

CONCORDIA UNIVERSITY FOUNDATION

# ANNUAL REPORT



2007-2008





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A French version of the 2007-08 Concordia University Foundation Report is available upon request.



### CONCORDIA BOWL-A-THON

*"For the last 16 years, it has given me great pleasure to see alumni, faculty members, staff, friends and current students lend their support to the Concordia Bowl-a-thon organized by the Association of Alumni of Sir George Williams University. For me, this is a cherished tradition that has raised more than \$275,000 since 1992 for student bursaries and scholarships. We want to give Concordia students every opportunity to succeed academically and, eventually, as professionals in their chosen careers."*

— Steven Avram, S BEng 71, MEng 85  
President, Association of Alumni of Sir George Williams University

*"I was so surprised and excited when I received my notification letter informing me of the Association of Alumni of Sir George Williams University Inc. Scholarship. I am in my second year of Psychology and am as fascinated by the subject as I was when I first started. I've invested myself fully in my studies. However, finances have always preoccupied me and I've been working for many years. Receiving this scholarship showed me that my efforts did not go unnoticed and reminded me that, despite the challenges, it is all worth it. I am so grateful."*

— Émilie Grégoire Fiset (BSc, Psychology), scholarship recipient

## 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 members. 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.

## ANNUAL ALUMNI GOLF TOURNAMENT

*"The Annual Alumni Golf Tournament organized by the Loyola Alumni Association is a win-win situation for everyone involved. We get to enjoy a day on the course while raising money—\$150,000 over the years—for scholarships and bursaries. Students who benefit from our bursaries face several challenges. They may experience trouble paying for their university education or have to delay continuing their studies. As the saying goes, 'We drive for show but we putt for dough,' and I like to think that we help Concordia students fulfill their dreams."*

— James Donaldson, L BSc 52  
President, Loyola Alumni Association



### Message from Richard J. Renaud and Kathy R. Assayag

This report comes in the wake of plummeting financial markets and global uncertainty about short- and medium-term economic outlooks. These are, in fact, unprecedented times that have affected both corporations and individuals.

Market conditions have also had a negative impact on the Foundation. We benefit, however, from an investment policy that is relatively conservative and a portfolio that is diversified. We have a defined risk tolerance and target returns that are appropriate over the long term. In the past decade, this policy has successfully contributed to the overall value of our portfolio. At fiscal year end 2008, the Foundation's portfolio had a market value of \$128 million compared with \$20 million in 1998.

While donors and beneficiaries have expressed concerns about the declining value of our endowed funds due to the economic downturn, we continue to meet our obligations for annual payouts, which support scholarships, bursaries, teaching and research.

We remain confident that, despite the recent setback in the value of our endowment fund, our highly skilled investment committee members will provide us with the expertise, guidance and sound investment management practices to help us achieve long-term growth.

We are grateful for the continued support of our benefactors, who help enrich the student experience and further our mission.

Richard J. Renaud  
Chair, Concordia University Foundation

Kathy R. Assayag  
President, Concordia University Foundation

*"I feel honoured to be chosen for the Loyola Alumni Association Educational Grant and am positive that it will assist me tremendously in my studies. My goals for the future include travelling, teaching elementary school-aged children in other countries and, eventually, pursuing a master's degree in Education, possibly in Inclusive Education. As I persist in my studies, much anxiety is eased knowing that I have the support and funds I need to pursue my goals and achieve high marks. Thank you very much for contributing to my education and success!"*

— Jessica Gill (BA, Early Childhood and Elementary Education), scholarship recipient

## BEST OF THE BEST EXTRAVAGANZA

On September 9, 2008, more than 120 alumni, professors and corporate friends of the John Molson School of Business (JMSB) attended the annual fundraising event known as the Best of the Best Extravaganza. The evening was celebrated at Montreal's Darling Foundry, which was transformed into an Indian-themed pleasure palace for the occasion. Participants successfully raised \$100,000 for PhD student fellowships at the JMSB.



*"Doing a PhD is a huge commitment for any student. It involves spending countless hours reading, studying and researching. As passionate as a student can be, real life does not stop during these five years of hard work. External constraints can be an obstacle for students who do not have sufficient support. There is no doubt that the John Molson School of Business Fellowship will help me overcome these obstacles, thereby allowing me to focus on getting as much as I can from this unique experience. Finding the words to express the extent of my gratefulness is extremely hard. I will, therefore, conclude with the simplest of words: thank you!"*

—Émile Gibeau (PhD, Business Administration), fellowship recipient



## Message from Judith Woodsworth

I am thrilled to be back at Concordia University, where I began my academic career and spent 17 memorable years. In the last decade, the university has transformed the urban landscape in a visible way. Our new buildings, a significant part of our campus development efforts, are an outward manifestation of the excellent work and quest for knowledge that are happening inside them. Concordia is a vibrant place and I feel privileged to be at its helm.

I am drawn to this university because of its openness—openness to change, students of varying backgrounds, new ideas and creative faculty. Concordia brings together the values, goals and aspirations of its two founding institutions, Sir George Williams University and Loyola College, and continues to offer students a progressive liberal education. I chose to come back because I embrace these values and feel energized to be part of such a welcoming community in one of North America's most diverse and multicultural cities.

While Concordia has made significant strides, we aim to reach new heights. That is why I launched a strategic planning process in fall 2008 that will focus on enhancing academic quality, providing an excellent student experience and strengthening our community engagement. We will celebrate and communicate our achievements, both internally and externally, so that the Concordia name will inspire people to sit up and take notice right across the country.

The Concordia University Foundation is integral to our continued development as we build on our successes. As steward of the endowment funds and special gifts, the Foundation seeks to safeguard donors' investments over the long term, thereby allowing us to continue to support scholarships, bursaries, teaching and research.

We are facing a global financial crisis with far-reaching implications. While these concerns are well founded, the Foundation's prudent and diversified investment approach has thus far helped mitigate the impact of the crisis on the value of our endowments.

Yet, as demonstrated by the many donations we have received this year, there is reason for optimism. Our benefactors and friends have proven—time and time again—that the pursuit of a higher education and generation of knowledge remain paramount. We are grateful for this support and I thank the numerous volunteers and donors who are the driving force behind the Foundation.

Together, we will rise to the challenges that lie ahead.

*Judith Woodsworth*

Judith Woodsworth, PhD  
President and Vice-Chancellor, Concordia University



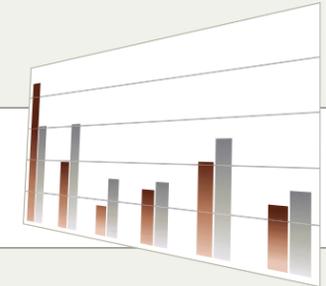
### HITTING THE HIGH NOTES

On May 4, 2008, the annual Hitting the High Notes benefit concert attracted more than 1,000 opera lovers to Montreal's Place-des-Arts. They heard mezzo-soprano Joyce DiDonato (pictured), tenor Matthew Polenzani and sopranos Diana Damrau and Renée Fleming, accompanied by the Orchestre Métropolitain de Grand Montréal, perform various works. The concert raised \$375,000 in benefit of the Faculty of Fine Arts and the Orchestre Métropolitain.

*"My paintings are mostly autobiographical and are based on landscapes and people in Ukraine, where I grew up. Having left when I was only eight years old, all I retain from my childhood are fractured bits of memories. This situation has given me the artistic freedom to create a pseudo-historical, completely imagined world which I claim as a part of my heritage. Receiving the Hitting the High Notes Fellowship has given me a degree of financial freedom, allowed me to concentrate exclusively on the development of my painting and provided me with an ideal, creative graduate studio experience."*

— Vitaly Medvedovsky (BFA, Painting), fellowship recipient

## Performance Presentation



### Investing to preserve and build a sound future

The Concordia University Foundation plays an important role in ensuring the long-term viability of its numerous programs and initiatives. This is accomplished through the ongoing development of the Foundation's financial resources. While some gifts are used for short-term needs, the investment of gift proceeds for long-term and endowed purposes is essential.

Total assets under management include both designated and endowed capital. The largest component of invested assets is the Foundation's long-term investment pool, which is managed in accordance with the Portfolio Investment Policy established by the Board's Investment Committee.

Endowment gifts account for approximately 60% of the total long-term pool's value and help ensure long-term stability. Through endowment gifts, donors have the opportunity to plant seeds today and create a legacy for tomorrow. The Foundation's long-term investment pool provides an ideal investment vehicle for endowments by maximizing long-term growth while being sensitive to risk.

### Foundation net assets

For the fiscal year ending May 31, 2008, the Foundation's net assets are reported at \$113.3 million, as compared to \$119.6 million reported at May 31, 2007. The Foundation received approximately \$7.3 million in new gifts for the fiscal year and distributed just under \$10 million to Concordia University in support of donor-directed initiatives.

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

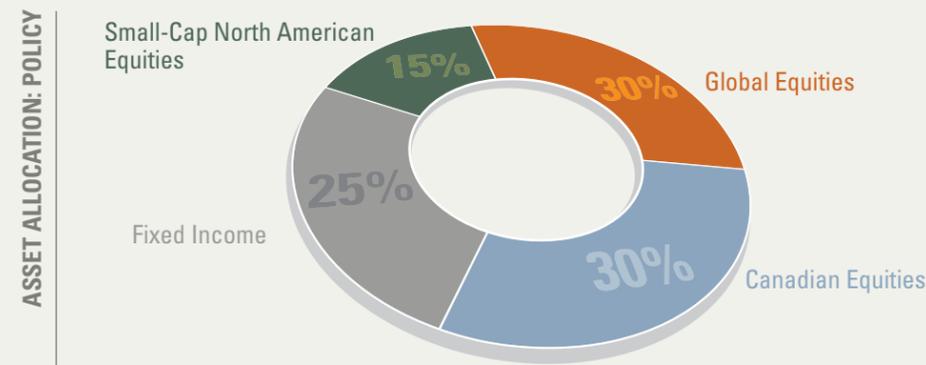
	May 31, 2008 \$	May 31, 2007 \$	May 31, 2006 \$	May 31, 2005 \$	May 31, 2004 \$
Excluding Pledges Receivable	113.3	119.6	103.3	95.5	82.7
Including Pledges Receivable	134.1	142.7	130.2	124.3	100.3

### Performance of managed funds

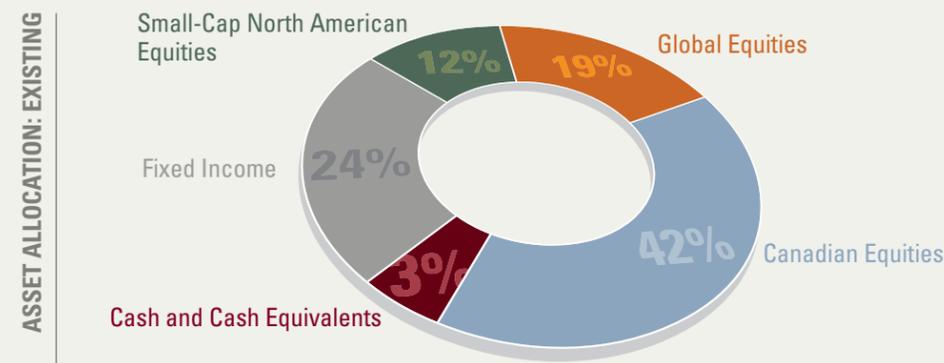
The Foundation's primary goal is to provide an adequate amount of annual income to Concordia University in support of its mission. The Foundation's investment objective is to achieve a total rate of return that exceeds the annual rate of increase in the Consumer Price Index by at least 5% on average 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 manage funds—subject to Portfolio Investment Policy constraints that prevent assets from being overly concentrated in a particular sector or over-invested in a particular asset class. To this end, the Investment Committee regularly monitors and reviews manager performance.

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.

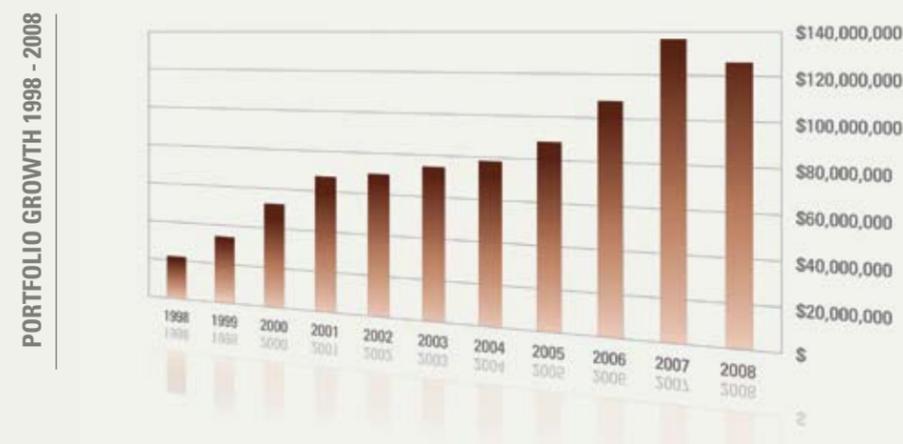


The portfolio is actively managed and can deviate from the above mix. Asset allocation is reviewed on a regular basis in relation to established upper and lower thresholds for each asset class. Rebalancing of the portfolio is carried out according to the guidelines established by the Portfolio Investment Policy. The asset allocation as at May 31, 2008, is, as follows:



Overall, investments achieved an annual return of -2.03% after the deduction of investment management fees for the fiscal year June 1, 2007, to May 31, 2008. The three- and five-year total returns for the Foundation portfolio are 7.45% and 10.25%, respectively.

Over the long term, investment returns have exceeded portfolio management benchmark returns by an average of 1% per annum, or 8.20% in total. This has contributed to the growth of funds available to Concordia University and to the size of the portfolio. By May 31, 2008, the Foundation's portfolio had a market value of \$128 million.



These impressive results are a tribute to the expertise of investment management staff and consultants, as well as the guidance and wisdom of our Investment Committee members, who are experts in several investment areas.

## Asset class descriptions and performance

**Fixed income** includes assets such as bonds, debentures, notes, mortgage loans, mortgage-backed securities, asset-backed securities, real return bonds, preferred shares, term deposits, GICs, insurance contracts and pooled funds. The Foundation does not invest in asset-backed commercial paper (ABCP). 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 and downside protection. Throughout the fiscal year, the Foundation had, on average, 25% of its assets in fixed-income instruments, matching the target weight. The portfolio's fixed-income component achieved a 7.59% return for fiscal 2008.

**Equities** include common shares, rights, warrants, securities convertible into common shares and pooled funds. The equity portfolio is allocated across sectors and among companies, as well as across growth and value styles. The benchmark for the portfolio's Canadian equity portion is the S&P/TSX Capped Total Return Index. The benchmark for U.S. 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 generated an annual return of 6.36% for fiscal 2008 while the global equity portion of the portfolio posted a return of -19.29%.

The small-cap portion of the Foundation's pool focuses on promising, early-stage growth companies that have several years of earning and revenue growth. Investments in North American small-caps posted a return of -24.89% for fiscal 2008.

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

## Spending policy

The Foundation's established spending policy ensures 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 be safeguarded from the effects of inflation and sufficient to meet current and future needs.

The Foundation's current spending policy requires that 5% of the market value of the investment pool over a three-year moving average be disbursed each fiscal year.

*"It is with sincerest gratitude that I accept the Association of Alumni of Sir George Williams University Inc. Scholarship. I never expected to receive anything other than grades for my efforts in school and to be awarded this scholarship is truly a blessing. Not only does it help me financially at a time of dire need, but it also empowers me to keep striving to succeed. Hopefully, I will achieve my goals of graduate studies and licensing as a clinical psychologist, at which point I will be able to return the favour to another hard-working student."*

— Kevin Barber (BA, Psychology), scholarship recipient



**Financial Statements of the**  
Concordia University Foundation

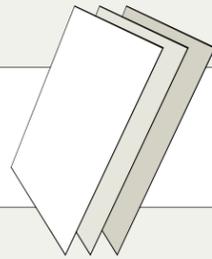
May 31, 2008

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*"It is an honour for me to be recognized for my hard work and the Father Marc Gervais, S.J., Loyola Educational Grant motivates me to continue to strive for excellence. I am in my third year of the Bachelor of Education degree, specializing in Teaching English as a Second Language. This support will enable me to concentrate more on my school work without having to worry so much about finances. It will help me to realize my dream of becoming a teacher."*

— Yvette Relkoff (BEEd, Teaching English as a Second Language), scholarship recipient

## Auditor's Report



To the Directors of the Concordia University Foundation,

We have audited the financial position of the Concordia University Foundation as at May 31, 2008, 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 statement of operations and on the financial position has not been determined (Note 5).

In our opinion, except for the fact of not having recorded 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, 2008, 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, after giving retroactive effect without restatement to the change in the method of accounting for financial assets and liabilities as explained in Note 2 to the financial statements, on a basis consistent with that of the preceding year.

*Raymond Chabot Grant Thornton LLP*

Raymond Chabot Grant Thornton

Chartered Accountants  
Montréal  
October 3, 2008

## Concordia University Foundation

Statement of Financial Position as at May 31, 2008



	2008	2007
	\$	\$
<b>ASSETS</b>		
Investment in securities at market value (Note 4)	124,212,706	133,183,637
Cash and cash equivalents	3,411,622	4,284,204
Accrued investment income	460,909	559,589
Investment in a wholly-owned subsidiary (Note 5)	100	100
Advance to a wholly-owned subsidiary	-	500,000
	<u>128,085,337</u>	<u>138,527,530</u>
<b>LIABILITIES</b>		
Due to Concordia University (Note 6)	14,756,369	18,970,513
Accounts payable and accrued liabilities	-	100
	<u>14,756,369</u>	<u>18,970,613</u>
<b>FUND BALANCES</b>		
Endowment Fund	58,293,208	58,580,916
Restricted	48,033,543	51,841,333
Unrestricted	7,002,217	9,134,668
	<u>113,328,968</u>	<u>119,556,917</u>
	<u>128,085,337</u>	<u>138,527,530</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, 2008

	General Fund		Restricted Funds – Other		Restricted Funds – Capital Asset Fund		Restricted Funds – Total		Endowment Fund		Total	
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
<b>Revenue</b>												
Investment income	367,943	363,471	3,766,284	3,102,518	–	–	3,766,284	3,102,518	–	–	4,134,227	3,465,989
Net realized gain on sale of investments	110,723	549,264	1,105,579	4,688,413	–	–	1,105,579	4,688,413	–	–	1,216,302	5,237,677
Changes in unrealized appreciation of investments	(795,731)	1,064,269	(7,945,454)	9,084,397	–	–	(7,945,454)	9,084,397	–	–	(8,741,185)	10,148,666
	(317,065)	1,977,004	(3,073,591)	16,875,328	–	–	(3,073,591)	16,875,328	–	–	(3,390,656)	18,852,332
Specified gifts from Concordia University	598,195	504,624	4,087,131	3,044,846	–	–	4,087,131	3,044,846	2,564,578	5,951,156	7,249,904	9,500,626
	281,130	2,481,628	1,013,540	19,920,174	–	–	1,013,540	19,920,174	2,564,578	5,951,156	3,859,248	28,352,958
<b>Expenses</b>												
Investment management fees	63,689	67,782	635,945	578,559	–	–	635,945	578,559	–	–	699,634	646,341
Consultant and other professional fees	8,508	8,737	84,951	74,579	–	–	84,951	74,579	–	–	93,459	83,316
Amortization of capital assets	–	–	–	–	–	29,297	–	29,297	–	–	–	29,297
Net investment expense (Note 2)	555,561	–	–	–	–	–	–	–	–	–	555,561	–
	627,758	76,519	720,896	653,138	–	29,297	720,896	682,435	–	–	1,348,654	758,954
Transfers to Concordia University	2,663,056	2,002,584	7,087,707	9,341,631	–	–	7,087,707	9,341,631	104,800	–	9,855,563	11,344,215
	3,290,814	2,079,103	7,808,603	9,994,769	–	29,297	7,808,603	10,024,066	104,800	–	11,204,217	12,103,169
<b>Excess (deficiency) of revenue over expenses</b>	<b>(3,009,684)</b>	<b>402,525</b>	<b>(6,795,063)</b>	<b>9,925,405</b>	<b>–</b>	<b>(29,297)</b>	<b>(6,795,063)</b>	<b>9,896,108</b>	<b>2,459,778</b>	<b>5,951,156</b>	<b>(7,344,969)</b>	<b>16,249,789</b>

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



**Concordia University Foundation**  
Statement of Changes in Fund Balances – Year Ended May 31, 2008

	General Fund		Restricted Funds – Other		Restricted Funds – Capital Asset Fund		Endowment Fund		Total	
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
<b>Balance, beginning of year</b>	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
Prior year adjustment for the discounted value of the due to Concordia University (Note 2)	1,117,020	–	–	–	–	–	–	–	1,117,020	–
<b>Balance, beginning of year as restated</b>	10,251,688	8,732,143	51,841,333	41,915,928	–	29,297	58,580,916	52,629,760	120,673,937	103,307,128
<b>Excess (deficiency) of revenue over expenses</b>	<b>(3,009,684)</b>	<b>402,525</b>	<b>(6,795,063)</b>	<b>9,925,405</b>	<b>–</b>	<b>(29,297)</b>	<b>2,459,778</b>	<b>5,951,156</b>	<b>(7,344,969)</b>	<b>16,249,789</b>
Interfund transfers	(239,787)	–	2,987,273	–	–	–	(2,747,486)	–	–	–
<b>Balance, end of year</b>	<b>7,002,217</b>	<b>9,134,668</b>	<b>48,033,543</b>	<b>51,841,333</b>	<b>–</b>	<b>–</b>	<b>58,293,208</b>	<b>58,580,916</b>	<b>113,328,968</b>	<b>119,556,917</b>

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



## 1 - GOVERNING STATUTES AND PURPOSE OF THE FOUNDATION

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. A registered charity, the Foundation is associated with Concordia University and is, therefore, exempt of income tax under the Income Tax Act.

## 2 - ACCOUNTING CHANGES

### Recently adopted standards

On June 1, 2007, in accordance with the applicable transitional provisions, the Foundation applied the recommendations of new Section 1506, "Accounting Changes", of the Canadian Institute of Chartered Accountants' Handbook (CICA Handbook). This new section, effective for the years beginning on or after January 1, 2007, prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. Furthermore, the new standard requires the communication of the new primary sources of generally accepted accounting principles that are issued but not yet effective or not yet adopted by the Foundation. The new standard has no impact on the Foundation's financial results.

On June 1, 2007, in accordance with the applicable transitional provisions, the Foundation adopted the new recommendations in Sections 3855, "Financial Instruments – Recognition and Measurement", and 3861, "Financial Instruments – Disclosure and Presentation", of the CICA Handbook.

Sections 3855 and 3861 deal with the recognition, measurement, presentation and disclosure of financial instruments and non-financial derivatives in the financial statements. The transitional provisions of these sections require that the Foundation remeasure the financial assets and liabilities as appropriate at the beginning of its fiscal year. Any adjustment of the previous carrying amount is recognized as an adjustment of the balance of fund balances at the beginning of the fiscal year of initial application. The financial statements of prior fiscal years are not restated.

Adoption of these new recommendations resulted in the following impacts on the classification and measurement of the Foundation's financial instruments, which were previously recognized at cost (except for the investments which were already recognized at fair value):

- Cash and cash equivalents are classified as held-for-trading financial assets. They are measured at fair value and changes in fair value are recognized in the statement of operations. This change had no impact on the financial statements as at May 31, 2008;
- Accrued investment income is classified as loans and receivables. It is measured at amortized cost using the effective interest rate. This change had no impact on the financial statements as at May 31, 2008;
- Due to Concordia University is classified as other financial liabilities. It is measured at amortized cost using the effective interest method. This change led to a decrease in due to Concordia University and an increase in fund balances of \$1,117,020 as at June 1, 2007. It also led to a decrease in due to Concordia University and an increase in fund balances of \$561,460, as well as an increase in the deficiency of revenue over expenses of \$555,561, as at May 31, 2008, and for the year then ended.

### Future accounting standards

In December 2006, the CICA published new Sections 3862, "Financial Instruments – Disclosures", and 3863, "Financial Instruments – Presentation", which establish standards for the presentation and disclosure of financial instruments and non-financial derivatives. These two new sections provide standards for disclosures about financial instruments, the risks associated with them and how the entity manages those risks. These new standards are effective for fiscal years beginning on or after October 1, 2007, and the Foundation will implement them as of June 1, 2008. These new standards only address disclosures and presentation and will have no impact on the Foundation's financial results.

In December 2006, the CICA published new Section 1535, "Capital Disclosures". The new section establishes standards for disclosing information about the Foundation's capital and how it is managed. This new standard is effective for fiscal years beginning on or after October 1, 2007, and the Foundation will implement it as of June 1, 2008. The new accounting standard only addresses disclosures and will have no impact on the Foundation's financial results.

## 3 - ACCOUNTING POLICIES

### Basis of presentation

The financial statements are prepared using the historical cost method, except for certain financial instruments that are recognized at fair value. No information on fair value is presented when the carrying amount corresponds to a reasonable approximation of the fair value.

### 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 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.

### Financial assets and liabilities

On initial recognition, all financial assets and liabilities are measured and recognized at their fair value. Transaction costs from held-for-trading financial assets and liabilities are recognized in the statement of operations and presented under administrative expenses. Transaction costs from available-for-sale financial assets, held-to-maturity investments and loans and receivables increase the carrying amount of the related financial assets. Transaction costs from other financial liabilities reduce the carrying amount of the related financial liabilities. Regular-way purchases or disposals of financial assets are recognized at the transaction date.

Subsequently, financial assets and liabilities are measured and recognized, as follows:

#### *Held-for-trading financial assets*

Held-for-trading financial assets are measured at their fair value and changes in fair value are recognized in the statement of operations. Changes in fair value that are recognized in the statement of operations include interest and dividend income, exchange gains or losses and realized and unrealized gains or losses, and are presented under Investment income.

### Loans and receivables, and other financial liabilities

Loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method. Interest calculated using the effective interest method is presented in the statement of operations under Investment income or Interest expenses, as appropriate.

### 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 in 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 it is 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. Transaction costs related to the acquisition or disposal of investments are included in the cost of investments or treated as a reduction of the proceeds on the disposal of investments.

### Contributed supplies and services

The Foundation recognizes contributed supplies and services when the fair value of these contributions can be reasonably estimated and if it would have had to otherwise acquire these supplies and services for its normal operations.

### 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 CICA Handbook, which requires that all investments 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.

### 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.

## 4 - INVESTMENTS

	2008		2007	
	Market value \$	Cost \$	Market value \$	Cost \$
Common shares	60,995,843	48,948,006	95,080,564	73,742,623
Bonds	30,606,761	30,137,004	27,281,861	27,320,664
Investment funds	32,610,102	27,487,720	10,821,212	5,729,063
	124,212,706	106,572,730	133,183,637	106,792,350

### Investment breakdown

	Market Value	
	2008 \$	2007 \$
Common shares		
Canadian common shares		
Financial services	13,622,212	20,261,433
Oil and gas	13,209,595	10,747,498
Industrial products	6,404,214	7,654,975
Communications and media	5,120,475	6,965,240
Merchandising	3,420,821	5,885,907
Pipelines	2,592,370	3,437,746
Consumer products	2,378,342	2,367,009
Other	5,914,687	7,134,600
	52,662,716	64,454,408
Foreign common shares		
U.S. common shares		
Financial services	1,159,140	9,136,162
Consumer	1,773,872	3,594,007
Integrated oils	–	2,494,091
Other	5,400,115	13,926,570
	8,333,127	29,150,830
Europe, Australia, Far East	–	1,475,326
	8,333,127	30,626,156
	60,995,843	95,080,564
Bonds		
Canadian		
Gov'n't & Govn't Gtd		
Federal bonds, 3.60% to 5.00% (a)	9,691,756	11,483,681
Provincial bonds, 4.4% to 10.25% (b)	9,105,601	6,452,322
Corporate bonds, 3.90% to 12.2% (c)	11,809,404	9,345,858
	30,606,761	27,281,861
Pooled Investment funds in Canadian dollars		
DK Energy Fund I	1,275,567	1,711,816
DK Energy Fund II	1,470,850	1,676,427
DK Energy Fund III	1,199,161	1,006,920
Acuty High Income Fund	1,921,485	1,969,031
Saxon Small Cap. Fund	3,705,490	4,457,018
Canada Trust Global Style Blend Fund	23,037,549	–
	32,610,102	10,821,212
	124,212,706	133,183,637

(a) These bonds mature on various dates until 2017.

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

(c) These bonds mature on various dates until 2037.

### Total investment acquisitions and dispositions for the year

	2008 \$	2007 \$
Total acquisitions	131,223,379	112,260,114
Total proceeds of dispositions	131,459,927	98,520,882

### Investment returns

Portfolio assets are actively managed. For the year ended May 31, 2008, investments achieved an annual return of -2.03% (16.44% in 2007) net of investment management fees. As at May 31, 2008, the weighted average interest rate of the bonds is 5.87% and the weighted average duration is 7.50 years.

## 5 - 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 (Quebec), 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, 2008, eConcordia.com Inc. has assets of \$1,150,737, liabilities of \$977,115 and shareholders' equity of \$173,622.

## 6 - DUE TO CONCORDIA UNIVERSITY

	2008 \$	2007 \$
Due to Concordia University	14,756,369	18,970,513
Current portion	8,580,150	8,383,081
Long-term portion	6,176,219	10,587,432

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 and represents funds earmarked towards Concordia University initiatives. The amount due to Concordia University is non-interest bearing.

The due to Concordia University has been discounted at 5% in order to reflect the fair value of this liability.

The repayments over the next three years on a cash flows basis are the following: \$8,580,150 in 2009; \$3,850,000 in 2010; and \$2,887,679 in 2011.

## 7 - 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. These transactions occur in the normal course of business at the exchange amount, which is the value established and accepted by the parties.

Expenses	2008 \$	2007 \$
Pay-out distribution	5,675,632	5,195,460
New commitments from capital	2,116,564	3,417,071
Investment management fees	699,634	646,341
Consulting and audit fees	93,459	83,316

## 8 - PLEDGES RECEIVABLE

Pledges receivable from donors constitute agreements made with Concordia University and, consequently, are not recorded in the financial statements of the Foundation. They amount to \$20,807,452 (\$23,112,586 in 2007) and are detailed, as follows:

	2008 \$	2007 \$
Restricted	19,856,741	21,273,166
Endowed	950,711	1,839,420
	20,807,452	23,112,586

These pledges will be recognized as revenue by Concordia University when collected and then 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 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS

### Financial risk management objectives and policies

The Foundation is exposed to various financial risks resulting from both its operations and its investment activities. The Foundation's directors manage financial risks.

The Foundation does not enter into financial instrument agreements, including derivative financial instruments for speculative purposes.

### Financial risks

The Foundation's main financial risk exposure and its financial risk management policies are, as follows.

### Exchange risk

The Foundation is exposed to exchange risk due to cash and cash equivalents and investment in securities denominated in U.S. dollars. As at May 31, 2008, financial assets in foreign currency represent cash and cash equivalents and investment totalling US\$31,188,726 (US\$28,923,966 as at May 31, 2007).

The Foundation does not hedge its foreign currency exposure.

### Interest rate risk

The term deposits and the investment in bonds bear interest at a fixed rate and the Foundation is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

The Foundation's other financial liabilities do not comprise any interest rate risk since they do not bear interest.

The Foundation does not use derivative financial instruments to reduce its interest rate risk exposure.

## 11 - STATEMENT OF CASH FLOWS

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

*"Thank you for selecting me as a recipient of the Loyola Alumni Grant for the 2008-09 academic year. I feel an immense weight lifted off my shoulders as a result of this grant. I can now put my whole heart into my student teaching and my courses without the worry of making tuition payments. I am so appreciative of your generosity."*

— Michelle Diano (BA, Early Childhood and Elementary Education), scholarship recipient

*"I would like to express my appreciation and thanks for the Father Stanley Drummond, S.J., Loyola Educational Grant. I am currently pursuing a degree in Exercise Science - Athletic Therapy. It is very challenging and this grant will help me immensely in my studies! I will not have to worry about working specifically to pay for athletic therapy supplies and books. Instead, I can focus on learning everything I need to know and gaining experience in my field. Knowing that there are people who care about students and donate their money to help individuals like me to complete my studies makes learning much more important and gives me great incentive to continue."*

— Kristin Martin (BSc, Exercise Science - Athletic Therapy), 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. In summary, the Committee does the following:

- Recommends the Portfolio Investment Policy to the Board and updates it, as required
- Recommends the appointment of investment managers
- Allocates funds among investment managers
- Reviews and reports to the Board, at least quarterly, the performance of each manager and 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**



## FOUNDATION BOARD OF DIRECTORS



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President and Ex-Officio Director



Ronald Lawless, LLD



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Vice-Chair of the Board and  
Foundation Officer



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Ex-Officio Director



Leonard Ellen, LLD



Patricia Saputo  
Chair, Audit Committee



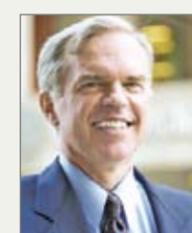
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Treasurer and Foundation Officer



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Kenneth W. Woods



Ned Goodman, LLD



Judith Woodsworth, PhD  
Ex-Officio Director

*“The Benoît Pelland Loyola Educational Grant will assist me tremendously. As a full-time student who is actively involved in the student body, this is a huge relief. At the beginning of the year, I debated whether or not it was a good idea that I work part-time. In the end, I decided that I was more important to concentrate on my studies. Thanks to your gift, I can realize this goal.”*

— Stephen Paek (BComm, Finance - Coop Program), scholarship recipient



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