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

May 31, 2021

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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, 2021, 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, 2021, and the non-consolidated results of its operations and its non-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 ("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.

Other Matter – Predecessor Auditor's Report

The financial statements for the year ended May 31, 2020, were audited by another audit firm who expressed an unmodified opinion on those financial statements on November 11, 2020.

Responsibilities of Management and Those Charged with Governance 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.

Those charged with governance are responsible for overseeing the Union's financial reporting process.

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.

MNP LLP

November 24, 2021

¹ CPA auditor, CA, public accountancy permit No. A128037

Concordia Student Union – Syndicat des Étudiants et Étudiantes de Concordia
Non-consolidated statement of operations
Year ended May 31, 2021

		2021		
		Student Space, Accessible Education, and Legal Contingency Fund	General Fund and invested in capital assets	Total
	Notes	\$	\$	\$
Revenue				
Student membership fees		-	2,767,126	2,767,126
Student space fees		318,424	-	318,424
Health and dental plan fees	7	-	5,116,065	5,116,065
Deferred contributions related to capital assets	6	66,044	-	66,044
		384,468	7,883,191	8,267,659
Expenses				
Administrative		-	2,550,350	2,550,350
Financial		-	11,349	11,349
Amortization		271,537	315,562	587,099
Health plan premiums	7	-	5,314,231	5,314,231
Other expenses		158,157	-	158,157
		429,694	8,191,492	8,621,186
		(45,226)	(308,301)	(353,527)
Other revenues	9	1,476,407	112,554	1,588,961
Excess (deficiency) of revenue over expenses		1,431,181	(195,747)	1,235,434

Concordia Student Union – Syndicat des Étudiants et Étudiantes de Concordia
Non-consolidated statement of operations (continued)
Year ended May 31, 2021

		2020		
	Notes	Student Space, Accessible Education, and Legal Contingency Fund	General Fund and invested in capital assets	Total
		\$	\$	\$
Revenue				
Student membership fees		—	2,563,117	2,563,117
Student space fees		294,705	—	294,705
Health and dental plan fees	7	—	3,921,949	3,921,949
Deferred contributions related to capital assets	6	27,519	—	27,519
		322,224	6,485,066	6,807,290
Expenses				
Administrative		—	2,398,049	2,398,049
Financial		—	56,175	56,175
Amortization		251,160	316,873	568,033
Health plan premiums	7	—	3,758,143	3,758,143
Other expenses		171,059	—	171,059
		422,219	6,529,240	6,951,459
		(99,995)	(44,174)	(144,169)
Other revenues		203,972	236,089	440,061
Excess of revenue over expenses		103,977	191,915	295,892

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, 2021

		2021			
	Notes	Student Space, Accessible Education, and Legal Contingency Fund	General Fund	Invested in capital assets	Total
		\$	\$	\$	\$
Balance, beginning of year		11,188,217	1,105,234	1,311,909	13,605,360
Excess (deficiency) of revenue over expenses		1,431,181	119,815	(315,562)	1,235,434
Internal allocation	8	(207,197)	207,197	-	-
Capital assets acquisitions		154,770	(162,935)	8,165	-
Balance, end of year		12,566,971	1,269,311	1,004,512	14,840,794
		2020			
	Notes	Student Space, Accessible Education, and Legal Contingency Fund	General Fund	Invested in capital assets	Total
		\$	\$	\$	\$
Balance, beginning of year		10,932,627	861,070	1,515,771	13,309,468
Excess (deficiency) of revenue over expenses		103,977	499,355	(307,440)	295,892
Internal allocation	8	39,506	(39,506)	—	—
Capital assets acquisitions		112,107	(215,685)	103,578	—
Balance, end of year		11,188,217	1,105,234	1,311,909	13,605,360

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, 2021

	Notes	2021	2020
		\$	\$
Assets			
Current assets			
Cash		1,074,062	966,266
Restricted cash	7	448,740	710,906
Term deposits, rate of 0.35% and 0.40% and maturing in August 2021 and January 2022		1,078,142	568,513
Accounts receivable		46,875	39,025
Accounts receivable – Concordia University		82,909	109,982
Due from the subsidiary, non-interest bearing		1,623	—
Due from not-for-profit organizations, without interest		14,485	322
Prepaid expenses		36,552	22,415
		2,783,388	2,417,429
Investment (10 units of Concordia Community Solidarity Bookstore)		100	100
Portfolio investments		10,754,559	9,288,487
Capital assets	4	2,286,448	2,710,612
		15,824,495	14,416,628
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		422,266	409,108
Accounts payable – Concordia University		14,750	—
Health care plan liability		173,787	—
Government remittances payable		20,933	14,151
		631,736	423,259
Long-term debt	5	30,000	—
Deferred contributions related to capital assets	6	321,965	388,009
		983,701	811,268
Commitments	10		
Net assets			
Student Space, Accessible Education, and Legal Contingency Fund		12,566,971	11,188,217
General Fund		1,269,311	1,105,234
Invested in capital assets		1,004,512	1,311,909
		14,840,794	13,605,360
		15,824,495	14,416,628

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, 2021

	2021	2020
	\$	\$
Operating activities		
Excess of revenue over expenses	1,235,434	295,892
Items not affecting cash		
Amortization of capital assets	587,099	568,033
Deferred contributions related to capital assets	(66,044)	(27,519)
	1,756,489	836,406
Changes in non-cash operating working capital items	197,777	(274,935)
	1,954,266	561,471
Investing activities		
Purchase of capital assets	(162,935)	(215,685)
Change in restricted cash	262,166	(101,920)
Change in term deposits	(509,629)	971,695
Change in portfolio investments	(1,466,072)	(198,091)
	(1,876,470)	455,999
Financing activities		
Long-term loan product	30,000	—
Increase in deferred contributions related to capital assets	—	94,691
	30,000	94,691
Net (decrease) increase in cash and cash equivalents	107,796	1,112,161
Cash and cash equivalents, beginning of year	966,266	(145,895)
Cash and cash equivalents, end of year	1,074,062	966,266

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 the *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 General Fund accounts for and reports 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 operating 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 centers;
 - (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 the 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 which is measured at cost less any reduction for impairment; and
- 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

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 follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Member fees are recognized as revenue proportionately over the fiscal year to which they relate.

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.

Government assistance in the form of a forgivable loan is recorded as a subsidy when it is granted to the company rather than when the repayment is waived. The grant is recognized in other revenues because it is linked to current expenses.

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. Investment in the subsidiary

CSU Daycare and Nursery

The Union controls the CSU Daycare and Nursery because it appoints the majority of the board of directors. The 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 to student families Concordia University.

The controlled not-for-profit organization has not been consolidated in the Union's financial statements.

The financial summary of CSU Daycare and Nursery as at May 31, 2021, is as follows:

	2021	2020
	\$	\$
Statement of operations		
Revenue	630,797	765,902
Expenses	615,548	762,404
Excess of revenue over expenses	15,249	3,498
Balance sheet		
Total assets	340,469	313,498
Total liabilities	42,075	30,353
Net assets	298,394	283,145
	340,469	313,498

4. Capital assets

	2021			2020
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Building improvements	2,737,927	1,896,373	841,554	1,118,123
Computer equipment	367,285	315,458	51,827	74,038
Office furniture and fixtures	647,743	455,692	192,051	56,762
TV equipment	269,742	203,062	66,680	83,350
Leasehold improvements – Daycare	1,526,614	529,765	996,849	1,206,480
Equipment – Daycare	213,318	75,831	137,487	171,859
	5,762,629	3,476,181	2,286,448	2,710,612

The net book value is presented in these two funds:

- Student Space, Accessible Education, and Legal Contingency Fund: \$1,281,936 (\$1,398,703 in 2020).
- Invested in capital assets: \$1,004,512 (\$1,311,909 in 2020).

5. Long-term debt

	2021	2020
	\$	\$
Canadian Emergency Business Account loan, without interest, secured by Government of Canada and repayable in December 2022(1)	30,000	-

(1) No interest or repayment is required until December 31, 2022. Repayment of the loan before December 31, 2022, will result in a 25% write-off of the loan. The Union therefore recognized grant income of \$10,000 during the year. Otherwise, from January 1, 2023, the loan of \$40,000 will be repayable over 36 months. Only interest at the rate of 5% will be payable until repayment of the principal. The loan must be repaid no later than December 31, 2025.

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.

	2021	2020
	\$	\$
Balance, beginning of year	388,009	320,837
Additions	-	94,691
Amount amortized to revenue during the year	(66,044)	(27,519)
Balance, end of year	321,965	388,009

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:

	2021	2020
	\$	\$
Health and dental fees	5,116,065	3,921,949
Health plan premiums	5,314,231	3,758,143
(Deficiency) excess of revenue over expenses	(198,166)	163,806
Administrative fees	64,000	61,886
Reserve fund	(262,166)	101,920
Reserve fund – Beginning balance	710,906	608,986
Reserve fund – Ending balance	448,740	710,906

8. Internal allocation

During the year, the Council approved the transfer of an amount of \$207,197 from the Student Space, Accessible Education, and Legal Contingency Fund to the General Fund (an amount of \$39,506 from the General Fund to the Student Space, Accessible Education, and Legal Contingency Fund in 2020) to finance General Fund.

9. Information about non-consolidated statements of operations

	2021	2020
	\$	\$
CUEC grant	10,000	-

10. Commitments

The Union is committed under an operating lease contract effective from March 1, 2016, and expires on February 29, 2026. Full payments will be \$435,827 and include amounts payable over the next five years:

	\$
2022	91,753
2023	91,753
2024	91,753
2025	91,753
2026	68,815

Also, in 2019, 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.).

11. 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, 2021, the most significant financial liabilities are the accounts payable and accrued liabilities, accounts payable – Concordia University, health care plan liability and the long-term debt.