

ANNUAL REPORT
CONCORDIA UNIVERSITY FOUNDATION
2006-2007



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A French version of the 2006-07 Concordia University Foundation Report is available upon request.

Statement of Purpose: The Concordia University Foundation

The Concordia University Foundation, incorporated in 1991 and operational as of 1996, exists for one purpose: to be the best possible fund management partner for Concordia University. Our partnership flourishes through the generosity of alumni, friends, corporations, foundations and especially volunteers and staff. Our combined efforts help create and foster an environment in which teaching, learning and research positively affect the quality of life in Montreal, Canada, and the rest of the world.

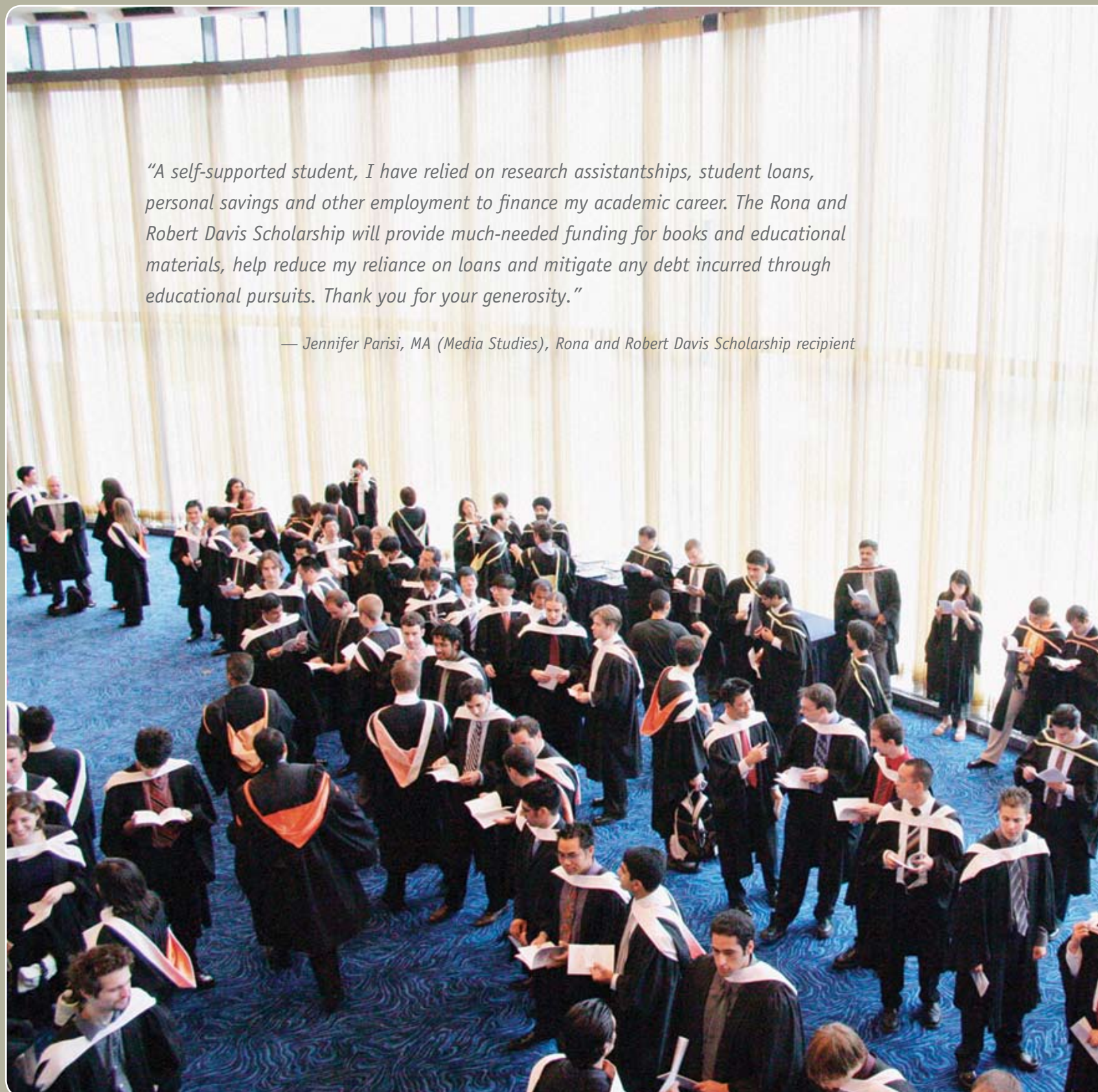
“Since I am an orphan, I often thought that attending a university was not an option for me. However, thanks to the support that I have received, I am succeeding not only at paying my tuition but also at receiving commendable results from my studies. Thank you for granting me the stability necessary for this optimistic outlook and greater confidence in myself.”

— Jordan Coulombe, BA (English), Campaign for the New Millennium Student Contribution Bursary recipient



"A self-supported student, I have relied on research assistantships, student loans, personal savings and other employment to finance my academic career. The Rona and Robert Davis Scholarship will provide much-needed funding for books and educational materials, help reduce my reliance on loans and mitigate any debt incurred through educational pursuits. Thank you for your generosity."

— Jennifer Parisi, MA (Media Studies), Rona and Robert Davis Scholarship recipient



In 2006-2007, the Concordia University Foundation stayed the course of steady growth and strengthened its longstanding tradition of involvement in and commitment to the Montreal community. The Foundation serves as the financial backbone for endowed student awards and supports teaching and research.

We are deeply grateful to the Foundation's directors for generously contributing their time and expertise, as well as their unwavering philanthropy toward the University. They endorse our objectives and values of accessibility and service to the community, as well as bring forth innovative ideas that generate the resources we need to support our development and secure our success.

Our donors have also shown remarkable foresight by providing the means to reward outstanding Concordia students and motivate them to pursue their studies. The Foundation's strong finances allows the University to attract and retain high-calibre students and faculty members whose valuable work and research enhance our institution's reputation and the world in which we study, work and live.

The Foundation Investment Policy allows for an active investment strategy. As a result, our investment managers have energetically invested within specified asset classes, subject to Investment Policy constraints. In the 2007 fiscal year, the portfolio's weighted average asset class mix included 44% in Canadian equity, 20% in fixed income, slightly below 20% in U.S. equity, 13% in North American small cap and slightly above 3% in cash and equivalents.

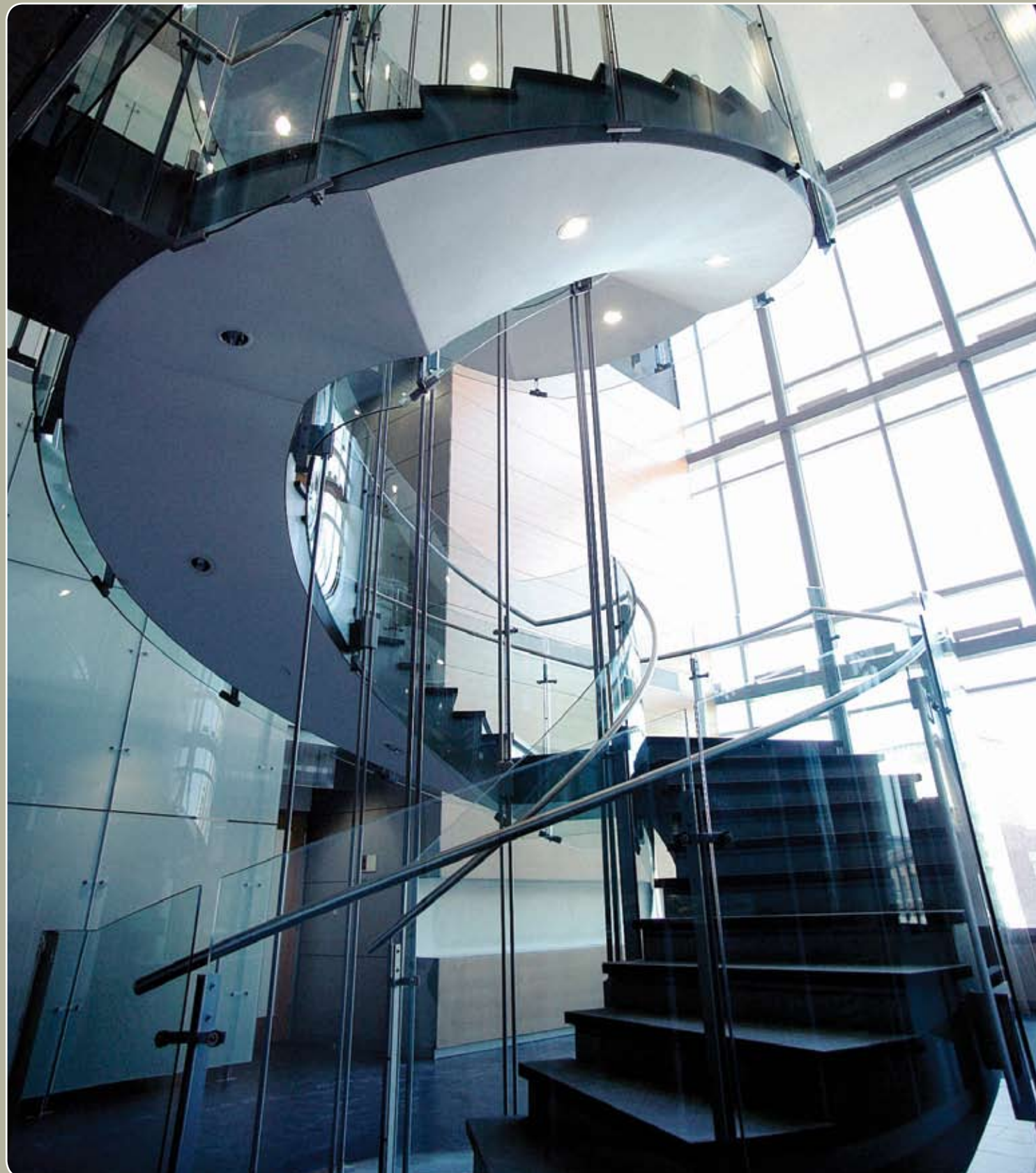
Thus far, the revised policy has served us well. Over the last five years, the Foundation has taken advantage of the performance in capital markets while experiencing limited losses during downward trends.

In 2006-07, the Foundation investment's annual return was just below 17% (net of management fees), 1.4% above the market benchmark. Over the last five years, the Foundation's return has exceeded its market benchmark by an average of more than 2% per year, or 11.27% in total. We attribute this performance to the combination of our investment managers' styles, sector and capitalization biases and skills.

The Foundation's success is pivotal to entire University's progress and motivates our students and faculty members. We thank those of you whose generosity, leadership and dedication have made it possible for the Concordia University Foundation to develop and reach its goals.

Richard J. Renaud
Chairman, Concordia University Foundation

Kathy R. Assayag
President, Concordia University Foundation



I am delighted to report that both Concordia University and the Concordia University Foundation met with success yet again in 2006-2007.

Concordia is active and forging ahead on many fronts: Construction on our state-of-the art John Molson School of Business building is well under way and on schedule to open its doors in 2009. The Quartier Concordia project has already begun to transform the Sir George Williams Campus into a welcoming and cohesive urban setting. Our new buildings on the Sir George Williams and Loyola campuses have added vibrancy to the University, and we look forward to more makeovers of the Mother House of the Grey Nuns of Montreal, the TD Canada Trust Building at Sir George Williams and the Jesuit Residence at Loyola.

Student enrolment at Concordia has continued to hover at around 44,000 for both credit and non-credit courses, and our financial position, despite chronic under-funding all Quebec universities face, is relatively stable. Recent major gifts by Hydro-Quebec (\$8 million), BMO Financial Group (\$2.5 million), the Desjardins Group (\$2 million) and audit, tax and advisory firm KPMG LLP (\$250,000) are proof-positive that the Montreal business community supports Concordia and recognizes the outstanding quality of our teaching and research.

New appointments for 2008 will include that of a president, provost, director of libraries and dean of the Faculty of Engineering and Computer Science. I am pleased to report that Louise Dandurand, Vice-President, Research and Graduate Studies and Interim Provost, our deans and I have been collaborating closely to build strong administrative and academic teams and make sure that we maintain our positive momentum.

We, at Concordia, take our dual role as educators and members of the greater community to heart. In fact, this past year alone, we undertook some key initiatives that set the example for our students on how they can become leaders and responsible corporate citizens. Last April, we awarded an honorary doctorate to former American Vice-President and 2007 Nobel Peace Prize laureate Al Gore. For the ninth consecutive year, Concordia was ranked the most energy efficient university among Quebec's six largest universities by the Ministry of Education, based on energy consumption and cost figures. Concordia has also partnered with the City of Montreal's Strategic Plan on Sustainable Development. The 2007-2009 Phase of the Strategic Plan asks the 76 local partners to aim for 36 "actions," whose goals include improving air quality and greenhouse gas emissions, practicing responsible resource management, adopting solid sustainable development practices and protecting Montreal's biodiversity, natural environment and green spaces.

On behalf of Concordia University, I would like to thank all the volunteers, donors, alumni, faculty and staff who are the driving force behind an active and vibrant Foundation that remains on solid footing.

Michael Di Grappa
President, Concordia University

Performance Presentation



In 1999, the Concordia University Alumni Association (CUAA) established **The Concordia University Alumni Association Entrance Scholarship** for full-time students. Pictured from left to right are Industrial Engineering student-recipient Terry Ip Lun Shu, past president of the CUAA John Aylen, MA 76, Accountancy student-recipient Natalya Mitula and Environmental Science student-recipient Robert Carver.

Concordia University Foundation Net Assets (Market Value \$000,000)

	May 31, 2007 \$	May 31, 2006 \$	May 31, 2005 \$	May 31, 2004 \$	May 31, 2003 \$
Excluding Pledges Receivable	119.6	103.3	95.5	82.7	69.6
Including Pledges Receivable	142.7	130.2	124.3	100.3	89.5

Foundation Net Assets

For the fiscal year ending May 31, 2007, net assets of the Foundation increased 15.7% from \$103.3 million to \$119.6 million. The growth is attributed to \$9.5 million in new gifts accepted during the fiscal period, and strong performance from the active management of investments.

Performance of Managed Funds

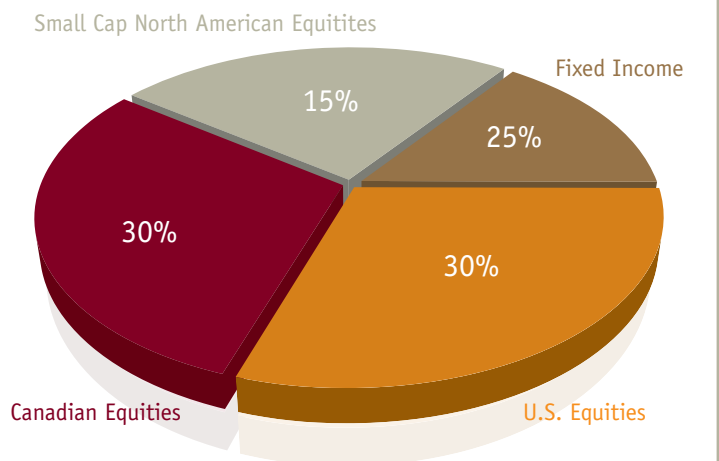
The primary goal of the Foundation is to provide an adequate amount of annual income to Concordia University in support of its mission. The investment objective of the Foundation is to achieve a total rate of return that exceeds the annual rate of increase in Consumer Price Index by at least 5% on average over the long term (i.e., 10 years), while maintaining the triennial volatility of returns at a low level.

The size of the Foundation's investment pool allows for access to highly reputable and qualified investment managers. Investment firms have the mandate to actively invest the Foundation's funds, subject to investment policy constraints that prevent assets from being overly concentrated in a particular sector or over-invested in a particular market capitalization. To this end, the Investment Committee of the Foundation reviews manager performance on a regular basis.

The investment policy of the Foundation allows for investments in derivatives solely for non-speculative purposes. During the 2006-07 fiscal year, the Foundation did not invest in derivatives.

The Foundation does not lend securities nor does it enter into margin trading.

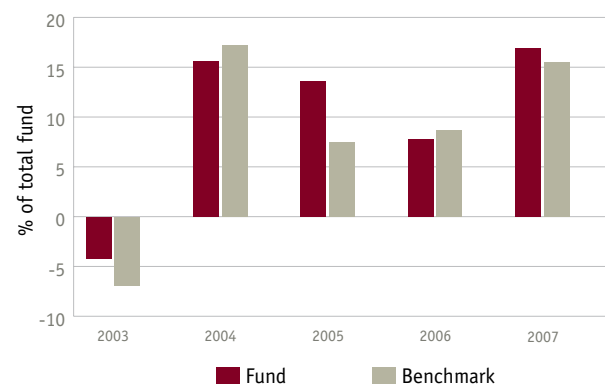
Studies commissioned by the Investment Committee suggest that a portfolio invested in the following asset mix can achieve the investment objective at an acceptable level of investment risk over the long term:



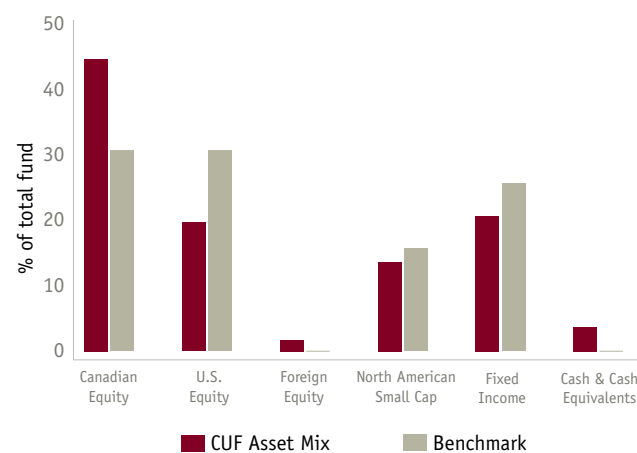
The portfolio is actively managed and can deviate from the above mix. The Investment Committee reviews the asset mix on a quarterly basis. As at May 31, 2007, the market value of total investment pool assets was \$138.5 million.

Overall, investments achieved an annual return of 16.44% after the deduction of investment management fees, for the fiscal year period of June 1, 2006, to May 31, 2007. The three- and five-year total returns for the Foundation portfolio are 12.68% and 9.64%, respectively.

Over the last five years, investment returns have exceeded market benchmark returns by an average of 2% per annum, or 11.27% in total.



The following table illustrates the portfolio's weighted average asset class mix for the period, against the Foundation's benchmark policy. No rebalancing of the portfolio took place in fiscal 2007.



Asset Class Descriptions and Performance

Fixed Income: This asset class may include bonds, debentures, notes, mortgage loans, mortgage-backed securities, asset-backed securities, real-return bonds, preferred shares, term deposits, GICs, insurance contracts or pooled funds. The Foundation does not invest in asset-backed commercial paper. Investment in Canadian bonds and debentures will be rated AAA, AA and A by DBRS or A++, A+ and A by SPCMS. The benchmark for this class is the Scotia Capital Universe Bond Total Return Index.

Investment in fixed income instruments provides a fairly consistent stream of income while also providing downside protection. Throughout the fiscal year, the Foundation had on average 20% of its assets in fixed income, below the target weight of 25%.

Equities: These include common shares, rights, warrants, securities convertible into common shares, and pooled funds. The equity portfolio is allocated across capitalizations as well as across growth and value styles. The benchmark for the Canadian equity portion of the portfolio is the S&P/TSX Capped Total Return Index. The benchmark for United States equities is the S&P 500 Total Return Index in Canadian dollars. The benchmark for small cap North American equities is a mix of the BMO Capital Markets Small Cap Blended Index and the Russell 2000 Total Return Index in Canadian dollars. All equity managers are subject to sector and individual investment weight constraints.

Canadian equities, which represent approximately 44% of the portfolio, led the way with an annual return of 22.80%. The Foundation's average weighting in this class exceeded the target weight of 30%.

The **U.S. equity** portion of the portfolio also posted an exceptionally strong return of 22.38% during the fiscal year. The Foundation was underweighted in terms of this investment class throughout the year, with a weighting of just under 20% versus the target weight of 30%.

North American small cap, which represents approximately 13% of the portfolio, posted a return of 19.88%. The small-cap portion of the Foundation's pool is focused on promising early stage growth companies that have several years of earning and revenue growth.

Cash & Cash Equivalents: These include cash on hand, short-term notes, term deposits, GICs, demand deposits, insurance contracts and treasury bills issued by federal or provincial governments, including their agencies, obligations of Canadian chartered banks (including bankers' acceptances) and obligations of major Canadian trust companies. Cash and equivalents made up approximately 3.1% on average of the portfolio's assets.

Spending Policy

The spending policy of the Foundation is established to ensure that the level of financial support available for students, researchers, academic programs and other University initiatives is maintained for future generations. The level of financial support to the University should not only be safeguarded from the effects of inflation but also be sufficient to meet current and future needs.

The current spending policy of the Foundation requires that 5% of the three-year moving average of the market value of the investment pool, as of May 31, be disbursed each fiscal year.



Investment consulting firm Mirabaud Canada established **The Mirabaud Canada Scholarship** in 2005 to encourage and reward excellent undergraduate students in the Kenneth Woods Portfolio Management Program at the John Molson School of Business. Pictured from left to right are student-recipient Douglas Chananda and Georges Paulez, BComm 77, Chief Executive Officer and Managing Director of Mirabaud Canada.



Financial Statements of Concordia University Foundation

May 31, 2007

"As you are well aware, scientific research requires hard work and continuous learning. It is doubly heartening that, as a recent immigrant and new citizen, I am being bestowed this award. This country has helped me face many challenges and overcome them, including language, culture and education. I thank you for your generosity. It truly makes a difference to people like me."

— Tong Guo, PhD (Biology) 06, Ragai Ibrahim Graduate Award in Biology recipient

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The Lorne and Ann Tierney Memorial Award in Journalism was established in 2002 in memory of Lorne and Ann Tierney by their daughter, Brenda Price, BFA 76, GrDip 92, and her husband, Paul Price, BComm 00. Its purpose is to encourage and reward outstanding, newly admitted Concordia undergraduate Journalism students. The Award commemorates the Tierney couple's belief that those who had, at one time, been involved in sports (through participation or coaching) would be the best communicators of the ideals developed and portrayed in sports. It recognizes the challenge of being involved in organized sports while juggling scholastic demands and is meant to help those who aim to participate in sports activities while studying. Pictured from left to right are Brenda Price, Journalism student-recipient Kelly Greig and Paul Price.

Auditor's Report

To the Directors
of the Concordia University Foundation

We have audited the statement of financial position of Concordia University Foundation as at May 31, 2007, and the statements of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Foundation does not record its investment in a wholly-owned subsidiary at fair value in accordance with AcG-18, "Investment Companies." In this respect, these financial statements are not in accordance with Canadian generally accepted accounting principles. The effect of this departure on the statements of operations and on financial position has not been determined (Note 4).

In our opinion, except for the failure to record the investment in a wholly-owned subsidiary at fair value, as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at May 31, 2007, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by Part II of the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

The accounts for the year ended May 31, 2006, shown for comparative purposes, were reported on by other auditors.

Raymond Chabot Grant Thornton LLP

Raymond Chabot Grant Thornton

Chartered Accountants
Montréal
October 17, 2007

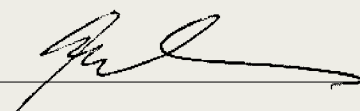
Concordia University Foundation


Statement of Financial Position as at May 31, 2007

	2007	2006
	\$	\$
ASSETS		
Investments, at market value (Note 3)	133,183,637	105,019,987
Investment in the wholly-owned subsidiary (Note 4)	100	100
Advance to the wholly-owned subsidiary (Note 5)	500,000	750,000
Cash and cash equivalents	4,284,204	3,431,162
Accrued investment income	559,589	490,908
Capital assets (Note 6)		29,297
	<u>138,527,530</u>	<u>109,721,454</u>
LIABILITIES		
Accounts payable and accrued liabilities	100	100
Due to Concordia University (Note 7)	18,970,513	6,414,226
	<u>18,970,613</u>	<u>6,414,326</u>
FUND BALANCES		
Unrestricted	9,134,668	8,732,143
Restricted		
Other	51,841,333	41,915,928
Capital Asset Fund		29,297
Endowment Fund	58,580,916	52,629,760
	<u>138,527,530</u>	<u>109,721,454</u>

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

On behalf of the Board,

Richard J. Renaud  Director

Kathy R. Assayag  Director

Concordia University Foundation

Statement of Operations – Year Ended May 31, 2007

	General Fund		Restricted Funds – Other		Restricted Funds – Capital Asset Fund		Restricted Funds – Total		Endowment Fund		Total	
	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$
Revenue												
Investment income	363,471	298,035	3,102,518	2,332,983	-	-	3,102,518	2,332,983	-	-	3,465,989	2,631,018
Net realized gain on sale of investments	549,264	564,637	4,688,413	4,439,643	-	-	4,688,413	4,439,643	-	-	5,237,677	5,004,280
Changes in unrealized appreciation of investments	1,064,269	2,712,419	9,084,397	14,492,127	-	-	9,084,397	14,492,127	-	-	10,148,666	17,204,546
Concordia University's subsidy	1,977,004	3,575,091	16,875,328	21,264,753	-	-	16,875,328	21,264,753	-	-	18,852,332	24,839,844
	-	-	-	60,217	-	-	-	60,217	-	7,827	-	68,044
Specified gifts from Concordia University	1,977,004	3,575,091	16,875,328	21,324,970	-	-	16,875,328	21,324,970	-	7,827	18,852,332	24,907,888
	504,624	1,685	3,044,846	1,110,970	-	-	3,044,846	1,110,970	5,951,156	4,164,426	9,500,626	5,277,081
	2,481,628	3,576,776	19,920,174	22,435,940	-	-	19,920,174	22,435,940	5,951,156	4,172,253	28,352,958	30,184,969
Expenses												
Investment management fees	67,782	68,520	578,559	538,292	-	-	578,559	538,292	-	-	646,341	606,812
Consultant and other professional fees	8,737	8,734	74,579	69,143	-	-	74,579	69,143	-	-	83,316	77,877
Amortization of capital assets	-	-	-	-	29,297	106,326	29,297	106,326	-	-	29,297	106,326
	76,519	77,254	653,138	607,435	29,297	106,326	682,435	713,761	-	-	758,954	791,015
Transfers to Concordia University	2,002,584	450,904	9,341,631	3,947,520	-	-	9,341,631	3,947,520	-	394,347	11,344,215	4,792,771
	2,079,103	528,158	9,994,769	4,554,955	29,297	106,326	10,024,066	4,661,281	-	394,347	12,103,169	5,583,786
Excess (deficiency) of revenue over expenses	402,525	3,048,618	9,925,405	17,880,985	(29,297)	(106,326)	9,896,108	17,774,659	5,951,156	3,777,906	16,249,789	24,601,183

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

Concordia University Foundation

Statement of Changes in Fund Balances – Year Ended May 31, 2007

	General Fund		Restricted Funds – Other		Restricted Funds – Capital Asset Fund		Endowment Fund		Total	
	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$
Balance, beginning of year	8,732,143	5,683,525	41,915,928	24,481,128	29,297	135,623	52,629,760	48,405,669	103,307,128	78,705,945
Excess (deficiency) of revenue over expenses	402,525	3,048,618	9,925,405	17,880,985	(29,297)	(106,326)	5,951,156	3,777,906	16,249,789	24,601,183
Interfund transfers	-	-	-	(446,185)	-	-	-	446,185	-	-
Balance, end of year	9,134,668	8,732,143	51,841,333	41,915,928	-	29,297	58,580,916	52,629,760	119,556,917	103,307,128

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

Concordia University Foundation

Notes to Financial Statements – Year Ended May 31, 2007

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Foundation was incorporated as a corporation without share capital under Part II of the Canada Corporations Act in April 1991 and became operational June 1, 1995. The Foundation is the fund management partner to Concordia University. Its mission is to use its resources exclusively to encourage the advancement and development of higher education, teaching, research and other charitable activities of Concordia University. The Foundation, a registered charity, is associated with Concordia University and is, therefore, exempt from income tax under the Income Tax Act.

2 - ACCOUNTING POLICIES

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the amounts of revenues and expenses reported in the financial statements. Actual results could differ from these estimates.

Fund accounting

The General Fund accounts for the Foundation's investment activities.

The Restricted Fund - Other records resources which are subject to restrictions set by the donor, including funds designated towards building projects, faculty development, libraries, athletics and various research and academic projects.

The Capital Asset Fund reports revenues and expenses related to the Foundation's capital assets.

The Endowment Fund reports resources contributed for endowment. These amounts are to be invested and held in perpetuity with corresponding investment income used to fund various initiatives as designated by the donor, including student support for both the undergraduate and graduate level, academic chairs and various department funds.

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions.

The Foundation receives contributions from Concordia University on a regular basis. These contributions, made up of charitable donations received and for which Concordia University issued a tax receipt, are transferred to the Foundation by way of specified gifts.

Specified gifts that are restricted contributions are recognized as revenue in the year which they are received or receivable, if the amount receivable may be reasonably estimated and recorded within the appropriate fund as either the Restricted Fund or the Endowment Fund, as per the original gift designation. Specified gifts that are unrestricted are recognized as revenue in the General Fund.

Investment income earned on endowment capital earmarked for specified university initiatives is recognized as revenue within the Restricted Fund - Other. Other investment income is recognized as revenue of the General Fund if they are received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment revenues are recognized using the accrual method of accounting. Interest income is recognized based on the number of days the investment was held during the year. Dividends are recognized as of the ex-dividend date. Gains or losses on the disposal of investments are determined using the average cost method. Unrealized gains and losses are calculated on the change in fair value of the investments held at year-end.

Cash and cash equivalents

Cash and cash equivalents include cash and investments maturing in less than three months from the date of acquisition.

Investment in wholly-owned subsidiary

Investment in the subsidiary is recorded at cost.

Investments

Effective June 1, 2005, the Foundation adopted the Accounting Guideline AcG-18, "Investment Companies", of the Canadian Institute of Chartered Accountants Handbook, which requires all investments to be measured at fair value and presented on that basis in the financial statements. Unrealized appreciation (depreciation) of changes in investments is included in the determination of the excess (deficiency) of revenue over expenses. Investment transactions are accounted for on the settlement date.

The market value of investments is determined as follows:

- Bonds and investment funds are presented at year-end market prices;
- Shares are presented at closing market prices.

Capital assets

Purchased capital assets and recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Capital assets are amortized on a straight-line basis over their estimated useful lives at the following periods:

	Periods
Leasehold improvements	Lease terms
Furniture and equipment	5 to 8 years

Amortization is recorded in the Capital Asset Fund.

Foreign currency translation

Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenue and expenses in foreign currency are translated at the average rate in effect during the year, with the exception of revenue and expenses relating to non-monetary assets and liabilities, which are translated at the historical rate. Gains or losses are included in the statement of operations for the year.

3 - INVESTMENTS

	2007		2006	
	Market Value \$	Cost \$	Market Value \$	Cost \$
Common and preferred shares	95,080,564	73,742,623	76,552,877	60,718,245
Bonds	27,281,861	27,320,664	25,303,488	24,663,548
Investment funds	10,821,212	5,729,063	3,163,622	2,433,648
	133,183,637	106,792,350	105,019,987	87,815,441

Investment breakdown

	Market Value	
	2007 \$	2006 \$
Common and preferred shares		
Canadian common shares		
Financial services	20,261,433	13,783,473
Oil and gas	10,747,498	11,127,983
Industrial products	7,654,975	5,618,976
Communications and media	6,965,240	4,471,100
Merchandising	5,885,907	5,141,020
Pipelines	3,437,746	2,544,284
Consumer products	2,367,009	2,927,594
Other	7,134,600	4,820,899
	64,454,408	50,435,329
Foreign common shares		
U.S. common shares		
Financial services	9,136,162	7,922,553
Consumer	3,594,007	4,190,829
Integrated oils	2,494,091	1,259,782
Other	13,926,570	12,262,529
	29,150,830	25,635,693
Europe, Australia and Far East common shares	1,475,326	446,471
	30,626,156	26,082,164
Preferred share	-	35,384
	95,080,564	76,552,877
Bonds		
Canadian		
Gov'n't & Gov'n't Gtd		
Federal bonds, 2.75% to 5.25% (a)	11,483,681	9,709,114
Provincial bonds, 4.4% to 10.25% (b)	6,452,322	5,457,964
Corporate bonds, 4.64% to 12.2% (c)	9,345,858	10,136,410
	27,281,861	25,303,488
Investment funds in Canadian dollars		
DK Energy Fund I	1,711,816	2,031,449
DK Energy Fund II	1,676,427	1,132,173
DK Energy Fund III	1,006,920	-
Desjardins Fund	1,969,031	-
Small Cap. Fund	4,457,018	-
	10,821,212	3,163,622
	133,183,637	105,019,987

(a) These bonds mature on various dates until 2016.

(b) These bonds mature on various dates until 2032.

(c) These bonds mature on various dates until 2034.

Total investment acquisitions and dispositions for the year

	2007 \$	2006 \$
Total acquisitions	112,260,114	68,550,753
Total proceeds of dispositions	98,520,882	72,589,142

Investment returns

Portfolio assets are actively managed. For the year ended May 31, 2007, investments achieved an annual return of 16.44% (7.75% in 2006) net of investment management fees. As at May 31, 2007, the weighted average interest rate of the bonds is 5.32% and the weighted average duration is 7.5 years.

4 - INVESTMENT IN A WHOLLY-OWNED SUBSIDIARY

The Foundation owns all the outstanding shares of eConcordia.com Inc. eConcordia.com Inc., incorporated under Part III of the Companies Act (Québec), is engaged in providing courses for the advancement of learning on electronic or other new media, enhancing access to higher education and training and providing for continuing education at the local, regional, national or international levels.

As at May 31, 2007, eConcordia.com Inc. has assets of \$1,126,130, liabilities of \$1,088,061 and shareholder's equity of \$38,069.

5 - ADVANCE TO THE WHOLLY-OWNED SUBSIDIARY

Advance to eConcordia.com Inc. was originally non-interest bearing and without terms of repayment. An agreement was signed to make the advance interest bearing at 6% per year retroactive to 2002 and repayable upon demand. The Foundation has waived all interest from the inception of the advance to May 31, 2007. In February 2007, eConcordia.com Inc. made a payment of \$250,000 to the Foundation, \$500,000 remains outstanding.

6 - CAPITAL ASSETS

	2007		2006	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Leasehold improvements	527,332	527,332	-	664
Furniture and equipment	452,495	452,495	-	28,633
	979,827	979,827	-	29,297

7 - DUE TO CONCORDIA UNIVERSITY

	2007 \$	2006 \$
Audit, consulting and management fees	1,669,324	1,669,324
Distribution of pay-out to Concordia University initiatives	12,289,937	7,094,477
Accrued withdrawals from the Foundation to be transferred to Concordia University (Note 10)	7,391,991	3,089,174
	21,351,252	11,852,975
Specified gifts receivable from Concordia University (Note 10)	(2,380,739)	(5,438,749)
	18,970,513	6,414,226

The Foundation annually distributes a portion of its investment earnings to support the advancement and development of higher education, teaching, research, interest on a bond issue, certain fund raising activities and other charitable activities of Concordia University. This distribution is referred to as pay-out. A portion of the distribution is also used to cover audit, consulting and management fees of the Foundation. The amount available for distribution to Concordia University relating to 2007 is \$5,195,460 (\$4,659,129 in 2006) with \$729,658 (\$684,689 in 2006) directed towards audit, consulting and management fees. The balance of the amount available is earmarked towards Concordia University initiatives. The amount due to Concordia University is non-interest bearing.

8 - PLEDGES RECEIVABLE

Pledges receivable from donors constitute agreements made with Concordia University. Consequently, they are not recorded in the financial statements of the Foundation, and they amount to \$23,112,586 (\$26,919,518 in 2006) and are detailed as follows:

	2007 \$	2006 \$
Unrestricted		62,978
Restricted	21,273,166	24,409,484
Endowed	1,839,420	2,447,056
	23,112,586	26,919,518

These pledges will be recognized as revenue when collected by Concordia University and transferred as a specified gift to the Foundation.

9 - GENERAL AND ADMINISTRATIVE EXPENSES

All general and administrative expenses associated with soliciting and processing gifts are consolidated at Concordia University. The sole expenses incurred by the Foundation relate directly to the management of its investment pool and the audit of the Foundation.

10 - RELATED PARTY TRANSACTIONS

Concordia University exercises significant influence over the Foundation. The Foundation must use its resources exclusively to advance the mission of Concordia University, and periodically makes transfers of capital back to Concordia University in accordance with gift agreements. New commitments of the Foundation amounting to \$3,417,071 (\$4,792,771 in 2006) has been accrued for transfer to Concordia University, in accordance with the wishes of donors. At year-end, an amount of \$7,391,991 (\$3,089,174 in 2006) remained payable by the Foundation to Concordia University (Note 7). As at May 31, 2007, of the specified gifts received by Concordia University on behalf of the Foundation, \$2,380,739 (\$5,438,749 in 2006) remained payable to the Foundation (Note 7). These transactions occur in the normal course of business at the exchange amount, which is the value established and accepted by the parties.

11 - FINANCIAL INSTRUMENTS

The Investment Committee of the Foundation has established an investment policy, which is reviewed annually, to provide guidelines and restrictions relating to the investments of the Foundation. The Foundation monitors the financial health of its investments on an on-going basis with the assistance of the Investment Committee and investment advisors.

Market risk

Market risk refers to fluctuations in the value of the Foundation's holdings due to general economic and financial conditions.

Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Foundation's investment income. The Foundation does not currently have any investments to mitigate this risk.

Credit risk

Credit risk relates to the potential that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The risk is addressed by ensuring the diversification of the investment portfolio.

Exchange risk

Foreign currency exposure arises from the Foundation's holdings in cash and cash equivalents and foreign equities and bonds. As at May 31, 2007, holdings in cash and cash equivalents and foreign equities and bonds totalled US\$28,923,966. The Foundation does not enter into arrangements to hedge its exchange risk.

Fair value

The following methods and assumptions were used to determine the estimated fair value of each class of financial instruments:

- The fair value of cash and cash equivalents, accrued investment income and accounts payable and accrued liabilities approximates their carrying amount given that they will mature shortly.
- The fair value of the due to Concordia University could not be determined because it is practically impossible to find financial instruments on the market having substantially the same economic characteristics.

12 - STATEMENT OF CASH FLOWS

No statement of cash flows has been presented since principal operating, financing and investing activities may be readily apparent from the other financial statements and presenting such a statement would provide no additional information.



"I have always had a passion for broadcast journalism, and through the various radio classes that I have taken in my past two years at Concordia, my interests in this field have only grown stronger. To be recognized for work that I enjoy doing and hope to pursue in my career as a journalist means the world to me, and I cannot thank you enough."

— Catherine Sherriffs, BA (Journalism) 07, Nick Auf Der Maur Memorial Scholarship recipient

Investment Committee

The Investment Committee is appointed by the Board of Directors to oversee all aspects of investment management. Its members, all volunteers, include seasoned investment and finance professionals who are interested in Concordia University. In summary, the Committee does the following:

- Recommends the Investment Policy to the Board and updates it, as required
- Recommends the appointment of the Investment Managers
- Allocates funds among Investment Managers
- Reviews and reports to the Board, at least quarterly, the performance of each Manager and the Investment Fund

We are grateful to our fund managers:

Beutel Goodman – Canadian Bonds
 Jarislowsky Fraser – Canadian Equities and Balanced Portfolio
 AllianceBernstein – U.S. Equities
 Howson Tattersall – North American Small Cap
 Van Berkom – North American Small Cap
 Acuity/Desjardins – Balanced Fund

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Mr. Richard J. Renaud,
 Chairman^{1,2}

¹ Investment Committee member

² Executive Committee member

³ Audit Committee member



The University created **The Ann Kerby Scholarship for Students With Disabilities** in 2004 to honour Ann Kerby and her tireless and active leadership on behalf of disabled students during her tenure as Director of Advocacy and Support Services at Concordia. Ms. Kerby retired in 2004 after 37 years at the University. This scholarship is open to any undergraduate or graduate students who registered with, and completed, the Office of Students with Disabilities' intake processes. Pictured from left to right are Psychology student-recipient Lisa Pascal and Ann Kerby.

“I was elated to discover that I’d received such a generous bursary. This award will benefit me not only as a means of liberation from the concerns of financial pressure but will allow me to take a summer course towards completion of my program. My goal is to one day inspire university students as I am so fortunately inspired by my exceptional Concordia professors. I have also been a teaching and research assistant and know the rewards and reciprocity that come with the exchange of knowledge along with the benefit of financial assistance.”

— Wanda O’Connor, BA (Classics), Richard & Carolyn Renaud Adopt-a-Student Bursary and Richard J. Renaud 60th Birthday Adopt-a-Student recipient

“I believe that with my long professional experience in Bangladesh, volunteer experience in Canada, academic background and successful completion of the Community Economic Development program, I’ll be able to reach my full potential to lead any poor community in Canada or elsewhere. By awarding me this bursary, you have not only recognized the importance of continuing my studies and the work I began in Bangladesh, but you have ensured that my contribution to the empowerment of vulnerable communities will not go to waste.”

— Rehana Akhter, GrDip (Community Economic Development) 07, Miriam Roland Bursary for Students in Graduate Diploma Community Economic Development recipient

