

**Concordia University**  
**Financial Statements**  
**April 30, 2016**

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# Raymond Chabot Grant Thornton

## Independent Auditor's Report

**Raymond Chabot Grant Thornton LLP**

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To the Members of the Board of Directors of  
Concordia University

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We have audited the accompanying financial statements of Concordia University, which comprise the statement of financial position as at April 30, 2016 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, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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

Montréal  
September 26, 2016

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<sup>1</sup> CPA auditor, CA public accountancy permit no. A117472

**Concordia University**  
**Financial Position**

April 30, 2016

(In thousands of dollars)

	Total Funds		Operating Fund		Research Fund		Designated Fund		Restricted Funds Capital Asset Fund	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>										
Current										
Cash	4,030	2,239	3,980	2,236			50	3		
Subsidies receivable (Note 4)	51,357	50,428	45,518	42,766	1,022	1,882	39	33	4,778	5,747
Accounts receivable (Note 5)	14,746	18,027	12,168	15,118	2,552	2,888	26	21		
Inventories (Note 6)	2,636	2,708	2,636	2,708						
Other assets and prepaid expenses (Note 7)	7,320	5,247	7,287	5,211					33	36
Due from Concordia University Foundation, without interest	8,815	2,974	1,206	2,974			7,609			
	<b>88,904</b>	81,623	<b>72,795</b>	71,013	<b>3,574</b>	4,770	<b>7,724</b>	57	<b>4,811</b>	5,783
Long-term										
Amount receivable from the Ministère de l'Éducation et de l'Enseignement supérieur (MEES) (Note 8)	119,715	124,445							119,715	124,445
Other assets and prepaid expenses	3,087	3,225	3,087	3,225						
Canadian marketable securities	360						360			
Due from Capital Asset Fund, without interest			138,188	128,126						
Due from Operating Fund, without interest					24,099	19,228	25,089	25,058		
Tangible capital assets (Note 9)	792,490	782,183							792,490	782,183
Intangible capital assets (Note 10)	27,589	29,064							27,589	29,064
	<b>1,032,145</b>	1,020,540	<b>214,070</b>	202,364	<b>27,673</b>	23,998	<b>33,173</b>	25,115	<b>944,605</b>	941,475
<b>LIABILITIES</b>										
Current										
Bank loans (Note 11)	106,500	65,800	106,500	65,800						
Trade payables and other operating liabilities	52,386	55,605	44,777	55,605			7,609			
Amount payable to the MEES	8,446	7,549	8,446	7,549						
Agency and fiduciary accounts	4,976	4,980	4,976	4,980						
Unearned revenue	12,341	13,761	12,341	13,760				1		
Deferred contributions (Note 12)	27,673	23,998			27,673	23,998				
Liability on market value of a financial instrument (Note 13 (i))	622	319							622	319
Interest payable on long-term debt	5,033	5,978							5,033	5,978
Current portion of long-term debt (Note 13)	57,575	86,869		16,777					57,575	70,092
	<b>275,552</b>	264,859	<b>177,040</b>	164,471	<b>27,673</b>	23,998	<b>7,609</b>	1	<b>63,230</b>	76,389
Long-term										
Employee future benefit liability (Note 19)	193,791	170,505	193,791	170,505						
Deferred contributions (Note 12)	99,650	98,860					24,525	24,163	75,125	74,697
Due to restricted funds, without interest			49,188	44,286						
Due to Operating Fund, without interest									138,188	128,126
Long-term debt (Note 13)	499,033	490,386							499,033	490,386
	<b>1,068,026</b>	1,024,610	<b>420,019</b>	379,262	<b>27,673</b>	23,998	<b>32,134</b>	24,164	<b>775,576</b>	769,598
<b>FUND BALANCES (NEGATIVE)</b>										
Unrestricted deficit	(271,827)	(239,408)	(271,827)	(239,408)						
Internally restricted (Note 15)	65,878	62,510	65,878	62,510						
Externally restricted	1,039	951					1,039	951		
Invested in capital assets	169,029	171,877							169,029	171,877
	<b>(35,881)</b>	(4,070)	<b>(205,949)</b>	(176,898)	<b>-</b>	<b>-</b>	<b>1,039</b>	951	<b>169,029</b>	171,877
	<b>1,032,145</b>	1,020,540	<b>214,070</b>	202,364	<b>27,673</b>	23,998	<b>33,173</b>	25,115	<b>944,605</b>	941,475

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, 2016

(In thousands of dollars)

	Total Funds		Operating Fund		Research Fund		Designated Fund		Restricted Funds Capital Asset Fund	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>										
Tuition fees	124,372	122,527	124,372	122,527						
Subsidies										
Government of Quebec	268,083	264,729	231,231	237,867	6,098	6,144	604	360	30,150	20,358
Government of Canada	30,107	31,349	4,543	4,538	21,782	22,508	410	802	3,372	3,501
Grants from other sources	8,865	8,177			8,030	7,139	549	446	286	592
Miscellaneous fees and other income	31,541	32,581	29,166	30,468		10	2,089	1,626	286	477
Services to the community	7,242	6,526	7,242	6,526						
Student services	16,328	16,071	16,328	16,071						
Ancillary services (Note 16)	19,333	19,342	19,333	19,342						
Rental of properties	5,104	5,936	5,104	5,936						
Donations	6,865	7,963			218	413	5,583	6,075	1,064	1,475
Concordia University Foundation	10,285	7,974	3,189	3,782	29		6,466	3,825	601	367
	<b>528,125</b>	<b>523,175</b>	<b>440,508</b>	<b>447,057</b>	<b>36,157</b>	<b>36,214</b>	<b>15,701</b>	<b>13,134</b>	<b>35,759</b>	<b>26,770</b>
<b>Expenses</b>										
Academic services (Note 17)	230,547	238,649	230,547	238,649						
Administrative services (Note 17)	82,051	86,696	82,051	86,696						
Research	57,769	56,599	21,612	20,385	36,157	36,214				
Services to the community	10,668	10,346	10,668	10,346						
Student services	15,778	16,601	15,778	16,601						
Ancillary services (Note 16)	14,156	14,616	14,156	14,616						
Rental of properties	2,824	3,076	2,824	3,076						
Specified gift to Concordia University Foundation	2,936	3,490	1,000	325			1,936	3,053		112
Pension plans (Note 19)	44,655	45,857	44,655	45,857						
Expensed capital assets	2,086	442							2,086	442
Change in fair value of a financial instrument (Note 13 (i))	303	319							303	319
Interest on bank loans	920	810	313	386					607	424
Interest on long-term debt	11,061	12,072	174	311					10,887	11,761
Bond and brokerage fees	13,170	13,180	76	74					13,094	13,106
Amortization of tangible capital assets	40,045	38,925							40,045	38,925
Amortization of intangible capital assets	3,282	3,158							3,282	3,158
Endowed and restricted projects	12,650	10,196					12,650	10,196		
	<b>544,901</b>	<b>555,032</b>	<b>423,854</b>	<b>437,322</b>	<b>36,157</b>	<b>36,214</b>	<b>14,586</b>	<b>13,249</b>	<b>70,304</b>	<b>68,247</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>(16,776)</b>	<b>(31,857)</b>	<b>16,654</b>	<b>9,735</b>	<b>-</b>	<b>-</b>	<b>1,115</b>	<b>(115)</b>	<b>(34,545)</b>	<b>(41,477)</b>

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

## Concordia University

### Changes in Fund Balances

Year ended April 30, 2016

(In thousands of dollars)

	Total Funds		Operating Fund		Research Fund		Designated Fund		Restricted Funds Capital Asset Fund	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund balances (negative), beginning of year										
Fund balances (negative), as previously reported	(4,070)	15,044	(176,898)	(170,073)			951	1,230	171,877	183,887
Change in accounting policy		(49,534)		(49,534)						
Fund balances (negative), beginning of year, as restated	(4,070)	(34,490)	(176,898)	(219,607)	–	–	951	1,230	171,877	183,887
Excess (deficiency) of revenue over expenses	(16,776)	(31,857)	16,654	9,735			1,115	(115)	(34,545)	(41,477)
Remeasurements and other items	(15,316)	62,265	(15,316)	62,265						
Endowment contributions received	2,646	3,768					2,646	3,768		
Endowment contributions paid	(2,365)	(3,756)					(2,365)	(3,756)		
Interfund transfers (Note 14)			(30,389)	(29,291)			(1,308)	(176)	31,697	29,467
Fund balances (negative), end of year	<u>(35,881)</u>	<u>(4,070)</u>	<u>(205,949)</u>	<u>(176,898)</u>	<u>–</u>	<u>–</u>	<u>1,039</u>	<u>951</u>	<u>169,029</u>	<u>171,877</u>

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

# Concordia University

## Cash Flows

Year ended April 30, 2016

(In thousands of dollars)

	<u>2016</u>	<u>2015</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenue over expenses	(16,776)	(31,857)
Non-cash items		
Net change in fair value of financial liabilities	458	474
Deferred contributions – Research Fund and Designated Fund	4,037	4,075
Amortization of tangible capital assets	40,045	38,925
Amortization of intangible capital assets	3,282	3,158
Securities received	(360)	
Employee future benefits	7,970	12,106
Net change in working capital items (Note 3)	1,024	(644)
Cash flows from operating activities	<u>39,680</u>	<u>26,237</u>
<b>INVESTING ACTIVITIES</b>		
Due from Concordia University Foundation	(5,841)	(361)
Acquisition of tangible capital assets	(55,578)	(50,630)
Acquisition of intangible capital assets	(1,807)	(12,135)
Cash flows from investing activities	<u>(63,226)</u>	<u>(63,126)</u>
<b>FINANCING ACTIVITIES</b>		
Bank loans	40,700	22,900
Amount receivable from the MEES	4,730	13,906
Issuance of long-term debt	60,000	57,970
Repayment of long-term debt	(80,802)	(60,932)
Deferred contributions – Capital Asset Fund	428	5,816
Endowment contributions received	2,646	3,768
Endowment contributions transferred to Concordia University Foundation	(2,365)	(3,756)
Cash flows from financing activities	<u>25,337</u>	<u>39,672</u>
<b>Increase in cash</b>	<u>1,791</u>	<u>2,783</u>
Cash (bank overdraft), beginning of year	<u>2,239</u>	<u>(544)</u>
Cash, end of year	<u><u>4,030</u></u>	<u><u>2,239</u></u>

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

# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

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### **1 - GOVERNING STATUTES AND PURPOSE OF THE UNIVERSITY**

Concordia University (hereafter the "University") was incorporated under the Concordia University Act, S.Q. 1948 c. 91, as amended by S.Q. 1959-60, c. 191 and S.Q. 2006, c. 69. The mission of the University includes post-secondary and graduate education, research and public service. The University is a registered charity 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 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 operations in the year they are incurred.

##### *Subsequent measurement*

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

Financial assets and liabilities measured at amortized cost are calculated using the effective interest method (including any impairment in the case of financial assets). Interest calculated using the effective interest method is presented in the statement of operations under Net investment income or Interest expense as appropriate.



# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

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### **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 that it uses to provide protection against interest rate fluctuations on its variable interest rate for long-term debt. These interest rate swaps require the periodic exchange of interest payments without an exchange of the notional (capital) amount on which payments are calculated.

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

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

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

#### **Fund accounting**

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

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

# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

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### **2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

#### **Revenue recognition**

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

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

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

Interest income is recognized on a time apportionment basis.

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

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

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

#### **Contributed supplies and services**

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

# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

### 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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.

#### 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 MEES as follows:

	<u>Periods</u>
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
Information technology	10 years

Amortization is recorded in the Capital Asset Fund.

# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

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### **2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### *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.

#### **Art collection**

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

#### **Foreign currency translation**

The University uses the temporal method to translate transactions denominated in a foreign currency. Under this method, monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at historical exchange rates, 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.

#### **Employee future benefits**

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

# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

### 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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 15;
- Management has chosen to internally restrict unspent budgeted amounts from the Operating Fund that relate to specific key University priorities.

### 3 - INFORMATION INCLUDED IN CASH FLOWS

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

	<u>2016</u>	<u>2015</u>
	\$	\$
Subsidies receivable	(929)	8,584
Accounts receivable	3,281	(4,861)
Inventories	72	413
Other assets and prepaid expenses	(1,935)	(2,523)
Trade payables and other operating liabilities	2,007	(4,966)
Amount payable to the MEES	897	4,770
Agency and fiduciary accounts	(4)	(1,162)
Unearned revenue	(1,420)	(1,100)
Interest payable on long-term debt	(945)	201
	<u>1,024</u>	<u>(644)</u>

# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

### 4 - SUBSIDIES RECEIVABLE

	<u>2016</u>	<u>2015</u>
	\$	\$
Operating Fund		
Amount receivable from the MEES (a)	45,075	41,893
Social Sciences and Humanities Research Council of Canada	378	378
Canadian Institutes of Health Research	33	353
Natural Sciences and Engineering Research Council of Canada	4	59
Amount receivable from provincial agencies (excluding the MEES)	28	83
	<u>45,518</u>	<u>42,766</u>

- (a) This amount includes an amount of \$32,791 corresponding to a subsidy conditional on attaining a balanced financial situation for the year ended April 30, 2016. Subsequent to year-end, the subsidy was confirmed.

	<u>2016</u>	<u>2015</u>
	\$	\$
Research Fund		
Amount receivable from federal agencies	236	1,164
Amount receivable from provincial agencies (excluding the MEES)	786	718
	<u>1,022</u>	<u>1,882</u>
Designated Fund		
Amount receivable from federal agencies	13	33
Amount receivable from the MEES	26	
	<u>39</u>	<u>33</u>
Capital Asset Fund		
Amount receivable from the MEES	4,778	5,747
Subsidies receivable – Total	<u>51,357</u>	<u>50,428</u>

# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

### 5 - ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
	\$	\$
Operating Fund		
Tuition fees, net of an allowance for doubtful accounts (a)	7,520	6,298
Services, advances and other	3,648	4,575
Advance to agency and fiduciary accounts, without interest		3,245
Advance to a wholly-owned subsidiary of a controlled entity, without interest	1,000	1,000
	<u>12,168</u>	<u>15,118</u>

(a) As at April 30, 2016, the gross carrying amount of trade accounts receivable totals \$10,908 (\$9,513 as at April 30, 2015). These tuition fees receivable are presented in the financial statements net of an allowance for impairment of \$3,388 (\$3,215 as at April 30, 2015).

### 6 - INVENTORIES

	<u>2016</u>	<u>2015</u>
	\$	\$
Retail stores		
Book store	2,227	2,359
Computer store	179	152
Art store	190	159
	<u>2,596</u>	<u>2,670</u>
Other supplies	40	38
	<u>2,636</u>	<u>2,708</u>

### 7 - OTHER ASSETS AND PREPAID EXPENSES

	<u>2016</u>	<u>2015</u>
	\$	\$
Operating Fund		
Other assets (a)	537	546
Prepaid expenses	6,750	4,665
	<u>7,287</u>	<u>5,211</u>

(a) Other assets consist primarily of tenant inducements and commissions on rental of properties.

	<u>2016</u>	<u>2015</u>
	\$	\$
Capital Asset Fund		
Prepaid expenses	33	36
Other assets and prepaid expenses – Total	<u>7,320</u>	<u>5,247</u>

# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

### 8 - AMOUNT RECEIVABLE FROM THE MEES

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

### 9 - TANGIBLE CAPITAL ASSETS

	<b>2016</b>		
	Cost	Accumulated amortization	Net carrying amount
	\$	\$	\$
Land	44,908		44,908
Land improvements	4,126	539	3,587
Buildings, building alterations and leasehold improvements	916,512	230,293	686,219
Furniture and equipment	100,663	63,054	37,609
Library collection	35,856	18,626	17,230
Art collection	2,937		2,937
	<b>1,105,002</b>	<b>312,512</b>	<b>792,490</b>
			<b>2015</b>
	Cost	Accumulated amortization	Net carrying amount
	\$	\$	\$
Land	43,387		43,387
Land improvements	2,825	329	2,496
Buildings, building alterations and leasehold improvements	886,017	208,328	677,689
Furniture and equipment	99,820	60,782	39,038
Library collection	35,292	18,656	16,636
Art collection	2,937		2,937
	<b>1,070,278</b>	<b>288,095</b>	<b>782,183</b>

As at April 30, 2016, trade payables and other operating liabilities include an amount of \$6,440 that relates to the acquisition of tangible capital assets (\$11,666 as at April 30, 2015).



# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

### 10 - INTANGIBLE CAPITAL ASSETS

	2016		
	Cost	Accumulated amortization	Net carrying amount
	\$	\$	\$
Information technology – Development in progress	2,859		2,859
Information technology	29,591	5,829	23,762
Share of the large bandwidth telecommunications network managed by RISQ Inc.	3,281	2,313	968
	<u>35,731</u>	<u>8,142</u>	<u>27,589</u>
			2015
	Cost	Accumulated amortization	Net carrying amount
	\$	\$	\$
Information technology – Development in progress	2,081		2,081
Information technology	28,701	2,870	25,831
Share of the large bandwidth telecommunications network managed by RISQ Inc.	3,142	1,990	1,152
	<u>33,924</u>	<u>4,860</u>	<u>29,064</u>

### 11 - BANK LOANS

The University has an unsecured line of credit of \$245,000 with its bankers bearing interest at the prime rate, 2.7% (2.85% as at April 30, 2015). This line of credit is renewable and convertible into a fixed rate mainly through the issuance of bankers' acceptances. As at April 30, 2016, total outstanding bankers' acceptances amounted to \$106,500, bearing interest at rates ranging from 0.94% to 1.12%. The average rate on all fixed rate financing for the year was 0.99% (1.28% on April 30, 2015).

In February 2016, the University issued an amendment to the irrevocable letter of credit of US\$788 to the U.S. Department of Education to US\$891. The irrevocable letter of credit has a term of 12 months ending on May 31, 2017. The amount represents 50% of the Title IV, Higher Education Act Program funds received by the University under the U.S. Federal Student Aid Program.

# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

### 12 - DEFERRED CONTRIBUTIONS

	<u>2016</u>	<u>2015</u>
	\$	\$
Research Fund		
Balance, beginning of year	23,998	24,357
Amount received relating to following years	39,832	35,855
Amount recognized in operations	<u>(36,157)</u>	<u>(36,214)</u>
Balance, end of year	<u><u>27,673</u></u>	<u><u>23,998</u></u>
Designated Fund		
Balance, beginning of year	24,163	19,729
Amount received relating to following years	16,063	19,402
Amount recognized in operations	<u>(15,701)</u>	<u>(14,968)</u>
Balance, end of year	<u><u>24,525</u></u>	<u><u>24,163</u></u>
Capital Asset Fund		
Balance, beginning of year	74,697	68,881
Amount received relating to following years	36,187	32,577
Amount recognized as revenue of the year	<u>(35,759)</u>	<u>(26,761)</u>
Balance, end of year	<u><u>75,125</u></u>	<u><u>74,697</u></u>

### 13 - LONG-TERM DEBT

#### a) Operating Fund:

	<u>2016</u>	<u>2015</u>
	\$	\$
Loan, bearing interest at CDOR		16,777
Current portion		<u>16,777</u>
	<u>-</u>	<u>-</u>

# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

### 13 - LONG-TERM DEBT (Continued)

#### b) Capital Asset Fund:

	<u>2016</u>	<u>2015</u>
	\$	\$
Serviced by the University		
Loan, bearing interest at CDOR, payable in monthly instalments of \$36, principal only, maturing in August 2027 (i)	9,416	9,848
Loan, bearing interest at CDOR, payable in monthly varying instalments, maturing in April 2038 (ii)	11,055	11,404
Loan, bearing interest at CDOR, payable in monthly varying instalments, maturing in April 2025 (iii)	977	1,072
Loan, bearing interest at CDOR, payable in monthly varying instalments, maturing in April 2026 (iv)	12,050	13,079
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	<u>190,002</u>	<u>189,873</u>
	<u>223,500</u>	<u>225,276</u>
Serviced by the Government of Quebec		
4.26%, 4.69% Series "11D" bonds, repayable in two varying instalments, maturing on June 10, 2012 and 2015		8,274
4.32% Series "12D" bonds, maturing on June 30, 2015		4,279
4.61% Series "13D" bonds, maturing on March 28, 2016		5,035
5% Series "14D" bonds, maturing on June 1, 2016	4,073	4,065
4.37%, 4.57% Series "15D" bonds, repayable in two varying instalments, maturing on May 15, 2012 and 2017	2,649	2,645
4.082% loan from Financement-Québec		3,490
4.138% loan from Financement-Québec		26,714
2.6344% loan from Financement-Québec, repayable in six varying instalments, maturing on June 2, 2016	17,213	18,770
2.0183% loan from Financement-Québec, repayable in six varying instalments, maturing on April 25, 2017	13,628	14,902
2.472% loan from Financement-Québec, repayable in six varying instalments, maturing on December 1, 2017	15,489	17,366

# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

### 13 - LONG-TERM DEBT (Continued)

	<u>2016</u>	<u>2015</u>
	\$	\$
2.437% loan from Financement-Québec, repayable in seven varying instalments, maturing on December 1, 2019	<b>38,659</b>	41,106
2.489% loan from Financement-Québec, repayable in seven varying instalments, maturing on December 1, 2019	<b>14,080</b>	14,720
2.409% loan from Financement-Québec, repayable in six varying annual instalments, maturing on May 29, 2019	<b>87,367</b>	93,363
3.03% loan from Financement-Québec, repayable in nine varying annual instalments, maturing on December 1, 2022	<b>3,609</b>	4,124
3.619% loan from Financement-Québec, repayable in twenty varying annual instalments, maturing on June 1, 2034	<b>19,200</b>	20,000
3.511% loan from Financement-Québec, repayable in nineteen varying annual instalments, maturing on March 1, 2034	<b>34,131</b>	36,000
2.466% loan from Financement-Québec, repayable in ten varying annual instalments, maturing on March 1, 2026	<b>35,976</b>	
3.230% loan from Financement-Québec, repayable in nineteen varying annual instalments, maturing on June 1, 2034	<b>21,000</b>	
2.808% loan from Financement-Québec, repayable in fifteen varying annual instalments, maturing on May 29, 2031	<b>3,024</b>	
2.947% KIP loan from Financement-Québec, repayable in twenty varying instalments, maturing on September 1, 2022	<b>8,998</b>	10,236
3.563% KIP loan from Financement-Québec, repayable in forty varying instalments, maturing on September 1, 2032	<b>15,582</b>	16,266
1.845% KIP loan from Financement-Québec		502
1.269% KIP loan from Financement-Québec, repayable in eight varying instalments, maturing on November 29, 2016	<b>745</b>	1,727
	<b>335,423</b>	343,584
Cumulative sinking fund paid by the Province of Quebec	<b>(2,315)</b>	(8,382)
	<b>333,108</b>	335,202
	<b>556,608</b>	560,478
Current portion	<b>57,575</b>	70,092
	<b>499,033</b>	490,386
Long-term debt – Total funds	<b>499,033</b>	490,386

# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

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### 13 - LONG-TERM DEBT (Continued)

- (i) 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 was based on the CDOR, 0.943% (0.991% as at April 30, 2015).

The notional amount of the swap agreement entered into by the University was \$11,000 in August 2012. The fair value of liabilities of the swap calculated according to information obtained from the financial institution is \$622 (the fair value of the liability was \$319 in 2015). This swap agreement is recorded as a liability on market value of a financial instrument since it does not fulfil the requirements of hedge accounting.

- (ii) On May 1, 2013, the University entered into a 25-year long-term interest rate swap loan agreement for the final payment of the acquisition of the property Grey Nuns Motherhouse. The transaction was effective at a fixed rate of 3.014% and the variable rate was based on the CDOR, 0.943% (0.991% as at April 30, 2015).

The notional amount of the swap agreement entered into by the University was \$12,071 in May 2013. The fair value of liabilities of the swap calculated according to information obtained from the financial institution is \$965 (the fair value of the liability was \$534 in 2015).

- (iii) On May 1, 2013, the University entered into a 12-year long-term interest rate swap loan agreement to refinance renovation on the student residences located in the West Wing of the Grey Nuns Motherhouse. The transaction was effective at a fixed rate of 2.688% and the variable rate was based on the CDOR, 0.943% (0.991% as at April 30, 2015).

The notional amount of the swap agreement entered into by the University was \$1,254 in May 2013. The fair value of liabilities of the swap calculated according to information obtained from the financial institution is \$51 (the fair value of the liability was \$41 in 2015).

- (iv) On April 30, 2014, the University entered into a 12-year long-term interest rate swap loan agreement to refinance the advances paid for renovations and the conversion of the East Wing of the Grey Nuns Motherhouse into student residences. The transaction was effective at a fixed rate of 2.808% and the variable rate was based on the CDOR, 0.943% (0.991% as at April 30, 2015).

The notional amount of the swap agreement entered into by the University was \$14,080 in April 2014. The fair value of liabilities of the swap calculated according to information obtained from the financial institution is \$738 (the fair value of the liability was \$575 in 2015).

# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

### 13 - LONG-TERM DEBT (Continued)

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

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

Series "1B" 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:

	Serviced by the University	Serviced by the Government of Quebec	Total
	\$	\$	\$
2017	1,949	55,626	57,575
2018	1,988	34,620	36,608
2019	2,036	18,419	20,455
2020	2,081	122,256	124,337
2021	2,130	9,472	11,602
	<u>10,184</u>	<u>240,393</u>	<u>250,577</u>

# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

### 14 - INTERFUND TRANSFERS

	2016		
	Operating Fund \$	Designated Fund \$	Capital Asset Fund \$
Contributions towards the following:			
Major renovation or construction projects	(4,860)	(373)	(5,233)
Interest on capital debt	(11,827)		(11,827)
Equipment	(8,071)	(1,866)	(9,937)
Library equipment	(4,030)		(4,030)
Specific University projects	(839)	323	(516)
Graduate and undergraduate student aid	(623)	608	(15)
Share of the large bandwidth telecommunications network managed by RISQ Inc.	(139)		(139)
	<u>(30,389)</u>	<u>(1,308)</u>	<u>(31,697)</u>
	2015		
	Operating Fund \$	Designated Fund \$	Capital Asset Fund \$
Contributions towards the following:			
Major renovation or construction projects	(4,521)	(627)	(5,148)
Interest on capital debt	(11,724)		(11,724)
Equipment	(7,153)	(157)	(7,310)
Library equipment	(3,609)		(3,609)
Specific University projects	(1,504)		(1,504)
Graduate and undergraduate student aid	(624)	608	(16)
Share of the large bandwidth telecommunications network managed by RISQ Inc.	(156)		(156)
	<u>(29,291)</u>	<u>(176)</u>	<u>(29,467)</u>

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, 2016

(In thousands of dollars)

### 15 - INTERNALLY RESTRICTED FUND BALANCES

	<u>2016</u>	<u>2015</u>
	\$	\$
Specific purpose fund		
Institutional projects	18,992	18,207
Student services	9,651	8,589
Information technology	420	440
Research initiatives and infrastructure	745	1,177
Scholarship funds	6,093	2,512
Capital and special project	712	534
Employee training programs	635	762
Recruitment	605	612
Centre for study of classroom programs	149	149
Academic plan	3,520	5,038
Other	4,720	4,890
	<u>46,242</u>	<u>42,910</u>
Research funded by overhead	2,183	2,817
Infrastructure for research units	3,562	3,479
General Purpose Principal Investigator	2,845	3,103
Concordia Research Chair	2,568	2,543
Faculty Research Development Program	1,593	1,305
Research Seed Funding	1,005	1,064
Faculty Professional Development Fund	1,368	1,076
Concordia Aid to Scholarly Activities	586	605
Facilities Optimization Program	276	406
Faculty program in support of RESEA	695	1,001
Research laboratories	278	273
Other	2,677	1,928
	<u>19,636</u>	<u>19,600</u>
	<u>65,878</u>	<u>62,510</u>

### 16 - ANCILLARY SERVICES

	<u>2016</u>		
	<u>Revenue</u>	<u>Expenses</u>	<u>Excess</u>
	\$	\$	\$
Retail stores	10,324	9,673	651
Residences	5,291	2,481	2,810
Parking	1,653	485	1,168
Food services	1,713	1,294	419
Advertising	109		109
Other services	243	223	20
	<u>19,333</u>	<u>14,156</u>	<u>5,177</u>



# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

### 16 - ANCILLARY SERVICES (Continued)

			2015
	Revenue	Expenses	Excess
	\$	\$	\$
Retail stores	10,952	10,378	574
Residences	5,462	2,648	2,814
Parking	1,654	537	1,117
Food services	951	827	124
Advertising	62		62
Other services	261	226	35
	<u>19,342</u>	<u>14,616</u>	<u>4,726</u>

### 17 - EXPENSES

	2016	2015
	\$	\$
Academic services		
Academic	206,624	212,530
Library	11,219	12,606
Instructional and information technology services	12,704	13,513
	<u>230,547</u>	<u>238,649</u>
Administrative services		
Administration	46,321	50,849
Operational services	35,606	35,093
Rented facilities	124	754
	<u>82,051</u>	<u>86,696</u>

### 18 - RELATED PARTY TRANSACTIONS

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

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

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

# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

### 18 - RELATED PARTY TRANSACTIONS (Continued)

Following is the significant financial information for eConcordia.com as at April 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
	\$	\$
Statement of operations		
Revenues	6,257	6,211
Expenses	<u>6,341</u>	<u>6,540</u>
Deficiency of revenues over expenses	<u>(84)</u>	<u>(329)</u>
Financial position		
Total assets	<u>2,418</u>	<u>2,391</u>
Total liabilities	2,905	2,822
Deficit	<u>(487)</u>	<u>(431)</u>
	<u>2,418</u>	<u>2,391</u>
Cash flows		
Operating activities	1,044	834
Investing activities	(987)	(820)
Financing activities	(83)	(72)

There are 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 \$4,396 (\$4,463 in 2015). The University invoiced certain academic costs and management fees amounting to approximately \$686 (\$870 in 2015). The University has a receivable of \$485 (\$448 in 2015) and an advance without interest of \$1,000 as at April 30, 2016 (\$1,000 in 2015).

The Concordia University Foundation (hereafter the "Foundation") must use its resources exclusively to advance the mission of the University. The Foundation is incorporated under the Canada 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 \$10,285 (\$7,974 in 2015) have been recorded by the University, in accordance with the wishes of donors. Amounts recorded as expenses by the University related to the Foundation amount to \$2,937 (\$3,608 in 2015). The assets, liabilities and fund balances of the Foundation total \$169,070 (\$169,027 in 2015), \$9,250 (\$3,325 in 2015) and \$159,820 (\$165,702 in 2015) respectively.

# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

### 18 - RELATED PARTY TRANSACTIONS (Continued)

The University exercises control over the Fondation universitaire de l'Université Concordia (hereafter the "Fondation"). By law, the Fondation's resources must be used exclusively to promote and financially support the teaching and research activities of the University. The Fondation was created by Order-In-Council 834-97, dated June 25, 1997, of the provincial government, in accordance with the Loi sur les fondations universitaires. As a mandatory of the Crown, it is recognized as a charitable organization under both the Income Tax Act (Canada) and the Taxation Act (Quebec). In 2016, the Fondation remained inactive.

### 19 - 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 \$36,684 (\$33,751 in 2015).

#### Defined benefit plans

The University measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at April 30 of each year. Additionally, the financial status of the funded defined benefit pension plan is also measured through actuarial valuations for funding purposes, at least once every three years. The most recent actuarial valuation was performed as at December 31, 2014, and the next required valuation will be on December 31, 2017.

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	
	2016	2015	2016	2015
	\$	\$	\$	\$
Defined benefit obligations	<b>984,536</b>	957,672	<b>101,041</b>	107,003
Fair value of plan assets	<b>891,786</b>	894,170		
Defined benefit liability	<b>(92,750)</b>	(63,502)	<b>(101,041)</b>	(107,003)

# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

### 19 - EMPLOYEE FUTURE BENEFITS (Continued)

#### Pension plan asset components

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

	<u>2016</u>	<u>2015</u>
	%	%
Asset category		
Equity instruments	2	3
Fixed income	2	1
Pooled funds	71	66
Other investments	25	30
	<u>100</u>	<u>100</u>

#### Employee future benefit costs recognized in the year

	<u>2016</u>	<u>2015</u>
	\$	\$
Pension benefit plans	33,416	34,414
Other benefit plans	11,239	11,443

#### Significant assumptions

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

	<u>Pension benefit plans</u>		<u>Other benefit plans</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	%	%	%	%
Accrued benefit obligations				
Discount rate	6.00	6.00	6.00	6.00
Rate of compensation increase	2.70	2.80	2.70	2.80
Benefit costs				
Discount rate	6.00	6.00	6.00	6.00
Rate of compensation increase	2.80	2.80	2.80	2.80

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

	<u>2016</u>	<u>2015</u>
	%	%
Initial health care cost trend rate	5.50	5.90
Cost trend rate declines to	4.32	4.30
Year when rate reaches the level it is assumed to remain at	2036	2032

# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

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### **19 - EMPLOYEE FUTURE BENEFITS (Continued)**

#### *Benefits paid*

Benefits paid by the pension plans for the employees of Concordia University total \$51,428 (\$45,466 in 2015) and benefits paid by other benefit plans amount to \$4,830 (\$4,382 in 2015).

### **20 - 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.

#### *Market risk*

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

– Interest rate risk:

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

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

The University manages the interest rate risk by locking in to fixed rates as explained in Note 13;

– Currency risk:

The University is exposed to currency risk due to cash, accounts receivable and trade payables denominated in U.S. dollars. As at April 30, 2016, financial assets in foreign currency represent cash, accounts receivable and trade payables totalling C\$1,870 (C\$898 in 2015).

# Concordia University

## Notes to Financial Statements

April 30, 2016

(In thousands of dollars)

### 20 - FINANCIAL INSTRUMENTS (Continued)

#### 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:

	<u>2016</u>	<u>2015</u>
	\$	\$
Financial assets measured at amortized cost		
Cash	4,030	2,239
Subsidies receivable	51,357	50,428
Accounts receivable	14,746	18,027
Due from Concordia University Foundation	8,815	2,974
Amount receivable from the MEES	119,715	124,445
	<u>198,663</u>	<u>198,113</u>

### 21 - COMMITMENTS

#### Capital assets financing

The Operating Fund has a \$281,880 commitment (\$274,540 as at April 30, 2015) towards the Capital Asset Fund to finance the capital assets.

In order to fulfil this commitment, the University entered into an agreement with the Foundation to create and manage a fund that would be dedicated to the repayment of certain debts of the University, namely, the \$200,000 bond issue payable in September 2042. The fund is comprised of an initial gift of \$3.4 million transferred in May 2010. In addition, \$22.6 million in donations already invested in the Foundation were transferred to this fund.

These initial amounts combined with future payments on existing pledges and annual contributions will be invested to generate the required funds to meet the University's future debt obligations by 2042. In 2016, an amount of \$1,000 (\$325 in 2015) was transferred to this fund. As of April 30, 2016, the fund balance is \$49,400 (\$50,385 in 2015).

# Concordia University

## Notes to Financial Statements

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(In thousands of dollars)

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### **22 - CONTINGENCIES**

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

In the aggregate, the total amount of material claims asserted in these various legal and other proceedings is approximately \$3 million in principal. While it is not possible at this time to assess definitively the outcome of these claims, the University has serious grounds to defend these claims and, it is confident that they will be resolved without material effect on the University's financial position. 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 plans. The Supreme Court held 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 plans at the times cited in the grievances. These grievances do not refer to a specific amount claimed and are being contested as being prescribed. It is not possible at the present time to determine the amount of any potential claim. Accordingly, no amount has been accrued in these financial statements related to these claims. No arbitrators have been named to hear these grievances to date.

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

### **23 - PLEDGES RECEIVABLE**

Pledges receivable from donors are not recorded in the statement of operations for the restricted funds. Pledges receivable amounted to \$14,832 as at April 30, 2016 (\$15,238 as at April 30, 2015).

These pledges will be recognized as revenue when collected.

### **24 - COMPARATIVE FIGURES**

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