Consolidated Financial Statements of
(In thousands of dollars)

CONCORDIA UNIVERSITY

Year ended April 30, 2021

CONCORDIA UNIVERSITY

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(In thousands of dollars)

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STATEMENT OF ADMINISTRATOR'S RESPONSIBILITY

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

Management has prepared the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations. In order to achieve the objective of fair presentation in all material respects, reasonable estimates and professional judgments were used. Management believes the consolidated financial statements present fairly the University's consolidated financial position as at April 30, 2021, and the consolidated results of its operations, consolidated changes in fund balances and consolidated cash flows for the year then ended.

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

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

The financial statements as at and for the year ended April 30, 2021, have been audited by KPMG LLP, the auditors appointed by the Board of Governors. The independent auditors' report outlines the scope of their audit and their opinion on the preparation of the information included in the consolidated financial statements.

original signed by Graham Carr	original signed by Denis Cossette
Graham Carr President and Vice-Chancellor	Denis Cossette Chief Financial Officer

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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Concordia University

Opinion

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

- the consolidated statement of financial position as at April 30, 2021
- the consolidated statement of operations and changes in fund balances for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at April 30, 2021, its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Entity.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG LLP*

Montréal, Canada

October 21, 2021

*CPA auditor, CA, public accountancy permit No. A120585

CONCORDIA UNIVERSITY

Consolidated Statement of Financial Position
(In thousands of dollars)

April 30, 2021, with comparative information for 2020

	Total Funds		Operating Fund		Restricted Funds: Research Fund		Restricted Funds: Designated Fund		Restricted Funds: Capital Asset Fund	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$	$	$	$	$
Assets										
Current assets:										
Cash	21,490	19,582	21,490	19,582	–	–	–	–	–	–
Grants receivable (note 2)	43,274	42,373	21,875	21,356	20,997	20,326	402	691	–	–
Accounts receivable (note 3)	60,432	59,696	37,375	48,961	12,070	10,018	1,701	717	9,286	–
Prepaid expenses and other assets	6,972	8,601	5,222	6,038	–	–	543	933	1,207	1,630
	132,168	130,252	85,962	95,937	33,067	30,344	2,646	2,341	10,493	1,630
Amount receivable from the Ministère de l'Enseignement supérieur ("MES") (note 4)	64,757	67,044	–	–	–	–	–	–	64,757	67,044
Grants receivable (note 2)	30,894	43,657	–	–	–	–	–	–	30,894	43,657
Research partnership investment	715	503	–	–	715	503	–	–	–	–
Due from other funds, without interest	–	–	–	31,998	35,629	26,269	220,035	178,940	–	–
Investments (note 5)	325,473	269,889	325,473	269,889	–	–	–	–	–	–
Tangible capital assets (note 6)	916,559	877,944	–	–	–	–	–	–	916,559	877,944
Intangible capital assets (note 7)	56,256	41,496	–	–	–	–	–	–	56,256	41,496
	1,526,822	1,430,785	411,435	397,824	69,411	57,116	222,681	181,281	1,078,959	1,031,771

See accompanying notes to consolidated financial statements.

CONCORDIA UNIVERSITY

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

April 30, 2021, with comparative information for 2020

	Total Funds		Operating Fund		Restricted Funds: Research Fund		Restricted Funds: Designated Fund		Restricted Funds: Capital Asset Fund	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$	$	$	$	$
Liabilities and Fund Balances										
Current liabilities:										
Cash – bank overdraft	16,049	–	16,049	–	–	–	–	–	–	–
Bank loans (note 8)	137,662	132,513	137,662	132,513	–	–	–	–	–	–
Trade payables and other liabilities (note 9)	109,530	101,578	72,382	72,155	48	30	9,830	10,608	27,270	18,785
Agency and fiduciary accounts	12,613	12,515	12,613	12,515	–	–	–	–	–	–
Unearned revenue	33,054	22,482	33,054	22,482	–	–	–	–	–	–
Deferred contributions (note 10)	69,363	57,086	–	–	69,363	57,086	–	–	–	–
Current portion of long-term debt (note 11)	40,673	37,025	–	–	–	–	–	–	40,673	37,025
	418,944	363,199	271,760	239,665	69,411	57,116	9,830	10,608	67,943	55,810
Deferred contributions (note 10)	203,874	184,289	–	–	–	–	67,859	54,102	136,015	130,187
Due to other funds, without interest	–	–	193,984	205,209	–	–	–	–	61,680	31,998
Long-term debt (note 11)	654,240	644,836	–	–	–	–	–	–	654,240	644,836
Employee future benefit liability (note 12)	131,906	179,351	131,906	179,351	–	–	–	–	–	–
	1,408,964	1,371,675	597,650	624,225	69,411	57,116	77,689	64,710	919,878	862,831
Fund surplus (deficit):										
Unrestricted deficit	(120,251)	(112,640)	(120,251)	(112,640)	–	–	–	–	–	–
Deficit from employee future benefit obligation	(131,906)	(179,351)	(131,906)	(179,351)	–	–	–	–	–	–
Internally restricted (note 13)	147,869	128,640	65,942	65,590	–	–	–	–	81,927	63,050
Endowments (note 14)	144,992	116,571	–	–	–	–	144,992	116,571	–	–
Invested in capital assets	77,154	105,890	–	–	–	–	–	–	77,154	105,890
	117,858	59,110	(186,215)	(226,401)	–	–	144,992	116,571	159,081	168,940
Commitments (note 21)										
Contingencies (note 23)										
Subsequent event (note 25)										
Impact of Covid-19 (note 26)										
	1,526,822	1,430,785	411,435	397,824	69,411	57,116	222,681	181,281	1,078,959	1,031,771

See accompanying notes to consolidated financial statements.

On behalf of the Board:

original signed by Helen Antoniou

Chair of the Board

original signed by Georges Paulez

Governor

CONCORDIA UNIVERSITY

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

Year ended April 30, 2021, with comparative information for 2020

	Total Funds		Operating Fund		Restricted Funds: Research Fund		Restricted Funds: Designated Fund		Restricted Funds: Capital Asset Fund	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$	$	$	$	$
Revenues:										
Tuition fees	185,280	175,750	185,280	175,750	–	–	–	–	–	–
Grants (note 15)	387,419	375,377	284,021	281,912	48,547	48,032	14,970	5,338	39,881	40,095
Services to the community, students and other income	51,976	59,345	49,476	57,397	176	–	2,121	1,837	203	111
Ancillary services and rental properties (note 16)	4,366	20,791	4,366	20,791	–	–	–	–	–	–
Donations	6,898	8,327	484	563	–	–	5,131	7,157	1,283	607
Investment income (loss) (note 5)	27,750	1,780	3,316	935	(120)	131	3,564	3,551	20,990	(2,837)
	663,689	641,370	526,943	537,348	48,603	48,163	25,786	17,883	62,357	37,976
Expenses:										
Academic activities and support (note 17)	295,599	289,700	295,599	289,700	–	–	–	–	–	–
Research	75,509	71,682	26,991	25,559	48,518	46,123	–	–	–	–
Institutional services and support (note 17)	105,427	104,413	105,427	104,413	–	–	–	–	–	–
Services to the community, students and other expense	27,681	33,381	27,681	33,381	–	–	–	–	–	–
Endowed and restricted projects	25,480	17,552	–	–	–	–	25,480	17,552	–	–
Employee future benefits (note 12)	51,962	50,271	51,962	50,271	–	–	–	–	–	–
Ancillary services and rental properties (note 16)	7,484	17,375	7,484	17,375	–	–	–	–	–	–
Capital maintenance projects	18,032	11,284	–	–	–	–	–	–	18,032	11,284
Interest on bank loans	1,901	2,873	550	74	–	–	–	–	1,351	2,799
Interest on long-term debt (note 11)	25,295	26,329	–	–	–	–	–	–	25,295	26,329
Amortization of tangible capital assets	46,755	44,147	–	–	–	–	–	–	46,755	44,147
Amortization of intangible capital assets	3,610	3,651	–	–	–	–	–	–	3,610	3,651
	684,735	672,658	515,694	520,773	48,518	46,123	25,480	17,552	95,043	88,210
Excess (deficiency) of revenues over expenses before interfund transfers	(21,046)	(31,288)	11,249	16,575	85	2,040	306	331	(32,686)	(50,234)
Interfund transfers (note 18)	–	–	(23,468)	(25,538)	(85)	(2,040)	726	(267)	22,827	27,845
Excess (deficiency) of revenues over expenses after interfund transfers	(21,046)	(31,288)	(12,219)	(8,963)	–	–	1,032	64	(9,859)	(22,389)

See accompanying notes to consolidated financial statements.

CONCORDIA UNIVERSITY

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

Year ended April 30, 2021, with comparative information for 2020

	Total Funds		Operating Fund		Restricted Funds Research Fund		Restricted Funds Designated Fund		Restricted Funds Capital Asset Fund	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$	$	$	$	$
Excess (deficiency) of revenues over expenses after interfundtransfers (balance brought forward)	(21,046)	(31,288)	(12,219)	(8,963)	–	–	1,032	64	(9,859)	(22,389)
Remeasurements and other items (note 12)	52,405	16,895	52,405	16,895	–	–	–	–	–	–
Endowment contributions received	3,236	2,310	–	–	–	–	3,236	2,310	–	–
Investment gain (loss) on endowments (note 5)	24,153	(7,285)	–	–	–	–	24,153	(7,285)	–	–
	58,748	(19,368)	40,186	7,932	–	–	28,421	(4,911)	(9,859)	(22,389)
Fund balances, beginning of year	59,110	78,478	(226,401)	(234,333)	–	–	116,571	121,482	168,940	191,329
Fund balances, end of year	117,858	59,110	(186,215)	(226,401)	–	–	144,992	116,571	159,081	168,940

See accompanying notes to consolidated financial statements.

CONCORDIA UNIVERSITY

Consolidated Statement of Cash Flows
(In thousands of dollars)

Year ended April 30, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating:		
Deficiency of revenues over expenses	$ (21,046)	$ (31,288)
Items not involving cash:		
Net change in fair value of financial assets and liabilities	(212)	(38)
Net change in deferred contributions - Research Fund	12,277	5,279
Amortization of tangible capital assets	46,755	44,147
Amortization of intangible assets	3,610	3,651
Employee future benefits expense over funding contributions	4,960	5,941
Net change in working capital items	31,376	(25,313)
	77,720	2,379
Financing:		
Bank loans	5,149	(887)
Amount receivable from the MES	2,287	2,741
Issuance of long-term debt	49,895	180,559
Repayment of long-term debt	(36,843)	(132,392)
Deferred contributions - Designated and Capital Asset Fund	19,585	36,452
Endowment contributions received	3,236	2,310
	43,309	88,783
Investing:		
Acquisition of investments	(19,289)	(102,453)
Re-invested capital	(3,735)	(4,338)
Disposal of investments	7,382	61,023
Change in fair value of investments	(39,942)	12,186
Investment (loss) gain on externally restricted endowments	24,153	(7,285)
Acquisition of tangible capital assets	(85,370)	(69,435)
Acquisition of intangible assets	(18,369)	(22,121)
	(135,170)	(132,423)
Net decrease in cash	(14,141)	(41,261)
Cash and cash equivalents, beginning of year	19,582	60,843
Cash and cash equivalents, end of year	$ 5,441	$ 19,582

See accompanying notes to consolidated financial statements.

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

1. Significant accounting policies:

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

(a) Basis of presentation:

These consolidated financial statements include the assets, liabilities, revenues, expenses and other transactions of Concordia University and the Concordia University Foundation, an entity controlled by the University. All transactions, assets and liabilities between the two entities have been eliminated. These consolidated financial statements do not include the assets, liabilities and operations of the Fondation universitaire de l'Université Concordia, the Concordia University Press, Galilei Innovations Inc., and the Kenneth Woods Portfolio Management Foundation since these controlled entities are not material to the consolidated financial statements of Concordia University. Refer to Note 20 on required disclosures for the other controlled entities.

(b) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the amounts recorded in the consolidated financial statements and notes to consolidated financial statements. In particular, significant estimates are made regarding the valuation of receivables, fair values of assets and liabilities including derivatives and effectiveness of hedging relationships, useful lives of capital assets, provisions for contingencies and employee future benefits. These estimates are based on management's knowledge of current events and actions that the University may undertake in the future. Actual results may differ from these estimates.

(c) Financial assets and liabilities:

(i) Initial measurement:

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

1. Significant accounting policies (continued):

(c) Financial assets and liabilities (continued):

(ii) Subsequent measurement:

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

Financial assets and liabilities measured at amortized cost are calculated using the effective interest method (including any impairment in the case of financial assets). Interest calculated using the effective interest method is presented in the consolidated statement of operations and changes in fund balances under net investment income, interest on bank loans or interest on long-term debt, as appropriate.

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

(d) Derivative financial instruments:

The University uses derivative financial instruments to manage its interest rate risk exposure. It does not use these derivative financial instruments for trading or speculative purposes. The University has elected to use hedge accounting to recognize the interest rate swaps that it uses to provide protection against interest rate fluctuations on its variable interest rate for long-term debt. These interest rate swaps require the periodic exchange of interest.

Payments without an exchange of the notional (capital) amount on which payments are calculated.

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

1. Significant accounting policies (continued):

(e) Fund accounting:

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

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

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

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

(f) Revenue recognition:

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

Endowment contributions and restricted investment income earned on endowments and not available for distribution are recognized as direct increases in net assets in the period in which they are received or earned. Investment income earned on endowment and available for distribution are deferred and recognized as revenue in the period in which the related expenses are incurred. and contributions in capital assets that are not subject to amortization are reported as direct increases in the appropriate fund balance.

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

Interest income is recognized on a time apportionment basis.

1. Significant accounting policies (continued):

(f) Revenue recognition (continued):

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

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

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

(g) Contributed supplies and services:

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

(h) Cash and cash equivalents:

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

(i) Inventories:

Inventories of the retail stores are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. Inventories are accounted for within prepaid expenses and other assets.

(j) 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.

(k) Tangible and intangible assets:

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

1. Significant accounting policies (continued):

(k) Tangible and intangible assets (continued):

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

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

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

(l) Amortization:

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

Assets	Period
Tangible capital assets:	
Land improvements	20 years
Buildings	40 to 50 years
Building alterations	25 to 40 years
Leasehold improvements	Lease term (max. 10 years)
Furniture and equipment	3 to 15 years
Library collection	10 years
Intangible assets:	
Information technology	10 years
Share of the large bandwidth telecommunications network managed by Réseau d'informations scientifiques du Québec (RISQ) Inc.	Over the term of the agreement

Amortization is recorded in the Capital Asset Fund.

1. Significant accounting policies (continued):

(l) Amortization (continued):

(ii) Write-down:

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

(m) Foreign currency translation:

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

(n) Employee future benefits:

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

(In thousands of dollars)

1. Significant accounting policies (continued):

(o) 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 14.
- Management has chosen to internally restrict unspent budgeted amounts from the Operating Fund that relate to specific key University's priorities.

2. Grants receivable:

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

(In thousands of dollars)

2. Grants receivable:

	Operating	Research	Designated	Capital	2020 Total
Current:					
Amount receivable from the MES	$ 20,914	$ –	$ 691	$ –	$ 21,605
Amount receivable from federal agencies	442	16,639	–	–	17,081
Amount receivable from provincial agencies S (other than the MES)	–	3,687	–	–	3,687
	21,356	20,326	691		42,373
Long-term:					
Amount receivable from the MES	–	–	–	4,842	4,842
Amount receivable from federal agencies	–	–	–	5,184	5,184
Amount receivable from provincial agencies (other than the MES)	–	–	–	33,631	33,631
	$ 21,356	$ 20,326	$ 691	$ 43,657	$ 86,030

3. Accounts receivable:

	2021	2020
Operating Fund:		
Tuition fees, net of an allowance for doubtful accounts [(i)]	$ 12,282	$ 7,463
Services, advances and other	3,803	8,732
Net investment sales receivable	13,946	587
Advance to the Pension Plan of the Employees of Concordia University (non-interest bearing)	–	23,000
Accounts receivable and advances to a wholly-owned subsidiary of a controlled entity ($9,169 non-interest bearing)	7,344	9,179
	$ 37,375	$ 48,961

[(i)] As at April 30, 2021, the gross carrying amount of tuition fees receivable totals $18,694 (2020 - $12,345). These tuition fees receivable are presented in the financial statements net of an allowance for doubtful accounts of $6,412 (2020 - $4,882).

(In thousands of dollars)

4. Amount receivable from the MES:

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

5. Investments:

	2021		2020	
	Fair value	Cost	Fair Value	Cost
Equities	$ 32,844	$ 30,696	$ 35,691	$ 38,698
Bonds	4,216	4,245	2,509	2,466
Investment funds	285,330	239,875	228,606	224,258
Fair value of life insurance policies	3,083	3,083	3,083	3,083
	$ 325,473	$ 277,899	$ 269,889	$ 268,505

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

As at April 30, 2021, the weighted average interest rate of the bonds is 2.15% (2020 - 2.36%) and the weighted average duration is 4.58 years (2020 - 3.76 years).

Income earned on investments in the year was as follows:

	2021	2020
Investment income:		
Dividends	$ 2,984	$ 3,354
Interests	1,285	1,356
Partnership income	863	654
Pooled fund income	–	–
Other income	–	–
	5,132	5,364
Realized gains	7,079	1,880
Unrealized gains (losses)	46,234	(13,307)
Other	(12)	(7)
Income (loss)	$ 58,433	$ (6,070)

(In thousands of dollars)

5. Investments (continued):

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

	2021	2020
Increase (decrease) in Endowment Funds	$ 24,153	$ (7,285)
Recognized as investment income	27,750	1,780
Net change in deferred contributions	6,530	(565)
	$ 58,433	$ (6,070)

6. Tangible capital assets:

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

			2020
	Cost	Accumulated amortization	Net book value
Land	$ 61,869	$ –	$ 61,869
Land improvements	4,241	1,388	2,853
Buildings, building alterations and leasehold improvements	1,005,482	325,962	679,520
Construction in progress	52,205	–	52,205
Furniture and equipment	117,348	60,964	56,384
Library collection	43,202	21,783	21,419
Art collections	3,694	–	3,694
	$ 1,288,041	$ 410,097	$ 877,944

(In thousands of dollars)

6. Tangible capital assets (continued):

During the year, the University disposed of fully amortized tangible capital assets totalling $21,597 (2020 - $18,258).

7. Intangible capital assets:

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

			2020
	Cost	Accumulated amortization	Net book value
Information technology - Development in progress	$ 25,317	$ –	$ 25,317
Information technology	35,276	19,097	16,179
Share of the large bandwidth, telecommunications network managed by RISQ Inc.	123	123	–
	$ 60,716	$ 19,220	$ 41,496

During the year, the University disposed of fully amortized intangible assets totalling $123 (2020 - $3,742).

8. Bank loans:

The University has an unsecured on-demand revolving credit facility of $370,000. This credit facility can be drawn on prime rate, bankers' acceptances or libor loans. As at April 30, 2021, the University had on prime rate, a total of $4,521 bearing interest of 2.20% (2020 - 3.55%), total outstanding bankers' acceptances amounted to $1,000 (2020 - $44,000) bearing interest at a rate of 0.54% (2020 - 0.72%) and in addition, the University had drawn libor loans amounting to

$136,621 CAD equivalent (2020 - $88,484), bearing interest at 0.32% (2020 - 0.42%), including the cross-currency swap strategy. The weighted average rate on all credit line financing for the year was 0.34% (2020 - 1.82%). In June 2021, the University received authorization from the MES to increase the use of the line of credit up to $344,855

In May 2021, the University issued an amendment to the irrevocable letter of credit of -US$232 to the U.S. Department of Education to decrease it to US$889. The irrevocable letter of credit bears a term of 12 months ending on May 31, 2022. The amount represents 50% of the Title IV, Higher Education Act Program funds received by the University under the U.S. Federal Student Aid Program.

9. Trade payables and other liabilities:

As at April 30, 2021, trade payables and other operating liabilities includes a nil balance (2020 - $6,125) of government remittances.

(In thousands of dollars)

10. Deferred contributions:

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

	Research	Designated	Capital	2021 Total	2020 Total
Federal grants:					
Balance, beginning of year	$ 33,811	$ 330	$ 61,860	$ 96,001	$ 97,940
Amount received in the current year	40,210	494	6,756	47,460	31,665
Amount recognized in operations	(30,412)	(365)	–	(30,777)	(33,604)
	43,609	459	68,616	112,684	96,001
Provincial grants:					
Balance, beginning of year	8,003	7,308	34,424	49,735	52,315
Amount received in the current year	7,730	16,603	35,333	59,666	43,643
Amount recognized in operations	(6,244)	(12,987)	(37,000)	(56,231)	(46,223)
	9,489	10,924	32,757	53,170	49,735
Other:					
Balance, beginning of year	15,272	46,464	33,903	95,639	86,840
Amount received in the current year	12,940	22,446	26,096	61,842	32,993
Amount recognized in operations	(11,947)	(12,434)	(25,357)	(49,738)	(24,194)
	16,265	56,476	34,642	107,383	95,639
End of year balance, current deferred contributions	69,363	–	–	69,363	57,086
End of year balance, long-term deferred contributions	$ –	$ 67,859	$ 136,015	$ 203,874	$ 184,289

(In thousands of dollars)

11. Long-term debt:

	2021	2020
Capital Asset Fund:		
Serviced by the University:		
Loans, bearing interest at CDOR, payable in monthly varying instalments, maturing between April 2025 and April 2038 (i)	$ 66,425	$ 74,917
6.550% (effective interest rate of 6.970%) $200,000 Series A Senior Unsecured Debentures, due September 2, 2042, issued by the University and subject to a trust indenture, which contains certain covenants placing restrictions on the University with respect to the giving of security, disposition of assets and other matters	190,806	190,622
3.678% $50,000 Series B Senior Unsecured Debentures, due February 10, 2059, issued by the University and subject to a trust indenture, which contains certain covenants placing restrictions on the University with respect to the giving of security, disposition of assets and other matters	50,000	50,000
3.626% $25,000 Series C Senior Unsecured sustainable Debentures, due February 10, 2039, issued by the University and subject to a trust indenture, which contains certain covenants placing restrictions on the University with respect to the giving of security, disposition of assets and other matters	25,000	25,000
Serviced by the Government of Québec:		
Financement-Québec loans bearing interest at rates ranging between 0.0791% to 3.619% and maturing between September 2022 through February 2044	362,682	341,322
	694,913	681,861
Current portion of long-term debt	40,673	37,025
Long-term debt	$ 654,240	$ 644,836

(In thousands of dollars)

11. Long-term debt (continued):

(i) The University has entered into several long-term interest rate swap loan agreements to manage its interest rate risk. These transaction are effective at a fixed rates ranging between 1.210% and 3.045% with an underlying CDOR of 0.413% (2020 - 0.598%). The combined notional amount of outstanding swap agreements at April 30, 2021 is $88,405. The combined fair value of liabilities of the agreements calculated according to information obtained from the financial institution is $73 (2020 - $3,330).

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

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

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

Repayments of principal over the years are scheduled as follows:

	Serviced by the University	Serviced by the Government of Québec	Total
2022	$ 8,626	$ 32,047	$ 40,673
2023	8,763	31,356	40,119
2024	8,898	30,583	39,481
2025	8,613	28,272	36,885
2026	3,877	33,846	37,723
Thereafter	293,454	206,578	500,032
	$ 332,231	$ 362,682	$ 694,913

(In thousands of dollars)

11. Long-term debt (continued):

The University has created a sinking fund in its internally restricted funds to support the repayment of this long-term debt. See Note 22 for further details on the University's capital asset management and financing policy.

Interest on long-term debt:

	2021	2020
Serviced by the Government of Québec	$ 9,308	$ 8,000
Serviced by the University	16,642	17,583
Changes in fair value of the derivative financial instrument	(655)	746
	$ 25,295	$ 26,329

12. Employee future benefits:

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

The employee future benefit liability is as follows:

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

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

(In thousands of dollars)

12. Employee future benefits (continued):

				2020
	Registred Pension Plan	Other Retirement-Related Benefit Plans	Post-Retirement and Post-Employment Benefits	Total
Balance, beginning of year	$ 55,919	$ 30,448	$ 103,938	$ 190,305
Expense	33,614	3,254	13,403	50,271
Funding contributions	(33,976)	(3,296)	(7,058)	(44,330)
Remeasurements and other items (i)	26	1,495	(18,416)	(16,895)
Net employee future benefit liability, end of year	$ 55,583	$ 31,901	$ 91,867	$ 179,351

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

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

(In thousands of dollars)

12. Employee future benefits (continued):

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

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

				2020
	Registred Pension Plan	Other Retirement-Related Benefit Plans	Post-Retirement and Post-Employment Benefits	Total
Defined benefit obligations	$ 1,143,987	$ 31,901	$ 94,827	$ 1,270,715
Fair value of plan assets	1,088,404	–	2,960	1,091,364
Net employee future benefit liability end of year	$ (55,583)	$ (31,901)	$ (91,867)	$ (179,351)

(b) Significant assumptions:

The significant assumptions used are as follows:

			2021
	Registred Pension Plan	Other Retierment-Related Benefit Plans	Post-Retirement and Post-Employment Benefits
Accrued benefit obligations:			
Discount rate	% 5,90	% 5,90	% 5,90
Rate of compensation increase	2,50	2,50	2,50
Benefits costs:			
Discount rate	% 5,90	% 5,90	% 5,90
Rate of compensation increase	2,60	2,60	2,60

(In thousands of dollars)

12. Employee future benefits (continued):

(b) Significant assumptions:

The significant assumptions used are as follows:

						2020
		Registred Pension Plan		Other Retirement-Related Benefit Plans		Post-Retirement and Post-Employment Benefits
Accrued benefit obligations:						
Discount rate	%	5,90	%	5,90	%	5,90
Rate of compensation increase		2,60		2,60		2,60
Benefits costs:						
Discount rate	%	6,00	%	6,00	%	6,00
Rate of compensation increase		2,60		2,60		2,60

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

		2021		2020
Initial health care cost trend rate	%	5,21	%	5,30
Cost trend rate declines to		3,97		3,97
Year when the rate reaches the level at which it is assumed to remain at		2036		2036

(c) Benefits paid:

Benefits paid by the Pension Plan for the Employees of Concordia University were $64,442 (2020 - $57,450), benefits paid by the other retirement-related benefit plans totaled $2,807 (2020 - $3,296) and post-retirement and post-employement benefits paid amounted to $7,766 (2020 - $5,188).

(In thousands of dollars)

13. Internally restricted fund balances:

	2021	2020
Academic-related:		
Institutional projects	$ 30,083	$ 25,692
Services to students and the community	17,970	14,571
Employee and faculty development	4,162	3,286
Other	1,386	3,249
Emergency funds	(9,769)	(760)
	43,832	46,038
Research-related:		
Internally funded projects	16,647	14,234
Infrastructure for research units	4,114	3,634
	20,761	17,868
Capital and technology projects	1,349	1,684
Total - Operating Fund	65,942	65,590
Capital Asset Fund - Sinking Fund for long-term debt repayment (note 22)	81,927	63,050
	$ 147,869	$ 128,640

14. Endowments:

Endowment funds are composed of restricted donations received by the University. Donations that have been internally designated as endowments are accounted for as transfers to the Endowment funds. Investment returns generated from endowments are used in accordance with the various purposes established by the donors at the discretion of the University. The University protects the future purchasing power of its endowments by designating a portion of the annual investment income earned to endowments, known as capital protection. Accordingly, the University has established a policy of setting the amount of income available for spending to 3.5% (2020 - 3.5%) annually. The purpose of this policy is to allow the University to distribute a consistent amount of income from endowment on an annual basis regardless of the investment income earned in the fiscal year.

(In thousands of dollars)

14. Endowments (continued):

Activities in the endowments were as follows:

	2021	2020
Balance, beginning of year	$ 116,571	$ 121,482
Contributions	3,236	2,310
Investment income (loss), net of fees	28,478	(3,295)
Investment income distributed for spending	(4,325)	(3,990)
Transfers from other funds	1,032	64
	28,421	(4,911)
Balance, end of year	$ 144,992	$ 116,571

15. Grants:

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

					2020
	Operating	Research	Designated	Capital	Total
Government of Québec	$ 276,623	$ 6,463	$ 3,555	$ 31,053	$ 317,694
Government of Canada	5,143	29,728	328	8,705	43,904
Non-governmental grants	146	11,841	1,455	337	13,779
	$ 281,912	$ 48,032	$ 5,338	$ 40,095	$ 375,377

(In thousands of dollars)

16. Ancillary services and rental properties:

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

			2020
	Revenues	Expenses	Excess (deficiency)
Retail stores	$ 6,926	$ 8,511	$ (1,585)
Residences	6,051	3,376	2,675
Parking	1,240	482	758
Food and conference services	1,870	1,592	278
Other services	344	364	(20)
Rental properties	4,360	3,050	1,310
	$ 20,791	$ 17,375	$ 3,416

17. Expenses:

	2021	2020
Academic activities and support:		
Academic	$ 262,376	$ 259,062
Library	14,746	13,921
Instructional and information technology services	18,477	16,717
	295,599	289,700
Institutional services and support:		
Administration	61,184	60,409
Facilities and operation services	40,006	39,822
Rented facilities	4,237	4,182
	105,427	104,413

(In thousands of dollars)

18. Interfund transfers:

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

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

				2020
	Operating Fund	Research Fund	Designated Fund	Capital Asset Fund
Contributions towards the following:				
Major renovation or construction projects	$ (5,331)	$ –	$ –	$ 5,331
Interest on capital debt	(15,216)	–	–	15,216
Equipment	(7,441)	–	(238)	7,679
Share of the large bandwidth telecommunications network managed by RISQ Inc.	(123)	–	–	123
Research Partnership Investment	2,064	(2,064)	–	–
Specific university projects	509	24	(29)	(504)
	$ (25,538)	$ (2,040)	$ (267)	$ 27,845

19. Related party transactions:

(a) eConcordia.com:

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

The University incurred service fees from KnowledgeOne Inc. for the delivery of courses to students of the University. The expense (net of rebates) amounted to approximately $11,690 (2020 - $6,198). The University invoiced operating costs and management fees amounting to approximately $114 (2020 - $1,158). The University has accounts receivable and non-interest bearing advances totalling $7,344 (2020 - $9,179).

(b) Controlled entities:

(i) Fondation universitaire de l'Université Concordia:

The University exercises control over the Fondation universitaire de l'Université Concordia (hereafter the "Fondation"). By law, the Fondation's resources must be used exclusively to promote and financially support the teaching and research activities of the University. The Fondation was created by Order-in-Council 834-97, dated June 25, 1997, of the provincial government, in accordance with the *Loi sur les fondations universitaires*. As a mandatory of the Crown, it is recognized as a charitable organization under both the *Income Tax Act* (Canada) and the *Taxation Act* (Québec). As at April 30, 2021, the Fondation remained inactive.

(ii) Concordia University Press:

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

(iii) Galilei Innovations Inc.:

Galilei Innovations Inc. is a wholly-owned subsidiary of Concordia University and is incorporated under the *Business Corporations Act* of Québec. As at April 30, 2021, the corporation remained inactive.

(In thousands of dollars)

19. Related party transactions (continued):

(b) Controlled entities (continued):

(iv) Innovations Galilei 2:

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

(v) The Kenneth Woods Portfolio Management Foundation:

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

by virtue of the fact that the majority of its board members hold senior management positions at the University.

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

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

	eConcordia.com/ Knowledge One	Controlled entities	2021 Total	2020 Total
Statement of operations:				
Revenues	$ 15,248	$ 532	$ 15,780	$ 9,169
Expenses	11,153	865	12,018	10,822
(Deficiency) of revenues over expenses	4,095	(333)	3,762	(1,653)
Statement of financial position:				
Total assets	7,140	3,677	10,817	8,563
Total liabilities	11,109	2,066	13,175	14,072
(Deficit)	(3,969)	1,611	(2,358)	(5,509)
Statement of cash flows:				
Operating activities	3,777	(1,624)	2,153	770
Investing activities	(1,454)	106	(1,348)	(2,390)
Financing activities	(1,910)	-	(1,910)	2,135

20. Financial risks:

(a) Credit risk:

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

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

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(b) Market risk:

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

(i) Interest rate risk:

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

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

The University manages the interest rate risk on short-term bank indebtedness by locking in to fixed rates as described in Note 8. Interest rate risk on long-term debt serviced by the University has been mitigated by entering into an interest rate swap agreement as described in Note 11.

20. Financial risks (continued):

(b) Market risk (continued):

(ii) Currency risk:

The University is exposed to currency risk due to cash and cash equivalents and investments denominated in U.S. dollars. As at April 30, 2021, financial assets in foreign currency represent cash and cash equivalents of $2,219 (2020 - $986) and investments totalling $63,582 (2020 - $58,742). The University is also exposed to currency risk from a $87,817 (2020 - $88,513) bank loan denominated in U.S. dollars. The risk associated with this foreign currency bank loan is mitigated by a cross-currency interest rate swap agreement as described in Note 8.

(iii) Other price risk:

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

(c) Liquidity risk:

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

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

21. Commitments:

(a) Operational commitments:

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

- An amount of $11,270 related to consulting services to implement an ERP system. This contractual obligation will be payable during fiscal years 2021 and 2022;
- An amount of $18,746 for the construction, renovations and land improvement agreements to be completed during fiscal years 2021 and 2022; and
- As at April 30, 2021, the University has lease commitments totalling $96,335 maturing through to August 31, 2038. Future minimum lease payments for the next five years are $4,394 in 2022, $4,332 in 2023, $4,790 in 2024, $5,044 in 2025 and 5,097 in 2026.

21. Commitments (continued):

(b) Investment commitments:

The University has committed to making investments that will be funded in future years in accordance with the terms and conditions agreed in the agreements. As at April 30, the University has commited $9,038 to private equity investments. The financing of the commitments can be requested at various dates until 2023.

22. Capital Assets Management and Financing Policy:

The Operating Fund has a $325,305 commitment (2020 - $277,537), net of its sinking fund, towards the Capital Asset Fund to finance the capital assets with a useful life greater than 10 years; as well as a commitment of $155,820 (2020 - $166,998), net of its sinking fund, towards capital assets with a useful life of less than 10 years. Therefore, these two commitments go into two separate sinking funds at the University.

The first sinking fund related to capital assets with a useful life greater than 10 years is dedicated to the repayment of certain debts of the University, namely, the $275,000 Series A, Series B and Series C Senior Unsecured Debentures in September 2042 (Series A), February 2059 (Series B) and February 2039 (Series C). The fund is comprised of an initial gift of $3.4 million transferred in May 2010. In addition, $22.6 million in unrestricted donations were transferred to this fund when it was first created. In 2021, an amount of $1,500 (2020 - $1,500) was transferred to this fund. As at April 30, 2021, the fund balance is $81,927 (2020 - $63,050). All these amounts combined with future payments on existing pledges and annual contributions will be invested to generate the required funds to meet the University's future debt obligations by 2042 and 2060.

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

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

(In thousands of dollars)

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

The debt burden ratio is segregated into two components:

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

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

The results of the ratios are as follows:

	2021	2020
Active Debt-to-FTE	$ 5,722	$ 6,471
Strategic debt-to-FTE	1,348	875
Debt burden - overall interest	3.1%	3.8%
Debt burden - overall capital repayment	0.6%	1.5%

23. Contingencies:

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

While it is not possible at this time to assess definitely the outcome of these claims, the University has serious grounds to defend these claims and it is confident that they will be

resolved without material effect on the University's financial position. The University has accrued an amount it deems sufficient to cover any potential losses from these claims.

24. Pledges receivable:

Pledges receivable from donors are not recorded in the consolidated statement of operations and changes in fund balances for the restricted funds. Pledges receivable amounted to $50,278 as at April 30, 2021 (2020 - $42,192).

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

25. Subsequent event:

Subsequent to year-end, the University entered into an agreement to purchase land and buildings near its downtown campus for approximately $7,500 as part of its strategy to meet its long-term needs. The agreement is contingent on final approval from the MES.

26. Impact of Covid-19:

In March 2020, the COVID-19 (the “pandemic”) outbreak was declared a pandemic by the World Health Organization. Based on public health guidelines issued by the Government of Quebec, the University halted in-person activity, restricted access to its facilities and moved all teaching activities online. On campus teaching activities are expected to resume in the fall 2022 semester in accordance with public health guidelines. The University continues to monitor the situation closely.

As a result of the pandemic, the University has experienced increased risk exposure in several areas. This includes an increased credit risk exposure on accounts receivable where the risk of default on payments may increase and additional costs incurred to support the transformation of the academic and research activities.

The University’s investments are recognized at fair value and the impact of the pandemic has created volatility and uncertainty in world markets, which may ultimately lead to a loss on market value that is other than temporary. The ultimate length and duration of the pandemic is unknown and the potential magnitude of the impact on the University’s investments is not yet known at this time. The University continues to monitor investment balances and working with investment managers to mitigate the impact where possible.

As at April 30, 2021, the University did not have significant adjustments to reflect the possible future impact of COVID-19 on its assets. Given the outcome and timeframe to a recovery from the current pandemic is highly unpredictable, it is not practicable to estimate and disclose its financial effect on future operations at this time. Total COVID-19 related costs of $16,025 have been reported to the MES as at the date of these financial statements.

27. Comparative Information:

Certain comparative information has been reclassified to conform with the presentation adopted in the current year.