

**Concordia Student Union -
Syndicat des Étudiants et Étudiantes de Concordia**
Non-Consolidated Financial Statements
May 31, 2022

Concordia Student Union - Syndicat des Étudiants et Étudiantes de Concordia

Contents

For the year ended May 31, 2022

	Page
Independent Auditor's Report	
Non-Consolidated Financial Statements	
Non-Consolidated Statement of Operations.....	1
Non-Consolidated Statement of Changes in Net Assets.....	2
Non-Consolidated Balance Sheet.....	3
Non-Consolidated Statement of Cash Flows.....	4
Notes to the Non-Consolidated Financial Statements.....	5
Non-Consolidated Additional Information.....	11

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, 2022, 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.

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, 2022, and the results of its non-consolidated 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. 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 opinion.

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 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 non-consolidated 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 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 ¹ LLP
MNP LLP

Saint-Hyacinthe, Québec
November 23, 2022

¹ CPA auditor, public accountancy permit no. A128037

Concordia Student Union - Syndicat des Étudiants et Étudiantes de Concordia

Non-Consolidated Statement of Operations

For the year ended May 31, 2022

	<i>Student Space, Accessible Education and Legal Contingency Fund</i>	<i>General Fund and Invested in capital assets</i>	<i>2022 Total</i>	<i>2021 Total (Appendix A)</i>
Revenues				
Student membership fees	-	2,855,584	2,855,584	2,767,126
Student space fees	298,413	-	298,413	318,424
Health and dental plan fees (Note 7)	-	4,671,037	4,671,037	5,116,065
Deferred contributions related to capital assets (Note 6)	66,044	-	66,044	66,044
	364,457	7,526,621	7,891,078	8,267,659
Expenses				
Administrative	-	2,956,215	2,956,215	2,550,350
Financial	-	5,214	5,214	11,349
Amortization	267,511	302,259	569,770	587,099
Health plan premiums (Note 7)	-	4,509,792	4,509,792	5,314,231
Other expenses	230,475	-	230,475	158,157
	497,986	7,773,480	8,271,466	8,621,186
Deficiency of revenues over expenses	(133,529)	(246,859)	(380,388)	(353,527)
Other revenues and expenses	(772,403)	90,606	(681,797)	1,588,961
Excess (deficiency) of revenues over expenses	(905,932)	(156,253)	(1,062,185)	1,235,434

The accompanying notes and additional information are an integral part of these non-consolidated financial statements.

Concordia Student Union - Syndicat des Étudiants et Étudiantes de Concordia
Non-Consolidated Statement of Changes in Net Assets
For the year ended May 31, 2022

	<i>Student Space, Accessible Education and Legal Contingency Fund</i>	<i>General Fund</i>	<i>Invested in capital assets</i>	<i>2022 Total</i>	<i>2021 Total</i>
Balance, beginning of year	12,566,971	1,269,311	1,004,512	14,840,794	13,605,360
Excess (deficiency) of revenues over expenses	(905,932)	146,006	(302,259)	(1,062,185)	1,235,434
Capital asset acquisitions net of internal allocation (Note 8)	277,350	(280,225)	2,875	-	-
Balance, end of year	11,938,389	1,135,092	705,128	13,778,609	14,840,794

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

Concordia Student Union - Syndicat des Étudiants et Étudiantes de Concordia

Non-Consolidated Balance Sheet

May 31, 2022

	2022	2021
Assets		
Current		
Cash	456,554	1,074,062
Restricted cash (Note 7)	548,775	448,740
Term deposits, rate of 2.05% and maturing in May 2023	562,925	1,078,142
Accounts receivable	41,198	46,875
Accounts receivable - Concordia University	508,817	82,909
Due from the subsidiary, non-interest-bearing	1,845	1,623
Due from not-for-profit organizations, non-interest-bearing	9,773	14,485
Prepaid expenses	57,678	36,552
	2,187,565	2,783,388
Investment (10 units of Concordia Community Solidarity Bookstore)	100	100
Portfolio investments	4,978,826	10,754,559
Capital assets (Note 4)	7,735,200	2,286,448
	14,901,691	15,824,495
Liabilities		
Current		
Accounts payable and accrued liabilities	724,261	422,266
Accounts payable - Concordia University	3,088	14,750
Health care plan liability	71,866	173,787
Government remittances payable	37,946	20,933
	837,161	631,736
Long-term debt (Note 5)	30,000	30,000
Deferred contributions related to capital assets (Note 6)	255,921	321,965
	1,123,082	983,701
Net assets		
Student Space, Accessible Education, and Legal Contingency Fund	11,938,389	12,566,971
General Fund	1,135,092	1,269,311
Invested in capital assets	705,128	1,004,512
	13,778,609	14,840,794
	14,901,691	15,824,495

Commitments (Note 9)

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

Approved on behalf of the Board

Director

Director

Concordia Student Union - Syndicat des Étudiants et Étudiantes de Concordia

Non-Consolidated Statement of Cash Flows

For the year ended May 31, 2022

	2022	2021
Operating activities		
Excess (deficiency) of revenues over expenses	(1,062,185)	1,235,434
Non-cash items:		
Amortization of capital assets	569,770	587,099
Deferred contributions related to capital assets	(66,044)	(66,044)
	(558,459)	1,756,489
Net change in non-cash items related to operating activities	(231,442)	197,777
	(789,901)	1,954,266
Investing activities		
Purchase of capital assets	(6,018,522)	(162,935)
Change in restricted cash	(100,035)	262,166
Change in term deposits	515,217	(509,629)
Change in portfolio investments	5,775,733	(1,466,072)
	172,393	(1,876,470)
Financing activity		
Proceeds from long-term debt	-	30,000
Increase (decrease) in cash	(617,508)	107,796
Cash, beginning of year	1,074,062	966,266
Cash, end of year	456,554	1,074,062

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

Concordia Student Union - Syndicat des Étudiants et Étudiantes de Concordia

Notes to the Non-Consolidated Financial Statements

May 31, 2022

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 Union applies the Canadian accounting standards for not-for-profit organizations.

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 of 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;

Concordia Student Union - Syndicat des Étudiants et Étudiantes de Concordia

Notes to the Non-Consolidated Financial Statements

May 31, 2022

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 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.

Cash and cash equivalents

The Union's policy is to present bank balances under cash and cash equivalents, including bank overdrafts when bank balances that fluctuate frequently from being positive to overdrawn, and term deposits with a maturity period of three months or less from the date of acquisition.

Financial instruments

Initial measurement

The Union initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Union is in the capacity of management, are initially measured at cost, with the exception of investments in equity instruments quoted in an active market, which are measured at fair value.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of a financial asset or liability in a related party transaction that has repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

Subsequent measurement

The Union subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net earnings in the period incurred.

Investment in the Concordia Community Solidarity Bookstore is measured at cost less any reduction for impairment.

Other financial assets and liabilities are measured at amortized cost.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in net earnings in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in net earnings over the life of the instrument using the effective interest method.

2. Accounting policies (continued)

Financial instruments (continued)

Impairment

For financial assets measured at cost or amortized cost, the Union determines whether there are indications of possible impairment. When there are, and the Union determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net earnings. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net earnings.

Capital assets

Capital assets are accounted for at cost. Amortization is calculated on their respective estimated useful lives using the following methods, rates and periods:

	Methods	Rates and periods
Building	Declining balance	4%
Building improvements	Straight-line method	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 method	Term of the lease
Equipment - Daycare	Declining balance	20%

Government assistance

The Company recognizes only the portion of government assistance that it expects to receive, provided that it is reasonably certain that it has complied and will continue to comply with all of the terms and conditions of the granting of this assistance.

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.

Revenue recognition

Revenue recognition

Revenues are recognized when there is persuasive evidence that an arrangement exists, the price is fixed or determinable and collection is reasonably assured. Member fees are recognized as revenue proportionately over the fiscal year to which they relate.

Accounting for contributions

Contributions are recognized using the deferral method. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount can be reasonably estimated and receipt is reasonably assured.

Contributions for the acquisition of depreciable long-term assets are recorded as deferred contributions and are amortized in the same manner as the related assets.

Use of estimates

The preparation of non-consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the amounts recognized as revenues and expenses for the periods covered. Actual results may differ from these estimates. The critical estimates relate to the useful life of capital assets and some provisions related to accrued liabilities.

Concordia Student Union - Syndicat des Étudiants et Étudiantes de Concordia

Notes to the Non-Consolidated Financial Statements

May 31, 2022

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, 2022, is as follows:

	2022	2021
Statement of Operations		
Revenues	758,533	630,797
Expenses	(755,734)	(615,548)
Excess of revenues over expenses	2,799	15,249
Statement of Financial Position		
Total assets	367,575	340,469
Total liabilities	66,382	42,075
Net assets	301,193	298,394
	367,575	340,469

4. Capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land	2,211,103	-	2,211,103	-
Building	3,764,850	-	3,764,850	-
Building improvements	2,737,927	2,160,426	577,501	841,554
Computer equipment	370,159	331,438	38,721	51,827
Office furniture and fixtures	647,744	494,102	153,642	192,051
TV equipment	269,742	216,398	53,344	66,680
Leasehold improvements - Daycare	1,566,308	740,259	826,049	996,849
Equipment - Daycare	213,318	103,328	109,990	137,487
	11,781,151	4,045,951	7,735,200	2,286,448

The net book value is presented in these two funds:

- Student Space, Accessible Education, and Legal Contingency Fund: \$7,030,072 (\$1,281,936 in 2021).
- Invested in capital assets: \$705,128 (\$1,004,512 in 2021).

Concordia Student Union - Syndicat des Étudiants et Étudiantes de Concordia

Notes to the Non-Consolidated Financial Statements

May 31, 2022

5. Long-term debt

	2022	2021
Canadian Emergency Business Account loan, without interest, secured by the Government of Canada and repayable in December 2023 ^(a)	30,000	30,000

- a) No interest or repayment is required until December 31, 2023. Repayment of the loan before December 31, 2023, will result in a 25% write-off of the loan. The Union therefore recognized grant income of \$10,000 during the prior year. Otherwise, from January 1, 2024, 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.

	2022	2021
Balance, beginning of year	321,965	388,009
Amount amortized to revenue during the year	(66,044)	(66,044)
Balance, end of year	255,921	321,965

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:

	2022	2021
Reserve fund - beginning balance	448,740	710,906
Health and dental fees	4,671,037	5,116,065
Health plan premiums	(4,509,792)	(5,314,231)
Administrative fees	(61,210)	(64,000)
Reserve fund - ending balance	548,775	448,740

8. Internal allocation

During the year, the Council approved the transfer of an amount of \$277,350 from the General Fund to the Student Space, Accessible Education, and Legal Contingency Fund to finance Student Space expenses (an amount of \$207,197 from the Student Space, Accessible Education, and Legal Contingency Fund to the General Fund to finance General Fund in 2021).

Concordia Student Union - Syndicat des Étudiants et Étudiantes de Concordia

Notes to the Non-Consolidated Financial Statements

May 31, 2022

9. Commitments

The Union is committed under an operating lease contract effective from March 1, 2016, and expires on February 28, 2026. Full payments will be \$344,074 and include the following amounts payable over the next four years

2023	91,753
2024	91,753
2025	91,753
2026	68,815

10. Financial instruments

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Union by failing to discharge an obligation. The Union's credit risk is mainly related to accounts receivable.

The Union provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts. The Union does not normally require a guarantee.

Liquidity risk

Liquidity risk is the risk that the Union will encounter difficulty in meeting obligations associated with financial liabilities. The Union is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, its accounts payable - Concordia University, its health care plan liability and its long-term debt.

Concordia Student Union - Syndicat des Étudiants et Étudiantes de Concordia

Non-Consolidated Additional Information

For the year ended May 31, 2022

Appendix A - Non-Consolidated Statement of Operations of 2021 (detailed by fund)

	Student Space, Accessible Education and legal Contingency Fund	General Fund and invested in capital assets	2021 Total
Revenues			
Student membership fees	-	2,767,126	2,767,126
Student space fees	318,424	-	318,424
Health and dental plan fees (Note 7)	-	5,116,065	5,116,065
Deferred contributions related to capital assets (Note 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 (Note 7)	-	5,314,231	5,314,231
Other expenses	158,157	-	158,157
	429,694	8,191,492	8,621,186
Deficiency of revenues over expenses	(45,226)	(308,301)	(353,527)
Other revenues and expenses	1,476,407	112,554	1,588,961
Excess (deficiency) of revenues over expenses	1,431,181	(195,747)	1,235,434