Rating Report

Concordia University

Paul LeBane
+1 416 597 7478
plebane@dbrs.com

Scott Cherry
+1 416 597 7343
scherry@dbrs.com

DBRS

Insight beyond the rating.

Ratings

Debt	Rating	Rating Action	Trend
Issuer Rating	A	Confirmed	Stable
Senior Unsecured Debt	A	Confirmed	Stable

Rating Update

DBRS Limited (DBRS) has confirmed the Issuer Rating and Senior Unsecured Debt rating of Concordia University (Concordia or the University) at "A," both with Stable trends. The ratings reflect Concordia's position as a leading English-language university in the Province of Québec (Québec or the Province; rated A (high) by DBRS), a sound academic profile, the high level of financial support provided by the Province and management's responsiveness to budget issues. Nevertheless, the credit profile is under increasing pressure as a result of steadily rising debt and a challenging operating environment characterized by relatively flat enrolment, shrinking provincial funding and weak operating results.

Results weakened significantly in 2014-15 with a consolidated deficit of $31.9 million, or 6.1% of total revenue. Revenue declined by 4.2% as reductions in provincial grants more than offset modest growth in tuition revenue while total expense rose by 4.2%, driven by higher compensation and facility costs. Adjusting for a non-recurring, one-time restructuring charge related to the Voluntary Departure Program (VDP), the deficit was $23.1 million.

F2015-16 is expected to have been similarly challenging as the University was subject to a subsequent $6.2 million provincial funding reduction, growth in tuition fees for domestic residents under the provincial framework was limited and enrolment declined marginally. On a non-GAAP Operating Fund basis, the University is expecting a deficit of between $7.0 million and $8.0 million. As in past years, operating expense growth has been driven by rising compensation and facility costs.

The outlook for the operating results remains challenging despite a number of measures undertaken to address the budget challenges that have emerged. The University conducted a VDP aimed at reducing the administrative ranks, imposed budget reductions on administrative and academic units and is now exploring other ways to improve the cash flow in light of the strained operating environment. Concordia is now in the process of developing its 2016-17 operating and capital budgets and, while a clear budget outlook is not available at this time, DBRS expects that operating results will remain weak over the medium term. While the University is making some adjustments to address cost pressures, DBRS believes that Concordia will be challenged to achieve balanced operating results on a sustainable basis without meaningful support from the Province or increased flexibility to raise tuition rates.

The weak operating environment and ongoing capital pressures have led to steady growth in debt. It is estimated that the debt burden has risen to $10,000 per full-time equivalent (FTE) for the year just ended, up from $8,001 per FTE four years earlier. Interest coverage was down to 2.7 times (x) in 2014-15 from 5.0x the prior year. Debt is expected to rise further in the coming years, with initial budget planning assumptions suggesting that the debt burden could reach $10,500 per FTE as soon as 2016-17.

DBRS could take a negative rating action at the time of the next rating review if the University fails to materially slow debt growth and implement a credible plan to restore balance on a sustainable basis.

Financial Information

	For the year ended April 30				
	2015	**2014**	**2013**	**2012**	**2011**
Operating balance (DBRS-adjusted, $ millions)	(23.1)	13.6	(44.2)	20.7	9.0
Surplus (deficit) to revenue	(4.4%)	2.5%	(8.8%)	4.0%	2.0%
Interest coverage ratio (times) 1	3.3	5.0	3.3	5.4	5.4
Expendable resources to debt	11.3%	9.4%	4.8%	4.7%	7.6%
University-serviced debt per FTE ($) 2	9,693	9,136	8,514	8,001	8,733

1 Only includes University-supported debt charges. 2 FTE = full-time equivalent.

Issuer Description

Concordia is one of three English-language universities operating in Québec. Located in Montréal, the University offers over 250 programs at the graduate and undergraduate levels on two campuses: Sir George Williams campus in downtown Montréal and Loyola campus in the west end.

Rating Considerations

Strengths

1. Location in downtown Montréal
Concordia is a leading English-language university located in downtown Montréal, Canada's second-largest urban centre. This provides the University with a large local catchment area and makes it an attractive destination for out-of-province and international students. Montréal is also located in close proximity to Eastern Ontario, which makes it a reasonable destination for many students in the large Ontario market.

2. Responsive financial management practices
The University has faced significant financial challenges in recent years because of ongoing provincial constraint, which has led to mid-year funding reductions in some years. Concordia has been responsive to these changes and has made adjustments to operating budgets to stem the deterioration in financial results.

3. Historically strong provincial engagement toward education
The Province has historically been a very strong supporter of post-secondary education and sought to make it widely available. Under the provincial framework, provincial grants account for a relatively larger share of revenue than in other provinces while tuition rates are considerably lower. Québec also assumes a strong role in the oversight of the post-secondary system.

Challenges

1. Provincial funding constrained
While the provincial framework supports high levels of demand for post-secondary education through low and controlled tuition rates, the system results in universities being highly reliant on provincial funding. In recent years, strained provincial finances have resulted in funding reductions (funding compression) or the reversal of planned reinvestment, which has strained Concordia's finances. Over the medium term, messaging in the 2016 provincial budgets suggests some growth in provincial funding.

2. Limited ability to increase tuition fees
The Province sets limits on the tuition fees that can be charged by the universities which, for Québec residents, has resulted in fees that are substantially below the national average. The current framework indexes annual tuition fee increases to per-capita disposable income in Québec. For the 2015-16 academic year, this translated into base tuition fee increases of just 0.9% for Québec residents.

3. Rising debt burden
University-supported debt was $9,693 per FTE at April 30, 2015, and near-term projections suggest that this could rise to $10,500 per FTE in 2016-17. The debt burden has increased relatively quickly in recent years. Further increases in debt could put the rating under pressure in the strained operating environment.

4. Limited financial resources
The University has limited, unrestricted financial assets. Available through Concordia's foundation, these amounted to $30.6 million at April 30, 2015, or 11% of the University-support debt. This is one of the lowest levels among DBRS-rated universities.

5. No provincial guarantee on subsidized debt
While the Province remains strongly committed to servicing its share of Concordia's debts (approximately $372 million at April 30, 2015), there is no provincial guarantee on the debt obligations. As a result, interest and principal payments remain conditional on appropriations approved annually by the Québec National Assembly.

2014-15 Operating Results

Concordia recorded a consolidated deficit of $31.9 million for the year ended April 30, 2015, which follows a surplus of $13.6 million in the year prior. The weak result was largely because of the reduction in provincial operating grants, modest expense growth and a one-time expense related to a VDP. Adjusting for the one-time, non-recurring expense would reduce the deficit to $23.1 million.

Total revenue declined 4.2% with operating grant reductions largely offsetting modest growth in tuition, sales and services as well as donation and endowment income. The Province, faced with its own fiscal challenges, has undertaken a series of operating grant reductions over the last 4.5 years, to which it has been difficult for Québec universities to readily adjust. In 2014-15, the cuts amounted to $17.0 million, of which $15.3 million was announced at the beginning of the budget year and a subsequent $1.7 million announced mid-year. The Province also retains control over tuition fee increases, which rose by 2.2% for Québec residents, 6.7% for Canadian Non-Québec residents and between 2.2% and 2.7% for international students. Tuition revenue, when paired with very modest enrollment growth (0.2%), rose 4.8%. Other sources of revenue, not provided or controlled by the Province, rose modestly by 1.9%.

Total expense rose by 4.3% with notable growth in academic services, research, amortization and for the pension plan. This growth masks efforts to constrain growth in the expenditure base as the University began to make structural adjustments in recognition of the changing funding environment and broader trends facing the university sector.

The cost of academic services rose by 4.8%, which was largely driven by salary and benefits pressures, spending on university priorities and other facility-related costs. Given the heavily unionized environment, academic tenure and the longer-term orientation of academic planning, university administrations are typically unable to make immediate spending reductions in academic units. Notwithstanding these challenges, Concordia did begin to respond to grant reductions by requiring expenditure reductions in both academic and administrative units. Academic units were tasked with identifying savings of 2.5% while administrative units were required to find savings of 6.7%. In 2014-15, the University also conducted a VDP targeting non-academic staff with at least ten years of service to provide savings over the medium term. Under the program, 80 left and an additional 30 unfilled positions were eliminated. The one-time costs amounted to $8.8 million, but the University will achieve ongoing cost savings in subsequent years. Other major cost increases included amortization, reflecting growth in Concordia's underlying asset base, and an increase in pension costs.

Operating Outlook

Concordia conducts its activities through four different funds: operating, research, designated and capital assets; however, detailed forecasts on an annual basis are only prepared for the operating fund, which accounts for about three quarters of total spending. While the operating budget is on an accrual basis, it does not fully align with the operating fund results contained in the audited financial statements.

2015-16 Budget and Interim Results

The 2015-16 operating budged envisioned a deficit of $11 million as the University adjusts to lower base funding. At the time of DBRS's annual review, the operating budget deficit was expected to be between $7 and $8 million. Concordia continued to face revenue challenges with the Province implementing what is expected to be the final operating grant reduction of $6.2 million. Offsetting this, however, was modest growth in tuition revenue. While enrollment fell slightly, base tuition fees rose 0.90% for Québec residents, 6.01% for Canadian Non-Québec residents and between 2.38% and 2.48% for most international students. The decline in enrolment was, in part, a reflection of broader enrolment trends in Canada and implementation challenges related to Concordia's new admissions system. The expected improvement over budget was largely driven by efforts to contain cost growth and limit growth in the number of staff as well as some temporary measures to defer hiring and other expenditures.

Outlook

At the time of DBRS's annual review, Concordia had yet to complete its draft 2016-17 operating budget as the Province does not provide key budget inputs until late May. The University will bring its draft budget forward for approval in mid- to late-June. In the interim, Concordia has outlined a number of key working assumptions for the upcoming budget.

- Enrolment is expected to rise modestly by 500 FTEs, or 1.8%, to 28,351 on a raw FTE basis.
- Base tuition fees are expected to rise by 1.5% for Québec residents, 2.8% for Canadian Non-Québec residents and between 1.5% and 2.8% for international students.
- No change in operating grants is expected.
- Cost pressures are expected to exceed growth in tuition fees and operating grants.
- Salaries and benefits are expected to rise about 3.00%, driven by collectively bargained salary increments and grid steps, and other facility-related costs are expected to rise by about 2.00%, resulting in overall cost growth of about 2.75%.

Over the near to medium term, Concordia will continue through a period of adjustment in response to immediate financial

Operating Outlook (CONTINUED)

pressures stemming from operating grant reductions, a constrained funding outlook and changing trends in the University space more generally. The challenge for all universities, especially those in Québec, is the limited ability to increase revenue and the long lead times necessary to implement changes in a heavily unionized working environment. Concordia is in the process of undertaking necessary structural reforms, but these reforms will take a number of years before the results are fully reflected in financial results.

The University has also undertaken a rigorous consultation process to clarify its strategic direction and to develop the buy-in necessary for change. This process culminated in the release of a public document outlining Concordia's strategic direction in 2015. Internally, the University also developed a detailed list of projects to support the strategic plan and is now in the process of executing those projects. These include such activities as determining how best to allocate research-oriented resources, curriculum design and areas for program growth/adjustment. Concordia is also assessing measures to increase revenue and address cost pressures in academic units. Ultimately, the goal is to make changes to the cost base to better align with the funding environment. Given the complexities in the work environment, these changes are likely to take time and could have a negative short-term impact on financial results, though the expectation is that financial results will improve over the medium or long term.

The University may also benefit from proposed legislation (Bill 75), which seeks to improve risk sharing and address sustainability concerns for some plans in the university sector. While the passage of the bill remains uncertain, the current proposal would require Concordia to move toward equal cost sharing with employees contributing between 45% and 50% of current service costs and being responsible for 50% of funding deficiencies for benefits earned after December 31, 2014. If the bill passes in its current form, the changes would alleviate some pressure on the University's cash flows as the University is currently responsible for going-concern special payments and for 75% of current service costs. Concordia would continue to be responsible for the pre-2015 going-concern deficit under the proposed legislation. The bill proposes implementation of the necessary changes no later than January 1, 2018.

The University recently concluded negotiations with the faculty association, which provided modest salary increases for 2015, 2016 and 2017. Most of the other collective agreements also expired in 2015 and negotiated outcomes for these agreements are likely to be similar to that of the faculty agreement. While salary increases/adjustments were modest ranging between 1.0% and 2.0% annually, annual growth in compensation is expected to be higher because of salary grid movement and staffing complexities that result from the collective agreements. The current state of labour relations remains constructive and stable. No significant disruptions or challenges are expected in the near term.

Capital Plan

Capital investment amounted to $62.8 million in 2014-15, down from $75.7 million the year before. The major investment projects during the year included the completion of the Grey Nuns building conversion (student housing) and the $24 million development of the student information system. In 2015-16, capital spending is estimated to be about $63.5 million, of which a $35.0 million renovation of the library is the most significant project undertaken.

At this time, the University is still developing the next iteration of its three-year rolling capital plan. The proposed capital plan will be tabled for Board approval in mid-June at the same time as the administration presents its 2016-17 operating budget. While the scope of new development remains uncertain at this time, Concordia expects to increase spending on deferred maintenance and to continue a number of capital projects that were started in previous years, the most significant of which is the continued investment in information technology systems with the development of human resource, finance and advancement modules as well as some unplanned structural work on an existing parking facility.

In past years, the capital plan has typically included significant amounts for new capital development. While there remains no clarity at this time regarding the scope of new development in the capital plan, DBRS expects that the University will continue with ambitious capital spending as it has in the past, which has the potential to increase the debt burden.

Concordia will seek to increase spending on deferred maintenance in the coming years as it expects provincial funding for deferred maintenance to rise to about $25 million annually from about $21 to $22 million currently. The University has the lowest amount deferred maintenance among universities in Québec, which is in large part a reflection of Concordia's age and ongoing efforts to build and upgrade academic facilities. The most recent audit estimated the facilities condition index (FCI) to be 22%. Continued investment in facilities and rising spending on deferred maintenance should reduce the FCI further, potentially reaching the University's long-term goal of 15%.

Debt and Liquidity

In addition to direct obligations incurred for capital purposes, Québec universities generally carry debt issued by the Province in their name to fund provincial grants awarded to them (Province-supported debt). These are direct obligations of the institution and do not benefit from a guarantee from the Province; however, for credit analysis purposes, DBRS views this debt as a provincial obligation as the Province dictates its issuance and ensures its servicing through dedicated grants (the University transfers to the trustee all right, title and interest in the related debt-servicing grants).

Concordia's university-supported debt burden rose by 6.3% in 2014-15 driven by continued capital investment. This equates to a debt burden of $9,693 per FTE. With the expected increase in 2015-16 to $10,000 per FTE, the University's debt burden will have risen nearly 25% over a four-year period.

Interest coverage declined to 2.7x from 5.0x as cash flow from operations weakened. Despite weakening, the financial risk metrics remain consistent with the "A" rating.

The Concordia University Foundation's (the Foundation) assets rose to $165.7 million as of April 30, 2015, or $5,926 on a per-capita basis, which represents modest growth over the prior year. The Foundation maintains three primary funds.

- Long-term debt fund ($50 million), which is a sinking fund for the eventual repayment of the $200 million bond issuance set to mature in 2042.
- Employee benefits fund ($16 million), which is to make provisions for various unfunded future employee benefit obligations and pension liabilities.
- Endowment fund which holds resources received as endowments and makes annual payments to support the operations of the University. The endowment pays out 3.5% of assets annually to support university operations.

Concordia also reported $30.6 million in unrestricted financial resources at the Foundation and in reserves at April 30, 2015, which is equivalent to 11.3% of University-supported debt. This level of expendable resources, while growing, remains at the lower end of levels observed at other DBRS-rated universities. The University maintains minimal cash balances and relies heavily on a line of credit to manage liquidity.

The outlook for Concordia's pension has improved with the proposed legislation, though it remains uncertain whether the bill will pass in its current form. The bill seeks to facilitate risk sharing between employers and employees and shift contribution rates toward equal cost sharing. While the University would continue to be responsible for the pre-2015 going-concern deficit, the funding deficiency has narrowed significantly over the last five years. The most recent interim valuation, as of December 31, 2015, identified a going-concern deficit of $52 million, down from the high of $110 million at December 31, 2012. The decrease is largely attributable to a strong return on pension assets during the period.

The pension legislation also extends funding relief measures until December 31, 2017, which would have otherwise expired in 2015. Existing legislation requires Concordia to amortize the deficiency over ten years; however, the funding relief measures allows the University to reduce the special payment by 50%.

For accounting purposes, Concordia measures its accrued benefit obligation and the fair value of plan assets at fiscal year end. In 2014-15, the University adopted the new standard for pension accounting, Reporting Employee Future Benefits (3463), and restated amounts for the prior year. Under the new standard, Concordia has moved to the immediate recognition approach for its future benefit plans, with the full actuarial liability of the plans now presented on the balance sheet as well as annual actuarial gains and losses recognized on the statement of changes in net assets. The impact of this change was a $49.5 million increase in the liabilities for pension and other benefits for the year ended April 30, 2014. The liabilities subsequently decreased by $50.2 million for the year ended April 30, 2015, largely the result of a strong return on pension fund assets.

Outlook

DBRS expects the University's debt burden to rise further in the coming years as it progresses through the period of budget adjustment and as further capital projects are undertaken. At this time, the growth in the debt burden remains highly uncertain, given the absence of operating and capital budgets and ongoing uncertainty regarding the enrolment outlook. Notwithstanding this uncertainty, DBRS expects that the debt burden could reach $10,500 per FTE by April 30, 2017, on the basis of preliminary budget assumptions. The projected level of debt is not inconsistent with the current rating, but could exacerbate pressure on the rating in the strained operating environment.

University Funding in Québec

Canadian universities generally have access to three key sources of revenue for their core teaching research activities: (1) government grants, (2) student fees and (3) fundraising and endowment income. For Concordia, these accounted for about 94% of total revenues in 2014-15.

Government Funding (provincial and federal, 57.0%):
Government funding includes operating, research and capital grants. Operating grants constitute the most important revenue source for Canadian universities and are exclusively provided by provincial governments as education falls within provincial jurisdiction. In Québec, operating funding in a given year is based on enrolment levels effective two years before and includes three broad components:

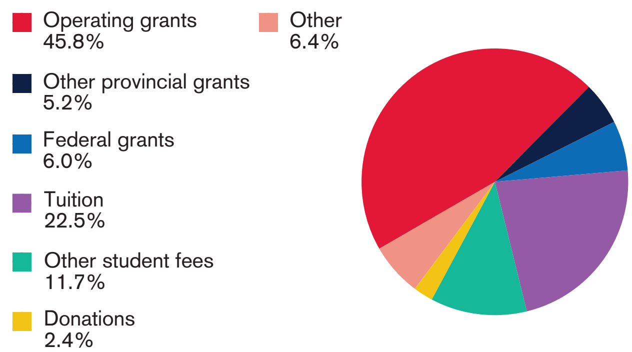
- **Teaching:** Allocated across universities in proportion to enrolment at each institution, with students weighted based on the relative cost of the program in which they are enrolled.
- **Support for teaching and research:** Funding for general administration costs, library operations as well as computer and au-diovisual equipment. It is composed of a fixed amount and a variable component based on enrolment.
- **Maintenance:** Provided largely on the basis of the floor space that is recognized for funding purposes.

For the past three fiscal years, the Province demanded significant funding compression from Québec universities, totalling approximately $276 million. This funding compression has since been made permanent and has forced universities to incur larger-than-anticipated deficits while the cuts are absorbed. Mid-year cuts and an acceleration in the timeline for absorption have forced Concordia to implement budget cuts in both administrative and academic units and have compelled the University to consider making more significant structural adjustments.

Ultimately, the operating funding envelope for universities is subject to change from year to year and is closely linked to the Province's own budget position. Québec's 2016-17 Budget projects program spending for the broader education portfolio to grow by 3.0% in each of the next three fiscal years, which should provide some stability for the sector after a period of funding constraint and uncertainty.

Capital funding also largely originates from the Province; however, rather than taking the form of cash payments as in other provinces, most capital grants awarded to universities in Québec are funded by debt issued in the institutions' names, but serviced by the Province through annual subsidies. This explains the relatively high debt level of Québec universities and their high dependence on provincial funding. The Province provides some research funding, although the bulk of research funds is provided by the federal government.

2014-2015 Revenue (DBRS-adjusted) **($520 million)**



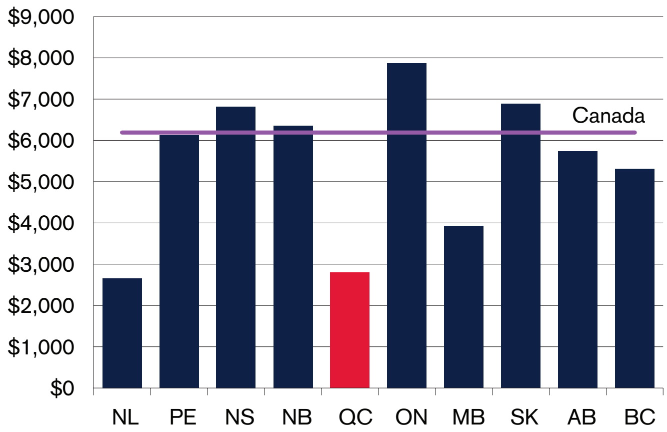
Both the federal and provincial governments announced new funding for post-secondary capital in their 2016 budgets. The federal government announced a $2.0 billion *Post-Secondary Institutions Strategic Investment Fund* that will support up to 50% of eligible project costs for shovel-ready projects that enhance research and innovation capacity or improve environmental performance and can be completed within two years. Quebec announced the *Plan for Success in Education and Higher Education*, which includes $700 million to improve and renovate facilities, of which a portion will be allocated to universities.

Tuition and Student Fees (34.2%):
The Province retains full discretion over tuition fees. For residents of Québec, fees were capped between 1995-96 and 2006-07 and once again in September 2012, which explains why Québec has some of the lowest tuition fees in the country. In the period between 2007-08 and 2011-12, universities were allowed to increase tuition fees by $100 per year, although benefits were offset by the requirement to allocate some of these revenues to student aid. For non-Québec residents, tuition fees are markedly higher. Historically, revenue collected from those students in excess of tuition paid by residents was generally appropriated by the Province and re-invested in the post-secondary education system. This limited the ability of Québec universities to generate higher revenues by attracting out-of-province students; however, beginning in 2008-09, Universities have been able to retain a sizable portion of the out-of-province student fees.

After cancelling planned tuition fee hikes of $325 per year for domestic students between 2011-12 and 2016-17, the Province moved to institute more modest tuition fee indexation, albeit at a lower rate than initially announced. While this has provided some modest flexibility to institutions to keep pace with inflationary pressures, overall system-wide cuts have offset most of the revenue gains. In 2015-16, indexation amounted to an approximate year-over-year fee increase of 0.9% for Québec residents. Going forward, DBRS expects minimal growth in tuition rates for Québec residents while tuition fee increases for

University Funding in Québec (CONTINUED)

2015-16 Average Undergraduate Tuition Fees



Source: Statistics Canada.

Canadian Non-Québec residents and international students will be more significant.

Fundraising and Endowment Contributions (2.4%): Fundraising is a relatively new source of revenue for most universities in Canada. This is reflected in the fairly small endowment funds of most institutions and the still-negligible share of donation income and endowment contributions in the revenue base of Canadian universities relative to their U.S. counterparts.

Concordia recognizes donations as revenue upon receipt and transfers those donations with external long-term restrictions to the Foundation, which manages the University's endowment fund. As of April 30, 2015, the Foundation had net assets of $165.7 million, or $5,926 per FTE, which is relatively low among DBRS-rated universities.

Concordia University

Statement of Financial Position (DBRS-adjusted)

($ thousands)	As at April 30				
Assets	**2015**	**2014**	**2013**	**2012**	**2011**
Cash	2,210	-	474	2,544	-
Marketable investments	29	32	45	7	6,844
Receivables and subsidies receivable from Province	71,429	74,791	55,720	61,947	78,778
Subsidies receivable from Province (long-term)	124,445	138,351	134,693	140,191	140,581
Inventories and prepaid expenses	11,180	9,070	9,906	8,158	8,362
Capital assets	782,183	770,302	745,430	731,142	695,850
Concordia University Foundation - net assets	165,702	156,421	136,598	120,492	121,861
Other assets	29,064	20,087	8,281	1,401	1,415
Total Assets	**1,186,242**	**1,169,054**	**1,091,147**	**1,065,882**	**1,053,691**
Liabilities					
Accounts payable and accrued liability	69,451	68,951	78,805	74,335	87,103
Short-term debt serviced by University	47,636	13,037	19,299	-	17,785
Short-term debt serviced by Province	105,033	90,169	113,350	107,357	109,943
Unearned revenue	13,761	14,861	18,527	19,102	18,229
Other short-term liabilities	4,980	6,142	6,437	5,459	13,277
Employee future benefits 1	170,505	220,664	128,251	89,738	83,287
Deferred contributions	122,858	112,967	114,117	110,839	94,381
Net long-term debt serviced by University	223,371	241,931	217,794	218,599	216,916
Net long-term debt serviced by Province	267,015	278,402	224,181	242,853	231,861
Total Liabilities	**1,024,610**	**1,047,124**	**920,761**	**868,282**	**872,782**
Fund Balances					
Invested in capital assets	171,877	183,887	162,745	162,193	144,739
Internally Restricted	62,510	63,541	60,543	60,002	52,377
Externally restricted	951	1,230	1,453	1,079	1,979
Concordia University Foundation	165,702	156,421	136,598	120,492	121,861
Accumulated deficit	(239,408)	(283,148)	(190,953)	(146,166)	(140,047)
Total Liabilities and Fund Balances	**1,186,242**	**1,169,054**	**1,091,147**	**1,065,882**	**1,053,691**
Contingencies					
Potential claim - lawsuits	2,300	1,000	16,000	16,000	15,000
Pension-fund and other benefits deficit (if any)	n/a	n/a	511,625	428,645	202,959
Total contingencies	**2,300**	**1,000**	**527,625**	**444,645**	**217,959**

1 The University adopted Section 3463, Reporting Employee Future Benefits, and applied the new standard as of May 1, 2014. As a result, amounts for 2014 were restated and are no longer comparably to amounts for prior years.

Statement of Operations (DBRS-adjusted)

($ thousands)	For the year ended April 30				
	2015	**2014**	**2013**	**2012**	**2011***
Operating revenue	519,685	542,622	499,554	512,870	458,156
Total expenditures	542,742	528,977	543,719	492,131	449,143
Recurring Surplus/(Deficit)	**(23,057)**	**13,645**	**(44,165)**	**20,739**	**9,013**
Non-recurring revenue/(expenditures)	(8,800)	-	-	(2,000)	-
Total Consolidated Surplus/(Deficit)	**(31,857)**	**13,645**	**(44,165)**	**18,739**	**9,013**
Revenue					
Tuition	117,047	111,667	107,828	102,693	94,582
Student fees 1	60,658	62,144	62,892	61,009	55,136
Provincial operating grants	237,867	251,464	231,735	234,057	211,795
Provincial grants for debt servicing	20,358	39,122	27,229	42,563	26,766
Other provincial grants for restricted uses	6,504	5,037	5,260	3,706	5,294
Federal grants	31,349	32,639	33,387	33,394	28,040
Sales, services, and rentals	25,278	23,985	24,644	24,224	23,471
Donations	12,447	10,401	326	6,735	8,541
Other income	8,177	6,163	6,253	4,489	4,531
Total Revenue	**519,685**	**542,622**	**499,554**	**512,870**	**458,156**
Expenditures					
Academic services	248,995	237,505	232,894	226,119	202,397
Administrative services	**86,696**	**86,552**	**88,395**	**79,895**	**74,509**
Research	56,599	52,204	47,798	41,029	38,091
Sales, services, and rentals	17,692	18,143	19,121	19,313	18,541
Amortization	42,083	38,141	36,434	34,839	31,623
Pension plan 2	45,857	40,512	67,116	36,044	34,440
Interest on subsidized debt	10,385	11,196	11,444	14,615	13,300
Interest on University-supported debt	15,677	15,046	14,626	14,238	12,872
Other	27,558	29,678	25,891	26,039	23,370
Total Expenditures	**551,542**	**528,977**	**543,719**	**492,131**	**449,143**
Gross Capital Expenditures 3	62,765	75,687	44,392	58,101	88,740

Note: At the direction of the Ministère de L'Éducation, du Loisir et du Sport du Québec, Concordia changed its fiscal year end to April 30 from May 31, starting in 2010-2011. In 2010-2011, results reflect an 11-month year and are not directly comparable with other years.

1 Includes services to the community, student services revenues and miscellaneous fees and other income.

2 The University adopted Section 3463, Reporting Employee Future Benefits, and applied the new standard as of May 1, 2014. As a result, amounts for 2014 were restated and are no longer comparably to amounts for prior years.

3 Includes capital expenditures on tangible and intangible assets. Previous reports have only include capital expenditures on tangible capital. Amounts have been restated for the years ended April 30, 2013 and April 30, 2014.

Statement of Cash Flow

($ thousands)	For the year ended April 30				
	2015	**2014**	**2013**	**2012**	**2011**
Operating balance before fund transfers	(23,057)	13,645	(44,165)	18,739	9,013
Amortization and other	58,738	46,522	78,340	44,007	47,690
Cash flow from operations	**35,681**	**60,167**	**34,175**	**62,746**	**56,703**
Change in working capital	(644)	(34,727)	(4,673)	(19,489)	(1,485)
Operating cash flow after working capital	**35,037**	**25,440**	**29,502**	**43,257**	**55,218**
Capital expenditures	(62,765)	(75,687)	(44,392)	(58,101)	(88,740)
Free cash flow	**(27,728)**	**(50,247)**	**(14,890)**	**(14,844)**	**(33,522)**
Financing activities	39,672	45,988	11,316	10,066	29,826
Investing activities (excluding capex)	(358)	3,209	1,504	11,340	1,541
Increase (decrease) in cash	**11,586**	**(1,050)**	**(2,070)**	**6,562**	**(2,155)**
Cash (bank overdraft), beginning of year	(576)	474	2,544	(4,018)	(1,863)
Cash (bank overdraft), end of year	**11,010**	**(576)**	**474**	**2,544**	**(4,018)**

Summary Statistics

	For the year ended April 30				
($ thousands)	**2015**	**2014**	**2013**	**2012**	**2011**
Total Enrolment 1	27,960	27,907	27,846	27,323	26,876
- Undergraduate	86%	87%	88%	88%	88%
- Graduate	14%	13%	12%	12%	12%
Annual change (%)	0.2%	0.2%	1.9%	1.7%	3.3%
Total staff (FTE) 2	3,507	3,637	3,791	3,598	3,548
- Academic staff (FTE)	43%	41%	43%	40%	40%
Operating Results					
Recurring surplus (deficit) ($ thousands)	(31,857)	13,645	(44,165)	20,739	9,013
- As % of revenues	(6.1%)	2.5%	(8.8%)	4.0%	2.0%
Revenue Mix (as % of total DBRS-adjusted revenue)					
- Provincial government funding	50.9%	54.5%	52.9%	54.7%	53.2%
- Tuition fees	22.5%	20.6%	21.6%	20.0%	20.6%
- Endowment and expendable donations	2.4%	1.9%	0.1%	1.3%	1.9%
- Other	24.1%	23.0%	25.5%	24.0%	24.3%
Debt					
Total debt ($ millions)	643.1	623.5	574.6	568.8	576.5
Debt serviced by Province ($ millions)	372.0	368.6	337.5	350.2	341.8
Debt serviced by University ($ millions)	271.0	255.0	237.1	218.6	234.7
- Per FTE student ($)	9,693	9,136	8,514	8,001	8,733
Total debt and contingencies ($ millions)	645.4	624.5	1,102.2	1,013.5	794.5
- Per FTE student ($)	23,081	22,379	39,584	37,092	29,560
Interest charges supported by University/total exp.	2.8%	2.8%	2.7%	2.9%	2.9%
Interest coverage ratio (times) 3	2.7	5.0	3.3	5.4	5.4
Concordia University Foundation					
Total net assets ($ millions)	165.7	156.4	136.6	120.5	121.9
- Per FTE student ($)	5,926	5,605	4,905	4,410	4,534
Annual payout rate	3.5%	3.5%	5.0%	5.0%	5.0%

1 Full-time equivalent (FTE). Excludes continuing education.
2 Staff and academic staff exclude auxiliary students and part-time faculty for continuing education. A part-time FTE faculty is based on a load of four courses of 3 credits.
3 Defined as surplus before interest, amortization, and fund transfers divided by interest charges supported by the University.

Rating History

	Current	2015	2014	2013	2012	2011
Issuer Rating	A	A	A	A	A	NR
Senior Unsecured Debt	A	A	A	A	A	A

Previous Action

- Confirmed, May 26, 2015.

Related Research

- *Rating Public Universities*, June 2015.
- Canadian University Peer Comparison Table, April 12, 2016.

Previous Report

- Concordia University, Rating Report, May 26, 2015.

Notes:
All figures are in Canadian dollars unless otherwise noted.

For the definition of Issuer Rating, please refer to Rating Definitions under Rating Policy on **www.dbrs.com**.

Generally, Issuer Ratings apply to all senior unsecured obligations of an applicable issuer, except when an issuer has a significant or unique level of secured debt.