Rating Report

Report Date:
May 30, 2014

Previous Report:
April 10, 2013

DBRS

Insight beyond the rating.

Concordia University

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The University

Concordia University is one of three English-language universities operating in the Province of Québec. Located in Montréal, the University offers over 250 programs at the graduate and undergraduate levels on two campuses: Sir George Williams campus, in downtown Montréal, and Loyola campus in the west end. As of 2012-2013, the University had 27,846 full-time equivalent students.

Recent Actions

April 10, 2013
Confirmed

Rating

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

Rating Update

DBRS has confirmed both the Issuer Rating and Senior Unsecured Debt rating of Concordia University (Concordia or the University) at "A" with Stable trends. The ratings are based on Concordia's solid position as a leading institution in the Province of Québec (the Province; rated A (high)), manageable debt burden and high level of provincial support. DBRS notes, however, that the funding environment and tuition framework for universities in the Province have become increasingly constrained, resulting in cost pressures exceeding revenue growth. Although Concordia has taken proactive measures to ensure sustainability, recent deterioration in operating performance suggests that further expenditure restraint will likely be needed to restore structural balance. Capital-related debt needs are growing and could absorb much of the flexibility in the rating should projects materialize in line with budget assumptions, absent greater provincial support.

In 2012-2013, Concordia recorded a significant consolidated deficit of $44.2 million, a noteworthy deterioration from the prior year's surplus of $18.7 million. Revenues fell by 2.6%, with the most notable year-over-year variances relating to declining operating grants as the Province introduced funding compression, combined with a decline in net donation revenues. Enrolment grew by 1.9% to 27,846 full-time equivalent students (FTEs). Expenses grew 10.5% year over year, with a sizable increase in pension costs far exceeding more moderate inflation of teaching, administration and research expenses. (Continued on page 2.)

Rating Considerations

Strengths

(1) Strategic location in downtown Montréal
(2) Responsive financial management practices
(3) Historically strong provincial engagement toward education
(4) Low tuition fees

Challenges

(1) Limited ability to increase tuition fees
(2) Low level of financial resources relative to debt
(3) Debt level rising but manageable
(4) Provincial funding changes creating budgetary pressure
(5) No provincial guarantee on subsidized debt

Financial Information

For the year ending:	April 30			May 31	
	2012-2013	2011-2012	2010-2011*	2009-2010	2008-2009
Consolidated surplus (deficit) ($ millions)	(44.2)	20.7	9.0	(1.8)	15.1
Surplus (deficit) to revenue	(8.8%)	4.0%	2.0%	(0.4%)	3.4%
Total debt ($ millions)	574.6	568.8	576.5	559.9	542.5
- Serviced by University	237.1	218.6	234.7	238.5	221.5
- Serviced by Province	337.5	350.2	341.8	321.3	321.0
Interest coverage ratio (times) (1)	3.3	5.5	5.4	3.8	2.9
Total net assets of Foundation ($ millions) (2)	136.6	120.5	121.9	110.8	87.7
Expendable resources to debt	4.8%	4.7%	7.6%	4.1%	1.7%
Total enrolment (FTEs)	27,846	27,323	26,876	26,026	24,811
University-serviced debt per FTE ($)	8,514	8,001	8,733	9,165	8,926
Net Foundation assets per FTE ($) (2)	4,905	4,410	4,534	4,258	3,534

FTE = full-time equivalent. (1) Only includes University-supported debt charges. (2) Recorded at market value.
*At the direction of the Ministère de L'Éducation, du Loisir ed du Sport du Québec, Concordia changed its fiscal year end to April 30 from May 31, starting in 2010-2011. In 2010-2011, results reflect an 11-month year and are not directly comparable with other years.

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Rating Update (Continued from page 1.)

The operating environment is expected to remain weak, as the Province has made funding compression announced in 2012-2013 permanent. Despite partial compensation from the Province for the cancellation of planned tuition fee increases and limited reinvestment in the sector, DBRS expects funding to remain below inflationary pressures for the foreseeable future. Concordia has taken steps to curtail spending, but further strategies may be needed should deficits persist. Break-even results are currently anticipated in 2013-2014, with a modest Operating Fund deficit of $2.7 million expected in 2014-2015; however, results could be meaningfully weaker on a consolidated accounting basis.

University-supported debt per FTE grew by 6.4% to $8,514 in 2012-2013, while interest coverage fell to 3.3 times from 5.5 times. The balance of sale of the Grey Nuns property acquisition and renovation, arena expansion and ongoing IT systems work likely pushed debt close to or slightly above $10,000 per FTE in 2013-2014. Into fiscal 2015-2016, debt per FTE could reach as high as $12,000 as approved capital budget spending, sizable deferred maintenance outlays and changes to the government's funding formula necessitate increased reliance on the bank line of credit. When combined with a tight operating environment, this has the potential to pressure the rating. DBRS expects, however, that actual capital spending will be lower than assumed in the budget based on historical experience and the status of proposed projects, resulting in a more manageable debt burden.

Rating Considerations Details

Strengths
(1) Concordia is located in Canada's second-largest urban centre, which provides the University with a large local catchment area and makes it an attractive destination for out-of-province and international students. Its English-language instruction and relative proximity to Ottawa and Toronto give the University access to the large Ontario market.

(2) Despite a challenging provincial funding environment, Concordia has demonstrated its willingness to mitigate these challenges and ensure the continuation of sustainable fiscal results. In addition, the use of a three-year budget cycle and the introduction of an integrated capital plan is helping to improve transparency of the financial planning process.

(3) Despite recent funding compression, the strong engagement of the Province toward post-secondary education has, over the years, been highlighted by the relatively high level of funding provided to Québec universities, compared with those in other provinces and the strong oversight exhibited over university operating and borrowing activities.

(4) As a result of provincial policies, university tuition fees for Québec residents are among the lowest in Canada, averaging $2,653 in 2013-2014. This fosters demand, leaves substantial room for upward adjustment, makes university education available to a broader pool of prospective students and creates an incentive on the part of the provincial government to allow for further increases in tuition fees, should it be required to do so to meet the financial needs of the system.

Challenges
(1) The Province sets the maximum tuition fees that can be charged by universities, which, for residents of Québec, has resulted in fees that are substantially below the national average. Between 2007-2008 and 2011-2012, fees were allowed to rise by only $100 per student per year. Following the provincial election in 2012, the previous plan to increase tuition fees by $325 per student annually was cancelled and replaced by a framework to index tuition fees to annual increases in per capita disposable income in Québec – approximately 3% or $70.

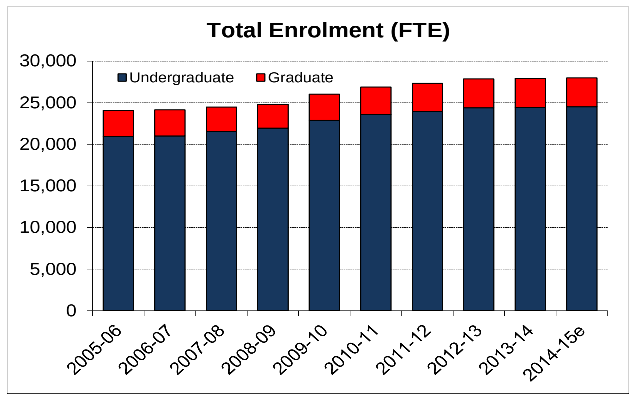
(2) Unrestricted assets, available through the University's foundation, amounted to $11.4 million at year-end 2012-2013. This equates to just 4.8% of university-supported debt, one of the lowest levels among DBRS-rated universities.

(3) University-supported debt remains manageable for the rating, at approximately $8,500 per FTE as of April 30, 2013. Capital projects being considered are forecast to lead to university-supported debt needs that could result in leverage in the range of $10,000 to $12,000 per FTE through 2014-2015. At the high end of this range, this would absorb much of the flexibility within the current rating. However, DBRS expects that actual capital spending will materialize at a lower rate than planned, resulting in less pressure on credit metrics.

(4) Québec universities receive a relatively high level of public funding, although funding growth has historically been insufficient to make up for cost pressures and limited tuition flexibility, keeping Québec universities in a tight budget position. In 2012-2013, the government announced a mid-year cut to university operating grants, resulting in a funding reduction of $13.2 million for Concordia. This funding cut was made permanent in 2013-2014, exacerbating the University's operating deficit position. As the provincial government grapples with its own budgetary challenges, DBRS expects that the funding environment will remain constrained for some time.

(5) Although the Province is strongly committed to servicing its share of Concordia's debt (approximately $338 million as at April 30, 2013), no provincial guarantee exists on these obligations. As a result, interest and principal payments remain conditional on budget appropriations voted annually by the National Assembly.

2012-2013 Operating Performance



For the year ended April 30, 2013, Concordia recorded a consolidated deficit of $44.2 million, significantly above initial budget forecasts and the highest since DBRS rating coverage began, at 8.8% of revenues. Concordia's share of a $125 million dollar funding cut to post-secondary institutions in Québec was $13.2 million, half of which the University was required to recognize in 2012-2013. The accumulated unrestricted deficit increased in line with the operating shortfall, reaching $191.0 million.

Revenues failed to keep pace with inflationary pressures, falling by 2.6% compared to the previous year. Tuition and student fee revenues rose moderately year over year at 5.0% and 3.1%, respectively, coinciding with a 1.9% increase in total FTE enrolment to 27,846 in 2012-2013. Although enrolment slightly exceeded targets for the year, gains tied to a rising student population were more than offset by a decline in operating grants stemming from funding cuts, lower grants for debt servicing and a relatively steep drop in net donation revenues after higher transfers to Concordia University Foundation, which are to be financially managed by the Foundation and returned in the short term to cover upcoming pension plan cost increases.

Growth in expenditures far outpaced that of revenues for the year, at a brisk 10.5%. The most significant inflationary pressure was employee pension and benefit costs recognized during the year, accounting for approximately 60% of the absolute year-over-year expenditure increase. The expense recognized for the pension plan rose by a sizable 86.2% to $67.1 million in 2012-2013, owing primarily to a change in the plan discount rate and expected rate of return on assets used in plan accounting. While university-supported debt charges increased by 2.7%, total interest charges, including those subsidized by the Province, were down, along with the cost of sales, services, rentals and other expenses. These modest declines were insufficient to restrain overall spending growth.

Labour relations at Concordia made positive advancements in 2012-2013, with all but two minor collective agreements settled with modest wage and salary increases of approximately 2%. DBRS notes that the management process and outcomes of labour relations at the University, including more timely settlements, have improved markedly in comparison with previous years.

Operating Outlook

Concordia conducts its activities through four different funds: operating, research, designated and capital asset funds. However, detailed forecasts on an annual basis are only prepared for the operating fund, which accounts for approximately three-quarters of total spending.

2013-2014 Budget

For 2013-2014, the University originally budgeted for near break-even results, with a small surplus of $0.1 million after accounting for various obligations, including unfunded capital, special projects and pension contribution payments. Preliminary results indicate that the University is on track to meet its balanced Operating Fund target. Concordia, like other Québec institutions, was forced to absorb its portion of provincial funding compression in 2013-2014, totalling $13.2 million. This cut was instituted in fiscal 2012-2013, with a requirement to absorb 50% of the cuts that year, and has since been made permanent by the Province. The University will, however, receive $8.1 million in 2013-2014 as compensation for the cancellation of previously-anticipated tuition fee increases, partially offsetting the grant compression. The constrained funding environment and uncertainty over future reinvestment has necessitated a renewed cost reduction thrust, aimed primarily at reducing personnel costs through the elimination of vacant positions, hiring restraint and other measures. Academic units were required to find cost savings of 2.5%, while all other areas reduced costs by 6.6%.

The Province has also limited the degree of fee-setting autonomy for Québec universities, with tuition fee indexation in 2013-2014 of approximately 2.6%. For 2013-2014, tuition revenues will rise in line with this indexation to $115.7 million, representing 29.8% of total revenues. Enrolment growth for the year was largely flat at 0.3% or 27,916 FTEs, below the budget assumption of approximately 1.0% growth. However, Concordia is increasingly focusing on the recruitment of graduate, post-doctoral and international students, shifting its "raw" to "weighted" FTE ratio upward for funding purposes. DBRS notes that the expansion of the graduate student base has had the effect of decreasing raw FTE enrolment. Concordia is also well-positioned for distance learning, with a robust online course offering through eConcordia and KnowledgeOne, with plans for growing these areas further. With more than half of the student population employed on a part- or full-time basis, accessibility remains a key area of focus.

2014-15 Outlook

The Board has approved the 2014-2015 operating budget, forecasting expenditures of $397.6 million and revenues of $394.8 million, resulting in a deficit of $2.7 million. DBRS notes that the total consolidated deficit as presented on an accounting basis could be notably higher.

The University is forecasting flat enrolment growth of 27,970 FTEs, with continued emphasis on the recruitment of specific student populations, such as graduate, doctoral and international students to drive revenue generation. Cost reductions instituted after permanent cuts in the base funding allocation are set to continue for another two fiscal years, with 2.5% cuts to academics and 6.8% for all other sectors aimed at addressing budget deficiencies. The Province has announced limited reinvestment in post-secondary education, including modest increases in base grants and strategic priority areas; however, the University must petition for this funding. This reinvestment does not negate the cumulative effect of previous permanent cuts or account for the level of inflationary pressure over the medium term.

Pension costs remain a key area of financial risk, with combined employer contributions and pension deficit payments expected to rise by 46% over the next three years. DBRS notes that an updated funding valuation is set to be tabled in 2014, with the plan shortfall and funding ratio anticipated to remain relatively stable. Strong recent investment performance on plan assets is likely to be offset by the introduction of updated mortality tables. In 2014-2015, pension deficit payments are set to total $3.75 million, potentially rising further with the updated valuation. Providing a degree of certainty to future labour costs is the settlement of all but one of 12 collective agreements, with modest salary indexation of 2% until 2015 for most agreements. The only agreement still in negotiation is the agreement covering part-time faculty. DBRS notes that reforms to pension plans fall outside of the University's collective bargaining process and changes to contribution levels or plan design, such as the imposition of equal cost sharing, will be informed by broader pension sector reform being undertaken at the provincial level.

While reinvestment could provide limited respite, growth in the funding envelope is unlikely to keep pace with cost pressures and DBRS does not foresee a material improvement in the credit profile over the medium term, as operating weakness continues and University-supported leverage grows to address capital needs.

Capital Plan

In October 2012, Concordia purchased the fifth and sixth floors of the Faubourg Building for approximately $5.0 million. The building is adjacent to the downtown campus and a location where the University currently rents other space. The University has government approval for additional borrowing related to the Faubourg Building.

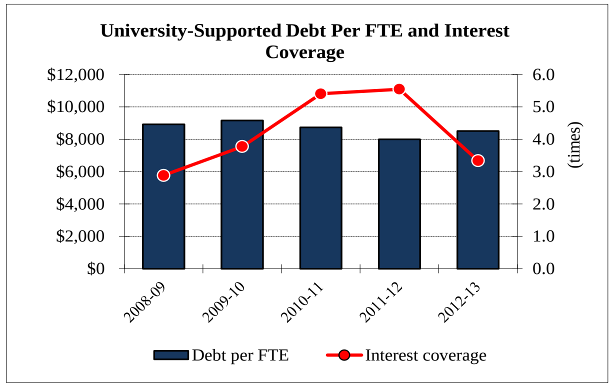
In 2013, the University acquired 25-year financing of approximately $12.0 million to cover the balance of sale on the Grey Nuns property and took full possession of the building's remaining three wings, greatly expanding Concordia's downtown footprint. The University intends to use the facility for an additional 355 student residence spaces, as well as some 600 new study spaces and cafeteria facilities. Additional financing of $14.1 million was obtained and will be used to cover renovations for the new student spaces and food operations at the Grey Nuns building. Over the longer term, the University intends to explore further development of the building for mixed-use academic purposes. In 2013, the University completed a refurbishment of the 40-year-old Ed Meagher Arena complex, including a 2,500 sq. ft. expansion, installation of a new rink surface and other space and efficiency improvements. The project was financed jointly by a $3.25 million grant from the Québec Municipalities Infrastructure Program and $4.5 million in University funding to be repaid over 25 years with mainly net profits from residence facilities.

The rolling three year capital budget for the period 2013-2014 to 2015-2016 indicates $294.8 million in total capital needs for both new investments and reinvestments in development, equipment and infrastructure, deferred maintenance and IT systems. Of the capital proposals in the plan, 54.2% or $159.6 million in projects do not have funding sources such as grants or internal cash flows identified. The most recent plan indicates that the University believes it has fiscal capacity to undertake approximately $90 million to $100 million in capital spending through fiscal 2015-2016, including its tolerance for new borrowing, based on identified needs and priorities. This fiscal capacity determination is revised each year, subject to changing financial circumstances and needs. A prioritization of projects has been undertaken within this fiscal capacity envelope, and of the $90 million to $100 million in potential spending, $55 million is expected to be financed with an increase in net debt supported by Concordia.

The University plans to continue with sizable investments in its information systems infrastructure, with $15.0 million spent in 2013-2014 and $23.0 million allocated for 2014-2015. Although these investments will drive short-term borrowing higher, an internally managed reserve fund has been established for repayment of IT related borrowing, with $3.0 million contributed annually from operations over the next ten years. Deferred maintenance needs at the University are also sizable, yet somewhat more manageable than at other, older institutions. In 2014-2015, the University also intends to spend $23 million on deferred maintenance and renovations. As previously noted by DBRS, the newly introduced capital budgeting framework should provide increased transparency to the University's capital and financing structure.

Debt and Liquidity

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



Concordia's university-supported debt burden rose by 6.4% to $8,514 per FTE in 2012-2013, as a result of increased draws on the bank line and new long-term loans for capital needs. Interest coverage fell from to 3.4 times from 5.5 times, as operating results deteriorated compared to the previous period. Although interest charges were fairly stable in 2012-2013 at 2.7% of revenues, with coverage remaining at a reasonable level for the rating, further weakness in operating performance and potentially higher interest charges associated with new borrowing needs could drive interest coverage to the lower end of the rating category over the medium term.

As of April 30, 2013, endowment assets held by the Concordia University Foundation totalled $136.6 million, up 13.4% on strong capital market performance in 2013. Modest enrolment growth and stronger investment results drove endowment assets per FTE higher, reaching $4,905 from $4,410 the previous year. Part of the University's endowment assets include an internal sinking fund, which is managed within the Concordia University Foundation and reached $36.1 million as at April 30, 2013. In 2013-2014, due to solid investment returns and University contributions, growth in endowment assets is likely to have continued at a sound pace and the sinking fund is expected to surpass $40.0 million after new contributions. Moreover, the University reported $11.4 million in unrestricted financial resources in 2012-2013, equivalent to 4.8% of university-supported debt, which remains below levels observed at other DBRS-rated universities.

On a going concern valuation basis, the pension plan deficit totalled approximately $110 million as of December 31, 2012. DBRS notes that universities in Québec are only required to make special payments to address the going concern shortfall and not solvency deficits. In 2013-2014, Concordia will make going-concern payments of $1.7 million, which are expected to rise to $3.75 million in 2014-2015. A new funding valuation of the plan is currently being completed and the going-concern shortfall is expected to remain relatively stable, although payments are set to eventually rise to $11.1 million once funding relief legislation expires. Strong investment performance, reaching 13% net of currency hedges in 2013, is projected to be largely offset by the introduction of new and less favourable mortality tables.

On an accounting basis, the University's employee pension plan deficit amounted to $375.6 million in 2012-2013, up substantially from a restated deficit of $320.0 million in 2011-2012. The increase was related primarily to a downward revision in the discount rate on accrued benefit obligations from 4.30% to 3.90% and a change in the expected rate of return on plan assets from 6.50% to 6.35%. The University's non-pension benefit plans had a funding shortfall of $136.0 million on an accounting basis.

Outlook

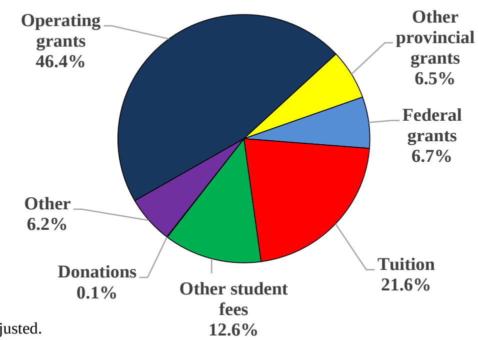
DBRS expects University-supported leverage to continue to increase moderately over the medium-term, as the University's deferred maintenance and capital budget spending ramp up for projects such as IT systems upgrades, acquisitions and other campus improvements. In 2013-2014, DBRS expects that new debt associated with the balance of sale payment and renovations to the Grey Nuns property, arena expansion and ongoing IT system work likely pushed University-supported leverage to approximately $10,000 per FTE or slightly above.

Based on the University's approved capital budget and assumptions regarding capital spending, deferred maintenance outlays and changes to the funding formula, debt per FTE could reach as high as $12,000 by the end of fiscal 2014-2015 as reliance on the bank line grows to meet cash requirements. If new borrowing materializes at the upper end of the forecast range, much of the remaining flexibility within the rating could be absorbed in the next few years; however, DBRS notes that actual spending on capital is likely to materialize at a lower rate than planned, and that the province may support a larger portion of such spending, resulting in a more manageable debt burden and less pressure on the credit profile.

University Funding in Québec

Canadian universities generally have access to three key sources of revenue to fund their traditional academic and research activities: (1) government grants (provincial and federal), (2) student fees and (3) endowment income and donations. In the case of Concordia, these account for roughly 94% of total revenues.

2012-2013 Consolidated Revenue Sources ($497.8 million*)



*DBRS adjusted.

Government Funding (Provincial and Federal – 59.6%): Government funding includes operating, research and capital grants. Operating grants constitute the most important revenue source for Canadian universities and are exclusively provided by provincial governments, as education is within provincial jurisdiction. In Québec, operating funding for a given year is based on enrolment levels two years before and includes three broad components:

(1) Teaching: allocated across universities in proportion to enrolment at each institution, with each student weighted on the basis of the relative cost of the program in which they are enrolled.

(2) Support for teaching and research: funding for general administration costs, library operations and computer and audiovisual equipment. It is composed of a fixed amount and a variable component based on enrolment.

(3) Maintenance: provided largely on the basis of floor space recognized for funding purposes.

Following the higher education summit in February 2013, the Province introduced tuition fee indexation, albeit at a lower rate than initially announced, providing some modest flexibility to institutions to keep pace with inflationary pressures. The Province also moved to partially compensate universities for lost revenues associated with the cancellation of tuition rate increases. However, in fiscal years 2012-2013 and 2013-2014, the Province demanded significant funding compression from Québec universities totalling approximately $246 million. This funding compression has since been made permanent and has forced universities to incur larger-than-anticipated deficits while the cuts are absorbed. The funding compression and a lack of clarity surrounding planned reinvestment by the Province into the sector have added a significant degree of uncertainty to budget processes. Ultimately, the future operating funding envelope for universities is subject to change and is closely linked to the Province's own budget challenges.

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

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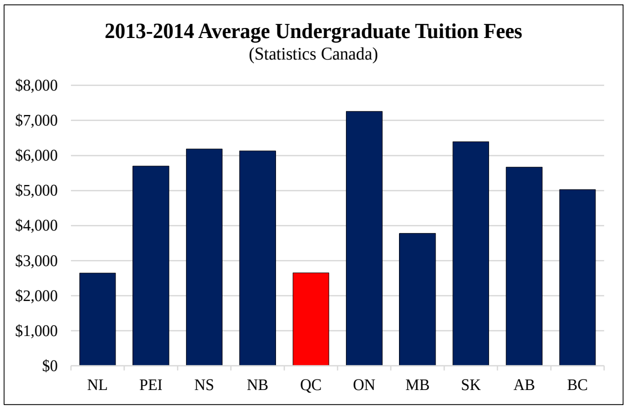
Tuition and Student Fees (34.2%): The Province maintains full discretion over tuition fees (20.0% of total revenue). For residents of Québec, after being frozen for several years, tuition fees were allowed to increase by $100 per academic year from 2007-2008 through 2011-2012. In Québec's 2011 budget, it was announced that tuition fees would be allowed to increase by $325 per student per year between 2012-2013 and 2016-2017. However, following the election of the Parti Québécois in September 2012, this tuition framework was promptly cancelled, creating a challenge for most universities as the academic year had already begun. At the education summit in February 2013, the Province announced that under a new tuition framework, fees will be indexed to the annual increase in personal disposable income. In 2012-2013, indexation amounted to a year-over-year fee increase of approximately 2.6% for domestic students, with a similar increase in 2013-2014. DBRS expects international students to face larger rate increases and to receive fewer out-of-province fee exemptions going forward, consistent with the trend in other jurisdictions. Revenue collected from those students in excess of tuition paid by residents of Québec is generally appropriated by the Province and re-invested in the post-secondary education system, limiting the ability of universities in Québec to grow revenues. However, since 2008-2009, international student fees in excess of levels set by Québec are retained by the university.



For 2013-2014, the average tuition fee in Québec was $2,653, compared with the national average of $5,772. Universities in Québec have retained some flexibility to set miscellaneous fees, such as application fees, registration fees and service charges, although those only account for a modest portion of Concordia's revenue base (12.6%).

Fundraising and Endowment Contributions (0.1%): Fundraising is a relatively new source of revenue for most universities in Canada. This is reflected in the fairly small endowment funds of most institutions and the still-negligible share of donation income and endowment contributions in the revenue base of Canadian universities relative to their U.S. counterparts. In the case of Concordia, fundraising only started gaining momentum in 1995.

The University recognizes all donations as revenue upon receipt, although donations received with long-term external restrictions are transferred to the Concordia University Foundation (the Foundation). As of April 30, 2013, the Foundation had net assets of $136.6 million, or $4,905 per FTE. Although small in relation to other Canadian institutions of similar size, Foundation assets are expected to continue to gain importance over the coming years, aided by plans for a new fundraising campaign.

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Concordia University

Consolidated Balance Sheet

($ thousands)	As at April 30			As at May 31	
Assets	2013	2012	2011	2010	2009
Cash	474	2,544	-	-	-
Marketable investments	45	7	6,844	35	30
Receivables	55,720	61,947		84,310	85,813
Subsidies receivable from Province	134,693	140,191	140,581	143,877	148,570
Inventories and prepaid expenses	9,906	8,158	8,362	7,732	8,165
Capital assets	745,430	731,142	695,850	638,556	623,961
Concordia University Foundation - net assets	136,598	120,492	121,861	110,827	87,685
Other assets	8,281	1,401	1,415	7,812	9,208
Total Assets	1,091,147	1,065,882	974,913	993,149	963,432
Liabilities and Equity					
Accounts payable and accrued liability	78,805	73,608	87,103	73,139	88,160
Short-term debt serviced by University	19,299	-	17,785	40,997	24,578
Short-term debt serviced by Province	113,350	107,357	109,943	67,156	75,606
Unearned revenue	18,527	19,102	18,229	31,896	27,889
Other short-term liabilities	6,437	5,459	13,277	14,288	11,411
Employee future benefits	128,251	89,738	83,287	77,761	74,840
Deferred contributions	114,117	110,839	94,381	76,610	66,633
Net long-term debt serviced by University	217,794	218,599	216,916	197,521	196,886
Net long-term debt serviced by Province	224,181	242,853	231,861	254,189	245,393
Total Liabilities	920,761	867,555	872,782	833,557	811,396
Fund Balances					
Invested in capital assets (1)	162,745	162,193	144,739	142,621	147,274
Committed funds	60,543	60,002	52,377	33,989	29,140
Externally restricted	1,453	1,079	1,979	11	244
Concordia University Foundation	136,598	120,492	121,861	110,827	87,685
Accumulated deficit	(190,953)	(146,166)	(140,047)	(127,856)	(112,307)
Total Liability and Equity	1,091,147	1,065,155	1,053,691	993,149	963,432
Contingencies					
Potential claim - lawsuits	16,000	16,000	15,000	15,000	13,000
Pension-fund and other benefits deficit (if any)	511,625	428,645	202,959	239,410	n.a
	527,625	444,645	217,959	254,410	13,000

(1) In 2008 results are presented under a new asset capitalization policy.
(2) For 2008-2009 and subsequent years, accumulated vacation is included in accounts payable and accrued liabilities.

Concordia University

Consolidated Financial Summary (DBRS-adjusted)	For the period ended:				
($ thousands)	April 30			May 31	
	2012-2013	2011-2012	2010-2011*	2009-2010	2008-2009
Operating revenue	499,554	512,870	458,156	453,351	450,004
Total expenditures	543,719	492,131	449,143	455,195	434,901
Recurring Surplus/(Deficit)	(44,165)	20,739	9,013	(1,844)	15,103
Non-recurring revenue/(expenditures)	-	(2,000)	-	(13,508)	-
Total Consolidated Surplus/(Deficit)	(44,165)	18,739	9,013	(15,352)	15,103
Revenue					
Tuition	107,828	102,693	94,582	85,178	75,914
Student fees (1)	62,892	61,009	55,136	56,201	52,816
Provincial operating grants	231,735	234,057	211,795	224,145	215,035
Provincial grants for debt servicing	27,311	42,563	26,766	18,266	38,826
Other provincial grants for restricted uses	5,178	3,706	5,294	7,096	6,331
Federal grants	33,387	33,394	28,040	28,100	27,398
Sales, services, and rentals	24,644	24,224	23,471	23,326	23,060
Donations	326	6,735	8,541	5,225	6,080
Other income	6,253	4,489	4,531	5,814	4,544
Total Revenue	499,554	512,870	458,156	453,351	450,004
Expenditures					
Academic services	232,894	226,119	202,397	212,094	202,225
Administrative services	88,395	79,895	74,509	77,276	74,933
Research	47,798	41,029	38,091	38,292	36,167
Sales, services, and rentals	19,121	19,313	18,541	19,140	19,174
Amortization	36,434	34,839	31,623	32,308	31,014
Pension plan	67,116	36,044	34,440	29,144	18,170
Interest on subsidized debt	11,444	14,615	13,300	13,730	13,705
Interest on University-supported debt	14,626	14,238	12,872	14,578	18,947
Other (2)	25,891	26,039	23,370	18,633	20,566
Total Expenditures	543,719	492,131	449,143	455,195	434,901
Gross Capital Expenditures	37,471	58,101	88,740	47,422	64,890

(1) Includes services to the community, student services revenues and miscellaneous fees and other income.
(2) For 2007-2008 and prior years, adjusted to exclude capex that is both expensed during the year and added to assets for future amortization.

Statement of Cash Flow (DBRS-adjusted)	For the period ended:				
($ thousands)	April 30			May 31	
	2013-2013	2011-2012	2010-2011	2009-2010	2008-2009
Operating balance before fund transfers	(44,165)	18,739	9,013	(15,352)	15,103
Amortization and other	78,340	44,007	47,690	42,304	20,611
Cash flow from operations	34,175	62,746	56,703	26,952	35,714
Change in working capital	(4,673)	(19,489)	(1,485)	(5,842)	18,883
Operating cash flow after working capital	29,502	43,257	55,218	21,110	54,597
Capital expenditures	(37,471)	(58,101)	(88,740)	(47,422)	(64,890)
Free cash flow	(7,969)	(14,844)	(33,522)	(26,312)	(10,293)
Financing activities	11,316	10,066	29,826	21,275	n.a.
Investing activities (excluding capex)	(5,417)	11,340	1,541	7,293	-
Other	-	-	-	(2,492)	-
Increase (decrease) in cash	(2,070)	6,562	(2,155)	(236)	-
Cash (bank overdraft), beginning of year	2,544	(4,018)	(1,863)	(1,627)	
Cash (bank overdraft), end of year	474	2,544	(4,018)	(1,863)	-

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Summary Statistics (DBRS-adjusted)	For the period ended:				
	April 30			May 31	
	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Total Enrolment (1)	27,846	27,323	26,876	26,026	24,811
- Undergraduate	88%	88%	88%	88%	88%
- Graduate	12%	12%	12%	12%	12%
Annual change (%)	1.9%	1.7%	3.3%	4.9%	1.4%
Total staff (FTE)	3,791	3,598	3,548	3,478	3,450
- academic staff (FTE)	43%	40%	40%	39%	40%

Note: Staff and academic staff exclude auxiliary students and part-time faculty for continuing education. A part-time FTE faculty is based on a load of four courses of 3 credits.

	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Operating Results					
Recurring surplus (deficit) ($ thousands)	(44,165)	20,739	9,013	(1,844)	15,103
- As % of revenues	(8.8%)	4.0%	2.0%	(0.4%)	3.4%
Revenue Mix (as % of total DBRS-adjusted revenue)					
- Provincial government funding	52.9%	54.7%	53.2%	55.0%	57.8%
- Tuition fees	22%	20.0%	20.6%	18.8%	16.9%
- Endowment and expendable donations	0%	1.3%	1.9%	1.2%	1.4%
- Other	25.5%	24.0%	24.3%	25.0%	24.0%
Debt					
Total debt ($ millions)	574.6	568.8	576.5	559.9	542.5
Debt serviced by Province ($ millions)	337.5	350.2	341.8	321.3	321.0
Debt serviced by University ($ millions)	237.1	218.6	234.7	238.5	221.5
- Per FTE student ($)	8,514	8,001	8,733	9,165	8,926
Total debt and contingencies ($ millions)	1,102.2	1,013.5	794.5	814.3	555.5
- Per FTE student ($)	39,584	37,092	29,560	31,287	22,388
Interest charges supported by University/total exp.	2.7%	2.9%	2.9%	3.2%	4.4%
Interest coverage ratio (times) (2)	3.3	5.5	5.4	3.8	2.9
Concordia University Foundation					
Total net assets ($ millions)	136.6	120.5	121.9	110.8	87.7
- Per FTE student ($)	4,905	4,410	4,534	4,258	3,534
Annual payout rate	5.0%	5.0%	5.0%	5.0%	0.0%

(1) Full-time equivalent (FTE). Excludes continuing education.
(2) Defined as surplus before interest, amortization, and fund transfers divided by interest charges supported by the University.

Concordia University

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Rating

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

Rating History

	Current	2013	2012	2011	2010	2009
Issuer Rating	A	A	A	NR	NR	NR
Senior Unsecured Debt	A	A	A	A	A	A

Related Research

- Canadian University Peer Comparison Table, May 23, 2014.

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

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

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