

Concordia University
Financial Statements
April 30, 2014

Independent Auditor's Report	2 - 3
Financial Statements	
Financial Position	4
Operations	5
Changes in Fund Balances	6
Cash Flows	7
Notes to Financial Statements	8 - 30



Raymond Chabot Grant Thornton

Independent Auditor's Report

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, 2014 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, 2014 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 Cholet Grant Thornton LLP¹

Montréal
September 17, 2014

¹ CPA auditor, CA public accountancy permit no. A117472

Concordia University Financial Position

April 30, 2014

(In thousands of dollars)

	Total Funds		Operating Fund		Research Fund		Designated Fund		Restricted Funds Capital Asset Fund	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS										
Current										
Cash		474		474						
Marketable securities	32	45	30	41			2	4		
Subsidies receivable (Note 4)	63,106	35,481	56,931	29,842	871	1,107	19	47	5,285	4,485
Accounts receivable (Note 5)	12,894	14,430	10,891	12,088	1,934	2,083	27		42	259
Inventories (Note 6)	3,121	3,685	3,121	3,685						
Other assets and prepaid expenses (Note 7)	5,949	6,221	5,919	6,161		60			30	
Due from Concordia University Foundation, without interest	2,613	5,809	2,613	5,809						
	87,715	66,145	79,505	58,100	2,805	3,250	48	51	5,357	4,744
Long-term										
Amount receivable from the Ministère de l'Enseignement supérieur, de la Recherche et de la Science (MESRS) (Note 8)	138,351	134,693							138,351	134,693
Due from Capital Asset Fund, without interest			112,934	119,481						
Due from Operating Fund, without interest					21,552	19,782	20,913	25,199		
Tangible capital assets (Note 9)	770,302	745,430							770,302	745,430
Intangible capital assets (Note 10)	20,087	8,281							20,087	8,281
	1,016,455	954,549	192,439	177,581	24,357	23,032	20,961	25,250	934,097	893,148
LIABILITIES										
Current										
Bank overdraft	576		576							
Bank loans (Note 11)	42,900	18,200	42,900	18,200						
Trade payables and other operating liabilities	63,357	66,317	63,357	66,317						
Amount payable to the MESRS	2,779	7,231	2,779	7,231						
Agency and fiduciary accounts	5,870	6,437	5,870	6,437						
Unearned revenue	15,993	18,527	15,991	18,463			2	4		60
Deferred contributions (Note 12)	24,357	23,032			24,357	23,032				
Interest payable on long-term debt	5,777	5,257							5,777	5,257
Current portion of long-term debt (Note 13)	59,730	114,449	667	667					59,063	113,782
	221,339	259,450	132,140	117,315	24,357	23,032	2	4	64,840	119,099
Long-term										
Employee future benefit liability (Note 19)	171,130	128,251	171,130	128,251						
Deferred contributions (Note 12)	88,610	91,085					19,729	23,793	68,881	67,292
Due to Restricted Funds, without interest			42,465	44,981						
Due to Operating Fund, without interest									112,934	119,481
Long-term debt (Note 13)	520,332	441,975	16,777	17,444					503,555	424,531
	1,001,411	920,761	362,512	307,991	24,357	23,032	19,731	23,797	750,210	730,403
FUND BALANCES (NEGATIVE)										
Unrestricted deficit	(233,614)	(190,953)	(233,614)	(190,953)						
Internally restricted (Note 15)	63,541	60,543	63,541	60,543						
Externally restricted	1,230	1,453					1,230	1,453		
Invested in capital assets	183,887	162,745							183,887	162,745
	15,044	33,788	(170,073)	(130,410)	-	-	1,230	1,453	183,887	162,745
	1,016,455	954,549	192,439	177,581	24,357	23,032	20,961	25,250	934,097	893,148

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, 2014

(In thousands of dollars)

	Total Funds		Operating Fund		Research Fund		Designated Fund		Restricted Funds Capital Asset Fund	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue										
Tuition fees	111,667	107,828	111,667	107,828						
Subsidies										
Government of Quebec	294,826	264,224	251,464	231,735	4,564	4,891	473	369	38,325	27,229
Government of Canada	32,639	33,387	4,396	4,398	23,446	23,988	1,060	1,293	3,737	3,708
Grants from other sources	6,960	6,205			5,395	4,616	486	548	1,079	1,041
Miscellaneous fees and other income	37,949	37,570	36,253	35,688			1,340	1,740	356	142
Services to the community	8,255	9,689	8,255	9,689						
Student services	15,940	15,633	15,940	15,633						
Ancillary services (Note 16)	17,979	19,166	17,979	19,166						
Rental of properties	6,006	5,478	6,006	5,478						
Donations	7,856	6,724			222	32	7,098	5,956	536	736
Concordia University Foundation	10,704	6,098	2,247	1,123			8,052	4,530	405	445
Net investment income		48								48
	550,781	512,050	454,207	430,738	33,627	33,527	18,509	14,436	44,438	33,349
Expenses										
Academic services (Note 17)	227,167	223,626	227,167	223,626						
Administrative services (Note 17)	87,986	88,395	87,986	88,395						
Research	52,183	47,798	18,556	14,271	33,627	33,527				
Services to the community	9,028	9,268	9,028	9,268						
Student services	15,238	14,192	15,238	14,192						
Ancillary services (Note 16)	14,993	16,584	14,993	16,584						
Rental of properties	3,125	2,537	3,125	2,537						
Specified gift to Concordia University										
Foundation	8,159	12,496	325	9,325			7,834	3,171		
Pension Plan	72,813	67,116	72,813	67,116						
Expensed capital assets	3,668	906							3,668	906
Interest on bank loans	934	670	398	370					536	300
Interest on long-term debt	12,090	12,285	369	648					11,721	11,637
Bond and brokerage fees	13,218	13,115	71	68					13,147	13,047
Amortization of tangible capital assets	38,141	36,434							38,141	36,434
Endowed and restricted projects	10,694	10,793					10,694	10,793		
	569,437	556,215	450,069	446,400	33,627	33,527	18,528	13,964	67,213	62,324
Excess (deficiency) of revenue over expenses	(18,656)	(44,165)	4,138	(15,662)	-	-	(19)	472	(22,775)	(28,975)

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

Concordia University

Changes in Fund Balances

Year ended April 30, 2014

(In thousands of dollars)

	Total Funds		Operating Fund		Research Fund		Designated Fund		Restricted Funds Capital Asset Fund	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund balances (negative), beginning of year	33,788	77,835	(130,410)	(85,437)			1,453	1,079	162,745	162,193
Excess (deficiency) of revenue over expenses	(18,656)	(44,165)	4,138	(15,662)			(19)	472	(22,775)	(28,975)
Endowment contributions received	1,691	1,430					1,691	1,430		
Endowment contributions paid	(1,779)	(1,312)					(1,779)	(1,312)		
Interfund transfers (Note 14)			(43,801)	(29,311)			(116)	(216)	43,917	29,527
Fund balances (negative), end of year	15,044	33,788	(170,073)	(130,410)	-	-	1,230	1,453	183,887	162,745

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

Concordia University

Cash Flows

Year ended April 30, 2014

(In thousands of dollars)

	2014	2013
	\$	\$
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	(18,656)	(44,165)
Non-cash items		
Net change in fair value of the financial liabilities	192	166
Deferred contributions – Research and Designated funds	(2,739)	3,227
Amortization of tangible capital assets	38,141	36,434
Employee future benefits	42,879	38,513
Loss on disposal of other assets	350	
Net change in working capital items (Note 3)	(34,727)	(4,673)
Cash flows from operating activities	<u>25,440</u>	<u>29,502</u>
INVESTING ACTIVITIES		
Marketable securities	13	(38)
Due from Concordia University Foundation	3,196	1,729
Acquisition of tangible capital assets	(61,408)	(40,608)
Acquisition of intangible capital assets	(14,279)	(3,784)
Acquisition of other assets		(187)
Cash flows from investing activities	<u>(72,478)</u>	<u>(42,888)</u>
FINANCING ACTIVITIES		
Bank loans	24,700	(51,064)
Amount receivable from the MESRS	(3,658)	5,498
Issuance of long-term debt	131,405	106,956
Repayment of long-term debt	(107,960)	(50,243)
Deferred contributions – Capital Asset Fund	1,589	51
Endowment contributions received	1,691	1,430
Endowment contributions transferred to Concordia University Foundation	(1,779)	(1,312)
Cash flows from financing activities	<u>45,988</u>	<u>11,316</u>
Decrease in cash	(1,050)	(2,070)
Cash, beginning of year	<u>474</u>	<u>2,544</u>
Cash (bank overdraft), end of year	<u>(576)</u>	<u>474</u>

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

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

1 - GOVERNING STATUTES AND PURPOSE OF THE UNIVERSITY

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

2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the University may undertake in the future. Actual results may differ from these estimates.

Principles of consolidation

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

Financial assets and liabilities

Initial measurement

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

Subsequent measurement

At each reporting date, the University measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets).

Financial assets and liabilities 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, 2014

(In thousands of dollars)

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.

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.

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

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

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

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

Interest income is recognized on a time apportionment basis.

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

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

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

Contributed supplies and services

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

Inventories

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

Other assets

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

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tangible and intangible capital assets

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

Improvements to leased premises are capitalized.

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

Amortization

Tangible and intangible capital assets are amortized on a straight-line basis over their estimated useful lives as prescribed by the MESRS 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
IT Development	10 years

Amortization is recorded in the Capital Asset Fund.

Write-down

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

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation

The University uses the temporal method to translate transactions denominated in a foreign currency. Under this method, monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at historical exchange rates, except those recognized at fair value, which are translated at the exchange rate in effect at the statement of financial position date. Revenues and expenses are translated at the exchange rate in effect on the date they are recognized. The related exchange gains and losses are recognized in the operations for the year.

Employee future benefits

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

- The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected benefit method prorated on service. This determination incorporates management's best estimate of future salary levels, other cost escalation, retirement age of employees, expected return rate and other actuarial factors;
- For the purposes of calculating the expected return rate on plan assets, those assets are valued at fair value;
- Actuarial gain (loss) arises from the difference between the actual long-term rate of return on plan assets for a period and the expected long-term rate of return on plan assets for that period or from changes in actuarial assumptions used to determine the accrued benefit obligations. The excess of the net accumulated actuarial gain (loss) over 10% of the greater of the benefit obligations and the fair value of plan assets is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the pension plan is 10 years (10 years in 2013). The average remaining service period of the active employees covered by the other retirement benefit plans are 13 to 16 years (13 to 16 years in 2013);
- Costs of past services arising from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

Internally restricted fund balance

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

- The University has adopted a policy to internally restrict the Operating Fund balance of unspent budgeted amounts relating to specific programs. The programs covered by this policy are described in Note 15;
- Management has chosen to internally restrict unspent budgeted amounts from the Operating Fund that relate to specific key University priorities.

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

3 - INFORMATION INCLUDED IN CASH FLOWS

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

	<u>2014</u>	<u>2013</u>
	\$	\$
Subsidies receivable	(27,625)	1,041
Accounts receivable	1,536	3,457
Inventories	564	76
Other assets and prepaid expenses	(78)	(1,824)
Trade payables and other operating liabilities	(2,091)	(8,641)
Amount payable to the MESRS	(4,452)	140
Agency and fiduciary accounts	(567)	978
Unearned revenue	(2,534)	(575)
Interest payable on long-term debt	520	675
	<u>(34,727)</u>	<u>(4,673)</u>

4 - SUBSIDIES RECEIVABLE

	<u>2014</u>	<u>2013</u>
	\$	\$
Operating Fund		
Amount receivable from the MESRS (a)	52,445	25,397
Social Sciences and Humanities Research Council of Canada	4,094	4,111
Canadian Institutes of Health Research	392	405
Natural Sciences and Engineering Research Council of Canada		(71)
	<u>56,931</u>	<u>29,842</u>

(a) This amount includes \$22,727 corresponding to a subsidy conditional on attaining a balanced financial situation for the year ended April 30, 2014. Subsequent to year-end, the subsidy was confirmed and received in August 2014.

	<u>2014</u>	<u>2013</u>
	\$	\$
Research Fund		
Amount receivable from federal agencies	399	605
Amount receivable from provincial agencies (excluding MESRS)	472	502
	<u>871</u>	<u>1,107</u>
Designated Fund		
Amount receivable from federal agencies	19	47
Capital Asset Fund		
Amount receivable from the MESRS	<u>5,285</u>	<u>4,485</u>

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

5 - ACCOUNTS RECEIVABLE

	<u>2014</u>	<u>2013</u>
	\$	\$
Operating Fund		
Tuition fees, net of an allowance for doubtful accounts	5,912	6,039
Amount receivable from the MESRS		687
Services, advances and other, net of an allowance for doubtful accounts	3,979	5,362
Advance to a wholly-owned subsidiary of a controlled entity, without interest	<u>1,000</u>	
	<u>10,891</u>	<u>12,088</u>

6 - INVENTORIES

	<u>2014</u>	<u>2013</u>
	\$	\$
Retail stores		
Book store	2,656	3,004
Computer store	200	341
Art store	<u>226</u>	<u>301</u>
	3,082	3,646
Other supplies	<u>39</u>	<u>39</u>
	<u>3,121</u>	<u>3,685</u>

7 - OTHER ASSETS AND PREPAID EXPENSES

	<u>2014</u>	<u>2013</u>
	\$	\$
Operating Fund		
Other assets (a)	2,893	4,380
Prepaid expenses	<u>3,026</u>	<u>1,781</u>
	<u>5,919</u>	<u>6,161</u>

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

	<u>2014</u>	<u>2013</u>
	\$	\$
Capital Asset Fund		
Prepaid expenses	<u>30</u>	<u>—</u>

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

8 - AMOUNT RECEIVABLE FROM THE MESRS

The University accounted for a subsidy receivable from the MESRS resulting from the transition to GAAP. This change led to an increase of subsidies receivable and of the fund balances invested in capital assets of \$138,351 (\$134,693 in 2013) and an increase of revenue and excess of revenue over expenses of \$3,657 (decrease of \$5,498 in 2013). This amount is the result of the difference between the net value of the University's capital assets funded by the MESRS and the value of the long-term debt service by the Government of Quebec.

9 - TANGIBLE CAPITAL ASSETS

	2014		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>
	\$	\$	\$
Land	41,415		41,415
Land improvements	1,914	187	1,727
Buildings, building alterations and leasehold improvements	854,128	187,392	666,736
Furniture and equipment	100,511	58,853	41,658
Library collection	34,487	18,171	16,316
Art collection	2,450		2,450
	<u>1,034,905</u>	<u>264,603</u>	<u>770,302</u>
			2013
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>
	\$	\$	\$
Land	41,111		41,111
Land improvements	1,834	92	1,742
Buildings, building alterations and leasehold improvements	811,607	168,834	642,773
Furniture and equipment	96,766	54,948	41,818
Library collection	32,976	17,422	15,554
Art collection	2,432		2,432
	<u>986,726</u>	<u>241,296</u>	<u>745,430</u>

As at April 30, 2014, trade payables and other operating liabilities include \$11,491 that relate to acquisition of tangible capital assets (\$13,023 as at April 30, 2013).

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

10 - INTANGIBLE CAPITAL ASSETS

	2014		
	Cost	Accumulated amortization	Net carrying amount
	\$	\$	\$
IT Development in progress	18,803		18,803
Share of the large bandwidth telecommunications network managed by RISQ	2,986	1,702	1,284
	<u>21,789</u>	<u>1,702</u>	<u>20,087</u>
	2013		
	Cost	Accumulated amortization	Net carrying amount
	\$	\$	\$
IT Development in progress	6,921		6,921
Share of the large bandwidth telecommunications network managed by RISQ	2,805	1,445	1,360
	<u>9,726</u>	<u>1,445</u>	<u>8,281</u>

As at April 30, 2014, trade payables and other operating liabilities include \$664 that relate to acquisition of intangible capital assets (\$3,137 as at April 30, 2013).

11 - BANK LOANS

The University has an unsecured line of credit of \$207,000 with its bankers of which \$137,000 is uncommitted and \$70,000 is committed, bearing interest at the prime rate, 3% (3% as at April 30, 2013). This line of credit is renewable and convertible into a fixed rate mainly through the issuance of bankers' acceptances. As at April 30, 2014, total outstanding bankers' acceptances amounted to \$42,900, bearing interest at rates ranging from 1.34% to 1.44%. The average rate on all fixed rate financing for the year was 1.35% (1.35% on April 30, 2013).

In March 2014, the University issued an irrevocable letter of credit of \$913 to the U.S. Department of Education. The irrevocable letter of credit bears a term of 12 months ending on March 14, 2015. The amount represents 50% of the Title IV, Higher Education Act Program funds received by Concordia University under the U.S. Federal Student Aid Program.

Subsequent to year-end, the committed part of the line of credit was released.

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

12 - DEFERRED CONTRIBUTIONS

	<u>2014</u>	<u>2013</u>
	\$	\$
Research Fund		
Balance, beginning of year	23,032	21,800
Amount received relating to following years	34,952	34,759
Amount recognized in operations	<u>(33,627)</u>	<u>(33,527)</u>
Balance, end of year	<u><u>24,357</u></u>	<u><u>23,032</u></u>
Designated Fund		
Balance, beginning of year	23,793	21,798
Amount received relating to following years	14,445	16,431
Amount recognized in operations	<u>(18,509)</u>	<u>(14,436)</u>
Balance, end of year	<u><u>19,729</u></u>	<u><u>23,793</u></u>
Capital Asset Fund		
Balance, beginning of year	67,292	67,241
Amount received relating to following years	46,027	33,400
Amount recognized as revenue of the year	<u>(44,438)</u>	<u>(33,349)</u>
Balance, end of year	<u><u>68,881</u></u>	<u><u>67,292</u></u>

13 - LONG-TERM DEBT

a) Operating Fund:

	<u>2014</u>	<u>2013</u>
	\$	\$
Loan, bearing interest at CDOR, payable in monthly instalments of \$56, principal only, maturing in June 2015 (i)	17,444	18,111
Current portion	<u>667</u>	<u>667</u>
	<u><u>16,777</u></u>	<u><u>17,444</u></u>

- (i) On June 3, 2010, the University entered into an interest rate swap agreement, maturing in June 2015. Under this contract, payments or receipts are made for the difference between the fixed interest rate of 3.51 % and the variable rate based on the CDOR, 1.245% (1.22% as at April 30, 2013).

The notional amount of the swap agreement entered into by the University is \$20,000 as at June 3, 2010. The fair value of liabilities of the swap calculated according to information obtained from the financial institution is \$339 (\$649 in 2013).

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

	<u>\$</u>
2014	667
2015	16,777

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

13 - LONG-TERM DEBT (Continued)

b) Capital Asset Fund:

	<u>2014</u>	<u>2013</u>
	\$	\$
Serviced by the University		
Loan, bearing interest at CDOR, payable in monthly instalments of \$36, principal only, maturing in August 2027 (ii)	10,280	10,712
Loan, bearing interest at CDOR, payable in monthly varying instalments, maturing in April 2038 (iii)	11,742	
Loan, bearing interest at CDOR, payable in monthly varying instalments, maturing in April 2025 (iv)	1,164	
Loan, bearing interest at CDOR, payable in monthly varying instalments, maturing in April 2026 (v)	14,080	
6.55% (effective interest rate of 6.97%) \$200,000 Series A Senior Unsecured Debentures, due September 2, 2042, issued by the University and subject to a trust indenture which contains certain covenants placing restrictions on the University with respect to the giving of security, disposition of assets and other matters	189,751	189,638
	<u>227,017</u>	<u>200,350</u>
Serviced by the Government of Quebec		
5 1/8% loan from Canada Mortgage and Housing Corporation		101
7.75% Series "1B" bonds		4,730
4.87% Series "10D" bonds		9,412
4.26%, 4.69% Series "11D" bonds, repayable in two varying instalments, maturing on June 10, 2012 and 2015	8,258	8,243
4.32% Series "12D" bonds, maturing on June 30, 2015	4,272	4,265
4.61% Series "13D" bonds, maturing on March 28, 2016	5,024	5,015
5% Series "14D" bonds, maturing on June 1, 2016	4,055	4,049
4.37%, 4.57% Series "15D" bonds, repayable in two varying instalments, maturing on May 15, 2012 and 2017	2,640	2,636
4.469% loan from Financement-Québec		13,017
4.082% loan from Financement-Québec, repayable in seven varying instalments, maturing on December 1, 2015	3,808	4,126
3.24% loan from Financement-Québec		57,462
4.138% loan from Financement-Québec, repayable in seven varying instalments, maturing on December 1, 2015	28,862	31,009

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

13 - LONG-TERM DEBT (Continued)

	<u>2014</u>	<u>2013</u>
	\$	\$
2.885% loan from Financement-Québec, repayable in five varying instalments, maturing on December 1, 2014	37,571	39,429
2.6344% loan from Financement-Québec, repayable in six varying instalments, maturing on June 2, 2016	20,328	21,886
2.195% loan from Financement-Québec		13,712
2.0183% loan from Financement-Québec, repayable in six varying instalments, maturing on April 25, 2017	16,177	17,451
2.472% loan from Financement-Québec, repayable in six varying instalments, maturing on December 1, 2017	19,244	21,122
2.437% loan from Financement-Québec, repayable in seven varying instalments, maturing on December 1, 2019	43,553	46,000
2.489% loan from Financement-Québec, repayable in seven varying instalments, maturing on December 1, 2019	15,360	16,000
2.409% loan from Financement-Québec, repayable in six varying annual instalments, maturing on May 29, 2019	99,360	
3.03% loan from Financement-Québec, repayable in nine varying annual instalments, maturing on December 1, 2022	4,640	
2.947% KIP loan from Financement-Québec, repayable in twenty varying instalments, maturing on September 1, 2022	11,439	12,607
3.563% KIP loan from Financement-Québec, repayable in forty varying instalments, maturing on September 1, 2032	16,926	17,563
1.845% KIP loan from Financement-Québec, repayable in six varying instalments, maturing on May 29, 2015	1,493	2,466
	343,010	352,301
Cumulative sinking fund paid by the Province of Quebec	(7,409)	(14,338)
	335,601	337,963
	562,618	538,313
Current portion	59,063	113,782
	503,555	424,531
	520,332	441,975

- (ii) On August 24, 2012, the University entered into a 15-year long-term swap loan agreement with RBC (Royal Bank of Canada) for \$11,000 to provide for the purchase of the 5th and the 6th floors as well as the basement of the Faubourg Complex. The transaction was effective August 30, 2012 at a fixed rate of 3.08% and the variable rate was based on the CDOR, 1.245% (1.22% as at April 30, 2013).

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

13 - LONG-TERM DEBT (Continued)

The notional amount of the swap agreement entered into by the University was \$11,000 in August 2012. The fair value of assets of the swap calculated according to information obtained from the financial institution is \$426 (the fair value of liabilities was \$165 in 2013).

- (iii) 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, 1.245%.

The notional amount of the swap agreement entered into by the University was \$12,071 in May 2013. The fair value of assets of the swap calculated according to information obtained from the financial institution is \$447.

- (iv) On May 1, 2013, the University entered into a 12-year long-term interest rate swap loan agreement to refinance renovation on the student residencies 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, 1.245%.

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 \$1.

- (v) 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 residencies. The transaction was effective at a fixed rate of 2.808% and the variable rate was based on the CDOR, 1.245%.

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 \$42.

The MESRS 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.

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

13 - LONG-TERM DEBT (Continued)

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:

	<u>\$</u>
2015	59,063
2016	66,441
2017	50,325
2018	29,901
2019	13,749
	<u>219,479</u>

14 - INTERFUND TRANSFERS

	<u>Operating</u>	<u>Designated</u>	<u>2014</u> <u>Capital Asset</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Contributions towards the following:			
Major renovation or construction projects	15,416		15,416
Interest on capital debt	11,525		11,525
Equipment	10,253	116	10,369
Library equipment	3,945		3,945
Specific University projects	2,481		2,481
Share of the large bandwidth telecommunications network managed by RISQ	181		181
	<u>43,801</u>	<u>116</u>	<u>43,917</u>

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

14 - INTERFUND TRANSFERS (Continued)

	2013		
	Operating Fund	Designated Fund	Capital Asset Fund
	\$	\$	\$
Contributions towards the following:			
Major renovation or construction projects	5,307		5,307
Interest on capital debt	11,252		11,252
Equipment	8,091	216	8,307
Library equipment	4,079		4,079
Specific University projects	395		395
Share of the large bandwidth telecommunications network managed by RISQ	187		187
	<u>29,311</u>	<u>216</u>	<u>29,527</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.

15 - INTERNALLY RESTRICTED FUND BALANCES

	<u>2014</u>	<u>2013</u>
	\$	\$
Specific purpose fund		
Institutional project	20,116	19,230
Student services	7,605	6,312
Information technology	1,429	1,494
Research initiatives and infrastructure	1,786	1,400
Scholarship funds	4,001	2,169
Capital & Special project	1,400	690
Employee training programs	781	800
Recruitment	522	421
Centre for study of classroom programs	151	151
Academic Plan	1,460	2,209
Other	4,420	4,569
	<u>43,671</u>	<u>39,445</u>

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

15 - INTERNALLY RESTRICTED FUND BALANCES (Continued)

	2014	2013
	\$	\$
Research funded by overhead	3,926	5,137
Infrastructure for Research Units	3,346	3,687
General Purpose Principal Investigator	3,218	2,691
Concordia Research Chair	2,505	2,454
Faculty Research Development Program	1,262	1,960
Research Seed Funding	1,052	1,034
Faculty Professional Development Fund	1,070	1,077
Concordia Aid to Scholarly Activities	661	674
Facilities Optimization Program	442	388
Faculty program in support of RESEA	523	474
Research laboratories	335	233
Other	1,530	1,289
	<u>19,870</u>	<u>21,098</u>
	<u>63,541</u>	<u>60,543</u>

16 - ANCILLARY SERVICES

	2014		
	Revenue	Expenses	Excess (deficiency)
	\$	\$	\$
Retail stores	12,454	11,753	701
Residences	3,073	1,897	1,176
Parking	1,469	450	1,019
Food services	641	671	(30)
Advertising	96		96
Other services	246	222	24
	<u>17,979</u>	<u>14,993</u>	<u>2,986</u>
			<u>2,986</u>
	2013		
	Revenue	Expenses	Excess (deficiency)
	\$	\$	\$
Retail stores	14,168	13,251	917
Residences	2,924	1,856	1,068
Parking	1,334	543	791
Food services	531	705	(174)
Advertising	79		79
Other services	130	229	(99)
	<u>19,166</u>	<u>16,584</u>	<u>2,582</u>
			<u>2,582</u>

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

17 - EXPENSES

	<u>2014</u>	<u>2013</u>
	\$	\$
Academic services		
Academic	204,740	200,430
Library	11,938	11,905
Instructional and Information Technology Services	10,489	11,291
	<u>227,167</u>	<u>223,626</u>
Administrative services		
Administration	54,027	53,028
Operational services	33,046	34,352
Rented facilities	913	1,015
	<u>87,986</u>	<u>88,395</u>

18 - RELATED PARTY TRANSACTIONS

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

Concordia University exercises control over eConcordia.com since the majority of the board members hold senior management 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.

Following is the significant financial information for eConcordia.com as at April 30, 2014:

	<u>2014</u>	<u>2013</u>
	\$	\$
Statement of operations		
Revenues	5,978	5,844
Expenses	5,711	5,780
Excess of revenues over expenses	<u>267</u>	<u>64</u>
Financial position		
Total assets	<u>2,619</u>	<u>1,864</u>
Total liabilities	2,452	1,981
Surplus (deficit)	167	(117)
	<u>2,619</u>	<u>1,864</u>

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

18 - RELATED PARTY TRANSACTIONS (Continued)

	2014	2013
	\$	\$
Cash flows		
Operating activities	900	1,583
Investing activities	(1,744)	(761)
Financing activities	929	(1,095)

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 \$4,447 (\$5,504 in 2013). The University invoiced certain academic costs and management fees amounting to approximately \$534 (\$1,500 in 2013). The University has a receivable of \$95 (\$907 in 2013) and an advance without interest of \$1,000 as at April 30, 2014.

The Concordia University Foundation (the "Foundation") must use its resources exclusively to advance the mission of the University. The Foundation is incorporated under the Canada Business Corporations Act and is a charitable organization under both the Income Tax Act (Canada) and the Taxation Act (Quebec). The University exercises significant influence over the Foundation since certain board members and members of senior management are on the board of the Foundation. Revenues from the Foundation amounting to \$10,704 (\$6,098 in 2013) 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 \$8,159 (\$12,496 in 2013). The assets, liabilities and fund balances of the Foundation total \$159,809 (\$142,708 in 2013), \$4,235 (\$6,110 in 2013) and \$155,574 (\$136,598 in 2013) respectively.

The University exercises control over the Fondation universitaire de l'Université Concordia (the "Fondation"). By law, the Fondation's resources must be used exclusively to promote and financially support the teaching and research activities of the University. The Fondation was created by Order-In-Council 834-97, dated June 25, 1997, of the provincial government, in accordance with the Loi sur les fondations universitaires. As a mandatory of the Crown, it is recognized as a charitable organization under both the Income Tax Act (Canada) and the Taxation Act (Quebec). In 2014, 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 \$29,934 (\$28,602 in 2013).

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

19 - EMPLOYEE FUTURE BENEFITS (Continued)

Defined benefit plans

The University measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at April 30 of each year. Additionally, the financial status of the funded defined benefits pension plan is also measured through actuarial valuations for funding purposes, at least once every three years. The most recent actuarial valuation was performed as at December 31, 2013, and the next required valuation will be on December 31, 2016.

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	
	2014	2013	2014	2013
	\$	\$	\$	\$
Accrued benefit obligations	1,144,788	1,102,452	139,316	135,991
Fair value of plan assets	800,230	726,818		
Funded status of plans	(344,558)	(375,634)	(139,316)	(135,991)
Balance of unamortized amounts	268,832	331,978	43,912	51,396
Accrued benefit liability	(75,726)	(43,656)	(95,404)	(84,595)

Pension plan asset components

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

	2014	2013
	%	%
Asset category		
Equity instruments	4	40
Fixed income	1	13
Pooled funds	67	47
Other investments	28	
	100	100

Employee future benefit costs recognized in the year

	2014	2013
	\$	\$
Pension benefit plans	57,729	55,526
Other benefit plans	15,084	11,590

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

19 - EMPLOYEE FUTURE BENEFITS (Continued)

Significant assumptions

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

	Pension benefit plans		Other benefit plans	
	2014	2013	2014	2013
	%	%	%	%
Accrued benefit obligations				
Discount rate	4.40	3.90	4.40	3.90
Rate of compensation increase	2.80	2.80	2.80	2.80
Benefit costs				
Discount rate	3.90	4.30	3.90	4.30
Expected long-term rate of return on plan assets	6.35	6.35	—	—
Rate of compensation increase	2.80	2.80	2.80	2.80

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

	2014	2013
	%	%
Initial health care cost trend rate	6.10	6.10
Cost trend rate declines to	4.32	4.32
Year when rate reaches the level it is assumed to remain at	2032	2032

Benefits paid

Benefits paid by the Pension benefit plan total \$40,134 (\$42,106 in 2013) and benefits paid by Other benefit plans amount to \$4,275 (\$4,457 in 2013).

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.

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

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

20 - FINANCIAL INSTRUMENTS (Continued)

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 and accounts receivable denominated in U.S. dollars. As at April 30, 2014, financial assets in foreign currency represent cash and accounts receivable totalling C\$385 (C\$1,303 in 2013).

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:

	2014	2013
	\$	\$
Financial assets measured at amortized cost		
Cash		474
Marketable securities	32	45
Subsidies receivable	63,106	35,481
Accounts receivable	12,894	14,430
Due from Concordia University Foundation, without interest	2,613	5,809
	78,645	56,239

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

21 - COMMITMENTS

Lease agreements

As at April 30, 2014, the University has commitments for lease agreements totalling \$2,242 and expiring until November 30, 2018. Minimum lease payments for the next five years are \$775 in 2015, \$773 in 2016, and \$473, \$168, \$53 in 2017, 2018 and 2019 respectively.

Capital assets financing

The Operating Fund has a \$262,900 commitment (\$239,950 as at April 30, 2013) towards the Capital Asset Fund to finance the capital assets.

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

These initial amounts combined with future payments on existing pledges and annual contributions will be invested to generate the required funds to meet the University's future debt obligations by 2042. In 2014, an amount of \$325 (\$325 in 2013) was transferred to this fund.

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

These matters are resolved in the ordinary course of University administration, and management is confident that all such issues that may arise will be resolved without material effect on the University's financial position. No amount has been accrued in these financial statements related to these claims.

On May 18, 2006, the Supreme Court of Canada rejected an appeal of a decision which refused to authorize a class action against the University related to the administration of its pension plan. The Supreme Court 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 plan at the times cited in the grievances. These grievances do not refer to a specific amount claimed and are being contested as being prescribed. It is not possible at the present time to determine the amount of any potential claim. Accordingly, no amount has been accrued in these financial statements related to these claims. No arbitrators have been named to hear these grievances to date.

Concordia University

Notes to Financial Statements

April 30, 2014

(In thousands of dollars)

22 - CONTINGENCIES (Continued)

In the normal course of the University's building construction projects, there are various claims secured by legal hypothecs that have been made by building contractors to secure payment. Such hypothecs are related to the buildings constructed or under construction. In addition, there are certain third-party claims for damages alleging that certain projects have provoked a loss of enjoyment of premises and/or a loss of revenue.

While it is not possible at this time to assess definitively the outcome of these actions, the University is confident that they will be resolved without material effect on the University's financial position. No amount has been accrued in these financial statements related to these claims.

Certain proceedings have also been instituted by building contractors claiming additional payments for alleged services performed and/or damages suffered. The total amount of these claims is approximately \$1 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.

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

23 - PLEDGES RECEIVABLE

Pledges receivable from donors are not recorded in the statement of operations for the Restricted Funds. Pledges receivable amounted to \$19,494 as at April 30, 2014 (\$24,258 as at April 30, 2013).

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.