
Non-consolidated financial
statements of
Concordia Student Union – Syndicat
des Étudiants et Étudiantes de
Concordia

May 31, 2019

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Independent Auditor's Report

To the Members of
Concordia Student Union – Syndicat des Étudiants et Étudiantes de Concordia

Opinion

We have audited the non-consolidated financial statements of Concordia Student Union – Syndicat des Étudiants et Étudiantes de Concordia (the "Union"), which comprise the non-consolidated balance sheet as at May 31, 2019, and the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "non-consolidated financial statements").

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Union as at May 31, 2019, and the non-consolidated results of its operations and its 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 ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements* section of our report. We are independent of the Union in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Canada, and we have fulfilled our other ethical 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 qualified audit opinion.

Responsibilities of Management for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Union'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 Union or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 GAAS 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 non-consolidated financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated 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 Union's internal control.
- 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 Union'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 non-consolidated 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 Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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.

Deloitte LLP

November 27, 2019

¹ CPA auditor, CA, public accountancy permit No. A127130

Concordia Student Union – Syndicat des Étudiants et Étudiantes de Concordia
Non-consolidated statement of operations
Year ended May 31, 2019

		2019		
		Student Space, Accessible Education, and Legal Contingency Fund	General Fund and invested in capital assets	Total
Notes		\$	\$	\$
Revenue				
	Student membership fees	—	2,278,387	2,278,387
	Student space fees	536,524	—	536,524
	Health and dental plan fees	—	3,610,471	3,610,471
		536,524	5,888,858	6,425,382
Expenses				
	Administrative	—	2,688,213	2,688,213
	Financial	—	3,051	3,051
	Amortization	165,796	308,402	474,198
	Health plan premiums	—	3,400,970	3,400,970
	Other expenses	260,542	—	260,542
		426,338	6,400,636	6,826,974
		110,186	(511,778)	(401,592)
	Other revenues	444,386	239,560	683,946
	Excess (deficiency) of revenue over expenses	554,572	(272,218)	282,354

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

Concordia Student Union – Syndicat des Étudiants et Étudiantes de Concordia
Non-consolidated statement of operations
Year ended May 31, 2019

		2018		
		Student Space, Accessible Education, and Legal Contingency Fund	General Fund and invested in capital assets	Total
Notes		\$	\$	\$
Revenue				
	Student membership fees	—	2,213,449	2,213,449
	Student space fees	556,243	—	556,243
	Health and dental plan fees	—	3,574,563	3,574,563
		556,243	5,788,012	6,344,255
Expenses				
	Administrative	—	2,764,058	2,764,058
	Financial	—	2,742	2,742
	Amortization	53,045	312,762	365,807
	Health plan premiums	—	3,296,567	3,296,567
	Other expenses	249,658	—	249,658
		302,703	6,376,129	6,678,832
		253,540	(588,117)	(334,577)
	Other revenues	191,792	145,952	337,744
	Excess (deficiency) of revenue over expenses	445,332	(442,165)	3,167

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

Concordia Student Union – Syndicat des Étudiants et Étudiantes de Concordia
Non-consolidated statement of changes in net assets
Year ended May 31, 2019

		2019			
		Student Space, Accessible Education, and Legal Contingency Fund	General Fund	Invested in capital assets	Total
Notes		\$	\$	\$	\$
Balance, beginning of year		10,140,239	1,121,112	1,765,763	13,027,114
Excess (deficiency) of revenue over expenses		554,572	39,456	(311,674)*	282,354
Internal allocation	8	(759,751)	759,751	—	—
Capital assets acquisitions		997,567	(1,059,249)	61,682	—
Balance, end of year		10,932,627	861,070	1,515,771	13,309,468

* Represents amortization of capital assets.

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

Concordia Student Union – Syndicat des Étudiants et Étudiantes de Concordia
Non-consolidated statement of changes in net assets
Year ended May 31, 2019

				2018	
	Notes	Student Space, Accessible Education, and Legal Contingency Fund	General Fund	Invested in capital assets	Total
		\$	\$	\$	\$
Balance, beginning of year		9,794,252	1,169,705	2,059,990	13,023,947
Excess (deficiency) of revenue over expenses		445,332	(129,403)	(312,762)*	3,167
Internal allocation	8	(664,310)	664,310	—	—
Capital assets acquisitions		564,965	(583,500)	18,535	—
Balance, end of year		<u>10,140,239</u>	<u>1,121,112</u>	<u>1,765,763</u>	<u>13,027,114</u>

* Represents amortization of capital assets.

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

Concordia Student Union – Syndicat des Étudiants et Étudiantes de Concordia
Non-consolidated balance sheet
As at May 31, 2019

	Notes	2019	2018
		\$	\$
Assets			
Current assets			
Cash		—	1,581,858
Restricted cash	7	608,986	463,177
Term deposits, rate of 1.61% to 2.60%, and maturing between October 2019 and February 13, 2020		1,540,208	876,670
Accounts receivable		23,248	27,401
Accounts receivable – Concordia University	3	719,970	395,851
Prepaid expenses		27,589	32,189
		2,920,001	3,377,146
Investment (10 units of Concordia Community Solidarity Bookstore)		100	100
Portfolio investments		9,090,396	8,648,906
Capital assets	5	3,062,960	2,477,909
		15,073,457	14,504,061
Liabilities			
Current liabilities			
Bank indebtedness		145,895	—
Accounts payable and accrued liabilities		443,037	333,420
Health care plan liability		824,925	817,736
Government remittances payable		8,295	4,954
Deferred revenue		21,000	—
		1,443,152	1,156,110
Deferred contributions related to capital assets	6	320,837	320,837
		1,763,989	1,476,947
Commitments	9		
Net assets			
Student Space, Accessible Education, and Legal Contingency Fund		10,932,627	10,140,239
General Fund		861,070	1,121,112
Invested in capital assets		1,515,771	1,765,763
		13,309,468	13,027,114
		15,073,457	14,504,061

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

Approved by the Board

_____, Director

_____, Director

Concordia Student Union – Syndicat des Étudiants et Étudiantes de Concordia
Non-consolidated statement of cash flows
Year ended May 31, 2019

	2019	2018
	\$	\$
Operating activities		
Excess of revenue over expenses	282,354	3,167
Item not affecting cash		
Amortization	474,198	365,807
	756,552	368,974
Changes in non-cash operating working capital items	(174,219)	548,864
	582,333	917,838
Investing activities		
Purchase of capital assets	(1,059,249)	(583,500)
Change in term deposits	(663,538)	(9,534)
Change in portfolio investments	(441,490)	(181,826)
	(2,164,277)	(774,860)
Net (decrease) increase in cash and cash equivalents	(1,581,944)	142,978
Cash and cash equivalents, beginning of year	2,045,035	1,902,057
Cash and cash equivalents, end of year	463,091	2,045,035
<i>Non-cash transaction:</i>		
Accounts receivable accounted on deferred contributions	—	320,837

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

1. Description of the business

Concordia Student Union – Syndicat des Étudiants et Étudiantes de Concordia (the “Union”) was founded under Part III of the *Companies Act* (Québec). The Union’s main purpose is to represent its members and to promote their interests, particularly respecting teaching, educational methods, student services and the administration of Concordia University. It provides students with orientation seminars, the handbook, and funds of various groups and associations. It is accredited since December 20, 2000, pursuant to *An Act Respecting the Accreditation and Financing of Students’ Associations* and is thereby recognized as the representative of its members and entitled to have its membership fees collected by Concordia University. The Union is a tax-exempt organization according to the *Income Tax Act*.

2. Accounting policies

The non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund accounting

The Union follows the Restricted Fund of accounting for contributions.

The General Fund accounts for and reports all unrestricted operating activities of the Union. The activities include program delivery, administrative and general operations, and the management of an insurance plan.

The Student Center Fund accounts for all the revenues and expenses in connection with the future construction of the new building connected to the University. The fee levy for this fund was discontinued as of December 31, 2011.

The Student Space, Accessible Education, and Legal Contingency Fund was created as of January 1, 2012 (a fee levy of \$1.50 per credit).

An extract of the Special By-Law I describes this fund:

“The Council of Representatives of the Union is authorized to incur expenses from the Student Space, Accessible Education, and Legal Contingency Fund, with the utmost transparency and diligence, to:

- a) Carry out such studies, make such inquiries, retain such professionals, contractors and other service providers and make any decisions and enter into any transactions or agreements, and generally take any and all other actions that the Council of Representatives of the Union considers desirable from time to time in its discretion to improve the facilities available to students for use as student spaces, including without limitation:
 - (i) the construction, acquisition, disposal, replacement, renovation of, and/or repairs to, such lands and buildings (or parts thereof) located at one or more sites considered suitable by the Council of Representatives of the Union to serve as student centres;
 - (ii) acquiring, maintaining and/or disposing of ownership or other occupancy rights in such lands and buildings (or parts thereof) and the operation thereof, including without limitation the leasing, subleasing or use of space by persons carrying on commercial and/or non-commercial activities beneficial or useful to the students, engaging such contractors, building managers and other service providers desirable for the operation, maintenance, repair and/or renovation of such lands and buildings (or parts thereof) and including the payment of all fees and expenses associated with the foregoing (including for greater certainty any rents, taxes, management fees and other costs);
 - (iii) the obtaining of any financing (in capital and interest and secured or unsecured) contracted for the purposes set forth in this paragraph 4, according to terms and conditions determined by the Council of Representatives of the Union; and the use of the funds forming part of the Union Building Fund for any or all of the above purposes as may be authorized from time to time by the Council of Representatives of the Union;

2. Accounting policies (continued)

Fund accounting (continued)

- b) With permission of a two-thirds (2/3) majority vote of the Council of Representatives, to satisfy a judgment or to settle a legal action where the cost to the Student Union would compromise the general operations of the Union;
- c) Limited exclusively to the annual interest accrued on the fund from the previous fiscal year, for the provision of additional resources and to accommodate costs needed in case of a binding strike mandate approved by the membership at a duly convened Special General Meeting specifically for the purpose of protecting the accessibility of postsecondary education.”

In November 2016, the Council has decided to merge the Student Center Fund with the Student Space, Accessible Education, and Legal Contingency Fund. The fund was named Student Space, Accessible Education, and Legal Contingency Fund.

Financial instruments

Financial assets and financial liabilities, except for accounts receivable – Concordia University, due from subsidiary and accounts payable and accrued liabilities, are initially recognized at fair value when the Union becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for the following instruments:

- a) Investment in the Concordia Community Solidarity Bookstore and CSU Daycare and Nursery which is measured at cost less any reduction for impairment.
- b) Investments in listed shares, which are measured at fair value at the non-consolidated balance sheet date. The fair value of listed shares is based on the latest closing price.

Interest earned on term deposit, dividends, unrealized gains and losses on listed shares and realized gains and losses on listed shares are included in other revenues in the non-consolidated statement of operations.

Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in net earnings as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Union recognizes in net earnings an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net earnings in the period the reversal occurs.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term investments with a term to maturity of three months or less at the date of acquisition.

2. Accounting policies (continued)

Capital assets (continued)

Capital assets are recorded at cost. Amortization is based on their estimated useful life using the following methods and rates or terms:

Building improvements	Straight-line	Term of the lease
Computer equipment	Declining balance	30%
Office furniture and fixtures	Declining balance	20%
TV equipment	Declining balance	20%
Leasehold improvements – Daycare	Straight-line	Term of the lease
Equipment – Daycare	Declining balance	20%

They should also be tested for impairment.

Revenue recognition

The Union used the restricted fund method. Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection reasonably assured.

Contributions related to purchase capital assets are deferred and recognized as revenue on the same basis as the capital asset amortization.

Use of estimates

The preparation of non-consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the non-consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Key components of the non-consolidated financial statements requiring management to make estimates include the useful life of long-lived assets and some provisions related to accrued liabilities. Actual results could differ from these estimates.

3. Accounts receivable – Concordia University

	2019	2018
	\$	\$
Accounts receivable	399,133	75,014
Special contribution	320,837	320,837 ⁽¹⁾
	719,970	395,851

⁽¹⁾ In 2018, the Union signed a contract with the Concordia University to support the Union with the renovation costs of the Daycare project. The contribution is related to demolition costs and base-building costs. An amount of \$320,837 is presented as an account receivable in the non-consolidated financial statements. Also, an additional amount related to contingency fees of up to 15% will be received when the project is finished.

4. Investment in the subsidiary

CSU Daycare and Nursery

CSU Daycare and Nursery is incorporated under Part 3 of the *Business Corporations Act* (Québec), and was created with the sole purpose to operate a daycare centre for children.

The financial summary of the subsidiary as at May 31, 2019, is as follows:

	2019	2018
	\$	\$
Statement of operations		
Revenue	380,399	185,455
Expenses	282,315	7,261
Excess of revenue over expenses	98,084	178,194
Balance sheet		
Total assets	313,967	182,908
Total liabilities	34,320	1,345
Net assets	279,647	181,563
	313,967	182,908

5. Capital assets

	2019			2018
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Building improvements	2,737,927	1,343,235	1,394,692	1,706,482
Computer equipment	356,863	263,749	93,114	68,241
Office furniture and fixtures	477,915	414,717	63,198	69,689
TV equipment	183,479	176,338	7,141	8,926
Leasehold improvements – Daycare	1,526,614	110,503	1,416,111	600,708
Equipment - Daycare	101,211	12,507	88,704	23,863
	5,384,009	2,321,049	3,062,960	2,477,909

The net book value is presented in these two funds:

- Student Space, Accessible Education, and Legal Contingency Fund: \$1,537,864 (\$706,094 in 2018).
- Invested in capital assets: \$1,525,096 (\$1,771,815 in 2018).

6. Deferred contributions related to capital assets

Contributions received for the purchase of capital assets are recognized in the non-consolidated statement of operations using the same method and the same amortization rates used to amortize the related capital assets.

	2019	2018
	\$	\$
Balance, beginning of year	320,837	—
Plus: Deferred contributions	—	320,837
Balance, end of year	320,837	320,837

7. Health and dental plan

The Council has decided to restrict the amount related to the administration of the Health and Dental plan. The balance will be kept in a reserve fund presented as Restricted cash in the non-consolidated balance sheet. The following figures show the plan's performance for the fiscal year:

	2019	2018
	\$	\$
Health and dental fees	3,610,471	3,574,563
Health plan premiums	3,400,970	3,296,567
Excess of revenue over expenses	209,501	277,996
Administrative fees	63,692	61,989
Reserve fund	145,809	216,007
Reserve fund – Beginning balance	463,177	247,170
Reserve fund – Ending balance	608,986	463,177

8. Internal allocation

During the year, the Council approved the transfer of an amount of \$759,751 (\$664,310 in 2018) from the Student Space, Accessible Education, and Legal Contingency Fund to the General Fund to finance Student Space expenses. This transfer includes a loan of \$250,000, bearing interest at the rate of 2.50% and is repayable by monthly instalments of \$4,437.

9. Commitments

The Union is committed under an operating lease contract effective from March 1, 2016, and expires on February 29, 2026. Future payments overall rental of \$607,500 and include amounts payable over the next five years:

	\$
2020	90,000
2021	90,000
2022	90,000
2023	90,000
2024	90,000

Also, the Council approved with a contribution of \$25,000 per year from 2020 to 2022 to help and support a public entity (C.U.C.C.R.).

10. Financial instruments

Credit risk

The Union provides credit to its customers in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for doubtful accounts, if necessary.

Liquidity risk

The Union's objective is to have sufficient liquidity to meet its liabilities when due. The Union monitors its cash balances and cash flows generated from operations to meet its requirements. As at May 31, 2019, the most significant financial liabilities are the accounts payable and accrued liabilities and the health care plan liability.