Consolidated Financial Statements of
(In thousands of dollars)

CONCORDIA UNIVERSITY

Year ended April 30, 2023

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, 2023, 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 auditor 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, 2023, have been audited by KPMG LLP, the auditor appointed by the Board of Governors. The independent auditor's report outlines the scope of its audit and its 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	Denis Cossette
President and Vice-Chancellor	Chief Financial Officer

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INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023, 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 **"*Auditor's Responsibilities for the Audit of the Financial Statements*"** section of our auditor's 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 26, 2023

*CPA auditor, public accountancy permit No. A120585

CONCORDIA UNIVERSITY

Consolidated Statement of Financial Position
(In thousands of dollars)

April 30, 2023, with comparative information for 2022

	Total Funds		Operating Fund		Restricted Funds: Research Fund		Restricted Funds: Designated Fund		Restricted Funds: Capital Asset Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$	$	$	$	$	$	$	$	$	$
Assets										
Current assets:										
Cash	45,641	10,766	45,641	10,766	–	–	–	–	–	–
Amount receivable from the ministère de l'Enseignement supérieur (« MES ») (note 5)	35,416	31,686	–	–	–	–	–	–	35,416	31,686
Grants receivable (note 3)	103,593	81,610	16,528	31,244	77,977	41,520	2,234	2,317	6,854	6,529
Accounts receivable (note 4)	19,848	21,672	18,202	20,357	–	–	1,416	1,298	230	17
Prepaid expenses and other assets	13,572	9,773	7,987	4,692	–	–	–	227	5,585	4,854
	218,070	155,507	88,358	67,059	77,977	41,520	3,650	3,842	48,085	43,086
Amount receivable from the MES (note 5)	369,946	19,750	–	–	–	–	–	–	369,946	19,750
Grants receivable (note 3)	24,711	26,118	–	–	–	–	–	–	24,711	26,118
Research partnership investment	715	715	–	–	715	715	–	–	–	–
Due from other funds, without interest	–	–	–	–	56,889	44,765	232,458	223,921	–	–
Investments (note 6)	367,641	347,088	367,641	347,088	–	–	–	–	–	–
Tangible capital assets (note 7)	941,488	943,803	–	–	–	–	–	–	941,488	943,803
Intangible capital assets (note 8)	60,677	69,005	–	–	–	–	–	–	60,677	69,005
	1,983,248	1,561,986	455,999	414,147	135,581	87,000	236,108	227,763	1,444,907	1,101,762

CONCORDIA UNIVERSITY

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

April 30, 2023, with comparative information for 2022

	Total Funds		Operating Fund		Restricted Funds					
					Research Fund		Designated Fund		Capital Asset Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$	$	$	$	$	$	$	$	$	$
Liabilities and Fund Balances										
Current liabilities:										
Bank overdraft	311	5,053	311	5,053	–	–	–	–	–	–
Bank loans (note 9)	204,117	187,646	162,352	138,217	–	–	–	–	41,765	49,429
Trade payables and other liabilities	126,612	116,070	96,760	86,598	1,751	758	12,458	10,039	15,643	18,675
Agency and fiduciary accounts	21,569	22,141	21,569	22,141	–	–	–	–	–	–
Unearned revenue	36,314	43,285	36,314	43,285	–	–	–	–	–	–
Deferred contributions (note 10)	159,205	110,870	–	–	133,830	86,242	–	–	25,375	24,628
Current portion of long-term debt (note 11)	50,221	42,080	–	–	–	–	–	–	50,221	42,080
	598,349	527,145	317,306	295,294	135,581	87,000	12,458	10,039	133,004	134,812
Deferred contributions (note 10)	541,456	182,201	–	–	–	–	81,120	78,656	460,336	103,545
Due to other funds, without interest	–	–	221,878	166,465	–	–	–	–	67,469	102,221
Long-term debt (note 11)	681,851	642,305	–	–	–	–	–	–	681,851	642,305
Employee future benefits liability (note 12)	163,661	138,597	163,661	138,597	–	–	–	–	–	–
	1,985,317	1,490,248	702,845	600,356	135,581	87,000	93,578	88,695	1,342,660	982,883
Fund surplus (deficit):										
Unrestricted deficit	(176,143)	(124,164)	(176,143)	(124,164)	–	–	–	–	–	–
Deficit from employee future benefits obligation	(163,661)	(138,597)	(163,661)	(138,597)	–	–	–	–	–	–
Internally restricted (note 13)	180,495	156,164	92,958	76,552	–	–	–	–	87,537	79,612
Endowments (note 14)	142,530	139,068	–	–	–	–	142,530	139,068	–	–
Invested in capital assets	14,710	39,267	–	–	–	–	–	–	14,710	39,267
	(2,069)	71,738	(246,846)	(186,209)	–	–	142,530	139,068	102,247	118,879
Commitments (note 21)										
Contingencies (note 23)										
	1,983,248	1,561,986	455,999	414,147	135,581	87,000	236,108	227,763	1,444,907	1,101,762

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Original Signed by Helen Antoniou Chair of the Board

Original Signed by Pat Di Lillo Governor

CONCORDIA UNIVERSITY

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

Year ended April 30, 2023, with comparative information for 2022

	Total Funds		Operating Fund		Restricted Funds					
					Research Fund		Designated Fund		Capital Asset Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$	$	$	$	$	$	$	$	$	$
Revenues:										
Tuition fees	210,345	199,109	210,345	199,109	–	–	–	–	–	–
Grants (note 15)	432,538	415,005	320,131	320,965	54,988	49,124	11,505	11,930	45,914	32,986
Services to the community, students and other income	64,175	58,586	59,092	55,818	77	46	4,814	2,722	192	–
Ancillary services and rental properties (note 16)	16,497	10,159	16,497	10,159	–	–	–	–	–	–
Donations	11,467	11,467	223	504	602	429	8,950	7,586	1,692	2,948
Investment income (loss) (note 6)	8,853	2,052	1,833	799	39	120	3,493	3,497	3,488	(2,364)
	743,875	696,378	608,121	587,354	55,706	49,719	28,762	25,735	51,286	33,570
Expenses:										
Academic activities and support (note 17)	336,493	312,097	336,493	312,097	–	–	–	–	–	–
Research	90,639	75,585	34,793	25,897	55,846	49,688	–	–	–	–
Institutional services and support (note 17)	142,527	129,996	142,527	129,996	–	–	–	–	–	–
Services to the community, students and other expense	36,153	33,154	36,153	33,154	–	–	–	–	–	–
Endowed and restricted projects	24,946	26,014	–	–	–	–	24,946	26,014	–	–
Employee future benefits (note 12)	51,000	44,927	51,000	44,927	–	–	–	–	–	–
Ancillary services and rental properties (note 16)	11,851	9,359	11,851	9,359	–	–	–	–	–	–
Capital maintenance projects	13,424	19,648		–	–	–	–	–	13,424	19,648
Interest on bank loans	5,707	726	4,481	698	–	–	–	–	1,226	28
Interest on long-term debt (note 11)	27,805	21,997	–	–	–	–	–	–	27,805	21,997
Amortization of tangible capital assets	49,310	48,999	–	–	–	–	–	–	49,310	48,999
Amortization of intangible capital assets	9,180	5,216	–	–	–	–	–	–	9,180	5,216
	799,035	727,718	617,298	556,128	55,846	49,688	24,946	26,014	100,945	95,888
(Deficiency) excess of revenues over expenses before interfund transfers	(55,160)	(31,340)	(9,177)	31,226	(140)	31	3,816	(279)	(49,659)	(62,318)
Interfund transfers (note 18)	–	–	(29,628)	(22,395)	140	(31)	(3,539)	310	33,027	22,116
(Deficiency) excess of revenues over expenses after interfund transfers	(55,160)	(31,340)	(38,805)	8,831	–	–	277	31	(16,632)	(40,202)

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, 2023, with comparative information for 2022

	Total Funds		Operating Fund		Restricted Funds: Research Fund		Restricted Funds: Designated Fund		Restricted Funds: Capital Asset Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$	$	$	$	$	$	$	$	$	$
(Deficiency) excess of revenues over expenses after interfund transfers (balance brought forward)	(55,160)	(31,340)	(38,805)	8,831	–	–	277	31	(16,632)	(40,202)
Remeasurements and other items (note 12)	5,999	(8,825)	5,999	(8,825)	–	–	–	–	–	–
Endowment contributions received	3,818	2,020	–	–	–	–	3,818	2,020	–	–
Investment loss on endowments (note 6)	(633)	(7,975)	–	–	–	–	(633)	(7,975)	–	–
	(45,976)	(46,120)	(32,806)	6	–	–	3,462	(5,924)	(16,632)	(40,202)
Fund balances, beginning of year, as previously reported	71,738	117,858	(186,209)	(186,215)	–	–	139,068	144,992	118,879	159,081
Change in accounting policy (note 2)	(27,831)	–	(27,831)	–	–	–	–	–	–	–
Fund balances, beginning of year, as restated	43,907	117,858	(214,040)	(186,215)	–	–	139,068	144,992	118,879	159,081
Fund balances, end of year	(2,069)	71,738	(246,846)	(186,209)	–	–	142,530	139,068	102,247	118,879

See accompanying notes to consolidated financial statements.

CONCORDIA UNIVERSITY

Consolidated Statement of Cash Flows
(In thousands of dollars)

Year ended April 30, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating:		
Deficiency of revenues over expenses	$ (55,160)	$ (31,340)
Items not involving cash:		
Net change in deferred contributions - Research Fund	48,335	16,879
Amortization of tangible capital assets	49,310	48,999
Amortization of intangible assets	9,180	5,216
Employee future benefits expense over funding contributions	3,231	(2,134)
Net change in working capital items	(19,551)	28,698
	35,345	66,318
Financing:		
Bank loans	16,471	49,984
Amount receivable from the MES	(7,036)	13,321
Issuance of long-term debt	93,306	29,948
Repayment of long-term debt	(45,619)	(40,476)
Deferred contributions - Designated and Capital Asset Funds	12,365	2,955
Endowment contributions received	3,818	2,020
	73,305	57,752
Investing:		
Acquisition of investments	(21,697)	(68,571)
Re-invested capital	(4,829)	(5,130)
Disposal of investments	12,275	39,210
Change in fair value of investments	(6,302)	12,876
Investment loss on externally restricted endowments	(633)	(7,975)
Acquisition of tangible capital assets	(46,995)	(76,243)
Acquisition of intangible assets	(852)	(17,965)
	(69,033)	(123,798)
Cash and cash equivalents	39,617	272
Cash and cash equivalents, beginning of year	5,713	5,441
Cash and cash equivalents, end of year	$ 45,330	$ 5,713
Cash and cash equivalents consists of:		
Cash	$ 45,641	$ 10,766
Bank overdraft	311	5,053
Cash and cash equivalents, end of year	$ 45,330	$ 5,713

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

(a) Basis of presentation:

These consolidated financial statements include the assets, liabilities, revenues, expenses and other transactions of Concordia University and the Concordia University Foundation, an entity controlled by the University. All transactions, assets and liabilities between the two entities have been eliminated. These consolidated financial statements do not include the assets, liabilities and operations of the Fondation universitaire de l'Université Concordia, the Concordia University Press, Galilei Innovations Inc., Innovations Galilei 2 and the Kenneth Woods Portfolio Management Foundation since these controlled entities are not material to the consolidated financial statements of Concordia University. Refer to Note 19 for required disclosures on 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.

1. Significant accounting policies (continued):

(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.

(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.

1. Significant accounting policies (continued):

(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. These interest rate swaps require the periodic exchange of interest payments without an exchange of the notional (capital) amount on which payments are calculated. The University has not elected to use hedge accounting, therefore, the fair value of those swaps are recorded at year-end as an asset or liability and changes in fair value are recorded as an income or an expense in the statement of operations.

(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.

The Reseach Fund is used to report externally restricted resources that are used for research and research-related purposes.

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

The University complies with the Ministère de l'Enseignement supérieur (MES) regarding the fund accounting treatment of specific grants, as declared in MES *Règles budgétaires*.

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.

1. Significant accounting policies (continued):

(f) Revenue recognition (continued):

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.

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) Other assets:

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

(j) Tangible and intangible assets:

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

(In thousands of dollars)

1. Significant accounting policies (continued):

(j) 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.

(k) Amortization:

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

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

Amortization is recorded in the Capital Asset Fund.

1. Significant accounting policies (continued):

(k) 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.

(l) Foreign currency translation:

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

(m) Employee future benefits:

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

1. Significant accounting policies (continued):

(n) Internally restricted fund balance:

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

- The University has adopted a policy to internally restrict the Operating Fund balance of unspent budgeted amounts relating to specific programs. The programs covered by this policy are described in note 13.
- Management has chosen to internally restrict unspent budgeted amounts from the Operating Fund that relate to specific key University's priorities.

2. Change in accounting policies:

(a) Employee future benefits:

During the year, the University adopted the amendments to accounting standards Section 3462, *Employee Future Benefits*, and Section 3463, *Reporting Employee Future Benefits by Not-for-Profit Organizations*. These amendments remove the accommodation which allowed organizations, under certain conditions, to make an accounting policy choice to measure their defined benefit obligations using either an actuarial valuation prepared for accounting purposes, or an actuarial valuation prepared for funding purposes. These standards now require the University to value its defined benefit obligations using an actuarial valuation prepared for accounting purposes. The main impact of the change in accounting policy is a change in the discount rate used to measure the University's defined benefit obligations as of May 1, 2022, the impact of which is recorded as a direct reduction to opening fund balance of $27,831.

(In thousands of dollars)

3. Grants receivable:

					2023
	Operating	Research	Designated	Capital	Total
Current:					
Amount receivable from the MES	$ 16,528	$ –	$ 678	$ 3,443	$ 20,649
Amount receivable from federal agencies	–	57,046	623	–	57,669
Amount receivable from provincial agencies (other than the MES)	–	6,261	933	3,411	10,605
Amount receivable from other sources	–	14,670	–	–	14,670
	16,528	77,977	2,234	6,854	103,593
Long-term:					
Amount receivable from federal agencies	–	–	–	11,298	11,298
Amount receivable from provincial agencies (other than the MES)	–	–	–	13,413	13,413
	$ 16,528	$ 77,977	$ 2,234	$ 31,565	$ 128,304

					2022
	Operating	Research	Designated	Capital	Total
Current:					
Amount receivable from the MES	$ 31,219	$ –	$ 1,407	$ 2,500	$ 35,126
Amount receivable from federal agencies	25	21,162	210	–	21,397
Amount receivable from provincial agencies (other than the MES)	–	4,090	700	4,029	8,819
Amount receivable from other sources	–	16,268	–	–	16,268
	31,244	41,520	2,317	6,529	81,610
Long-term:					
Amount receivable from federal agencies	–	–	–	7,396	7,396
Amount receivable from provincial agencies (other than the MES)	–	–	–	18,722	18,722
	$ 31,244	$ 41,520	$ 2,317	$ 32,647	$ 107,728

(In thousands of dollars)

4. Accounts receivable:

		2023		2022
Operating Fund:				
Tuition fees, net of an allowance for doubtful accounts [(i)]	$	6,974	$	8,335
Services, advances and other		7,471		7,704
Accounts receivable and advances to a wholly-owned subsidiary of a controlled entity		2,809		3,720
Net investment sales receivable		948		598
	$	18,202	$	20,357

[(i)] As at April 30, 2023, the gross carrying amount of tuition fees receivable totals $12,308 (2022 - $15,824). These tuition fees receivable are presented in the financial statements net of an allowance for doubtful accounts of $5,334 (2022 - $7,489).

5. Amount receivable from the MES:

The amount receivable from the MES represents capital grants approved by the MES that are funded through long-term debt issuance to the University or not yet funded. It is anticipated that only a portion will be collected in the upcoming fiscal year. This amount represents forgiveness of the capital portion of the long-term debt serviced by the Government of Québec. All other capital amounts due are presented as long-term receivable.

During the year, the MES provided the University with an explicit direction of funding that meets the criteria for capital contributions receivable. Recognition of these receivables is recorded when the amount to be received can be reasonably estimated and collection is reasonably assured. Consequently, the University has recognized $346,890 of capital contributions as a long-term receivable from the MES and deferred capital contributions.

(In thousands of dollars)

6. Investments:

	2023		2022	
	Fair value	Cost	Fair Value	Cost
Equities	$ 19,077	$ 16,886	$ 25,647	$ 23,835
Bonds	7,200	7,667	5,523	5,943
Investment funds	338,281	309,339	312,835	286,331
Fair value of life insurance policies	3,083	3,083	3,083	3,083
	$ 367,641	$ 336,975	$ 347,088	$ 319,192

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, 2023, the weighted average interest rate of the bonds is 2.85% (2022 - 2.53%) and the weighted average duration is 3.94 years (2022 - 3.74 years).

Income earned on investments in the year was as follows:

	2023	2022
Investment income:		
Dividends	$ 2,862	$ 2,932
Interest	2,200	1,390
Partnership income	2,064	1,293
Pooled fund income	463	215
	7,589	5,830
Realized gains	1,987	7,672
Unrealized gains (losses)	2,782	(19,461)
Other	(5)	(71)
Income (loss)	$ 12,353	$ (6,030)

(In thousands of dollars)

6. Investments (continued):

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

	2023	2022
Decrease in endowment funds	$ (633)	$ (7,975)
Recognized as investment income	8,853	2,052
Net change in deferred contributions	4,133	(107)
	$ 12,353	$ (6,030)

7. Tangible capital assets:

			2023
	Cost	Accumulated amortization	Net book value
Land	$ 77,991	$ –	$ 77,991
Land improvements	5,727	2,237	3,490
Buildings, building alterations and leasehold improvements	1,181,750	404,488	777,262
Furniture and equipment	110,600	56,841	53,759
Library collection	53,347	28,546	24,801
Art collections	4,185	–	4,185
	$ 1,433,600	$ 492,112	$ 941,488

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

(In thousands of dollars)

7. Tangible capital assets (continued):

During the year, the University has written-off fully amortized tangible capital assets totalling $13,231 (2022 - $28,220).

8. Intangible capital assets:

						2023
		Cost		Accumulated amortization		Net book value
Information technology - development in progress	$	5,979	$	–	$	5,979
Information technology		91,800		37,102		54,698
	$	97,779	$	37,102	$	60,677

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

9. Bank loans:

The University has an unsecured on-demand revolving credit facility of $475,000. This credit facility can be drawn on prime rate, bankers' acceptances or Secured Overnight Financing Rate ("SOFR") loans. As at April 30, 2023, the University had on prime rate a total of $149 (2022 - $5,622) bearing interest of 6.70% (2022 - 2.26%) and total outstanding bankers' acceptances amounted to $20,600 (2022 - $19,900) bearing interest at a rate of 5.33% (2022 - 1.48%). In addition, the University had drawn SOFR loans amounting to a CAD 141,603 equivalent (2022 - $112,695) bearing interest at 4.91% (2022 - 1.16%), including the cross-currency swap strategy. The weighted average rate on all credit line financing was 4.96% (2022 - 1.25%).

(In thousands of dollars)

9. Bank loans (continued):

- In accordance with the MES periodic review, in June 2023, the University received authorization to use credit lines up to $616,031, which includes $179,031 of a credit line serviced by the MES with Financement-Québec to finance capital expenses funded in the Plan quinquennal des investissements universitaires. As at April 30, 2023, the total use of the Financement-Québec credit line amounted to $41,765.
- In May 2023, the University issued an amendment to the irrevocable letter of credit to the U.S. Department of Education to decrease it to USD 706 (2022 - USD 889). The irrevocable letter of credit bears a term of 24 months, ending on May 31, 2025. 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.

10. Deferred contributions:

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

				2023	2022
	Research	Designated	Capital (i)	Total	Total
Balance, beginning of year	$ 86,242	$ 78,656	$ 128,173	$ 293,071	$ 273,237
Capital grant funding adjustment (note 5)	–	–	346,890	346,890	–
Revised balance, beginning of year	86,242	78,656	475,063	639,961	273,237
Amount received in the current year	103,294	31,226	61,934	196,454	128,858
Amount recognized in operations	(55,706)	(28,762)	(51,286)	(135,754)	(109,024)
End of year balance, current deferred contributions	133,830	–	25,375	159,205	110,870
End of year balance, long-term deferred contribution	$ –	$ 81,120	$ 460,336	$ 541,456	$ 182,201

(In thousands of dollars)

10. Deferred contributions (continued):

(i) Related to this deferred capital contribution, an amount of $355,560 is also included in amounts receivables from MES, as at April 30, 2023.

11. Long-term debt:

	2023	2022
Capital Asset Fund:		
Serviced by the University:		
Loans, bearing interest at Canadian Dollar Offered Rate ("CDOR"), payable in monthly varying instalments, maturing between April 2025 and April 2038 (i)	$ 95,287	$ 57,799
6.550% (effective interest rate of 6.970%) $200,000 Series A Senior Unsecured Debentures, due September 2, 2042, issued by the University and subject to a trust indenture, which contains certain covenants placing restrictions on the University with respect to the giving of security, disposition of assets and other matters	191,212	191,002
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 0.791% and 4.523%, maturing between March 2024 and February 2044	370,573	360,584
	732,072	684,385
Current portion of long-term debt	50,221	42,080
Long-term debt	$ 681,851	$ 642,305

(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 transactions are effective at fixed rates ranging between 1.210% and 3.959%, with an underlying CDOR of 4.958% (2022 - 1.333%). The combined notional amount of outstanding swap agreements at April 30, 2023 is $95,287 (2022 - $57,799). The combined fair value of assets of the agreements calculated according to information obtained from the financial institution is $4,320 (2022 - assets of $3,942).

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 next years are scheduled as follows:

	Serviced by the University	Serviced by the Government of Québec	Total
2024	$ 13,898	$ 36,323	$ 50,221
2025	13,613	34,011	47,624
2026	8,877	39,585	48,462
2027	7,582	58,065	65,647
2028	7,598	34,200	41,798
Thereafter	309,930	168,390	478,320
	$ 361,498	$ 370,574	$ 732,072

(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:

	2023	2022
Serviced by the Government of Québec	$ 9,497	$ 9,062
Serviced by the University	18,686	17,195
Changes in fair value of the derivative financial instrument	(378)	(4,260)
	$ 27,805	$ 21,997

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 actuarial valuations performed as at December 31, 2019 or April 30, 2023.

(In thousands of dollars)

12. Employee future benefits (continued):

The employee future benefit liability is as follows:

2023	Registred Pension Plan	Other retirement-related benefit plans	Post-retirement and post-employment benefits	Total
Balance, beginning of year	$ –	$ 35,444	$ 103,153	$ 138,597
Change in accounting policy (note 2)	–	3,149	24,683	27,832
Revised balance, beginning of year	–	38,593	127,836	166,429
Expense	32,169	3,736	15,095	51,000
Funding contributions	(34,945)	(4,802)	(8,022)	(47,769)
Remeasurements and other items [i]	2,776	2,125	(10,900)	(5,999)
Net employee future benefit liability, end of year	$ –	$ 39,652	$ 124,009	$ 163,661

[i] A decrease in the valuation allowance of $18,446 for the Registered Pension Plan is included in the remeasurements and other items of the Registered Pension Plan for the year ended April 30, 2023.

(In thousands of dollars)

12. Employee future benefits (continued):

				2022
	Registred Pension Plan	Other retirement-related benefit plans	Post-retirement and post-employment benefits	Total
Balance, beginning of year	$ –	$ 33,630	$ 98,276	$ 131,906
Expense	27,553	3,517	13,857	44,927
Funding contributions	(34,760)	(4,145)	(8,156)	(47,061)
Remeasurements and other items (ii)	7,207	2,442	(824)	8,825
Net employee future benefit liability, end of year	$ –	$ 35,444	$ 103,153	$ 138,597

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

(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:

				2023
	Registred Pension Plan	Other retirement-related benefit plans	Post-retirement and post-employment benefits	Total
Defined benefit obligations	$ 1,339,267	$ 39,652	$ 129,802	$ 1,508,721
Fair value of plan assets	1,481,910	–	5,793	1,487,703
Surplus (deficit)	142,643	(39,652)	(124,009)	(21,018)
Valuation allowance [iii]	(142,643)	–	–	(142,643)
Net employee future benefit liability, end of year	$ –	$ (39,652)	$ (124,009)	$ (163,661)

[iii] Since the Registered Pension Plan's funding policy states that in no event can the University take contribution holidays, the expected future benefit that the University can expect to realize from the plan assets is nil and therefore, a valuation allowance of $142,643 (2022 - $152,115) was applied against the surplus as at April 30, 2023.

(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):

2022	Registred Pension Plan	Other retirement-related benefit plans	Post-retirement and post-employment benefits	Total
Defined benefit obligations	$ 1,275,410	$ 35,444	$ 108,829	$ 1,419,683
Fair value of plan assets	1,427,525	–	5,676	1,433,201
Surplus (deficit)	152,115	(35,444)	(103,153)	13,518
Valuation allowance (iii)	(152,115)	–	–	(152,115)
Net employee future benefit liability end of year	$ –	$ (35,444)	$ (103,153)	$ (138,597)

(b) Significant assumptions:

The significant assumptions used are as follows:

2023	Registred Pension Plan	Other retirement-related benefit plans	Post-retirement and post-employment benefits
Accrued benefit obligations:			
Discount rate	5.90%	4.90%	4.69%
Rate of compensation increase	2.50%	2.50%	2.50%
Benefits costs:			
Discount rate	5.90%	4.90%	4.58%
Rate of compensation increase	2.50%	2.50%	2.50%

(In thousands of dollars)

12. Employee future benefits (continued):

(b) Significant assumptions (continued):

			2022
	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	2.50%	2.50%	2.50%
Benefits costs:			
Discount rate	5.90%	5.90%	5.90%
Rate of compensation increase	2.50%	2.50%	2.50%

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

	2023	2022
Initial health care cost trend rate	5.50%	5.12%
Cost trend rate declines to	4.00%	3.97%
Year when the rate reaches the level at which it is assumed to remain	2038	2036

(c) Benefits paid:

Benefits paid by the Pension Plan for the Employees of Concordia University were $60,369 (2022 - $62,112), benefits paid by the other retirement-related benefit plans totaled $4,802 (2022 - $4,145), and post-retirement and post-employement benefits paid amounted to $7,063 (2022 - $6,476).

(In thousands of dollars)

13. Internally restricted fund balances:

		2023		2022
Academic-related:				
Institutional projects	$	41,850	$	29,451
Services to students and the community		18,052		18,094
Employee and faculty development		3,486		4,524
Other		(772)		(218)
		62,616		51,851
Research-related:				
Internally funded projects		23,660		18,505
Infrastructure for research units		5,865		5,180
		29,525		23,685
Capital and technology projects		817		1,016
Total - Operating Fund		92,958		76,552
Capital Asset Fund - Sinking Fund for long-term debt repayment (note 22)		87,537		79,612
	$	180,495	$	156,164

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% (2022 - 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:

	2023	2022
Balance, beginning of year	$ 139,068	$ 144,992
Contributions	3,818	2,020
Investment income (loss), net of fees	4,337	(3,340)
Investment income distributed for spending	(4,969)	(4,635)
Transfers from other funds	276	31
	3,462	(5,924)
Balance, end of year	$ 142,530	$ 139,068

15. Grants:

					2023
	Operating	Research	Designated	Capital	Total
Government of Québec	$ 314,224	$ 5,701	$ 10,281	$ 43,478	$ 373,684
Government of Canada	5,215	39,957	898	2,137	48,207
Non-governmental grants	692	9,330	326	299	10,647
	$ 320,131	$ 54,988	$ 11,505	$ 45,914	$ 432,538

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

(In thousands of dollars)

16. Ancillary services and rental properties:

			2023
	Revenues	Expenses	Excess (deficiency)
Retail stores	$ 332	$ 89	$ 243
Residences	7,935	3,904	4,031
Parking	1,941	517	1,424
Food and conference services	445	2,621	(2,176)
Other services	965	836	129
Rental properties	4,879	3,884	995
	$ 16,497	$ 11,851	$ 4,646

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

17. Expenses:

	2023	2022
Academic activities and support:		
Academic	$ 298,053	$ 274,863
Library	15,151	14,941
Instructional and information technology services	23,289	22,293
	336,493	312,097
Institutional services and support:		
Administration	89,421	82,802
Facilities and operation services	47,880	42,960
Rented facilities	5,226	4,234
	142,527	129,996

(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.

				2023
	Operating Fund	Research Fund	Designated Fund	Capital Asset Fund
Contributions towards the following:				
Major renovation or construction projects	$ (4,558)	$ –	$ (230)	$ 4,788
Interest on capital debt	(17,388)	–	–	17,388
Equipment	(10,991)	140	–	10,851
Specific university projects	3,309	–	(3,309)	–
	$ (29,628)	$ 140	$ (3,539)	$ 33,027

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

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 $12,380 (2022 - $12,153). The University invoiced operating costs and management fees amounting to approximately $50 (2022 - $85). The University has accounts receivable and non-interest-bearing advances totalling $2,809 (2022 - $3,720).

During the year, the University received a donation of $1,320 from KnowledgeOne Inc.

(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, 2023, the Fondation remained inactive. The University has initiated the process to wind up and dissolve the Foundation.

(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.

19. Related party transactions (continued):

(b) Controlled entities (continued):

(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, 2023, the corporation remained inactive.

(iv) Innovations Galilei 2:

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

(v) The Kenneth Woods Portfolio Management Foundation:

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

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.

(In thousands of dollars)

19. Related party transactions (continued):

The following table presents condensed financial information of its controlled entities:

	2023 Total	2022 Total
Statement of earnings:		
Revenues	$ 2,086	$ 3,155
Expenses	1,321	649
Surplus over expenses	765	2,506
Statement of financial position:		
Total assets	5,842	4,339
Total liabilities	1,054	223
Surplus	4,788	4,116
Statement of cash flows:		
Operating activities	1,027	723
Investing activities	343	(268)
Financing activities	357	(700)

20. Financial risks:

The University is subject to the following financial risks from its financial instruments:

(a) Credit risk:

Credit risk relates to the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

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 4 for details on the gross carrying amount of tuition receivables and the allowance for doubtful accounts that addresses this risk.

20. Financial risks (continued):

(a) Credit risk (continued):

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

(b) Market risk:

Market risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate. Market risk comprises three types of risk: currency risk, interest rate risk and price 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 risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

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 interest rate 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 9. 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.

(ii) Currency risk:

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to foreign currency exposure.

20. Financial risks (continued):

(b) Market risk (continued):

(ii) Currency risk (continued):

The University is exposed to currency risk due to cash and cash equivalents and investments denominated in U.S. dollars. As at April 30, 2023, financial assets in foreign currency represent cash and cash equivalents of $6,530 (2022 - $1,651) and investments totalling $80,266 (2022 - $85,189). The University is also exposed to currency risk from a $141,602 (2022 - $112,695) 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 9.

(iii) Other price risk:

Price risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency 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 is exposed to this risk mainly in respect with bank loans, completion of the work funded via deferred contributions, and the servicing of the long-term debts. The University manages its liquidity risk by monitoring its operations. The University prepares budgets and cash forecasts approved by the MES to ensure it has sufficient funds to fulfill its obligations.

The University's liquidity risk has been impacted in the year by the effect of deficiencies of revenues over expenses. This risk is mitigated by continuous support from the MES, available line of credit of $312,648 from its lenders and investments strategies, as described in Note 9.

Management believes that these financial risks are appropriately mitigated and do not pose significant risk to the University's operations in the future. There have been no significant changes in the policies, procedures, and methods used to manage these risks in 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 $5,044 for the construction, renovations and land improvement agreements to be completed during fiscal years 2024 and 2025.
- As at April 30, 2023, the University has lease commitments totalling $89,763 maturing through to April 30, 2039. Future minimum lease payments for the next five years are $5,113 in 2024, $5,278 in 2025, $5,449 in 2026, $5,626 in 2027 and $5,810 in 2028.

(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, 2023 the University has commited $7,261 to private equity investments. The financing of the commitments can be requested at various dates until 2030.

22. Capital Assets Management and Financing Policy:

The Operating Fund has a $330,530 commitment (2022 - $348,330) towards the Capital Asset Fund to finance the capital assets with a useful life greater than 10 years, as well as a commitment of $177,803 (2022 - $166,166) towards capital assets with a useful life of less than 10 years and a new commitment of $148,340 towards the repayment of the University's accumulated operating deficit. All of this is net of the balance held in the Sinking Fund as of April 30, 2023. Therefore, these three commitments go into three 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 2023, an amount of $1,500 (2022 - $1,500) was transferred to this fund. As at April 30, 2023, the fund balance is $87,537 (2022 - $79,612). All these amounts, combined with future payments on existing pledges and annual contributions, will be invested to generate the required funds to meet the University's future debt obligations by 2039, 2042 and 2059.

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

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

The debt burden ratio is segregated into two components:

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

The debt/FTE ratio is comprised of two components: the active component, the affordability of which for the University has determined 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, the affordability of which the University has determined to be no more than $3,000 of total debt.

The active component consists of property investments that include properties held for development, redevelopment, and renovation or deferred maintenance.

The strategic component consists of property investments that include properties held for the potential development of the University and for which the University seeks to retain financial agility for when opportunities arise.

(In thousands of dollars)

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

The results of the ratios are as follows:

		2023		2022
Active debt-to-FTE	$	6,603	$	5,964
Strategic debt-to-FTE		2,507		2,484
Debt burden - overall interest		3.5%		2.3%
Debt burden - overall capital repayment		1.0%		0.5%

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 $56,902 as at April 30, 2023 (2022 - $53,586).

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

25. Comparative figures:

Certain comparative figures have been reclassified to conform to the current year's presentation.