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

May 31, 2017

Independent auditor's report.....	1-2
Non-consolidated statement of operations	3-4
Non-consolidated statement of changes in net assets.....	5-6
Non-consolidated balance sheet.....	7
Non-consolidated statement of cash flows.....	8
Notes to the non-consolidated financial statements.....	9-14

Independent auditor's report

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

We have audited the accompanying 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, 2017, and the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The financial statements of Gestion Cusacorp Ltée – Cusacorp Management Ltd have not been audited. Therefore, since this investment is accounted for using the equity method, we were not able to determine whether any adjustments might be necessary to operations and cash flows for the year ended May 31, 2016, investment as at May 31, 2016 and net assets as at June 1, 2016 and as at May 31, 2016. In addition, we are not in position to estimate the value of the loss on disposal of investment in the subsidiary for the year ended May 31, 2017. Our audit opinion on the non-consolidated financial statements for the year ended May 31, 2016 was modified accordingly because of the effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the non-consolidated financial statements present fairly, in all material respects, the financial position of the Concordia Student Union – Syndicat des Étudiants et Étudiantes de Concordia as at May 31, 2017, and the results of its operations and its cash flows for the year ended May 31, 2017 in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP¹

October 26, 2018

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, 2017

		2017		
		Student Space, Accessible Education, and Legal Contingency Fund	General Fund and invested in capital assets	Total
Notes		\$	\$	\$
Revenue				
	Student membership fees	—	2,102,911	2,102,911
	Student space fees	700,531	—	700,531
	Health and dental plan fees	—	3,794,368	3,794,368
6		700,531	5,897,279	6,597,810
Expenses				
	Administrative	—	2,286,624	2,286,624
	Financial	—	2,428	2,428
	Amortization	53,864	281,081	334,945
	Health plan premiums	—	3,610,955	3,610,955
6		—	3,610,955	3,610,955
	Loss on disposal of investment in the subsidiary	—	1	1
	Other expenses	29,749	—	29,749
		83,613	6,181,089	6,264,702
		616,918	(283,810)	333,108
	Other revenues	460,595	289,686	750,281
	Excess of revenue over expenses	1,077,513	5,876	1,083,389

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, 2016

				2016
Notes	Student Center Fund	Student Space, Accessible Education, and Legal Contingency Fund	General Fund and invested in capital assets	Total
	\$	\$	\$	\$
Revenue				
	—	—	2,164,383	2,164,383
	—	867,527	—	867,527
6	—	—	3,548,064	3,548,064
	—	867,527	5,712,447	6,579,974
Expenses				
	—	—	2,133,750	2,133,750
	—	—	2,467	2,467
	47,494	—	180,635	228,129
6	—	—	3,374,366	3,374,366
	—	2,148,473	—	2,148,473
	—	191,554	—	191,554
	47,494	2,340,027	5,691,218	8,078,739
	(47,494)	(1,472,500)	21,229	(1,498,765)
	72,829	30,864	182,165	285,858
	25,335	(1,441,636)	203,394	(1,212,907)

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, 2017

2017					
	Student Center Fund	Student Space, Accessible Education, and Legal Contingency Fund	General Fund	Invested in capital assets	Total
Note	\$	\$	\$	\$	\$
Balance, beginning of year	5,895,426	2,951,728	951,125	2,142,279	11,940,558
(Deficiency) excess of revenue over expenses	—	1,077,513	286,957	(281,081)*	1,083,389
Internal allocation	(5,895,426)	5,659,795	235,631	—	—
Capital assets acquisitions	—	105,216	(304,008)	198,792	—
Balance, end of year	—	9,794,252	1,169,705	2,059,990	13,023,947

* 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, 2016

					2016
Note	Student Center Fund	Student Space, Accessible Education, and Legal Contingency Fund	General Fund	Invested in capital assets	Total
	\$	\$	\$	\$	\$
Balance, beginning of year	9,219,432	3,434,253	(17,879)	517,659	13,153,465
(Deficiency) excess of revenue over expenses	25,335	(1,441,636)	384,029	(180,635)*	(1,212,907)
Internal allocation	7 (3,349,341)	959,111	2,390,230	—	—
Capital assets acquisitions	—	—	(1,805,255)	1,805,255	—
Balance, end of year	5,895,426	2,951,728	951,125	2,142,279	11,940,558

* 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, 2017

	Notes	2017	2016
		\$	\$
Assets			
Current assets			
Cash		1,654,887	1,183,738
Restricted cash	6	247,170	122,698
Term deposit, expired during the year		—	2,717,605
Term deposit, bearing interest at 1.00%, maturing on December 14, 2017		867,136	1,029,620
Accounts receivable	3	68,617	199,195
Accounts receivable – Concordia University		516,406	357,312
Prepaid expenses		37,331	43,128
Due from the subsidiary, non-interest bearing		19,131	—
Due from a not-for-profit organization, non-interest bearing		5,927	2,789
		3,416,605	5,656,085
Investment (10 units of Concordia Community Solidarity Bookstore)		100	100
Investment in the subsidiaries	4	-	1
Portfolio investment		8,467,080	5,039,353
Capital assets	5	2,260,216	2,291,153
		14,144,001	12,986,692
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		213,557	378,294
Health care plan liability		897,431	563,056
Government remittances payable		9,066	37,284
Deferred revenue		—	67,500
		1,120,054	1,046,134
Commitments	8		
Net assets			
Student Center Fund		—	5,895,426
Student Space, Accessible Education, and Legal Contingency Fund		9,794,252	2,951,728
General Fund		1,169,705	951,125
Invested in capital assets		2,059,990	2,142,279
		13,023,947	11,940,558
		14,144,001	12,986,692

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, 2017

	2017	2016
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses	1,083,389	(1,212,907)
Items not affecting cash		
Amortization	334,945	228,129
Loss on disposal of investment in the subsidiary	1	—
	1,418,335	(984,778)
Changes in non-cash operating working capital items	28,932	(3,170,446)
	1,447,267	(4,155,224)
Investing activities		
Purchase of capital assets	(304,008)	(1,805,255)
Change in term deposits	2,880,089	2,164,490
	2,576,081	359,235
Transfer of short-term investment in portfolio investment	(3,427,727)	(5,039,353)
Net increase (decrease) in cash and cash equivalents	595,621	(8,835,342)
Cash and cash equivalents, beginning of year	1,306,436	10,141,778
Cash and cash equivalents, end of year	1,902,057	1,306,436

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* (Quebec). 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.

Financial instruments

Financial assets and financial liabilities, except for accounts receivable – Concordia University, due from subsidiary and accounts payable – Concordia University, 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%

They should also be tested for impairment.

Capital assets in progress are not depreciated until they can be operated in the manner intended by management.

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.

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

	2017	2016
	\$	\$
Others	60,595	7,097
Taxes receivable	8,022	192,098
	68,617	199,195

Concordia Student Union – Syndicat des Étudiants et Étudiantes de Concordia
Notes to the non-consolidated financial statements
 May 31, 2017

4. Investment in the subsidiaries

Gestion Cusacorp Inc. – Cusacorp Management Ltd

Cusacorp is incorporated under the *Business Corporations Act* (Québec), and was created with the sole purpose of providing and running student entertainment services at the University.

The investment in the subsidiary is stated at \$1 in the book of the Union.

During the year, the investment in the subsidiary was disposed for a consideration of nil and resulted in a loss on disposal of investment in the subsidiary of \$1.

CSU Daycare and Nursery

During the year, the Union acquired the totality of the investment in CSU Daycare and Nursery for a consideration of nil.

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 center for children.

The financial summary of the subsidiary as at May 31, 2017 is as follows:

	<u>2017</u>
	\$
Statement of operations	
Revenue	90,000
Expenses	86,631
Excess of revenue over expenses	<u>3,369</u>
Balance sheet	
Total assets	<u>22,500</u>
Total liabilities	19,131
Net assets	<u>3,369</u>
	<u>22,500</u>

5. Capital assets

	<u>2017</u>		2016
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>
	\$	\$	\$
Building improvements	2,635,520	717,498	1,918,022
Computer equipment	298,929	207,012	91,917
Office furniture and fixtures	458,472	383,858	74,614
TV equipment	180,639	172,676	7,963
Capital assets in progress	167,700	—	167,700
	<u>3,741,260</u>	<u>1,481,044</u>	<u>2,260,216</u>
			2,094,099
			97,327
			93,268
			6,459
			—
			<u>2,291,153</u>

The net book value is presented in these two funds:

- Student Space, Accessible Education, and Legal Contingency Fund: \$198,264 (Student Center Fund: \$148,874 in 2016)
- Invested in capital assets: \$2,061,952 (\$2,142,279 in 2016)

Concordia Student Union – Syndicat des Étudiants et Étudiantes de Concordia
Notes to the non-consolidated financial statements
 May 31, 2017

6. 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 balance sheet. The following figures show the plan's performance for the fiscal year:

	2017	2016
	\$	\$
Health and dental fees	3,794,368	3,548,064
Health plan premiums	3,610,955	3,374,366
Excess of revenue over expenses	183,413	173,698
Administrative fees	58,941	51,000
Reserve fund	124,472	122,698
Reserve fund – Beginning balance	122,698	—
Reserve fund – Ending balance	247,170	122,698

7. Internal allocation

During the year, the Council approved the transfer of an amount of \$235,631 from the Student Space, Accessible Education, and Legal Contingency Fund to the General Fund.

Also, following the merger of the Student Center Fund with the Student Space, Accessible Education, and Legal Contingency Fund, the amount transferred from the Student Center Fund was \$5,895,426.

In 2016, the Council approved the transfer of an amount of \$3,349,341 from the Student Center Fund to the Student Space, Accessible Education, and Legal Contingency Fund (\$959,111) and to the General Fund (\$2,390,230).

8. 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 \$720,000 and include amounts payable over the next five years:

	\$
2018	22,500
2019	90,000
2020	90,000
2021	90,000
2022	90,000

9. 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, 2017, the most significant financial liabilities are the accounts payable and accrued liabilities and the health care plan liability.