Concordia University

Financial Statements
April 30, 2012

Raymond Chabot Grant Thornton

Independent Auditor's Report

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To the Members of the Board of Directors of
Concordia University

We have audited the accompanying financial statements of Concordia University, which comprise the balance sheet as at April 30, 2012 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 generally accepted accounting principles 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, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Raymond Chabot Grant Thornton LLP[1]

Montréal
November 16, 2012

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

Concordia University
Balance Sheet
April 30, 2012
(In thousands of dollars)

	Total Funds		Operating Fund		Restricted Funds					
					Research Fund		Designated Fund		Capital Asset Fund	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
ASSETS										
Current assets										
Cash	**2,544**		**2,544**							
Marketable securities	**7**	6,844	**2**	6,837			**5**	7		
Subsidies receivable (Note 5)	**36,522**	42,026	**30,624**	36,809	**653**	627	**285**	24	**4,960**	4,566
Accounts receivable (Note 6)	**17,887**	24,526	**15,484**	19,878	**2,075**	3,954	**2**	7	**326**	687
Inventories (Note 7)	**3,761**	3,602	**3,761**	3,602						
Other assets and prepaid expenses (Note 8)	**4,397**	4,760	**3,775**	4,326	**25**				**597**	434
Due from Concordia University Foundation, without interest	**7,538**	9,760	**7,538**	9,760						
	72,656	91,518	**63,728**	81,212	**2,753**	4,581	**292**	38	**5,883**	5,687
Subsidies receivable (Note 5)		634		634						
Amount receivable from the ministère de l'Éducation, du Loisir et du Sport du Québec (MELS) (Note 6 and Note 9)	**140,191**	140,581		7,999					**140,191**	132,582
Due from Concordia University Foundation, without interest		1,832		1,832						
Due from Capital Asset Fund	**130,091**	137,771	**130,091**	137,771						
Due from Operating Fund	**41,640**	40,701			**19,047**	16,091	**22,593**	24,610		
Capital assets (Note 10)	**731,142**	695,850							**731,142**	695,850
Other assets (Note 11)	**1,401**	1,415							**1,401**	1,415
	1,117,121	1,110,302	**193,819**	229,448	**21,800**	20,672	**22,885**	24,648	**878,617**	835,534
LIABILITIES										
Current liabilities										
Bank overdraft		4,018		4,018						
Bank loans (Note 12)	**69,264**	56,615	**35,599**	56,615					**33,665**	
Accounts payable and accrued liabilities	**62,662**	80,895	**62,662**	80,895						
Amount payable to the MELS	**7,091**	788	**7,091**	788						
Agency and fiduciary accounts	**5,459**	13,277	**5,459**	13,277						
Unearned revenue	**19,102**	18,229	**19,016**	18,092			**8**	8	**78**	129
Deferred contributions (Note 13)	**21,800**	20,672			**21,800**	20,672				
Interest payable on long-term debt	**4,582**	5,420							**4,582**	5,420
Instalments on long-term debt (Note 14)	**38,093**	67,095	**667**	667					**37,426**	66,428
	228,053	267,009	**130,494**	174,352	**21,800**	20,672	**8**	8	**75,751**	71,977
Future benefits (Note 20)	**89,738**	83,287	**89,738**	83,287						
Deferred contributions (Note 13)	**89,039**	73,709					**21,798**	22,661	**67,241**	51,048
Due to Restricted Funds	**41,640**	40,701	**41,640**	40,701						
Due to Operating Fund	**130,091**	137,771							**130,091**	137,771
Long-term debt (Note 14)	**461,452**	448,777	**18,111**	18,778					**443,341**	429,999
	1,040,013	1,051,254	**279,983**	317,118	**21,800**	20,672	**21,806**	22,669	**716,424**	690,795
FUND BALANCES (NEGATIVE)										
Unrestricted deficit	**(146,166)**	(140,047)	**(146,166)**	(140,047)						
Internally restricted (Note 16)	**60,002**	52,377	**60,002**	52,377						
Externally restricted	**1,079**	1,979					**1,079**	1,979		
Invested in capital assets	**162,193**	144,739							**162,193**	144,739
	77,108	59,048	**(86,164)**	(87,670)			**1,079**	1,979	**162,193**	144,739
	1,117,121	1,110,302	**193,819**	229,448	**21,800**	20,672	**22,885**	24,648	**878,617**	835,534

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, 2012
(In thousands of dollars)

	Total Funds		Operating Fund		Restricted Funds: Research Fund		Restricted Funds: Designated Fund		Restricted Funds: Capital Asset Fund	
	2012 (12 months)	2011 (11 months)	**2012 (12 months)**	2011 (11 months)	**2012 (12 months)**	2011 (11 months)	**2012 (12 months)**	2011 (11 months)	**2012 (12 months)**	2011 (11 months)
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Revenue										
Tuition fees	**102,693**	94,582	**102,693**	94,582						
Subsidies										
Government of Quebec	**280,326**	243,855	**234,057**	211,795	**3,419**	5,023	**287**	271	**42,563**	26,766
Government of Canada	**33,394**	28,040	**4,432**	4,080	**24,189**	20,411	**1,066**	644	**3,707**	2,905
Other	**119**	656				169			**119**	487
Grants from other sources	**4,103**	3,787			**3,529**	3,271	**480**	516	**94**	
Miscellaneous fees and other income	**35,418**	31,429	**33,027**	30,128		20	**2,063**	1,220	**328**	61
Services to the Community	**10,023**	8,822	**10,023**	8,822						
Student Services	**15,568**	14,885	**15,568**	14,885						
Ancillary services (Note 17)	**19,000**	18,537	**19,000**	18,537						
Rental of properties	**5,224**	4,934	**5,224**	4,934						
Donations	**5,379**	5,992			**77**	170	**4,667**	5,000	**635**	822
Concordia University Foundation	**6,118**	5,092	**558**	502			**5,447**	4,434	**113**	156
Net investment income	**267**	18	**219**	18					**48**	
	517,632	460,629	**424,801**	388,283	**31,214**	29,064	**14,010**	12,085	**47,607**	31,197
Expenses										
Academic services (Note 18)	**217,973**	195,190	**217,973**	195,190						
Administrative services (Note 18)	**78,582**	74,509	**78,582**	74,509						
Research	**41,029**	38,091	**9,815**	9,027	**31,214**	29,064				
Services to the Community	**9,459**	7,207	**9,459**	7,207						
Student Services	**13,873**	12,981	**13,873**	12,981						
Ancillary services (Note 17)	**16,021**	15,818	**16,021**	15,818						
Rental properties	**3,292**	2,723	**3,292**	2,723						
Specified gift to Concordia University Foundation	**4,762**	2,473	**560**	325			**4,202**	2,148		
Pension Plan	**36,044**	34,440	**36,044**	34,440						
Expensed Capital Assets	**2,518**	2,314							**2,518**	2,314
Interest on bank loans	**837**	509	**388**	257					**449**	252
Interest on long-term debt	**14,840**	13,487	**674**	439					**14,166**	13,048
Bond and brokerage fees	**13,176**	12,176	**76**	189					**13,100**	11,987
Extraordinary items	**2,000**		**2,000**							
Amortization	**34,839**	31,623							**34,839**	31,623
Endowed and restricted projects	**9,648**	8,075					**9,648**	8,075		
	498,893	451,616	**388,757**	353,105	**31,214**	29,064	**13,850**	10,223	**65,072**	59,224
Excess (deficiency) of revenue over expenses	**18,739**	9,013	**36,044**	35,178	-	-	**160**	1,862	**(17,465)**	(28,027)

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

Concordia University
Changes in Fund Balances
Year ended April 30, 2012
(In thousands of dollars)

					Restricted Funds					
	Total Funds		Operating Fund		Research Fund		Designated Fund		Capital Asset Fund	
	2012 (12 months)	2011 (11 months)	**2012 (12 months)**	2011 (11 months)	**2012 (12 months)**	2011 (11 months)	**2012 (12 months)**	2011 (11 months)	**2012 (12 months)**	2011 (11 months)
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Fund balances (negative), beginning of year	**59,048**	48,765	**(87,670)**	(93,867)			**1,979**	11	**144,739**	142,621
Prior year adjustment (Note 2)		1,267						1,267		
Excess (deficiency) of revenue over expenses	**18,739**	9,013	**36,044**	35,178			**160**	1,862	**(17,465)**	(28,027)
Endowment contributions received	**2,075**	2,155					**2,075**	2,155		
Endowment contributions paid	**(2,462)**	(1,717)					**(2,462)**	(1,717)		
Change in fair value of the derivative financial instrument	**(292)**	(435)	**(292)**	(435)						
Interfund transfers (Note 15)			**(34,246)**	(28,546)			**(673)**	(1,599)	**34,919**	30,145
Fund balances (negative), end of year	**77,108**	59,048	**(86,164)**	(87,670)	**–**	–	**1,079**	1,979	**162,193**	144,739

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

Concordia University
Cash Flows

Year ended April 30, 2012
(In thousands of dollars)

	2012	2011
	$	$
OPERATING ACTIVITIES		
Excess of revenue over expenses	**18,739**	9,013
Non-cash items		
Change in fair value of the financial liabilities	**2,452**	800
Deferred contributions – Research and Designated funds	**265**	3,337
Amortization	**34,839**	31,623
Future benefits	**6,451**	11,930
Changes in working capital items (Note 4)	**(7,658)**	(1,485)
Cash flows from operating activities	**55,088**	55,218
INVESTING ACTIVITIES		
Marketable securities	**6,837**	(6,809)
Subsidies receivable	**634**	960
Amount receivable from the MELS	**390**	3,296
Due from Concordia University Foundation	**4,054**	4,278
Acquisition of capital assets	**(69,932)**	(88,740)
Acquisition of capital other assets	**(185)**	(184)
Cash flows from investing activities	**(58,202)**	(87,199)
FINANCING ACTIVITIES		
Bank loans	**12,649**	(15,496)
Issuance of long-term debt	**43,000**	61,000
Instalments on long-term debt	**(61,779)**	(31,817)
Deferred contributions – Capital Asset Fund	**16,193**	15,701
Endowment contributions received	**2,075**	2,155
Endowment contributions transferred to Concordia University Foundation	**(2,462)**	(1,717)
Cash flows from financing activities	**9,676**	29,826
Net increase (decrease) in cash	**6,562**	(2,155)
Bank overdraft, beginning of year	**(4,018)**	(1,863)
Cash (bank overdraft), end of year	**2,544**	(4,018)

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

Concordia University
Notes to Financial Statements
April 30, 2012
(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 - ACCOUNTING CHANGES

During the year, adjustments were made to the deferred contributions included in the Designated Fund. This change was made retroactively and had the following impact on the April 30, 2011 financial statements: an increase in the beginning balance of the Designated Fund in the amount of $1,267, an increase in the excess of revenue over expenses of the designated fund of $263 and a decrease in deferred contributions of the designated fund in the amount of $1,530.

3 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements are prepared using the historical cost method, except for certain financial instruments that are recognized at fair value. No information on fair value is presented when the carrying amount corresponds to a reasonable approximation of the fair value.

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the University's 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.

Financial assets and liabilities

The University has chosen to apply the recommendations of Section 3861, "Financial Instruments – Disclosure and Presentation", of the *CICA Handbook – Accounting* with respect to the presentation and disclosure of financial instruments.

On initial recognition, all financial assets and liabilities are measured and recognized at their fair value, except for financial assets and liabilities resulting from certain related party transactions. Transaction costs from held-for-trading financial assets and liabilities are recognized in the statement of operations under Net investment income or Interest expense, as the case may be. Transaction costs relating to loans and receivables increase the carrying amount of the related financial assets, whereas those related to other financial liabilities are recognized in the statement of operations under Interest expense. Regular-way purchases or disposals of financial assets are recognized at the transaction date.

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequently, financial assets and liabilities are measured and recognized as follows:

– Cash: held-for-trading financial assets;

– Marketable securities: held-for-trading assets;

– Subsidies receivable, accounts receivable, amount receivable from the MELS and due from Concordia University Foundation: loans and receivables;

– Bank overdraft, bank loans, accounts payable and accrued liabilities, amount payable to the MELS, interest payable on long-term debt and long-term debt: other financial liabilities.

Held-for-trading financial assets and liabilities

Held-for-trading financial assets and liabilities are measured at their fair value and changes in fair value are recognized in the statement of operations. Changes in fair value that are recognized in the statement of operations include interest and dividend income, exchange gains or losses and realized and unrealized gains or losses, and are presented under Net investment income.

Loans and receivables, and other financial liabilities

Loans and receivables, and other financial liabilities are measured at amortized cost 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.

Embedded derivatives

Embedded derivatives that are not closely related to the host contract must be separated and classified as held-for-trading financial instruments. They are then measured at fair value; changes in fair value are recognized in the statement of operations and transaction costs from these embedded derivatives are recognized in the statement of operations as administrative expenses. As at April 30, 2012, the University has no hybrid instrument including an embedded derivative that should be separated from the host contract.

Derivative Financial Instruments

The University uses derivative financial instruments to reduce the interest rate exposure of its debt. It does not use financial instruments for trading or speculative purposes.

Concordia University
Notes to Financial Statements
April 30, 2012
(In thousands of dollars)

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in fair value of derivatives designated as hedging instruments are recognized according to the nature of the hedged risks. In the case of a cash flow hedge, the effective portion of changes in fair value of the instrument designated as a hedge is recognized in the fund balance, whereas the ineffective portion is recognized immediately in Net investment income. Gains and losses that accrue in the fund balance are reclassified in the statement of operations during the period in which the hedged instrument impacts the excess (deficiency) of revenue over expenses. Gains and losses on the cash flow hedge are reclassified immediately in the statement of operations when an expected transaction does not occur.

The University uses interest rate swaps to manage the risk of interest rate fluctuation on its long-term debt. These swaps require the periodic exchange of interest payments without an exchange of the notional (capital) amount on which payments are calculated.

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.

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.

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 based on the accrual method of accounting, more specifically as follows:

– Interest income, except for interest income on held-for-trading financial assets, is recognized based on the number of days the investment was held during the year and is calculated using the effective interest method;

– Interest income is recognized in the statement of operations under Net investment income regardless of the classification of the related financial asset.

The University's principal sources of revenue, aside from contributions, are tuition fees, sales to students and external sales as well as direct cost recovery. 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 recognizes 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

Other assets are comprised of Tenant inducements and commissions on rental properties, which are deferred and amortized on a straight-line basis over the duration of the respective leases.

Capital assets

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

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The annual amortization rates and periods are prescribed by the MELS, based on the useful lives of various asset categories as follows:

	Methods	Periods and rates
Buildings	Straight-line	Over 40 to 50 years
Building alterations – mechanical	Straight-line	25 years
Building alterations – interior	Straight-line	30 years
Building alterations – architectural or structural	Straight-line	40 years
Leasehold improvements	Straight-line	Term of the lease (max. 10 yrs)
Furniture and equipment	Straight-line	Over 3 to 15 years
Library collection	Straight-line	10 years
Share of the large bandwidth telecommunications network managed by Réseau d'informations scientifiques du Québec (RISQ) Inc.	Straight-line	Over the term of the arrangement

Amortization is recorded in the Capital Asset Fund.

Impairment of long-lived assets

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.

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation

Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenue and expenses in foreign currency are translated at the average rate in effect during the year, with the exception of revenue and expenses relating to non-monetary assets and liabilities, which are translated at the historical rate. Exchange gains or losses on financial assets and liabilities are recognized in the statement of operations with those on held-for-trading financial instruments.

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 2011). The average remaining service period of the active employees covered by the other retirement benefit plans are 13 years to 16 years (10 years to 15 years in 2011);

– Past service costs arising from plan amendments are deferred and 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 for 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.

Concordia University
Notes to Financial Statements
April 30, 2012
(In thousands of dollars)

4 - INFORMATION INCLUDED IN CASH FLOWS

The changes in working capital items are detailed as follows:

	2012	2011
	$	$
Subsidies receivable	**5,504**	2,334
Accounts receivable	**6,639**	(2,040)
Inventories	**(159)**	(1,037)
Other assets and prepaid expenses	**363**	407
Accounts payable and accrued liabilities	**(18,525)**	18,138
Amount payable to the MELS	**6,303**	(2,512)
Agency and fiduciary accounts	**(7,818)**	(1,011)
Unearned revenue	**873**	(13,667)
Interest payable on long-term debt	**(838)**	(2,097)
	(7,658)	(1,485)

Cash flows relating to interest on operating activities are detailed as follows:

	2012	2011
	$	$
Interest paid	**16,515**	16,144

5 - SUBSIDIES RECEIVABLE

	2012	2011
	$	$
Operating Fund		
Amount receivable from the MELS (a)	**26,181**	32,781
Social Sciences and Humanities Research Council of Canada	**4,359**	3,994
Canadian Institutes of Health Research	**296**	368
Natural Sciences and Engineering Research Council of Canada	**(212)**	
Canadian Research Chairs (C.R.C.)		300
	30,624	37,443
Less: Long-term portion of the amount receivable from MELS (b)		(634)
	30,624	36,809

(a) This amount includes $23,550 corresponding to a subsidy conditional on attaining a balanced financial situation for the year ended April 30, 2012. Subsequent to year-end, the subsidy was confirmed and received in August 2012.

Concordia University
Notes to Financial Statements
April 30, 2012
(In thousands of dollars)

5 - SUBSIDIES RECEIVABLE (Continued)

(b) In the year ended May 31, 2004, the University recorded a subsidy of the amount of $5,899. This amount represents the University's share of the shortfall resulting from budget cuts in the University imposed by the MELS. The MELS has indicated its intention to pay that amount over 10 years beginning in fiscal year ending May 31, 2009. Therefore, no amount ($589 in 2011) is included in the short-term portion of the subsidies receivable and no amount ($634 in 2011) is presented in the long-term portion.

	2012	2011
	$	$
Research Fund		
Amount receivable from federal agencies	**480**	379
Amount receivable from provincial agencies (excluding MELS)	**77**	80
Other	**96**	168
	653	627
Designated Fund		
Amount receivable from federal agencies	**37**	2
Amount receivable from the MELS	**248**	22
	285	24
Capital Asset Fund		
Amount receivable from the MELS	**4,238**	4,566
Amount receivable from the ministère du Développement économique, de l'Innovation et de l'Exportation (hereinafter "MDEIE")	**722**	
	4,960	4,566

6 - ACCOUNTS RECEIVABLE

	2012	2011
	$	$
Operating Fund		
Tuition fees, net of an allowance for doubtful accounts	**7,912**	12,120
Amount receivable from the MELS (a)		8,832
Services, advances and other, net of an allowance for doubtful accounts	**7,572**	6,925
	15,484	27,877
Less: Long-term portion of the amount receivable from MELS (a)		(7,999)
	15,484	19,878

(a) As a result of a project undertaken by the universities and the MELS, the CLARDER course coding will be amended, which will result in changes in amounts receivable for enrollment changes for the year 2008-2009 and subsequent years. Accordingly, the estimated financing receivable may differ from the amount determined by the MELS.

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7 - INVENTORIES

	2012	2011
	$	$
Retail stores		
Book store	**3,065**	2,924
Computer store	**332**	322
Art store	**320**	320
	3,717	3,566
Printing supplies	**44**	36
	3,761	3,602

8 - OTHER ASSETS AND PREPAID EXPENSES

	2012	2011
	$	$
Operating Fund		
Other assets		
Tenant inducements and commissions on rental properties	**2,458**	2,526
Prepaid expenses	**1,317**	1,800
	3,775	4,326
Capital Asset Fund		
Deposit for lot purchase offer	**597**	434

9 - AMOUNT RECEIVABLE FROM THE MELS

The University accounted for a subsidy receivable from the MELS 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 $140,191 ($132,582 in 2011) and an increase of revenue and excess of revenue over expenses of $7,609 (reduction of $4,230 in 2011). This amount is the result of the difference between the net value of the University's capital assets funded by the MELS and the value of the long-term debt service by the Government of Quebec.

10 - CAPITAL ASSETS

			2012
	Cost	**Accumulated amortization**	**Net**
	$	**$**	**$**
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**

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10 - CAPITAL ASSETS (Continued)

	2011		
	Cost	Accumulated amortization	Net
	$	$	$
Land	37,198		37,198
Buildings, building alterations, and leasehold improvements	679,217	135,096	544,121
Construction in progress	55,078		55,078
Furniture and equipment	92,452	49,428	43,024
Library collection	33,799	19,665	14,134
Art collection	2,295		2,295
	900,039	204,189	695,850

11 - OTHER ASSETS

	2012		
	Cost	**Accumulated amortization**	**Net**
	$	**$**	**$**
Share of the large bandwidth telecommunications network managed by RISQ	**2,620**	**1,219**	**1,401**

	2011		
	Cost	Accumulated amortization	Net
	$	$	$
Share of the large bandwidth telecommunications network managed by RISQ	2,434	1,019	1,415

12 - BANK LOANS

The University has an unsecured line of credit of $205,000 with its bankers (of which $115,000 is uncommitted, $70,000 is committed and $20,000 convertible into long-term debt), bearing interest at the prime rate, 3% (3% as at April 30,2011). This line of credit is renewable and convertible into a fixed rate mainly through the issuance of bankers' acceptances. As at April 30, 2012, total bankers' acceptances outstanding amounted to $35,599, bearing interest at rates ranging from 1.25% to 1.40%. The average rate on all fixed rate financing for the year was 1.34% (1.23% on April 30, 2011).

During the fiscal year 2011, the University exercised the right to convert $20,000 into a long-term debt (Note 14 – Operating Fund).

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12 - BANK LOANS (Continued)

On March 1, 2012, the University established a separate line of credit with Financement-Québec to cover the financing of capital expenditures incurred by the University in connection with projects under the Knowledge Infrastructure Program established by the MDEIE. As at April 30, 2012, total borrowings amounted to $33,665, bearing interest equal to the average Canadian Dealer Offered Rate (CDOR) 30-day bankers' acceptance rate plus 30 basis points (1.53% as at April 30, 2012). Interest costs are serviced by MDEIE.

In June 2011, the University issued an irrevocable letter of credit of $1,312 to the U.S. Department of Education. The irrevocable letter of credit bears a term of 12 months ending on June 10, 2012. The amount represents 50% of the Title IV, Higher Education Act Program funds received by Concordia University under the US Federal Student Aid Program.

13 - DEFERRED CONTRIBUTIONS

	2012	2011
	$	$
Research Fund		
Balance, beginning of year	**20,672**	19,945
Amount received relating to following years	**32,342**	29,791
Amount recognized in operations	**(31,214)**	(29,064)
Balance, end of year	**21,800**	20,672
Designated Fund		
Balance, beginning of year	**22,661**	20,051
Amount received relating to following years	**13,147**	14,695
Amount recognized in operations	**(14,010)**	(12,085)
Balance, end of year	**21,798**	22,661
Capital Asset Fund		
Balance, beginning of year	**51,048**	35,347
Amount received relating to following years	**63,800**	46,898
Amount recognized as revenue of the year	**(47,607)**	(31,197)
Balance, end of year	**67,241**	51,048

14 - LONG-TERM DEBT

a) Operating Fund:

	2012	2011
	$	$
Loan, bearing interest at CDOR, payable in monthly instalments of $56, principal only, maturing in June 2040	**18,778**	19,445
Instalments due within one year	**667**	667
	18,111	18,778

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14 - LONG-TERM DEBT (Continued)

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 ra of 2.96% and the variable rate based on the CDOR, 1.22% (1.23% as at April 30, 2011).

The notional amount of the swap agreement entered into by the University is $20,000 at April 30, 2012. The fair value of liabilities of the swap calculated according to information obtained from the financial institution is $292 ($435 in 2011).

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

	$
2013	667
2014	667
2015	667
2016	667
2017	667

b) Capital Asset Fund:

	2012	2011
	$	$
Serviced by the University		
Balance of purchase price for buildings and land in Montréal for a consideration of $11,451, secured by a hypothec on the land and the building which has an unamortized cost of $15,834, bearing interest equivalent to 2/3 of estimated IPC 2008 corresponding to 1.33% in 2012 (1.38% in 2011), discounted at 5.17%, repayable in six instalments, maturing in January 2013, 2014, 2015, 2016, 2017 and 2018	**10,956**	8,704
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	**189,532**	189,434
	200,488	198,138

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14 - LONG-TERM DEBT (Continued)

	2012	2011
	$	$
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	**198**	289
7.75% Series "1B" bonds, maturing on February 18, 2014	**4,730**	4,730
4.44%, 4.87% Series "10D" bonds, repayable in two varying instalments, maturing on March 25, 2011 and 2014	**9,393**	9,375
4.26%, 4.69% Series "11D" bonds, repayable in four varying instalments, maturing on June 10, 2012 and 2015	**14,579**	14,549
3.34%, 4.32% Series "12D" bonds, repayable in two varying instalments, maturing on June 30, 2015	**4,258**	4,252
4.43%, 4.61% Series "13D" bonds, repayable in two varying instalments, maturing on March 28, 2011 and 2016	**5,006**	4,997
5.42% loan from Financement-Québec, repayable in nine varying annual instalments, maturing on October 25, 2012	**13,280**	14,120
4.78%, 4.71%, 5% Series "14D" bonds, repayable in three varying annual instalments, maturing on June 1, 2016	**4,043**	10,785
4.51%, 4.37%, 4.57% Series "15D" bonds, repayable in three varying instalments, maturing on May 15, 2017	**5,920**	5,910
4.469% loan from Financement-Québec, repayable in six varying instalments, maturing on September 16, 2013	**14,114**	15,210
4.082% loan from Financement-Québec, repayable in seven varying instalments, maturing on December 1, 2015	**4,445**	4,763
3.24% loan from Financement-Québec, repayable in five varying instalments, maturing on September 23, 2013	**60,596**	63,731
4.138% loan from Financement-Québec, repayable in seven varying instalments, maturing on December 1, 2015	**33,157**	35,305
2.885% loan from Financement-Québec, repayable in five varying instalments, maturing on December 1, 2014	**41,285**	43,143
2.6344% loan from Financement-Québec, repayable in six varying instalments, maturing on June 2, 2016	**23,442**	25,000
2.195% loan from Financement-Québec, repayable in three varying instalments, maturing on September 13, 2013	**14,856**	16,000

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14 - LONG-TERM DEBT (Continued)

	2012	2011
	$	$
2.0183% loan from Financement-Québec, repayable in six varying instalments, maturing on April 25, 2017	**18,726**	
2.472% loan from Financement-Québec, repayable in six varying instalments, maturing on December 1, 2017	**23,000**	
6.04% Series "7D" bonds		6,284
5.96% Series "8D" bonds		6,244
6.03% Series "9D" bonds		4,441
4.7389% loan from Financement-Québec		22,496
4.7389% loan from Financement-Québec		8,000
	295,028	319,624
Cumulative sinking fund paid by the Province of Quebec	**(14,749)**	(21,335)
	280,279	298,289
	480,767	496,427
Instalments due within one year	**37,426**	66,428
	443,341	429,999

The MELS 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.

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14 - LONG-TERM DEBT (Continued)

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	37,426
2014	107,483
2015	44,747
2016	52,512
2017	36,793

Long-term debt

Grant bonds – managed, administered and serviced by the Government of Quebec

The fair value of the grant bonds is estimated using publicly quoted discounted cash flows analyses using discount rates from 1.01% to 2.36% in 2012 (0.99% to 3.31% in 2011), based on current corresponding rates for similar types of borrowing arrangements. The fair value of these debts as at April 30, 2012 is $293,594 ($332,639 in 2011) compared to a carrying amount of $295,028 ($319,624 in 2011).

Concordia bonds – managed, administered and serviced by the University

The fair value of the Series A Senior Unsecured Debentures was estimated using the Scotia McLeod index which is a rate of 4.45%. The fair value of this debt as at April 30, 2012 is $271,404 ($245,326 in 2011) compared to a carrying amount of $189,532 ($189,434 in 2011).

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15 - INTERFUND TRANSFERS

				2012
	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**

				2011
	Operating Fund	Research Fund	Designated Fund	Capital Asset Fund
	$	$	$	$
Contributions towards the following:				
Major renovation or construction projects	4,096		1,404	5,500
Interest on capital debt	10,177			10,177
Equipment	10,949		195	11,144
Library equipment	2,877			2,877
Specific University projects	264			264
Share of the large bandwidth telecommunications network managed by RISQ	183			183
	28,546	–	1,599	30,145

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.

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16 - INTERNALLY RESTRICTED FUND BALANCES

	2012	2011
	$	$
Specific purpose fund		
Institutional project	**19,941**	8,944
Student services	**5,331**	3,734
Information technology	**2,017**	2,054
Research initiatives and infrastructure	**1,640**	1,868
Scholarship funds	**2,921**	1,376
Capital & Special project	**959**	5,956
Employee training programs	**886**	899
Recruitment	**435**	465
Renovation projects	**320**	555
Centre for study of classroom programs	**150**	136
Other	**3,509**	5,559
	38,109	31,546
Research funded by overhead	**5,867**	6,483
Infrastructure for Research Units	**3,201**	2,959
General Purpose Principal Investigator	**2,693**	2,726
Concordia Research Chair	**2,289**	1,860
Faculty Research Development Program	**2,238**	2,276
Research Seed Funding	**1,313**	1,076
Faculty Professional Development Fund	**1,035**	1,081
Concordia Aid to Scholarly Activities	**697**	755
Facilities Optimization Program	**444**	404
Faculty program in support of RESEA	**373**	192
Research laboratories	**248**	215
Other	**1,495**	804
	21,893	20,831
	60,002	52,377

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17 - ANCILLARY SERVICES

	2012		
	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**

	2011		
	Revenue	Expenses	Excess (deficiency)
	$	$	$
Retail stores	14,597	13,209	1,388
Residences	2,149	1,366	783
Food services	411	614	(203)
Advertising	37	3	34
Printing and reproduction services	190	95	95
Parking	1,153	531	622
	18,537	15,818	2,719

18 - EXPENSES

	2012	2011
	$	$
Academic services		
Academic	**195,979**	175,008
Library	**11,175**	10,221
Instructional and Information Technology Services	**10,819**	9,961
	217,973	195,190
Administrative services		
Administration	**44,303**	44,479
Operational services	**33,265**	29,087
Rented facilities	**1,014**	943
	78,582	74,509

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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 KnowledgeOne Inc. but does not consolidate the financial statements of the Company with the financial statements of the University. KnowledgeOne Inc. is engaged in providing courses for the advancement of learning on electronic or other new media, enhancing access to higher education and training, and providing for continuing education at the local, regional, national and international levels.

Following is the significant financial information as at April 30, 2012:

	2012	2011
	$	$
Income statement		
Revenues	**5,471**	5,369
Expenses	**5,541**	5,635
Net loss	**(70)**	(266)
Balance sheet		
Total Assets	**1,928**	1,839
Total Liabilities	**2,109**	1,950
Total Equity	**(181)**	(111)
	1,928	1,839
Cash flows		
Operating activities	**(231)**	810
Investing activities	**(555)**	(1,201)
Financing activities	**739**	745

KnowledgeOne Inc. reports under accounting standards for private enterprises. However, there are no significant differences in accounting policies.

The University paid service fees to KnowledgeOne Inc. and eConcordia.com for the delivery of courses to students of the University. The expense amounted to approximately $4,933 ($4,551 in 2011). The revenues amounted to approximately $700 (nil in 2011). As at April 30, 2012, the University accounted for a loan to KnowledgeOne Inc. of $700 as a non interest bearing loan, payable on demand.

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19 - RELATED PARTIES (Continued)

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). Resources of the Foundation amounting to $1,574 ($620 in 2011) have been transferred to the University, in accordance with the wishes of donors. At year-end, no amount remains receivable by the University (none in 2011). As at April 30, 2012, no amounts collected by the University (none in 2011) remains payable to the Foundation, and the assets, liabilities and fund balances of the Foundation total $128,105 ($133,454 in 2011), $7,613 ($11,593 in 2011) and $120,492 ($121,861 in 2011), respectively.

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 such parking facilities, with a retroactive effect to June 1, 2008. The lease agreement is granted for a period of five years expiring on May 31, 2016. Rental revenues for the period amounted to $363 ($354 in 2011). 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 $349 ($344 in 2011).

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. The lease agreement is granted for a period of five years expiring on May 31, 2016. Parking revenues generated by the operations were remitted to the Foundation for an amount of $1,117 ($1,065 in 2011). Management fees for the same period amounting to $398 ($359 in 2011) 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 2012, the Fondation remained inactive.

The University accounted for an advance of $1,400 to a member of the senior management. It does not bear interest and is repayable January 1, 2013.

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20 - 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 $29,593 ($22,509 in 2011).

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. The most recent actuarial valuation of the pension plans for funding purposes 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	
	2012	2011	**2012**	2011
	$	$	**$**	$
Accrued benefit obligations	**987,452**	799,386	**118,873**	91,278
Fair value of plan assets	**677,681**	687,705		
Funded status of plans	**(309,771)**	(111,681)	**(118,873)**	(91,278)
Balance of unamortized amounts	**305,423**	109,541	**33,483**	10,131
Accrued benefit liability	**(4,348)**	(2,140)	**(85,390)**	(81,147)

Plan asset components

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

	2012	2011
	%	%
Asset category		
Equity instruments	**59**	61
Debt securities	**41**	39
	100	100

Employee future benefit costs recognized in the year

	2012	2011
	$	$
Pension benefit plans	**25,994**	26,420
Other benefit plans	**10,050**	8,020

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20 - FUTURE BENEFITS (Continued)

Significant assumptions

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

	Pension benefit plans		Other benefit plans	
	2012	2011	**2012**	2011
	%	%	**%**	%
Accrued benefit obligations				
Discount rate	**4,30**	5,50	**4,30**	From 5,50 to 5,80
Rate of compensation increase	**2,80**	2,80	**2,80**	2,80
Benefit costs				
Discount rate	**5,50**	5,50	**From 5,50 to 5,80**	From 5,50 to 6,00
Expected long-term rate of return on plan assets	**6,50**	7,00		
Rate of compensation increase	**2,80**	2,80	**2,80**	2,80

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

	2012	2011
	%	%
Initial health care cost trend rate	**6,90**	7,10
Cost trend rate declines to	**4,60**	4,60
Year when rate reaches the rate it is assumed to remain at	**2024**	2024

Benefits paid

Benefits paid by Pension benefit plan total $35,233 ($30,372 in 2011) and benefits paid by Other benefit plans amount to $5,807 ($4,635 in 2011).

21 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS

Financial risk management objectives and policies

The University is exposed to various financial risks resulting from both its operating and investing activities. The University's management manages financial risks. The University does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial risks

The University's main financial risk exposure and its financial risk management policies are as follows.

21 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS (Continued)

Exchange risk

The University is exposed to exchange risk due to cash and accounts receivable denominated in U.S. dollars. As at April 30, 2012, financial assets in foreign currency represent cash and accounts receivable totalling C$430 (C$272 in 2011).

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 14.

Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the University has financing sources such as bank loans for a sufficient amount. The University establishes budget and cash estimates to attain its objectives and fulfil its obligations.

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 considered the concentration of the remaining risks to be minimal considering the large base of counterparties.

Additionally, credit risk with respect to marketable securities is considered to be negligible because these financial instruments are held be a reputable financial institution with a quality credit rating.

22 - CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The University's capital is comprised of fund balances. With respect to managing its capital, the University's objective is to maintain its financial capacity to train students, to contribute to the advancement of knowledge through research activities and to render services to the community.

The University is subject, under external rules, to requirements for its capital. These requirements are contained in certain agreements with providers of funds and contributions earmarked for specific purposes. The University continually monitors these requirements. During the year, the University has complied with these requirements.

23 - COMMITMENTS

Lease agreements

As at April 30, 2012, the University has commitments for lease agreements totalling $1,331 and expiring until November 30, 2018. Minimum lease payments for the next five years are $661 in 2013, $256 in 2014 and $90 in 2015, 2016 and 2017 respectively.

Capital assets financing

The Operating Fund has a $229,870 ($229,150 as at April 30, 2011) 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 October 2042. The fund is comprised of an initial gift of $3.4 million transferred in May 2010. In addition, $22.6 million in donation 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 2012, an amount of $560 was transferred to this fund.

24 - 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.

On May 18, 2006, the Supreme Court of Canada released its decision rejecting an appeal demanding the authorization of 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. As a result, several unions initiated collective agreement grievance procedures. 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 to 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.

In the normal course of the University's building construction projects, various claims secured by construction hypothecs have been made by building contractors to secure payment. Such hypothecs are related to the buildings constructed or under construction.

24 - CONTINGENCIES (Continued)

Certain claims have also been made by building contractors for additional payments for alleged services performed and/or damages suffered. In these situations, legal proceedings have commenced and the total amount of the claims in principal is approximately $16 million. While the University believes that the claims will not be successful and has initiated counter-claims, the outcome of these proceedings is not determinable at this time. The University is confident that these claims 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.

The University has reached agreements with its various employee unions to ensure compliance with the requirements of the *Pay Equity Act.* The University has paid or made provision for the amounts payable pursuant to these agreements. The *Pay Equity Act* further provides that the University must proceed with Maintenance Exercises for its various employee unions. These Maintenance Exercises are underway for certain employee unions 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.

25 - PLEDGES RECEIVABLE

Pledges receivable from donors are not recorded in the statement of operations for the Restricted Funds. Pledges receivable amounted to $30,700 as of April 30, 2012 ($39,812 in 2011).

These pledges will be recognized as revenue when collected.