**2013-04-30**	2012-04-30	2011-05-01
	$	$	$	**$**	$	$	**$**	$	$	**$**	$	$	**$**	$	$
ASSETS															
Current															
Cash	**474**	2,544		**474**	2,544										
Marketable securities	**45**	7	6,844	**41**	2	6,837				**4**	5	7			
Subsidies receivable (Note 5)	**35,481**	36,522	42,026	**29,842**	30,624	36,809	**1,107**	653	627	**47**	285	24	**4,485**	4,960	4,566
Accounts receivable (Note 6)	**14,430**	17,887	24,526	**12,088**	15,484	19,878	**2,083**	2,075	3,954		2	7	**259**	326	687
Inventories (Note 7)	**3,685**	3,761	3,602	**3,685**	3,761	3,602									
Other assets and prepaid expenses (Note 8)	**6,221**	4,397	4,760	**6,161**	3,775	4,326	**60**	25						597	434
Due from Concordia University Foundation, without interest	**5,809**	7,538	9,760	**5,809**	7,538	9,760									
	66,145	72,656	91,518	**58,100**	63,728	81,212	**3,250**	2,753	4,581	**51**	292	38	**4,744**	5,883	5,687
Long-term															
Subsidies receivable			634			634									
Amount receivable from the ministère de l'Enseignement supérieur, de la Recherche, de la Science et de la Technologie (MESRST) (Note 9)	**134,693**	140,191	140,581			7,999							**134,693**	140,191	132,582
Due from Concordia University Foundation, without interest			1,832			1,832									
Due from Capital Asset Fund, without interest				**119,481**	130,091	137,771									
Due from Operating Fund, without interest							**19,782**	19,047	16,091	**25,199**	22,593	24,610			
Tangible capital assets (Note 10)	**745,430**	731,142	695,850										**745,430**	731,142	695,850
Intangible capital assets (Note 11)	**8,281**	1,401	1,415										**8,281**	1,401	1,415
	954,549	945,390	931,830	**177,581**	193,819	229,448	**23,032**	21,800	20,672	**25,250**	22,885	24,648	**893,148**	878,617	835,534
LIABILITIES															
Current															
Bank overdraft			4,018			4,018									
Bank loans (Note 12)	**18,200**	69,264	56,615	**18,200**	35,599	56,615								33,665	
Trade payables and other operating liabilities	**66,317**	61,935	80,460	**66,317**	61,935	80,460									
Amount payable to the MESRST	**7,231**	7,091	788	**7,231**	7,091	788									
Agency and fiduciary accounts	**6,437**	5,459	13,277	**6,437**	5,459	13,277									
Unearned revenue	**18,527**	19,102	18,229	**18,463**	19,016	18,092				**4**	8	8	**60**	78	129
Deferred contributions (Note 13)	**23,032**	21,800	20,672				**23,032**	21,800	20,672						
Interest payable on long-term debt	**5,257**	4,582	5,420										**5,257**	4,582	5,420
Current portion of long-term debt (Note 14)	**114,449**	38,093	67,095	**667**	667	667							**113,782**	37,426	66,428
	259,450	227,326	266,574	**117,315**	129,767	173,917	**23,032**	21,800	20,672	**4**	8	8	**119,099**	75,751	71,977
Long-term															
Employee future benefit liability (Note 20)	**128,251**	89,738	83,287	**128,251**	89,738	83,287									
Deferred contributions (Note 13)	**91,085**	89,039	73,709							**23,793**	21,798	22,661	**67,292**	67,241	51,048
Due to Restricted Funds, without interest				**44,981**	41,640	40,701									
Due to Operating Fund, without interest													**119,481**	130,091	137,771
Long-term debt (Note 14)	**441,975**	461,452	448,777	**17,444**	18,111	18,778							**424,531**	443,341	429,999
	920,761	867,555	872,347	**307,991**	279,256	316,683	**23,032**	21,800	20,672	**23,797**	21,806	22,669	**730,403**	716,424	690,795
FUND BALANCES (NEGATIVE)															
Unrestricted deficit	**(190,953)**	(145,439)	(139,612)	**(190,953)**	(145,439)	(139,612)									
Internally restricted (Note 16)	**60,543**	60,002	52,377	**60,543**	60,002	52,377									
Externally restricted	**1,453**	1,079	1,979							**1,453**	1,079	1,979			
Invested in capital assets	**162,745**	162,193	144,739										**162,745**	162,193	144,739
	33,788	77,835	59,483	**(130,410)**	(85,437)	(87,235)	**–**	–	–	**1,453**	1,079	1,979	**162,745**	162,193	144,739
	954,549	945,390	931,830	**177,581**	193,819	229,448	**23,032**	21,800	20,672	**25,250**	22,885	24,648	**893,148**	878,617	835,534

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

On behalf of the Board,

Governor

Governor

Concordia University
Operations

Year ended April 30, 2013

(In thousands of dollars)

	Total Funds		Operating Fund		Restricted Funds: Research Fund		Restricted Funds: Designated Fund		Restricted Funds: Capital Asset Fund	
	2013-04-30	2012-04-30	**2013-04-30**	2012-04-30	**2013-04-30**	2012-04-30	**2013-04-30**	2012-04-30	**2013-04-30**	2012-04-30
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Revenue										
Tuition fees	**107,828**	102,693	**107,828**	102,693						
Subsidies										
Government of Quebec	**264,224**	281,979	**231,735**	234,057	**4,891**	5,072	**369**	287	**27,229**	42,563
Government of Canada	**33,387**	31,741	**4,398**	4,432	**23,988**	22,536	**1,293**	1,066	**3,708**	3,707
Grants from other sources	**6,205**	4,222			**4,616**	3,529	**548**	480	**1,041**	213
Miscellaneous fees and other income	**37,570**	35,418	**35,688**	33,027			**1,740**	2,063	**142**	328
Services to the community	**9,689**	10,023	**9,689**	10,023						
Student services	**15,633**	15,568	**15,633**	15,568						
Ancillary services (Note 17)	**19,166**	19,000	**19,166**	19,000						
Rental of properties	**5,478**	5,224	**5,478**	5,224						
Donations	**6,724**	5,379			**32**	77	**5,956**	4,667	**736**	635
Concordia University Foundation	**6,098**	6,118	**1,123**	558			**4,530**	5,447	**445**	113
Net investment income	**48**	267		219					**48**	48
	512,050	517,632	**430,738**	424,801	**33,527**	31,214	**14,436**	14,010	**33,349**	47,607
Expenses										
Academic services (Note 18)	**223,626**	217,973	**223,626**	217,973						
Administrative services (Note 18)	**88,395**	79,895	**88,395**	79,895						
Research	**47,798**	41,029	**14,271**	9,815	**33,527**	31,214				
Services to the community	**9,268**	8,146	**9,268**	8,146						
Student services	**14,192**	13,873	**14,192**	13,873						
Ancillary services (Note 17)	**16,584**	16,021	**16,584**	16,021						
Rental of properties	**2,537**	3,292	**2,537**	3,292						
Specified gift to Concordia University Foundation	**12,496**	4,762	**9,325**	560			**3,171**	4,202		
Pension Plan	**67,116**	36,044	**67,116**	36,044						
Expensed capital assets	**906**	2,518							**906**	2,518
Interest on bank loans	**670**	837	**370**	388					**300**	449
Interest on long-term debt	**12,285**	14,840	**648**	674					**11,637**	14,166
Bond and brokerage fees	**13,115**	13,176	**68**	76					**13,047**	13,100
Extraordinary items		2,000		2,000						
Amortization of tangible capital assets	**36,434**	34,839							**36,434**	34,839
Endowed and restricted projects	**10,793**	9,648					**10,793**	9,648		
	556,215	498,893	**446,400**	388,757	**33,527**	31,214	**13,964**	13,850	**62,324**	65,072
Excess (deficiency) of revenue over expenses	**(44,165)**	18,739	**(15,662)**	36,044	**–**	–	**472**	160	**(28,975)**	(17,465)

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

Concordia University
Changes in Fund Balances
Year ended April 30, 2013
(In thousands of dollars)

	Total Funds		Operating Fund		Restricted Funds: Research Fund		Restricted Funds: Designated Fund		Restricted Funds: Capital Asset Fund	
	2013-04-30	2012-04-30	**2013-04-30**	2012-04-30	**2013-04-30**	2012-04-30	**2013-04-30**	2012-04-30	**2013-04-30**	2012-04-30
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Fund balances (negative), beginning of year										
Balance, as previously reported	**77,108**	59,048	**(86,164)**	(87,670)			**1,079**	1,979	**162,193**	144,739
Impact of transition (Note 3)	**727**	435	**727**	435						
Balance, as restated	**77,835**	59,483	**(85,437)**	(87,235)	**–**	–	**1,079**	1,979	**162,193**	144,739
Excess (deficiency) of revenue over expenses	**(44,165)**	18,739	**(15,662)**	36,044			**472**	160	**(28,975)**	(17,465)
Endowment contributions received	**1,430**	2,075					**1,430**	2,075		
Endowment contributions paid	**(1,312)**	(2,462)					**(1,312)**	(2,462)		
Interfund transfers (Note 15)			**(29,311)**	(34,246)			**(216)**	(673)	**29,527**	34,919
Fund balances (negative), end of year	**33,788**	77,835	**(130,410)**	(85,437)	**–**	–	**1,453**	1,079	**162,745**	162,193

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

Concordia University
Cash Flows
Year ended April 30, 2013
(In thousands of dollars)

	2013-04-30	2012-04-30
	$	$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	**(44,165)**	18,739
Non-cash items		
Net change in fair value of the financial liabilities	**166**	2,452
Deferred contributions – Research and Designated funds	**3,227**	265
Amortization of tangible capital assets	**36,434**	34,839
Employee future benefits	**38,513**	6,451
Net change in working capital items (Note 4)	**(4,673)**	(19,489)
Cash flows from operating activities	**29,502**	43,257
INVESTING ACTIVITIES		
Marketable securities	**(38)**	6,837
Subsidies receivable		634
Due from Concordia University Foundation	**1,729**	4,054
Acquisition of tangible capital assets	**(37,471)**	(58,101)
Acquisition of intangible capital assets	**(6,921)**	
Acquisition of other assets	**(187)**	(185)
Cash flows from investing activities	**(42,888)**	(46,761)
FINANCING ACTIVITIES		
Bank loans	**(51,064)**	12,649
Amount receivable from the MESRST	**5,498**	390
Issuance of long-term debt	**106,956**	43,000
Repayment of long-term debt	**(50,243)**	(61,779)
Deferred contributions – Capital Asset Fund	**51**	16,193
Endowment contributions received	**1,430**	2,075
Endowment contributions transferred to Concordia University Foundation	**(1,312)**	(2,462)
Cash flows from financing activities	**11,316**	10,066
Net increase (decrease) in cash	**(2,070)**	6,562
Cash (bank overdraft), beginning of year	**2,544**	(4,018)
Cash, end of year	**474**	2,544

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

Concordia University
Notes to Financial Statements
April 30, 2013
(In thousands of dollars)

1 - GOVERNING STATUTES AND PURPOSE OF THE 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 mission of the University includes post-secondary and graduate education, research and public service. The University is a registered charity and under Section 149 of the Income Tax Act; it is exempt from the payment of income tax.

2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

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

Principles of consolidation

The 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 the 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 the statement of 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).

Financial assets and liabilities that are measured at amortized cost are 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 or Interest expense as appropriate.

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 it uses to provide protection against interest rate fluctuations on its variable interest rate 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.

Fund accounting

The Operating Fund accounts for the University's academic and administrative services. This fund reports unrestricted resources as well as internally restricted resources.

The Research Fund reports externally restricted resources that are used for research and research-related purposes.

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

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the capital assets owned and managed by the University. These include the cost of capital assets purchased, funded and expensed by other funds in the year of acquisition.

Concordia University
Notes to Financial Statements
April 30, 2013
(In thousands of dollars)

2 - 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 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, 2013
(In thousands of dollars)

2 - 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 are amortized on a straight-line basis over their estimated useful lives as prescribed by the MESRST 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	Term of the lease (max. 10 years)
Furniture and equipment	Over 3 to 15 years
Library collection	10 years
Intangible capital assets	
Share of the large bandwidth telecommunications network managed by Réseau d'informations scientifiques du Québec (RISQ) Inc.	Over the term of the arrangement
IT Development	10 years

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, 2013
(In thousands of dollars)

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, except 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 on the date they are recognized. The related exchange gains and losses are recognized in the operations for the year.

Pension and other retirement benefit plans

The University records its obligations under its defined benefit plans, net of the fair value of plan assets. In order to do so, the University has adopted the following policies:

– The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected benefit method prorated on service. This determination incorporates management's best estimate of future salary levels, other cost escalation, retirement age of employees, expected return rate and other actuarial factors;

– For the purposes of calculating the expected return rate on plan assets, those assets are valued at fair value;

– Actuarial gain (loss) arises from the difference between actual long-term rate of return on plan assets for a period and the expected long-term rate of return on plan assets for that period or from changes in actuarial assumptions used to determine the accrued benefit obligations. The excess of the net accumulated actuarial gain (loss) over 10% of the greater of the benefit obligations and the fair value of plan assets is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the pension plan is 10 years (10 years in 2012). The average remaining service period of the active employees covered by the other retirement benefit plans are 13 years to 16 years (13 years to 16 years in 2012);

– Past services costs arising from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

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 16;

– Management has chosen to internally restrict from the Operating Fund unspent budgeted amounts relating to specific key University priorities.

3 - FIRST-TIME ADOPTION OF CANADIAN ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

These financial statements are the University's first financial statements prepared using new Canadian accounting standards for not-for-profit organizations (hereafter the "new accounting standards"). The date of transition to the new accounting standards is May 1, 2011.

The accounting policies presented in Note 2 and resulting from the application of the new accounting standards were used to prepare the financial statements for the year ended April 30, 2013, the comparative information and the opening statement of financial position as at the date of transition.

Exemptions relating to first-time adoption

Section 1501, First-time Adoption by Not-for-profit Organizations, contains exemptions to full retrospective application which the University may use upon transition. The University did not apply any optional exemptions.

Impact of transition on fund balances as at May 1, 2011

The impact of the transition to the new accounting standards on the University's fund balances as at the date of transition, that is May 1, 2011, relates to change in the fair value of the derivative financial instrument and amounts to $435.

The impact of the transition to the new accounting standards on the University's fund balances as at April 30, 2012 relates to the cumulative change in the fair value of the derivative financial instrument and amounts to $727.

Reconciliation of excess of revenue over expenses as at April 30, 2012

The excess of revenue over expenses as at April 30, 2012 determined using the new accounting standards is approximately equivalent to that determined using the previous accounting standards (pre-changeover accounting standards).

Transition item

The following item explains the impact of the transition to the new accounting standards on the Organization's fund balances as at May 1, 2011.

(a) Change in fair value of derivative financial instrument:

Previously, the University met the conditions for the application of hedge accounting and accounted the payments for the hedging instrument as interest expense in the statement of operations as and when they were made and recognized the net change in fair value of the derivative financial instrument in the fund balances. Under the new accounting standards, the University still meets the conditions for the application of hedge accounting. Therefore, the negative fair value and the net change in the negative fair value of the derivative financial instrument should not be recorded in the financial statements.

Concordia University
Notes to Financial Statements
April 30, 2013
(In thousands of dollars)

3 - FIRST-TIME ADOPTION OF CANADIAN ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS (Continued)

Statement of cash flows

Accounting standards regarding cash flows included in the new accounting standards are similar to those included in the previous accounting standards. The University has not made any major adjustment to the statement of cash flows.

4 - INFORMATION INCLUDED IN CASH FLOWS

The net change in working capital items is detailed as follows:

	2013-04-30	2012-04-30
	$	$
Subsidies receivable	**1,041**	5,504
Accounts receivable	**3,457**	6,639
Inventories	**76**	(159)
Other assets and prepaid expenses	**(1,824)**	363
Trade payables and other operating liabilities	**(8,641)**	(30,356)
Amount payable to the MESRST	**140**	6,303
Agency and fiduciary accounts	**978**	(7,818)
Unearned revenue	**(575)**	873
Interest payable on long-term debt	**675**	(838)
	(4,673)	(19,489)

5 - SUBSIDIES RECEIVABLE

	2013-04-30	2012-04-30
	$	$
Operating Fund		
Amount receivable from the MESRST (a)	**25,397**	26,181
Social Sciences and Humanities Research Council of Canada	**4,111**	4,359
Canadian Institutes of Health Research	**405**	296
Natural Sciences and Engineering Research Council of Canada	**(71)**	(212)
	29,842	30,624

(a) This amount includes $23,580 corresponding to a subsidy conditional on attaining a balanced financial situation for the year ended April 30, 2013. Subsequent to year-end, the subsidy was confirmed and received in July 2013.

	2013-04-30	2012-04-30
	$	$
Research Fund		
Amount receivable from federal agencies	**605**	480
Amount receivable from provincial agencies (excluding MESRST)	**502**	77
Other		96
	1,107	653

Concordia University
Notes to Financial Statements
April 30, 2013
(In thousands of dollars)

5 - SUBSIDIES RECEIVABLE (Continued)

	2013-04-30	2012-04-30
	$	$
Designated Fund		
Amount receivable from federal agencies	**47**	37
Amount receivable from the MESRST		248
	47	285
Capital Asset Fund		
Amount receivable from the MESRST	**4,485**	4,238
Amount receivable from the Ministère des Finances et de l'Économie (hereinafter "MFEQ")		722
	4,485	4,960

6 - ACCOUNTS RECEIVABLE

	2013-04-30	2012-04-30
	$	$
Operating Fund		
Tuition fees, net of an allowance for doubtful accounts	**6,039**	7,912
Amount receivable from the MESRST	**687**	
Services, advances and other, net of an allowance for doubtful accounts	**5,362**	7,572
	12,088	**15,484**

7 - INVENTORIES

	2013-04-30	2012-04-30
	$	$
Retail stores		
Book store	**3,004**	3,065
Computer store	**341**	332
Art store	**301**	320
	3,646	3,717
Printing supplies	**39**	44
	3,685	3,761

8 - OTHER ASSETS AND PREPAID EXPENSES

	2013-04-30	2012-04-30
	$	$
Operating Fund		
Other assets (a)	**4,380**	2,458
Prepaid expenses	**1,781**	1,317
	6,161	3,775

Concordia University
Notes to Financial Statements
April 30, 2013
(In thousands of dollars)

8 - OTHER ASSETS AND PREPAID EXPENSES (Continued)

(a) Other assets consist primarily of tenant inducements, commissions on rental of properties and the rights, title and interest to any future economic benefits flowing from a tangible property. The latter is in the amount of $1,400 and represents the conversion of an advance made to a retired member of senior management while he was employed.

Subsequent to year-end, the aforementioned tangible property for which the University held the rights, title and interest to any future economic benefits was sold to a third party.

	2013-04-30	2012-04-30
	$	$
Capital Asset Fund		
Deposit for lot purchase offer	**–**	597

9 - AMOUNT RECEIVABLE FROM THE MESRST

The University accounted for a subsidy receivable from the MESRST resulting from the transition to GAAP. This change led to an increase of subsidies receivable and of the fund balances invested in capital assets of $134,693 ($140,191 in 2012) and a decrease of revenue and excess of revenue over expenses of $5,498 (increase of $7,609 in 2012). This amount is the result of the difference between the net value of the University's capital assets funded by the MESRST and the value of the long-term debt service by the Government of Quebec.

10 - TANGIBLE CAPITAL ASSETS

			2013-04-30
	Cost	**Accumulated amortization**	**Net carrying amount**
	$	**$**	**$**
Land	**41,111**		**41,111**
Land improvements	**1,834**	**92**	**1,742**
Buildings, building alterations, and leasehold improvements	**811,607**	**168,834**	**642,773**
Furniture and equipment	**96,766**	**54,948**	**41,818**
Library collection	**32,976**	**17,422**	**15,554**
Art collection	**2,432**		**2,432**
	986,726	**241,296**	**745,430**

Concordia University
Notes to Financial Statements
April 30, 2013
(In thousands of dollars)

10 - TANGIBLE CAPITAL ASSETS (Continued)

			2012-04-30
	Cost	Accumulated amortization	Net carrying amount
	$	$	$
Land	38,834		38,834
Buildings, building alterations, and leasehold improvements	781,150	152,557	628,593
Construction in progress	2,724		2,724
Furniture and equipment	96,235	51,875	44,360
Library collection	33,555	19,265	14,290
Art collection	2,341		2,341
	954,839	223,697	731,142

At April 30, 2013, trade payables and other operating liabilities include $13,023 that relate to acquisition of tangible capital assets ($11,831 as at April 30, 2012).

11 - INTANGIBLE CAPITAL ASSETS

			2013-04-30
	Cost	**Accumulated amortization**	**Net carrying amount**
	$	**$**	**$**
IT Development in progress	**6,921**		**6,921**
Share of the large bandwidth telecommunications network managed by RISQ	**2,805**	**1,445**	**1,360**
	9,726	**1,445**	**8,281**

			2012-04-30
	Cost	Accumulated amortization	Net carrying amount
	$	$	$
Share of the large bandwidth telecommunications network managed by RISQ	2,620	1,219	1,401

During the year, the University acquired intangible capital assets in the amount of $7,100.

12 - BANK LOANS

The University has an unsecured line of credit of $185,000 with its bankers, of which $115,000 is uncommitted and $70,000 is committed, bearing interest at the prime rate, 3% (3% as at April 30, 2012). This line of credit is renewable and convertible into a fixed rate mainly through the issuance of bankers' acceptances. As at April 30, 2013, total bankers' acceptances outstanding amounted to $18,200, bearing interest at rates ranging from 1.30% to 1.34%. The average rate on all fixed rate financing for the year was 1.35% (1.34% on April 30, 2012).

Concordia University
Notes to Financial Statements
April 30, 2013
(In thousands of dollars)

13 - DEFERRED CONTRIBUTIONS

	2013-04-30	2012-04-30
	$	$
Research Fund		
Balance, beginning of year	**21,800**	20,672
Amount received relating to following years	**34,759**	32,342
Amount recognized in operations	**(33,527)**	(31,214)
Balance, end of year	**23,032**	21,800
Designated Fund		
Balance, beginning of year	**21,798**	22,661
Amount received relating to following years	**16,431**	13,147
Amount recognized in operations	**(14,436)**	(14,010)
Balance, end of year	**23,793**	21,798
Capital Asset Fund		
Balance, beginning of year	**67,241**	51,048
Amount received relating to following years	**33,400**	63,800
Amount recognized as revenue of the year	**(33,349)**	(47,607)
Balance, end of year	**67,292**	67,241

14 - LONG-TERM DEBT

a) Operating Fund:

	2013-04-30	2012-04-30
	$	$
Loan, bearing interest at CDOR, payable in monthly instalments of $56, principal only, maturing in June 2015 (i)	**18,111**	18,778
Current portion	**667**	667
	17,444	18,111

(i) On June 3, 2010, the University has an agreement to swap interest rate, maturing in June 2015. Under this contract, payments or receipts are made for the difference between the fixed interest rate of 2.96% and the variable rate based on the CDOR, 1.22% (1.22% as at April 30, 2012).

The notional amount of the swap agreement entered into by the University is $20,000 as at June 3, 2010. The fair value of liabilities of the swap calculated according to information obtained from the financial institution is $649 ($727 in 2012).

Concordia University
Notes to Financial Statements
April 30, 2013
(In thousands of dollars)

14 - LONG-TERM DEBT (Continued)

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

	$
2013	667
2014	667
2015	16,777

b) Capital Asset Fund:

	2013-04-30	2012-04-30
	$	$
Serviced by the University		
Balance of purchase price for buildings and land in Montréal, bearing interest equivalent to 2/3 of estimated IPC 2008, discounted at 5.17%		10,956
Loan, bearing interest at CDOR, payable in monthly instalments of $36, principal only, maturing in August 2027 (ii)	**10,712**	
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	**189,638**	189,532
	200,350	200,488
Serviced by the Government of Quebec		
5 1/8% loan from Canada Mortgage and Housing Corporation, repayable in semi-annual payments of approximately $52,622 including interest, maturing on March 1, 2014	**101**	198
7.75% Series "1B" bonds, maturing on February 18, 2014	**4,730**	4,730
4.87% Series "10D" bonds, maturing on March 25, 2014	**9,412**	9,393
4.26%, 4.69% Series "11D" bonds, repayable in two varying instalments, maturing on June 10, 2012 and 2015	**8,243**	14,579
4.32% Series "12D" bonds, maturing on June 30, 2015	**4,265**	4,258
4.61% Series "13D" bonds, maturing on March 28, 2016	**5,015**	5,006
5.42% loan from Financement-Québec, repayable in nine varying annual instalments, maturing on October 25, 2012		13,280
5% Series "14D" bonds, maturing on June 1, 2016	**4,049**	4,043
4.37%, 4.57% Series "15D" bonds, repayable in two varying instalments, maturing on May 15, 2012 and 2017	**2,636**	5,920

Concordia University
Notes to Financial Statements
April 30, 2013
(In thousands of dollars)

14 - LONG-TERM DEBT (Continued)

	2013-04-30	2012-04-30
	$	$
4.469% loan from Financement-Québec, repayable in six varying instalments, maturing on September 16, 2013	**13,017**	14,114
4.082% loan from Financement-Québec, repayable in seven varying instalments, maturing on December 1, 2015	**4,126**	4,445
3.24% loan from Financement-Québec, repayable in five varying instalments, maturing on September 23, 2013	**57,462**	60,596
4.138% loan from Financement-Québec, repayable in seven varying instalments, maturing on December 1, 2015	**31,009**	33,157
2.885% loan from Financement-Québec, repayable in five varying instalments, maturing on December 1, 2014	**39,429**	41,285
2.6344% loan from Financement-Québec, repayable in six varying instalments, maturing on June 2, 2016	**21,886**	23,442
2.195% loan from Financement-Québec, repayable in three varying instalments, maturing on September 13, 2013	**13,712**	14,856
2.0183% loan from Financement-Québec, repayable in six varying instalments, maturing on April 25, 2017	**17,451**	18,726
2.472% loan from Financement-Québec, repayable in six varying instalments, maturing on December 1, 2017	**21,122**	23,000
2.437% loan from Financement-Québec, repayable in seven varying instalments, maturing on December 1, 2019	**46,000**	
2.489% loan from Financement-Québec, repayable in seven varying instalments, maturing on December 1, 2019	**16,000**	
2.947% KIP loan from Financement-Québec, repayable in twenty varying instalments, maturing on September 1, 2022	**12,607**	
3.563% KIP loan from Financement-Québec, repayable in forty varying instalments, maturing on September 1, 2032	**17,563**	
1.845% KIP loan from Financement-Québec, repayable in six varying instalments, maturing on May 29, 2015	**2,466**	
	352,301	295,028
Cumulative sinking fund paid by the Province of Quebec	**(14,338)**	(14,749)
	337,963	280,279
	538,313	480,767
Current portion	**113,782**	37,426
	424,531	443,341
	441,975	461,452

Concordia University
Notes to Financial Statements
April 30, 2013
(In thousands of dollars)

14 - LONG-TERM DEBT (Continued)

(ii) 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 August 30, 2012, at a fixed rate of 3.08% and the variable rate based on the CDOR, 1.22%.

The notional amount of the swap agreement entered into by the University is $11,000 in August 2012. The fair value of liabilities of the swap calculated according to information obtained from the financial institution is $165.

The MESRST 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 here 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 having been adopted on June 2, 2010), the University may have outstanding aggregate principal amount of debentures and debt securities which may not exceed at any time $700,000, not including amounts borrowed by way of loan or promissory note.

Series "1A" to "15D" bonds require that regular payments be made by the Province of Quebec to a sinking fund.

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 has 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:

	$
2013	113,782
2014	51,119
2015	58,455
2016	42,296
2017	21,833
	287,485

Concordia University
Notes to Financial Statements
April 30, 2013
(In thousands of dollars)

15 - INTERFUND TRANSFERS

2013-04-30

	Operating Fund	**Research Fund**	**Designated Fund**	**Capital Asset Fund**
	$	**$**	**$**	**$**
Contributions towards the following:				
Major renovation or construction projects	**5,307**			**5,307**
Interest on capital debt	**11,252**			**11,252**
Equipment	**8,091**		**216**	**8,307**
Library equipment	**4,079**			**4,079**
Specific University projects	**395**			**395**
Share of the large bandwidth telecommunications network managed by RISQ	**187**			**187**
	29,311	**–**	**216**	**29,527**

2012-04-30

	Operating Fund	Research Fund	Designated Fund	Capital Asset Fund
	$	$	$	$
Contributions towards the following:				
Major renovation or construction projects	5,407		533	5,940
Interest on capital debt	11,188			11,188
Equipment	13,922		140	14,062
Library equipment	3,116			3,116
Specific University projects	428			428
Share of the large bandwidth telecommunications network managed by RISQ	185			185
	34,246	–	673	34,919

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, 2013
(In thousands of dollars)

16 - INTERNALLY RESTRICTED FUND BALANCES

	2013-04-30	2012-04-30
	$	$
Specific purpose fund		
Institutional project	**19,230**	19,941
Student services	**6,312**	5,331
Information technology	**1,494**	2,017
Research initiatives and infrastructure	**1,400**	1,640
Scholarship funds	**2,169**	2,921
Capital & Special project	**690**	959
Employee training programs	**800**	886
Recruitment	**421**	435
Renovation projects		320
Centre for study of classroom programs	**151**	150
Academic Plan	**2,209**	
Other	**4,569**	3,509
	39,445	38,109
Research funded by overhead	**5,137**	5,867
Infrastructure for Research Units	**3,687**	3,201
General Purpose Principal Investigator	**2,691**	2,693
Concordia Research Chair	**2,454**	2,289
Faculty Research Development Program	**1,960**	2,238
Research Seed Funding	**1,034**	1,313
Faculty Professional Development Fund	**1,077**	1,035
Concordia Aid to Scholarly Activities	**674**	697
Facilities Optimization Program	**388**	444
Faculty program in support of RESEA	**474**	373
Research laboratories	**233**	248
Other	**1,289**	1,495
	21,098	21,893
	60,543	60,002

17 - ANCILLARY SERVICES

			2013-04-30
	Revenue	**Expenses**	**Excess (deficiency)**
	$	**$**	**$**
Retail stores	**14,168**	**13,251**	**917**
Residences	**2,924**	**1,856**	**1,068**
Food services	**531**	**705**	**(174)**
Advertising	**79**		**79**
Printing and reproduction services	**130**	**229**	**(99)**
Parking	**1,334**	**543**	**791**
	19,166	**16,584**	**2,582**

Concordia University
Notes to Financial Statements
April 30, 2013
(In thousands of dollars)

17 - ANCILLARY SERVICES (Continued)

	2012-04-30		
	Revenue	Expenses	Excess (deficiency)
	$	$	$
Retail stores	14,600	13,136	1,464
Residences	2,371	1,613	758
Food services	474	567	(93)
Advertising	103	2	101
Printing and reproduction services	193	106	87
Parking	1,259	597	662
	19,000	16,021	2,979

18 - EXPENSES

	2013-04-30	2012-04-30
	$	$
Academic services		
Academic	**200,430**	195,979
Library	**11,905**	11,175
Instructional and Information Technology Services	**11,291**	10,819
	223,626	217,973
Administrative services		
Administration	**53,028**	45,616
Operational services	**34,352**	33,265
Rented facilities	**1,015**	1,014
	88,395	79,895

19 - RELATED PARTY TRANSACTIONS

The following transactions were concluded in the normal course of operations and measured at the exchange amount, which is the amount established and accepted by the parties.

Concordia University exercises control over eConcordia.com since the majority of the board members hold senior management position at the University, but does not consolidate the financial statements of the Organization with the financial statements of the University.

eConcordia.com is a registered charity under the Income tax act. eConcordia.com has a wholly-owned subsidiary, Knowledge One, that provides courses for the advancement of learning on electronic or other new media.

(In thousands of dollars)

19 - RELATED PARTY TRANSACTIONS (Continued)

Following is the significant financial information as at April 30, 2013:

	2013-04-30	2012-04-30
	$	$
Statement of operations		
Revenues	**5,844**	5,471
Expenses	**5,780**	5,541
Excess (deficiency) of revenues over expenses	**64**	(70)
Financial position		
Total Assets	**1,864**	1,928
Total Liabilities	**1,981**	2,109
Deficit	**(117)**	(181)
	1,864	1,928
Cash flows		
Operating activities	**1,583**	(231)
Investing activities	**(761)**	(555)
Financing activities	**(1,095)**	739

There is no significant differences in accounting policies between eConcordia.com and the University.

The University paid service fees to Knowledge One, a wholly-owned subsidiary of eConcordia.com, for the delivery of courses to students of the University. The expense amounted to approximately $5,504 ($4,933 in 2012). The University invoiced certain academic costs and management fees amounting to approximately $1,500 ($700 in 2012). The University has a receivable of $907 ($812 in 2012) as at April 30, 2013.

The Concordia University Foundation (the "Foundation") must use its resources exclusively to advance the mission of the University. The Foundation is incorporated under the Canada Business 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 $6,098 ($6,118 in 2012) 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 $12,496 ($4,762 in 2012), of which $9,000 (nil in 2012) representing a designated gift to generate additional revenue and capital growth to be applied towards future pension funding obligations. At year-end, no amount remains receivable by the University (none in 2012). As at April 30, 2013, no amount collected by the University (none in 2012) remains payable to the Foundation. The assets, liabilities and fund balances of the Foundation total $143 008 ($128,105 in 2012), $6,060 ($7,613 in 2012) and $136,947 ($120,492 in 2012), respectively.

Concordia University
Notes to Financial Statements
April 30, 2013
(In thousands of dollars)

19 - RELATED PARTY TRANSACTIONS (Continued)

On September 18, 2008, the University entered into a lease agreement with the Foundation, whereas the University has leased to the Foundation certain land and spaces used for parking facilities and which are adjacent to its two campuses as well as ancillary equipment located on those parking facilities. On March 22, 2013 this agreement was cancelled between the Foundation and the University due to a government (Federal and Provincial) decision to repeal the sales tax exemption available in the case of parking that is supplied by way of lease, licence or similar arrangement in the course of a business carried on by a charity set up or used by such a Public Sector Body (including a University) to operate a parking facility. Rental revenues from May 1, 2012 to March 22, 2013 amount to $324 ($363 in 2012). Net income earned in the course of the exploitation of the premises and of the leased assets by the Foundation has been reallocated to the University for an amount of $275 ($349 in 2012).

On September 18, 2008, the University entered into a management agreement with the Foundation, whereas the Foundation retained the services of the University to manage and supervise the rental and the operation, and generally, the management of the parking facilities as well as the ancillary equipment, with a retroactive effect to June 1, 2008. On March 22, 2013 this agreement was cancelled between the Foundation and the University due to a government (Federal and Provincial) decision to repeal the exemption available in the case of parking that is supplied by way of lease, licence or similar arrangement in the course of a business carried on by a charity set up or used by such a Public Sector Body (including a University) to operate a parking facility. Parking revenues generated from May 1, 2012 to March 22, 2013 by the operations were remitted to the Foundation for an amount of $994 ($1,117 in 2012). Management fees for the same period amounting to $389 ($398 in 2012) were paid by the Foundation to the University.

The University exercises significant influence over the "Fondation universitaire de l'Université Concordia" (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 2013, the Fondation remained inactive.

20 - EMPLOYEE FUTURE BENEFITS

Total cash payments

Total cash payments for employee future benefits, consisting of cash contributed by the University to its funded pension plans, cash payments directly to beneficiaries for its unfunded other benefit plans, and cash contributed to its defined benefit plans, total $28,602 ($29,593 in 2012).

Concordia University
Notes to Financial Statements
April 30, 2013
(In thousands of dollars)

20 - EMPLOYEE FUTURE BENEFITS (Continued)

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 benefits 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 of December 31, 2010, and the next required valuation will be December 31, 2013.

Reconciliation of the funded status of the benefit plans to the amounts recorded in the financial statements is as follows:

	Pension benefit plans		Other benefit plans	
	2013-04-30	2012-04-30	**2013-04-30**	2012-04-30
	$	$	**$**	$
Accrued benefit obligations	**1,102,452**	997,636	**135,991**	108,690
Fair value of plan assets	**726,818**	677,681		
Funded status of plans	**(375,634)**	(319,955)	**(135,991)**	(108,690)
Balance of unamortized amounts	**331,978**	307,679	**51,396**	31,228
Accrued benefit liability	**(43,656)**	(12,276)	**(84,595)**	(77,462)

Pension plan asset components

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

	2013-04-30	2012-04-30
	%	%
Asset category		
Equity instruments	**59**	59
Debt securities	**41**	41
	100	100

Employee future benefit costs recognized in the year

	2013-04-30	2012-04-30
	$	$
Pension benefit plans	**55,526**	27,101
Other benefit plans	**11,590**	8,943

Concordia University
Notes to Financial Statements
April 30, 2013
(In thousands of dollars)

20 - EMPLOYEE FUTURE BENEFITS (Continued)

Significant assumptions

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

	Pension benefit plans		Other benefit plans	
	2013-04-30	2012-04-30	**2013-04-30**	2012-04-30
	%	%	**%**	%
Accrued benefit obligations				
Discount rate	**3.90**	4.30	**3.90**	4.30
Rate of compensation increase	**2.80**	2.80	**2.80**	2.80
Benefit costs				
Discount rate	**4.30**	5.50	**4.30**	5.80
Expected long-term rate of return on plan assets	**6.35**	6.50		
Rate of compensation increase	**2.80**	2.80	**2.80**	2.80

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

	2013-04-30	2012-04-30
	%	%
Initial health care cost trend rate	**6.10**	6.90
Cost trend rate declines to	**4.32**	4.60
Year when rate reaches the level it is assumed to remain at	**2032**	2024

Benefits paid

Benefits paid by Pension benefit plan total $42,106 ($35,744 in 2012) and benefits paid by Other benefit plans amount to $4,457 ($5,296 in 2012).

21 - FINANCIAL INSTRUMENTS

Financial risks

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

Credit risk

Credit risk relates to the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. 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 the concentration of the remaining risks to be minimal considering the large base of counterparties.

The credit risk regarding cash and marketable securities is considered to be negligible because they are held by a reputable financial institution with an investment grade external credit rating.

Concordia University
Notes to Financial Statements
April 30, 2013
(In thousands of dollars)

21 - FINANCIAL INSTRUMENTS (Continued)

Market risk

The University's financial instruments expose it to market risk, in particular, interest rate risk and exchange 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 15;

– Currency risk:

  The University is exposed to exchange risk due to cash and accounts receivable denominated in U.S. dollars. As at April 30, 2013, financial assets in foreign currency represent cash and accounts receivable totalling C$1,303 (C$430 in 2012).

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.

Carrying amount of financial assets by category

The University's financial assets, as presented in the statement of financial position, are classified as follows:

	2013-04-30	2012-04-30
	$	$
Financial assets measured at amortized cost		
Cash	**474**	2,544
Marketable securities	**45**	7
Subsidies receivable	**35,481**	36,522
Accounts receivable	**14,430**	17,887
Due from Concordia University Foundation, without interest	**5,809**	7,538
	56,239	64,498

Concordia University
Notes to Financial Statements
April 30, 2013
(In thousands of dollars)

22 - COMMITMENTS

Lease agreements

As at April 30, 2013, the University has commitments for lease agreements totalling $1,682 and expiring until November 30, 2018. Minimum lease payments for the next five years are $491 in 2014, $323 in 2015, 2016, 2017 and $168 in 2018.

Capital assets financing

The Operating Fund has a $239,950 ($229,870 as at April 30, 2012) commitment towards the Capital Asset Fund to finance the capital assets.

In order to fulfil this commitment, the University entered into an agreement with the Concordia University 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 repayable 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 Concordia University 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 2013, an amount of $325 ($325 in 2012) was transferred to this fund.

23 - 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, other claims which may present themselves from time to time under the laws regulating employment matters and claims instituted by students or former students.

These matters are resolved in the ordinary course of University administration, and management is confident that all such issues that may arise will be resolved without material effect on the University's financial position. No amount has been accrued in these financial statements related to 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 plan. The Supreme Court decided that this matter had to be decided by a labour arbitrator and not by civil courts. Several unions had, before the Supreme Court decision, initiated collective grievances under the provisions of their collective agreements. The University is confident of the administration of the pension plan 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, 2013
(In thousands of dollars)

23 - 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 or 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 related to these claims.

Certain proceedings have also been instituted by building contractors claiming additional payments for alleged services performed and/or damages suffered. The total amount of these claims is approximately $16 million in principal. The University has serious grounds to defend these claims and it has, in certain instances, initiated counter-claims. It is not however possible at this time to assess definitively the merits or outcome of these actions. No amount has been accrued in these financial statements related to these claims.

The University has completed its Pay Equity exercise to ensure compliance with the requirements of the Pay Equity Act. The University has paid or made provision for the amounts payable pursuant thereto. The Pay Equity Act further provides that the University must proceed with Maintenance Exercises for its various employee unions. These Maintenance Exercises are completed for certain employee unions (CUFA, CUCEPTFU, CUPFA and CULEU) and for the remaining employee unions, the Maintenance Exercises are not required until 2016. At the present time, it is not possible to determine the amounts that will be payable pursuant to these Maintenance Exercises. Accordingly, no amount has been accrued in these financial statements for amounts that will be payable by the University in this regard.

24 - PLEDGES RECEIVABLE

Pledges receivable from donors are not recorded in the statement of operations for the Restricted Funds. Pledges receivable amounted to $24,258 as of April 30, 2013 ($30,700 in 2012).

These pledges will be recognized as revenue when collected.

25 - SUBSEQUENT EVENT

Prior to year end, the University entered into a financing agreement with a financial institution in order to fund the repayment of the balance of purchase price on the Grey Nuns building. The funds were received in May 2013, the loan is in the amount of $12,000, prime rate, payable in monthly instalments of $50, maturing in 2033.