

Consolidated Financial Statements of
(In thousands of dollars)

CONCORDIA UNIVERSITY

Year ended April 30, 2022

CONCORDIA UNIVERSITY

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(In thousands of dollars)

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STATEMENT OF ADMINISTRATOR'S RESPONSIBILITY

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

Management has prepared the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations. In order to achieve the objective of fair presentation in all material respects, reasonable estimates and professional judgments were used. Management believes the consolidated financial statements present fairly the University's consolidated financial position as at April 30, 2022, and the consolidated results of its operations, consolidated changes in fund balances and consolidated cash flows for the year then ended.

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

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

The financial statements as at and for the year ended April 30, 2022, have been audited by KPMG LLP, the auditors appointed by the Board of Governors. The independent auditors' report outlines the scope of their audit and their opinion on the preparation of the information included in the consolidated financial statements.

Original Signed by Graham Carr
Graham Carr
President and Vice-Chancellor

Original Signed by Denis Cossette
Denis Cossette
Chief Financial Officer



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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Concordia University

Opinion

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

- the consolidated statement of financial position as at April 30, 2022
- the consolidated statement of operations and changes in fund balances for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at April 30, 2022, its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Entity.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Entity.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

*KPMG LLP**

Montréal, Canada

December 21, 2022

CONCORDIA UNIVERSITY

Consolidated Statement of Financial Position
(In thousands of dollars)

April 30, 2022, with comparative information for 2021

	Total Funds		Operating Fund		Research Fund		Designated Fund		Restricted Funds Capital Asset Fund	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets										
Current assets:										
Cash	10,766	21,490	10,766	21,490	–	–	–	–	–	–
Grants receivable (note 2)	58,813	43,274	31,244	21,875	25,252	20,997	2,317	402	–	–
Accounts receivable (note 3)	37,940	60,432	20,357	37,375	16,268	12,070	1,298	1,701	17	9,286
Prepaid expenses and other assets	9,773	6,972	4,692	5,222	–	–	227	543	4,854	1,207
	117,292	132,168	67,059	85,962	41,520	33,067	3,842	2,646	4,871	10,493
Amount receivable from the Ministère de l'Enseignement supérieur ("MES") (note 4)	51,436	64,757	–	–	–	–	–	–	51,436	64,757
Grants receivable (note 2)	32,647	30,894	–	–	–	–	–	–	32,647	30,894
Research partnership investment	715	715	–	–	715	715	–	–	–	–
Due from other funds, without interest	–	–	–	–	44,765	35,629	223,921	220,035	–	–
Investments (note 5)	347,088	325,473	347,088	325,473	–	–	–	–	–	–
Tangible capital assets (note 6)	943,803	916,559	–	–	–	–	–	–	943,803	916,559
Intangible capital assets (note 7)	69,005	56,256	–	–	–	–	–	–	69,005	56,256
	1,561,986	1,526,822	414,147	411,435	87,000	69,411	227,763	222,681	1,101,762	1,078,959

See accompanying notes to consolidated financial statements.

CONCORDIA UNIVERSITY

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

April 30, 2022, with comparative information for 2021

	Total Funds		Operating Fund		Research Fund		Designated Fund		Restricted Funds Capital Asset Fund	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Liabilities and Fund Balances										
Current liabilities:										
Cash - bank overdraft	5,053	16,049	5,053	16,049	—	—	—	—	—	—
Bank loans (note 8)	187,646	137,662	138,217	137,662	—	—	—	—	49,429	—
Trade payables and other liabilities	116,070	109,530	86,598	72,382	758	48	10,039	9,830	18,675	27,270
Agency and fiduciary accounts	22,141	12,613	22,141	12,613	—	—	—	—	—	—
Unearned revenue	43,285	33,054	43,285	33,054	—	—	—	—	—	—
Deferred contributions (note 9)	86,242	69,363	—	—	86,242	69,363	—	—	—	—
Current portion of long-term debt (note 10)	42,080	40,673	—	—	—	—	—	—	42,080	40,673
	502,517	418,944	295,294	271,760	87,000	69,411	10,039	9,830	110,184	67,943
Deferred contributions (note 9)	206,829	203,874	—	—	—	—	78,656	67,859	128,173	136,015
Due to other funds, without interest	—	—	166,465	193,984	—	—	—	—	102,221	61,680
Long-term debt (note 10)	642,305	654,240	—	—	—	—	—	—	642,305	654,240
Employee future benefit liability (note 11)	138,597	131,906	138,597	131,906	—	—	—	—	—	—
	1,490,248	1,408,964	600,356	597,650	87,000	69,411	88,695	77,689	982,883	919,878
Fund surplus (deficit):										
Unrestricted deficit	(124,164)	(120,251)	(124,164)	(120,251)	—	—	—	—	—	—
Deficit from employee future benefit obligation	(138,597)	(131,906)	(138,597)	(131,906)	—	—	—	—	—	—
Internally restricted (note 12)	156,164	147,869	76,552	65,942	—	—	—	—	79,612	81,927
Endowments (note 13)	139,068	144,992	—	—	—	—	139,068	144,992	—	—
Invested in capital assets	39,267	77,154	—	—	—	—	—	—	39,267	77,154
	71,738	117,858	(186,209)	(186,215)	—	—	139,068	144,992	118,879	159,081
Commitments (note 20)										
Contingencies (note 22)										
Subsequent event (note 24)										
	1,561,986	1,526,822	414,147	411,435	87,000	69,411	227,763	222,681	1,101,762	1,078,959

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Original Signed by Helen Antoniou Chair of the Board

Original Signed by Pat Di Lillo Governor

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022, with comparative information for 2021

	Total Funds		Operating Fund		Research Fund		Designated Fund		Restricted Funds Capital Asset Fund	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues:										
Tuition fees	199,109	185,280	199,109	185,280	—	—	—	—	—	—
Grants (note 14)	415,005	387,419	320,965	284,021	49,124	48,547	11,930	14,970	32,986	39,881
Services to the community, students and other income	58,586	51,976	55,818	49,476	46	176	2,722	2,121	—	203
Ancillary services and rental properties (note 15)	10,159	4,366	10,159	4,366	—	—	—	—	—	—
Donations	11,467	6,898	504	484	429	—	7,586	5,131	2,948	1,283
Investment income (loss) (note 5)	2,052	27,750	799	3,316	120	(120)	3,497	3,564	(2,364)	20,990
	696,378	663,689	587,354	526,943	49,719	48,603	25,735	25,786	33,570	62,357
Expenses:										
Academic activities and support (note 16)	312,097	295,599	312,097	295,599	—	—	—	—	—	—
Research	75,585	75,509	25,897	26,991	49,688	48,518	—	—	—	—
Institutional services and support (note 16)	129,996	105,427	129,996	105,427	—	—	—	—	—	—
Services to the community, students and other expense	33,154	27,681	33,154	27,681	—	—	—	—	—	—
Endowed and restricted projects	26,014	25,480	—	—	—	—	26,014	25,480	—	—
Employee future benefits (note 11)	44,927	51,962	44,927	51,962	—	—	—	—	—	—
Ancillary services and rental properties (note 15)	9,359	7,484	9,359	7,484	—	—	—	—	—	—
Capital maintenance projects	19,648	18,032	—	—	—	—	—	—	19,648	18,032
Interest on bank loans	726	1,901	698	550	—	—	—	—	28	1,351
Interest on long-term debt (note 10)	21,997	25,295	—	—	—	—	—	—	21,997	25,295
Amortization of tangible capital assets	48,999	46,755	—	—	—	—	—	—	48,999	46,755
Amortization of intangible capital assets	5,216	3,610	—	—	—	—	—	—	5,216	3,610
	727,718	684,735	556,128	515,694	49,688	48,518	26,014	25,480	95,888	95,043
Excess (deficiency) of revenues over expenses before interfund transfers										
	(31,340)	(21,046)	31,226	11,249	31	85	(279)	306	(62,318)	(32,686)
Interfund transfers (note 17)										
	—	—	(22,395)	(23,468)	(31)	(85)	310	726	22,116	22,827
Excess (deficiency) of revenues over expenses after interfund transfers										
	(31,340)	(21,046)	8,831	(12,219)	—	—	31	1,032	(40,202)	(9,859)

See accompanying notes to consolidated financial statements.

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022, with comparative information for 2021

	Total Funds		Operating Fund		Research Fund		Designated Fund		Restricted Funds Capital Asset Fund	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Excess (deficiency) of revenues over expenses after interfundtransfers (balance brought forward)	(31,340)	(21,046)	8,831	(12,219)	–	–	31	1,032	(40,202)	(9,859)
Remeasurements and other items (note 11)	(8,825)	52,405	(8,825)	52,405	–	–	–	–	–	–
Endowment contributions received	2,020	3,236	–	–	–	–	2,020	3,236	–	–
Investment gain (loss) on endowments (note 5)	(7,975)	24,153	–	–	–	–	(7,975)	24,153	–	–
	(46,120)	58,748	6	40,186	–	–	(5,924)	28,421	(40,202)	(9,859)
Fund balances, beginning of year	117,858	59,110	(186,215)	(226,401)	–	–	144,992	116,571	159,081	168,940
Fund balances, end of year	71,738	117,858	(186,209)	(186,215)	–	–	139,068	144,992	118,879	159,081

See accompanying notes to consolidated financial statements.

CONCORDIA UNIVERSITY

Consolidated Statement of Cash Flows
(In thousands of dollars)

Year ended April 30, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating:		
Deficiency of revenues over expenses	\$ (31,340)	\$ (21,046)
Items not involving cash:		
Net change in fair value of financial assets and liabilities	-	(212)
Net change in deferred contributions - Research Fund	16,879	12,277
Amortization of tangible capital assets	48,999	46,755
Amortization of intangible assets	5,216	3,610
Employee future benefits expense over funding contributions	(2,134)	4,960
Net change in working capital items	28,698	31,376
	66,318	77,720
Financing:		
Bank loans	49,984	5,149
Amount receivable from the MES	13,321	2,287
Issuance of long-term debt	29,948	49,895
Repayment of long-term debt	(40,476)	(36,843)
Deferred contributions - Designated and Capital Asset Fund	2,955	19,585
Endowment contributions received	2,020	3,236
	57,752	43,309
Investing:		
Acquisition of investments	(68,571)	(19,289)
Re-invested capital	(5,130)	(3,735)
Disposal of investments	39,210	7,382
Change in fair value of investments	12,876	(39,942)
Investment (loss) gain on externally restricted endowments	(7,975)	24,153
Acquisition of tangible capital assets	(76,243)	(85,370)
Acquisition of intangible assets	(17,965)	(18,369)
	(123,798)	(135,170)
Cash and cash equivalents	272	(14,141)
Cash and cash equivalents, beginning of year	5,441	19,582
Cash and cash equivalents, end of year	\$ 5,713	\$ 5,441
Cash and cash equivalents consists of:		
Cash	\$ 10,766	\$ 21,490
Cash - bank overdraft	5,053	16,049
Cash and cash equivalents, end of year	\$ 5,713	\$ 5,441

See accompanying notes to consolidated financial statements.

CONCORDIA UNIVERSITY

Notes to Consolidated Financial Statements
(In thousands of dollars)

Year ended April 30, 2022

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

1. Significant accounting policies:

The University's consolidated financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook*.

(a) Basis of presentation:

These consolidated financial statements include the assets, liabilities, revenues, expenses and other transactions of Concordia University and the Concordia University Foundation, an entity controlled by the University. All transactions, assets and liabilities between the two entities have been eliminated. These consolidated financial statements do not include the assets, liabilities and operations of the Fondation universitaire de l'Université Concordia, the Concordia University Press, Galilei Innovations Inc., Innovations Galilei 2 and the Kenneth Woods Portfolio Management Foundation since these controlled entities are not material to the consolidated financial statements of Concordia University. Refer to Note 18 on required disclosures for the other controlled entities.

(b) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the amounts recorded in the consolidated financial statements and notes to consolidated financial statements. In particular, significant estimates are made regarding the valuation of receivables, fair values of assets and liabilities including derivatives and effectiveness of hedging relationships, useful lives of capital assets, provisions for contingencies and employee future benefits. 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.

(c) Financial assets and liabilities:

(i) Initial measurement:

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

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

1. Significant accounting policies (continued):

(c) Financial assets and liabilities (continued):

(ii) Subsequent measurement:

At each reporting date, the University measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets), except for life insurance policies which are measured at the greater of fair value at acquisition and cash surrender value, research partnership investments and investments in common shares and investment funds which are measured at fair value, and bond investments which the University has elected to measure at fair value by designating that fair value measurement shall apply.

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 consolidated statement of operations and changes in fund balances under net investment income, interest on bank loans or interest on long-term debt, as appropriate.

With respect to financial assets measured at amortized cost, the University assesses whether there are any indicators of impairment. When there is an indication of impairment, and if the University determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

(d) Derivative financial instruments:

The University uses derivative financial instruments to manage its interest rate risk exposure. It does not use these derivative financial instruments for trading or speculative purposes. The University has elected to use hedge accounting to recognize the interest rate swaps that it uses to provide protection against interest rate fluctuations on its variable interest rate for long-term debt. These interest rate swaps require the periodic exchange of interest payments without an exchange of the notional (capital) amount on which payments are calculated.

At the inception of the hedging relationship, the University formally documents the hedging relationship, identifying the hedged item, the related hedging items, the nature of the specific risk exposure being hedged and the intended term of the hedging relationship. Both at the inception of the hedging relationship and throughout its term, the University has reasonable assurance that the critical terms of the hedged item and the related hedging item will remain the same.

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

1. Significant accounting policies (continued):

(e) Fund accounting:

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

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

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

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

(f) Revenue recognition:

The University follows the deferral method of accounting for contributions, comprised of grants and donations. 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 restricted investment income earned on endowments and not available for distribution are recognized as direct increases in net assets in the period in which they are received or earned. Investment income earned on endowment and available for distribution are deferred and recognized as revenue in the period in which the related expenses are incurred and contributions in capital assets that are not subject to amortization are reported as direct increases in the appropriate fund balance.

Investment income, excluding restricted investment income earned on endowment and designated funds, is comprised of interest, dividends, income distributions from pooled funds and realized and unrealized gains and losses, and is recorded as revenue in the consolidated statement of operations.

Interest income is recognized on a time apportionment basis.

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

1. Significant accounting policies (continued):

(f) Revenue recognition (continued):

The University's principal sources of revenue, aside from contributions, are tuition fees, services to the community, student services, ancillary services, other income 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.

(g) Contributed supplies and services:

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

(h) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, bank balances and short-term investments with original maturities of three months or less, net of bank overdrafts whenever they are an integral part of the University's cash management process.

(i) Other assets:

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

(j) Tangible and intangible assets:

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

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

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

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

1. Significant accounting policies (continued):

(j) Tangible and intangible assets (continued):

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

(k) Amortization:

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

Assets	Period
Tangible capital assets:	
Land improvements	20 years
Buildings	40 to 50 years
Building alterations	25 to 40 years
Leasehold improvements	Lease term (max. 10 years)
Furniture and equipment	3 to 15 years
Library collection	10 years
Intangible assets:	
Information technology	10 to 15 years

Amortization is recorded in the Capital Asset Fund.

(ii) Write-down:

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

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

1. Significant accounting policies (continued):

(l) 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 consolidated statement of financial position date. Non-monetary assets and liabilities are translated at historical exchange rates, with the exception of those recognized at fair value, which are translated at the exchange rate in effect at the statement of financial position date. Revenues and expenses are translated at the exchange rate in effect at the date they are recognized. The related exchange gains and losses are recognized in the statement of operations.

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

(n) Internally restricted fund balance:

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

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

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

2. Grants receivable:

						2022
	Operating	Research	Designated	Capital		Total
Current:						
Amount receivable from the MES	\$ 31,219	\$ –	\$ 1,407	\$ –	\$	32,626
Amount receivable from federal agencies	25	21,162	210	–		21,397
Amount receivable from provincial agencies (other than MES)	–	4,090	700	–		4,790
	31,244	25,252	2,317	–		53,813
Long-term:						
Amount receivable from the MES	–	–	–	2,500		2,500
Amount receivable from federal agencies	–	–	–	7,397		7,397
Amount receivable from provincial agencies (other than MES)	–	–	–	22,750		22,750
	\$ 31,244	\$ 25,252	\$ 2,317	\$ 32,647	\$	91,460

						2021
	Operating	Research	Designated	Capital		Total
Current:						
Amount receivable from the MES	\$ 21,992	\$ –	\$ 302	\$ –	\$	22,294
Amount receivable from federal agencies	(117)	17,667	–	–		17,550
Amount receivable from provincial agencies (other than MES)	–	3,330	100	–		3,430
	21,875	20,997	402	–		43,274
Long-term:						
Amount receivable from the MES	–	–	–	2,135		2,135
Amount receivable from federal agencies	–	–	–	858		858
Amount receivable from provincial agencies (other than MES)	–	–	–	27,901		27,901
	\$ 21,875	\$ 20,997	\$ 402	\$ 30,894	\$	74,168

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

3. Accounts receivable:

	2022	2021
Operating Fund:		
Tuition fees, net of an allowance for doubtful accounts ⁽ⁱ⁾	\$ 8,335	\$ 12,282
Services, advances and other	7,704	3,803
Accounts receivable and advances to a wholly-owned subsidiary of a controlled entity	3,720	7,344
Net investment sales receivable	598	13,946
	\$ 20,357	\$ 37,375

⁽ⁱ⁾ As at April 30, 2022, the gross carrying amount of tuition fees receivable totals \$15,824 (2021 - \$18,694). These tuition fees receivable are presented in the financial statements net of an allowance for doubtful accounts of \$7,489 (2021 - \$6,412).

4. Amount receivable from the MES:

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

5. Investments:

	2022		2021	
	Fair value	Cost	Fair Value	Cost
Equities	\$ 25,647	\$ 23,835	\$ 32,844	\$ 30,696
Bonds	5,523	5,943	4,216	4,245
Investment funds	312,835	286,331	285,330	239,875
Fair value of life insurance policies	3,083	3,083	3,083	3,083
	\$ 347,088	\$ 319,192	\$ 325,473	\$ 277,899

Life insurance represents the greater of either the fair market value of insurance policies at acquisition or the current cash surrender value of insurance policies held.

As at April 30, 2022, the weighted average interest rate of the bonds is 2.53% (2021 - 2.15%) and the weighted average duration is 3.74 years (2021 - 4.58 years).

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

5. Investments (continued):

Income earned on investments in the year was as follows:

	2022	2021
Investment income:		
Dividends	\$ 2,932	\$ 2,984
Interests	1,390	1,285
Partnership income	1,293	863
Pooled fund income	215	–
	5,830	5,132
Realized gains	7,672	7,079
Unrealized gains (losses)	(19,461)	46,234
Other	(71)	(12)
Income (loss)	\$ (6,030)	\$ 58,433

Based on the University's revenue recognition method, investment income was recognized in the consolidated financial statements as follows:

	2022	2021
Increase (decrease) in Endowment Funds	\$ (7,975)	\$ 24,153
Recognized as investment income	2,052	27,750
Net change in deferred contributions	(107)	6,530
	\$ (6,030)	\$ 58,433

6. Tangible capital assets:

	2022		
	Cost	Accumulated amortization	Net book value
Land	\$ 77,991	\$ –	\$ 77,991
Land improvements	5,698	1,984	3,714
Buildings, building alterations and leasehold improvements	1,148,614	375,149	773,465
Furniture and equipment	114,941	54,990	59,951
Library collection	48,476	23,910	24,566
Art collections	4,116	–	4,116
	\$ 1,399,836	\$ 456,033	\$ 943,803

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

6. Tangible capital assets (continued):

	2021		
	Cost	Accumulated amortization	Net book value
Land	\$ 68,139	\$ –	\$ 68,139
Land improvements	4,312	1,603	2,709
Buildings, building alterations and leasehold improvements	1,109,080	352,030	757,050
Furniture and equipment	121,063	58,757	62,306
Library collection	45,104	22,865	22,239
Art collections	4,116	–	4,116
	\$ 1,351,814	\$ 435,255	\$ 916,559

During the year, the University disposed of fully amortized tangible capital assets totalling \$28,220 (2021 - \$21,597).

7. Intangible capital assets:

	2022		
	Cost	Accumulated amortization	Net book value
Information technology - Development in progress	\$ 5,127	\$ –	\$ 5,127
Information technology	91,800	27,922	63,878
	\$ 96,927	\$ 27,922	\$ 69,005

	2021		
	Cost	Accumulated amortization	Net book value
Information technology - Development in progress	\$ 42,047	\$ –	\$ 42,047
Information technology	36,916	22,707	14,209
	\$ 78,963	\$ 22,707	\$ 56,256

During the year, the University disposed of fully amortized intangible assets totalling nil (2021 - \$123).

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

8. Bank loans:

The University has an unsecured on-demand revolving credit facility of \$475,000. This credit facility can be drawn on prime rate, bankers' acceptances or SOFR loans. As at April 30, 2022, the University had on prime rate, a total of \$5,622 (2021- \$4,521) bearing interest of 2.26% (2021 - 2.20%), total outstanding bankers' acceptances amounted to \$19,900 (2021 - \$1,000) bearing interest at a rate of 1.48% (2021 - 0.54%) and in addition, the University had drawn SOFR loans amounting to \$112,695 CAD equivalent (2021 - \$136,621), bearing interest at 1.16% (2021 - 0.32%), including the cross-currency swap strategy and accrued interest. The weighted average rate on all credit line financing was 1.25% (2021 – 0.34%).

- In accordance with the MES annual review, in September 2022, the University received authorization to use credit lines up to \$568,313, which includes \$197,303 of a credit line serviced by MES with Financement-Québec to finance capital expenses funded in the Plan Quinquennal des Investissements Universitaires. As at April 30, 2022, the total use of the Financement-Québec credit line, amounted to \$49,429.
- In May 2022, the University issued an amendment to the irrevocable letter of credit to the U.S. Department of Education, for US\$889 (2021-US\$889). The irrevocable letter of credit bears a term of 12 months, ending on May 31, 2023. 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.

9. Deferred contributions:

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

				2022	2021
	Research	Designated	Capital	Total	Total
Balance beginning of year	\$ 69,363	\$ 67,859	\$ 136,015	\$ 273,237	\$ 241,375
Amount received in the current year	66,598	36,532	25,728	128,858	168,608
Amount recognized in operations	(49,719)	(25,735)	(33,570)	(109,024)	(136,746)
End of year balance, current deferred contributions	86,242	–	–	86,242	69,363
End of year balance, long-term deferred contribution	\$ –	\$ 78,656	\$ 128,173	\$ 206,829	\$ 203,874

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

10. Long-term debt:

	2022	2021
Capital Asset Fund:		
Serviced by the University:		
Loans, bearing interest at CDOR, payable in monthly varying instalments, maturing between April 2025 and April 2038 ⁽ⁱ⁾	\$ 57,799	\$ 66,425
6.550% (effective interest rate of 6.970%) \$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	191,002	190,806
3.678% \$50,000 Series B Senior Unsecured Debentures, due February 10, 2059, issued by the University and subject to a trust indenture, which contains certain covenants placing restrictions on the University with respect to the giving of security, disposition of assets and other matters	50,000	50,000
3.626% \$25,000 Series C Senior Unsecured sustainable Debentures, due February 10, 2039, issued by the University and subject to a trust indenture, which contains certain covenants placing restrictions on the University with respect to the giving of security, disposition of assets and other matters	25,000	25,000
Serviced by the Government of Québec:		
Financement-Québec loans bearing interest at rates ranging between 0.0791% to 3.619% and maturing between September 2022 through February 2044	360,584	362,682
	684,385	694,913
Current portion of long-term debt	42,080	40,673
Long-term debt	\$ 642,305	\$ 654,240

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

10. Long-term debt (continued):

- (i) The University has entered into several long-term interest rate swap loan agreements to manage its interest rate risk. These transaction are effective at a fixed rates ranging between 1.210% and 3.045% with an underlying CDOR of 1.333% (2021 - 0.413%). The combined notional amount of outstanding swap agreements at April 30, 2022 is \$57,799. The combined fair value of liabilities of the agreements calculated according to information obtained from the financial institution is \$3,914 (2021 - \$73).

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

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

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

Repayments of principal over the years are scheduled as follows:

	Serviced by the University	Serviced by the Government of Québec	Total
2023	\$ 8,763	\$ 33,317	\$ 42,080
2024	8,898	32,543	41,441
2025	8,613	30,232	38,845
2026	3,877	35,805	39,682
2027	2,554	54,285	56,839
Thereafter	291,096	174,402	465,498
	<u>\$ 323,801</u>	<u>\$ 360,584</u>	<u>\$ 684,385</u>

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

10. Long-term debt (continued):

The University has created a sinking fund in its internally restricted funds to support the repayment of this long-term debt. See Note 21 for further details on the University's capital asset management and financing policy.

Interest on long-term debt:

	2022	2021
Serviced by the Government of Québec	\$ 9,062	\$ 9,308
Serviced by the University	17,195	16,642
Changes in fair value of the derivative financial instrument	(4,260)	(655)
	\$ 21,997	\$ 25,295

11. Employee future benefits:

The University measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at April 30 of each year. Additionally, the financial status of the funded defined benefit pension plan is also measured through actuarial valuations for funding purposes at least once every three years. These financial statements were prepared using assumptions from an actuarial valuation performed as at December 31, 2019.

The employee future benefit liability is as follows:

	2022			
	Registered Pension Plan	Other Retirement- Related Benefit Plans	Post- Retirement and Post- Employment Benefits	Total
Balance, beginning of year	\$ –	\$ 33,630	\$ 98,276	\$ 131,906
Expense	27,553	3,517	13,857	44,927
Funding contributions	(34,760)	(4,145)	(8,156)	(47,061)
Remeasurements and other items ⁽ⁱ⁾	7,207	2,442	(824)	8,825
Net employee future benefit liability, end of year	\$ –	\$ 35,444	\$ 103,153	\$ 138,597

⁽ⁱ⁾ A valuation allowance of \$81,309 is included in the remeasurements and other items of the Registered Pension Plan for the year ended April 30, 2022.

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

11. Employee future benefits (continued):

	2021			
	Registered Pension Plan	Other Retirement- Related Benefit Plans	Post- Retirement and Post- Employment Benefits	Total
Balance, beginning of year	\$ 55,583	\$ 31,901	\$ 91,867	\$ 179,351
Expense	36,161	3,381	12,420	51,962
Funding contributions	(36,893)	(2,806)	(7,303)	(47,002)
Remeasurements and other items ⁽ⁱⁱ⁾	(54,851)	1,154	1,292	(52,405)
Net employee future benefit liability, end of year	\$ –	\$ 33,630	\$ 98,276	\$ 131,906

(ii) A valuation allowance of \$70,806 is included in the remeasurements and other items of the Registered Pension Plan for the year ended April 30, 2021.

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

	2022			
	Registered Pension Plan	Other Retirement- Related Benefit Plans	Post- Retirement and Post- Employment Benefits	Total
Defined benefit obligations	\$ 1,275,410	\$ 35,444	\$ 108,829	\$ 1,419,683
Fair value of plan assets	1,427,525	–	5,676	1,433,201
Surplus (deficit)	152,115	(35,444)	(103,153)	13,518
Valuation allowance ⁽ⁱ⁾	(152,115)	–	–	(152,115)
Net employee future benefit liability, end of year	\$ –	\$ (35,444)	\$ (103,153)	\$ (138,597)

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

11. Employee future benefits (continued):

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

- ⁽ⁱ⁾ Since the Registered Pension Plan's funding policy states that in no event can the University take contribution holidays, the expected future benefit that Concordia can expect to realize from the plan assets is nil and therefore, a valuation allowance of \$152,115 (2021 - \$70,806) was applied against the surplus as at April 30, 2022.

	2021			
	Registered Pension Plan	Other Retirement- Related Benefit Plans	Post- Retirement and Post- Employment Benefits	Total
Defined benefit obligations	\$ 1,217,165	\$ 33,630	\$ 102,369	\$ 1,353,164
Fair value of plan assets	1,287,971	–	4,093	1,292,064
Surplus (deficit)	70,806	(33,630)	(98,276)	(61,100)
Valuation allowance ⁽ⁱ⁾	(70,806)	–	–	(70,806)
Net employee future benefit liability end of year	\$ –	\$ (33,630)	\$ (98,276)	\$ (131,906)

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

11. Employee future benefits (continued):

(b) Significant assumptions:

The significant assumptions used are as follows:

	2022					
	Registered Pension Plan		Other Retirement-Related Benefit Plans		Post-Retirement and Post-Employment Benefits	
Accrued benefit obligations:						
Discount rate	%	5,90	%	5,90	%	5,90
Rate of compensation increase		2,50		2,50		2,50
Benefits costs:						
Discount rate		5,90		5,90		5,90
Rate of compensation increase		2,50		2,50		2,50
	<hr/>					
	2021					
	Registered Pension Plan		Other Retirement-Related Benefit Plans		Post-Retirement and Post-Employment Benefits	
Accrued benefit obligations:						
Discount rate	%	5,90	%	5,90	%	5,90
Rate of compensation increase		2,50		2,50		2,50
Benefits costs:						
Discount rate		5,90		5,90		5,90
Rate of compensation increase		2,60		2,60		2,60

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

11. Employee future benefits (continued):

(b) Significant assumptions:

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

		2022		2021
Initial health care cost trend rate	%	5.12	%	5.21
Cost trend rate declines to		3.97		3.97
Year when the rate reaches the level at which it is assumed to remain at		2036		2036

(c) Benefits paid:

Benefits paid by the Pension Plan for the Employees of Concordia University were \$62,112 (2021 - \$64,442), benefits paid by the other retirement-related benefit plans totaled \$4,145 (2021 - \$2,807) and post-retirement and post-employment benefits paid amounted to \$6,476 (2021 - \$7,766).

12. Internally restricted fund balances:

	2022	2021
Academic-related:		
Institutional projects	\$ 29,451	\$ 30,083
Services to students and the community	18,094	17,970
Employee and faculty development	4,524	4,162
Other	(218)	1,386
Emergency funds	—	(9,769)
	51,851	43,832
Research-related:		
Internally funded projects	18,505	16,647
Infrastructure for research units	5,180	4,114
	23,685	20,761
Capital and technology projects	1,016	1,349
Total - Operating Fund	76,552	65,942
Capital Asset Fund - Sinking Fund for long-term debt repayment (note 21)	79,612	81,927
	\$ 156,164	\$ 147,869

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

13. Endowments:

Endowment funds are composed of restricted donations received by the University. Donations that have been internally designated as endowments are accounted for as transfers to the Endowment funds. Investment returns generated from endowments are used in accordance with the various purposes established by the donors at the discretion of the University. The University protects the future purchasing power of its endowments by designating a portion of the annual investment income earned to endowments, known as capital protection. Accordingly, the University has established a policy of setting the amount of income available for spending to 3.5% (2021 - 3.5%) annually. The purpose of this policy is to allow the University to distribute a consistent amount of income from endowment on an annual basis regardless of the investment income earned in the fiscal year.

Activities in the endowments were as follows:

	2022	2021
Balance, beginning of year	\$ 144,992	\$ 116,571
Contributions	2,020	3,236
Investment income (loss), net of fees	(3,340)	28,478
Investment income distributed for spending	(4,635)	(4,325)
Transfers from other funds	31	1,032
	(5,924)	28,421
Balance, end of year	\$ 139,068	\$ 144,992

14. Grants:

	2022				
	Operating	Research	Designated	Capital	Total
Government of Québec	\$ 315,177	\$ 5,696	\$ 9,723	\$ 28,529	\$ 359,125
Government of Canada	5,321	35,732	424	4,144	45,621
Non-governmental grants	467	7,696	1,783	313	10,259
	\$ 320,965	\$ 49,124	\$ 11,930	\$ 32,986	\$ 415,005

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

14. Grants (continued):

					2021
	Operating	Research	Designated	Capital	Total
Government of Québec	\$ 278,465	\$ 6,244	\$ 12,987	\$ 36,999	\$ 334,695
Government of Canada	5,446	30,412	365	-	36,223
Non-governmental grants	110	11,891	1,618	2,882	16,501
	\$ 284,021	\$ 48,547	\$ 14,970	\$ 39,881	\$ 387,419

15. Ancillary services and rental properties:

				2022
	Revenues	Expenses		Excess (deficiency)
Retail stores	\$ 418	\$ 105		\$ 313
Residences	3,769	3,717		52
Parking	980	506		474
Food and conference services	114	(938)		1,052
Other services	1,462	3,179		(1,717)
Rental properties	3,416	2,790		626
	\$ 10,159	\$ 9,359		\$ 800

				2021
	Revenues	Expenses		Excess (deficiency)
Retail stores	\$ 1,114	\$ 1,302		\$ (188)
Residences	(66)	1,784		(1,850)
Parking	419	424		(5)
Food and conference services	(13)	1,106		(1,119)
Other services	89	296		(207)
Rental properties	2,823	2,572		251
	\$ 4,366	\$ 7,484		\$ (3,118)

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

16. Expenses:

	2022	2021
Academic activities and support:		
Academic	\$ 274,863	\$ 262,376
Library	14,941	14,746
Instructional and information technology services	22,293	18,477
	<u>312,097</u>	<u>295,599</u>
Institutional services and support:		
Administration	82,802	61,184
Facilities and operation services	42,960	40,006
Rented facilities	4,234	4,237
	<u>129,996</u>	<u>105,427</u>

17. Interfund transfers:

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

	2022			
	Operating Fund	Research Fund	Designated Fund	Capital Asset Fund
Contributions towards the following:				
Major renovation or construction projects	\$ (1,070)	\$ –	\$ –	\$ 1,070
Interest on capital debt	(17,702)	–	–	17,702
Equipment	(3,344)	–	–	3,344
Research Partnership Investment	–	–	–	–
Specific university projects	(279)	(31)	310	–
	<u>\$ (22,395)</u>	<u>\$ (31)</u>	<u>\$ 310</u>	<u>\$ 22,116</u>

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

17. Interfund transfers (continued):

	2021			
	Operating Fund	Research Fund	Designated Fund	Capital Asset Fund
Contributions towards the following:				
Major renovation or construction projects	\$ (2,758)	\$ –	\$ (290)	\$ 3,048
Interest on capital debt	(15,870)	–	–	15,870
Equipment	(4,676)	–	(233)	4,909
Research Partnership Investment	167	(85)	(82)	–
Specific university projects	(331)	–	1,331	(1,000)
	\$ (23,468)	\$ (85)	\$ 726	\$ 22,827

18. Related party transactions:

(a) eConcordia.com:

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

The University incurred service fees from KnowledgeOne Inc. for the delivery of courses to students of the University. The expense (net of rebates) amounted to approximately \$12,153 (2021 - \$11,690). The University invoiced operating costs and management fees amounting to approximately \$85 (2021 - \$114). The University has accounts receivable and non-interest bearing advances totalling \$3,720 (2021 - \$7,344).

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

18. Related party transactions (continued):

(b) Controlled entities:

(i) Fondation universitaire de l'Université Concordia:

The University exercises control over the Fondation universitaire de l'Université Concordia (hereafter the "Fondation"). By law, the Fondation's resources must be used exclusively to promote and financially support the teaching and research activities of the University. The Fondation was created by Order-in-Council 834-97, dated June 25, 1997, of the provincial government, in accordance with the *Loi sur les fondations universitaires*. As a mandatory of the Crown, it is recognized as a charitable organization under both the *Income Tax Act* (Canada) and the *Taxation Act* (Québec). As at April 30, 2022, the Fondation remained inactive.

(ii) Concordia University Press:

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

(iii) Galilei Innovations Inc.:

Galilei Innovations Inc. is a wholly-owned subsidiary of Concordia University and is incorporated under the *Business Corporations Act* of Québec. As at April 30, 2022, the corporation remained inactive.

(iv) Innovations Galilei 2:

The University exercises control over Innovations Galilei 2, which is incorporated under Part II of the *Canada Business Corporations Act*. The purpose of the entity is to provide consulting and other services to new businesses and entrepreneurs.

(v) The Kenneth Woods Portfolio Management Foundation:

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

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

18. Related party transactions (continued):

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

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

			2022	2021
	eConcordia.com/ Knowledge One	Controlled entities	Total	Total
Statement of operations:				
Revenues	\$ 13,683	\$ 3,155	\$ 16,838	\$ 15,780
Expenses	10,263	649	10,912	12,018
Surplus over expenses	3,420	2,506	5,926	3,762
Statement of financial position:				
Total assets	7,262	4,339	11,601	10,817
Total liabilities	6,859	223	7,082	13,175
Surplus (Deficit)	403	4,116	4,519	(2,358)
Statement of cash flows:				
Operating activities	4,653	723	5,376	2,153
Investing activities	(827)	(268)	(1,095)	(1,348)
Financing activities	(3,500)	(700)	(4,200)	(1,910)

19. Financial risks:

(a) Credit risk:

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

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

19. Financial risks (continued):

(a) Credit risk (continued):

The University is also exposed to credit risk from investments in corporate bonds, since failure of any of these parties to fulfill their obligations could result in significant financial losses for the University. The risk is mitigated by adhering to the investment policy targets as described in the investment policy. In addition, monitoring by investment managers is done on a regular basis. Currently, the allocation to corporate bonds in the University's portfolio is low. Additionally, some investment funds indirectly expose the University to credit risk.

(b) Market risk:

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

(i) Interest rate risk:

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

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

The University manages the interest rate risk on short-term bank indebtedness by locking in to fixed rates as described in Note 8. Interest rate risk on long-term debt serviced by the University has been mitigated by entering into an interest rate swap agreement as described in Note 10.

(ii) Currency risk:

The University is exposed to currency risk due to cash and cash equivalents and investments denominated in U.S. dollars. As at April 30, 2022, financial assets in foreign currency represent cash and cash equivalents of \$1,651 (2021 - \$2,219) and investments totalling \$85,189 (2021 - \$63,582). The University is also exposed to currency risk from a \$112,695 (2021 - \$87,817) bank loan denominated in U.S. dollars. The risk associated with this foreign currency bank loan is mitigated by a cross-currency interest rate swap agreement as described in Note 8.

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

19. Financial risks (continued):

(b) Market risk (continued):

(iii) Other price risk:

The University is exposed to other price risk due through its investments in common shares and investment funds since changes in market prices could result in changes in the fair value or cash flows of these instruments. Additionally, some investment funds also indirectly expose the University to other price risk.

(c) Liquidity risk:

The University's liquidity risk represents the risk that the University could encounter difficulty in meeting obligations associated with its financial liabilities. The University manages its liquidity risk by monitoring its operations. The University prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There have been no significant changes to the risk exposures during the year.

20. Commitments:

(a) Operational commitments:

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

- An amount of \$3,572 related to consulting services to implement an ERP system. This contractual obligation will be payable during fiscal year 2023;
- An amount of \$10,784 for the construction, renovations and land improvement agreements to be completed during fiscal years 2023 and 2024; and
- As at April 30, 2022, the University has lease commitments totalling \$95,280 maturing through to August 31, 2038. Future minimum lease payments for the next five years are \$4,772 in 2023, \$5,460 in 2024, \$5,645 in 2025, \$5,710 in 2026 and \$5,776 in 2027.

(b) Investment commitments:

The University has committed to making investments that will be funded in future years in accordance with the terms and conditions agreed in the agreements. As at April 30, 2022 the University has committed \$7,894 to private equity investments. The financing of the commitments can be requested at various dates until 2030.

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

21. Capital Assets Management and Financing Policy:

The Operating Fund has a \$348,330 commitment (2021 - \$325,305) towards the Capital Asset Fund to finance the capital assets with a useful life greater than 10 years; as well as a commitment of \$166,166 (2021 - \$155,820) towards capital assets with a useful life of less than 10 years. All of this net of the balance held in the Sinking Funds as of April 30, 2022. Therefore, these two commitments go into two separate sinking funds at the University.

The first sinking fund related to capital assets with a useful life greater than 10 years is dedicated to the repayment of certain debts of the University, namely, the \$275,000 Series A, Series B and Series C Senior Unsecured Debentures in September 2042 (Series A), February 2059 (Series B) and February 2039 (Series C). The fund is comprised of an initial gift of \$3.4 million transferred in May 2010. In addition, \$22.6 million in unrestricted donations were transferred to this fund when it was first created. In 2022, an amount of \$1,500 (2021 - \$1,500) was transferred to this fund. As at April 30, 2022, the fund balance is \$79,612 (2021 - \$81,927). All these 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 2039, 2042 and 2059.

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

The Funding Policy is composed of 13 indicators that measure the overall health of the University's financial position. Two of the most important ratios are the debt burden and debt/FTE indicators. These support in determining the affordability of the University's capital investment needs and, as a result, its capital budget.

The debt burden ratio is segregated into two components:

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

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

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

For the debt/FTE ratio, it is comprised of two components: the active component for which the University has determined its affordability to be no more than \$12,000 of total debt (only the portion for which the University is responsible for the servicing; therefore, it excludes all government subsisted debt and net of established accumulated sinking funds per one full time equivalent registered student ("FTE")), and the strategic component for which the University has determined its affordability to be no more than \$3,000 of total debt.

The results of the ratios are as follows:

	2022	2021
Active Debt-to-FTE	\$ 5,964	\$ 5,722
Strategic debt-to-FTE	2,484	1,348
Debt burden - overall interest	2.3%	3.1%
Debt burden - overall capital repayment	0.5%	0.6%

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 for additional payments, claims for damages, other claims which may present themselves from time to time under the laws regulating employment matters, and claims instituted by students or former students.

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

23. Pledges receivable:

Pledges receivable from donors are not recorded in the consolidated statement of operations and changes in fund balances for the restricted funds. Pledges receivable amounted to \$53,586 as at April 30, 2022 (2021 - \$50,278).

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

CONCORDIA UNIVERSITY

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

Year ended April 30, 2022

24. Subsequent event:

In May 2022, Concordia has entered into a \$50,000 10-year long-term interest rate swap loan agreement at a fixed rate of 3.959%, to align with the University's Financing Policy.