

CONCORDIA UNIVERSITY FOUNDATION



ANNUAL REPORT 2016-2017



concordia.ca



Concordia

CONTENTS



05	Purpose
07	Message from the Chair of the Board and President
09	Report of the Investment Committee <ul style="list-style-type: none">• Summary• Outlook for 2017-2018
11	Frequently Asked Questions
15	Board of Directors
17	Portfolio Managers
18	Financial Statements
33	Funds Raised by Designation
34	High-Impact Giving
35	Spotlight on Philanthropy
36	Next-Gen Thinking. Now.
37	Forward-Thinking Grads
38	Preparing for What's Next
39	The Campaign for Concordia: Next-Gen. Now.



PURPOSE



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. 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, Quebec, Canada and the rest of the world.

The Foundation plays an important role in ensuring the long-term viability of Concordia's 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.

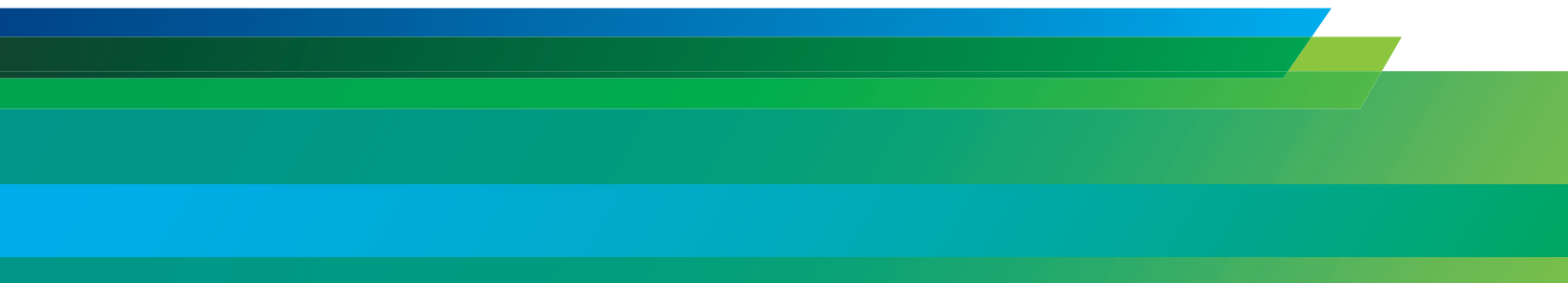
Total assets under management include donated designated and endowed capital, as well as contributions from other capital sources of Concordia. The largest component of invested assets is the Foundation's long-term investment pool, which is managed in accordance with the Portfolio Investment Policy established by the Foundation's Board upon recommendation of the Investment Committee.



HOWARD DAVIDSON




BRAM FREEDMAN



MESSAGE

FROM THE CHAIR OF THE BOARD AND PRESIDENT



Every year, in terms of donations, countless benefactors throw their support behind Concordia so that it can continue to provide its students with rewarding experiences and graduate the leaders of tomorrow. This past fiscal year, Concordia transferred \$6.9 million (a portion of the total donations received by the university) to the Concordia University Foundation for investment purposes.

We are thankful for the unwavering commitment of our benefactors. Coupled with a prudent investment policy and sound advice from Investment Committee members, which made it possible for the Foundation's endowment fund to grow significantly over the past decade.

We thank you all for your continued support.



Howard Davidson

Chair, Concordia University Foundation



Bram Freedman

President, Concordia University Foundation

December 2017





REPORT

OF THE INVESTMENT COMMITTEE



SUMMARY

At the end of the 2011-2012 fiscal year, the Investment Committee made a strategic decision to position the portfolio so that it would diversify the investment returns. The updated Investment Policy, in effect as of January 1, 2012, called for a target allocation of 55% equity / 32% fixed income / 13% real estate.

Given that in the 2016-2017 fiscal year all asset classes delivered a positive performance, the Foundation is reporting a gain on its long-term investments of 14.8%, gross of fees. Over a 10-year period, the long-term investment pool has earned a 4.48% return to support university initiatives and programs. As of April 30, 2017, the long-term investment pool was valued at \$165.5 million.

The Foundation's Investment Committee continued its work of assessing the current Investment Policy alignment with its approved Funding Policy.

The long-term investment pool ended the 2016-2017 fiscal year with a 62.3% / 23.8% / 13.9% asset allocation between equities, fixed income and real assets.

OUTLOOK FOR 2017-2018

During the 2016-2017 fiscal year, the Concordia University Foundation's Investment Committee continued its work to assess the current investment policy, as well as the profiles of its various investment programs and their associated risk and return targets. A new multi-investment pool structure under the umbrella of a global investment policy was approved by the Board of Directors at its fall 2017 meeting. Its implementation will occur throughout the 2017-18 fiscal year.

The Concordia University Foundation became a signatory of the Principles for Responsible Investment (PRI) — the world's leading proponent of responsible investment — in December 2017. Effective January 2018, the Foundation will incorporate environmental, social and governance factors into its investment and ownership decisions, as per PRI principles.



FREQUENTLY ASKED QUESTIONS

**WHAT IS THE ENDOWMENT?**

An endowment is a fund that holds donated capital (i.e., the principal) in perpetuity. It only allocates a portion of its generated investment returns (i.e., the payout) to support specific purposes such as student scholarships, bursaries or research — as stated by the donor in the gift agreement.

At Concordia, the donated capital held in different endowments is pooled in the Endowment Program and is managed by the Concordia University Foundation.

**WHAT IS CONCORDIA'S
ENDOWMENT IN NUMBERS?**

The Endowment Program pools the capital of approximately 600 endowment funds for investment. As at April 30, 2017, the total market value was \$95.8 million. The total amount of all funds managed by the Foundation was \$185.9 million.

**HOW DOES CONCORDIA
DETERMINE THE VALUE
OF THE ENDOWMENT PAYOUT?**


The Concordia University Foundation's annual endowment payout policy is to distribute 3.5% of the weighted average market value of the endowment over the previous 36 months.

According to the survey of endowment funds from 70 Canadian universities conducted by the Canadian Association of University Business Officers in 2016, Concordia fares favourably among its peers in the percentage distributed as a payout.

The Foundation's Endowment Program portfolio is designed to produce a real return that — in addition to ensuring the payment of the 3.5% payout — factors in inflation protection and covers the investment fees. Any returns of the portfolio that are above the 3.5% payout rate are reinvested into the respective endowment funds to increase the capital base of the portfolio. This contributes to the increase of the future payouts even if the payout rate remains at 3.5%.



FREQUENTLY ASKED QUESTIONS



WHAT ARE THE FACTORS THAT INFLUENCE THE AMOUNT OF THE PAYOUT?

The amount, in dollars, of the payout fluctuates principally because of investment returns of the endowment.

WHAT TYPES OF INITIATIVES DOES THE ENDOWMENT FUND?

Endowments impact every aspect of Concordia's academic mission. They provide vital funding for programs and initiatives across the institution. From attracting top talent through scholarships and bursaries to funding a centre for innovation in business finance to supporting a chair in Canadian art history, endowed funds represent a strong, lasting and dependable base. This foundation enables students, researchers and faculty to reach their full potential and go beyond the status quo.

DOES THE CONCORDIA UNIVERSITY FOUNDATION TAKE SUSTAINABLE INVESTMENT FACTORS INTO PORTFOLIO DECISIONS?

Recognizing its responsibility to the community, the Concordia University Foundation has decided to allocate 5% of endowment funds to sustainable investments. In addition, as of January 2018, the Foundation will incorporate environmental, social and governance factors into all of its investment and ownership decisions, as per the Principles for Responsible Investment — the world's leading proponent of responsible investment.

BIG GIFTS VS. SMALL GIFTS

All gifts are important. When investment proceeds from large endowed gifts provide funding to programs and initiatives of significant scale, they are also restricted to the specifics of such programs. Gifts to our Community Campaign, on the other hand, are expendable. This means that the totality of the gift can be used to meet Concordia's funding needs, providing flexibility to support initiatives such as scholarships and bursaries, Concordia's Greatest Needs, and Concordia's Student Emergency and Food Fund.



BOARD OF DIRECTORS

CONCORDIA UNIVERSITY FOUNDATION AS AT APRIL 30, 2017



BOARD MEMBERS

Howard Davidson, Chair of the Board

Brian Edwards, Vice-Chair of the Board

Bram Freedman, President

Denis Cossette, Secretary-Treasurer

Christine Lengvari

Andrew Molson

Richard J. Renaud

Patricia Saputo, Chair of the Audit Committee

Alan Shepard

Lorne Steinberg

Jeff Tory

HONORARY DIRECTORS

Leonard Ellen*

Ned Goodman

Ronald Lawless*

William Yip (President, Concordia University Hong Kong Foundation)

*deceased

The infrastructure supporting the Foundation's operations is provided by the Office of the Treasurer, Financial Services, Concordia.



PORTFOLIO MANAGERS

CONCORDIA UNIVERSITY FOUNDATION AS AT APRIL 30, 2017

PORTFOLIO MANAGERS BY POOL

Short-Term Pool	Manager	Investment Type	Investment Style	Allocation* (%)
	Office of the Treasurer, Concordia University	Cash		100.0%
Long-Term Pool	Office of the Treasurer, Concordia University	Cash and cash equivalents		0.1%
	Beutel Goodman Investment Counsel	Canadian fixed income		23.6%
	BlackRock Asset Management Limited	Canadian large cap equity	Core	10.1%
	Leith Wheeler Investment Counsel Ltd.	Canadian large cap equity	Value	10.8%
	Claret Asset Management Corporation	Canadian small cap equity	Value	11.0%
	Nelson Capital Management	U.S. large cap equity	Core (ESG)	3.9%
	Lazard Asset Management	Global large cap equity	Core	14.5%
	Lazard Asset Management	Emerging Markets equity	Blend	5.0%
	Brandes Investment Partners, L.P.	Emerging Markets equity	Value	7.0%
	Manulife Asset Management Ltd.	Direct investments in Canadian real estate	Core	5.6%
Other Managed Funds	Great-West Life Assurance Company	Direct investments in Canadian real estate	Core	8.3%
	Jarislowsky Fraser Global Investment Management	Balanced portfolio		100.0%
	Desjardins Wealth Management	Balanced portfolio		100.0%

*as at April 30, 2017

CONCORDIA UNIVERSITY FOUNDATION



FINANCIAL STATEMENTS 2016-2017

Concordia University Foundation
Financial Statements
April 30, 2017

Independent Auditor's Report	20
Financial Statements	
Financial Position	22
Operations	23
Changes in Fund Balances	24
Cash Flows	25
Notes to Financial Statements	26

Independent Auditor's Report

To the Directors of
Concordia University Foundation

Raymond Chabot Grant Thornton LLP

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National Bank Tower
600 De La Gauchetière Street West
Montréal, Québec H3B 4L8

Telephone: 514-878-2691
Fax: 514-878-2127
www.rcgt.com

We have audited the accompanying financial statements of Concordia University Foundation, which comprise the statement of financial position as at April 30, 2017 and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Concordia University Foundation as at April 30, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Raymond Chabot Grant Thornton LLP¹

Montréal
October 30, 2017

¹ CPA auditor, CA public accountancy permit no. A117472

Concordia University Foundation

Financial Position

April 30, 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	17,016,040	18,230,738
Accrued investment income	340,796	343,490
Net investment sales receivable	6	78,723
Sales taxes receivable	31,584	18,920
	<u>17,388,426</u>	<u>18,671,871</u>
Long-term		
Investments (Note 3)	165,454,080	150,398,004
Fair value of life insurance policies	3,082,844	
	<u>185,925,350</u>	<u>169,069,875</u>
LIABILITIES		
Current		
Due to Concordia University (Note 4)	13,651,340	8,815,304
Accrued liabilities (Note 5)	377,808	434,946
	<u>14,029,148</u>	<u>9,250,250</u>
FUND BALANCES		
Endowment Fund	79,001,367	76,985,409
Restricted Fund	92,865,666	81,300,365
General Fund	29,169	1,533,851
	<u>171,896,202</u>	<u>159,819,625</u>
	<u>185,925,350</u>	<u>169,069,875</u>

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

On behalf of the Board,

Director

Director

Concordia University Foundation

Operations

Year ended April 30, 2017

	General Fund		Restricted Fund		Endowment Fund		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Changes in fair value of investments	3,960	43,721	22,789,431	(2,913,082)			22,793,391	(2,869,361)
Specified gifts from Concordia University			4,843,950	2,935,678	2,015,958	2,550,567	6,859,908	5,486,245
	<u>3,960</u>	<u>43,721</u>	<u>27,633,381</u>	<u>22,596</u>	<u>2,015,958</u>	<u>2,550,567</u>	<u>29,653,299</u>	<u>2,616,884</u>
Expenses								
Investment management fees			1,052,156	988,408			1,052,156	988,408
Consultant and other professional fees			259,205	179,303			259,205	179,303
Insurance premiums paid			315,699				315,699	
	<u>-</u>	<u>-</u>	<u>1,627,060</u>	<u>1,167,711</u>	<u>-</u>	<u>-</u>	<u>1,627,060</u>	<u>1,167,711</u>
Transfers to Concordia University	1,508,642	861,248	14,441,020	6,470,770			15,949,662	7,332,018
	<u>1,508,642</u>	<u>861,248</u>	<u>16,068,080</u>	<u>7,638,481</u>	<u>-</u>	<u>-</u>	<u>17,576,722</u>	<u>8,499,729</u>
Excess (deficiency) of revenue over expenses	<u>(1,504,682)</u>	<u>(817,527)</u>	<u>11,565,301</u>	<u>(7,615,885)</u>	<u>2,015,958</u>	<u>2,550,567</u>	<u>12,076,577</u>	<u>(5,882,845)</u>

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

Concordia University Foundation

Changes in Fund Balances

Year ended April 30, 2017

	General Fund		Restricted Fund		Endowment Fund		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	1,533,851	2,351,378	81,300,365	88,916,250	76,985,409	74,434,842	159,819,625	165,702,470
Excess (deficiency) of revenue over expenses	(1,504,682)	(817,527)	11,565,301	(7,615,885)	2,015,958	2,550,567	12,076,577	(5,882,845)
Balance, end of year	29,169	1,533,851	92,865,666	81,300,365	79,001,367	76,985,409	171,896,202	159,819,625

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

Concordia University Foundation

Cash Flows

Year ended April 30, 2017

	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	12,076,577	(5,882,845)
Non-cash items		
Net change in fair value of investments	(6,732,855)	7,353,106
Reinvested revenue	(14,115,778)	(4,324,560)
Specified gifts from Concordia University	(3,082,844)	
Net change in working capital items	11,610	(85,605)
Cash flows from operating activities	<u>(11,843,290)</u>	<u>(2,939,904)</u>
INVESTING ACTIVITIES		
Acquisition of investments	(75,258,975)	(99,366,149)
Disposal of investments	81,051,531	100,753,645
Cash flows from investing activities	<u>5,792,556</u>	<u>1,387,496</u>
FINANCING ACTIVITIES		
Increase in due to Concordia University and cash flows from financing activities	4,836,036	5,952,918
Net increase (decrease) in cash and cash equivalents	(1,214,698)	4,400,510
Cash and cash equivalents, beginning of year	18,230,738	13,830,228
Cash and cash equivalents, end of year	<u>17,016,040</u>	<u>18,230,738</u>

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

Concordia University Foundation

Notes to Financial Statements

April 30, 2017

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 on 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 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Foundation's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's knowledge of current events and actions that the Foundation may undertake in the future. Actual results may differ from these estimates.

Fund accounting

The General Fund accounts for this fund's investment activities.

The Restricted Fund 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.

Included in the Restricted Fund are the following:

- Long-term Debt Fund:

In collaboration with Concordia University, the Foundation created a fund entitled The Concordia University Repayment of Bond and Unfunded Projects Fund. The purpose of this fund is to make provisions for the repayment of certain debts of Concordia University, namely the debt in relation to a \$200 million bond issue repayable in October 2042 as well as the debts related to certain unfunded capital projects.

The fund is composed of an initial gift of \$3.4 million transferred in May 2010. In addition, \$22.6 million in donations already invested in the Foundation were transferred to this fund. These initial amounts combined with future payments on existing pledges and annual contributions will be invested to generate the required funds to meet Concordia University's future debt obligations by 2042.

As at April 30, 2017, the fund balance is \$57,523,665 (\$49,400,445 in 2016);

Concordia University Foundation

Notes to Financial Statements

April 30, 2017

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

– Concordia University Benefits Fund:

In collaboration with Concordia University, the Foundation created a new fund entitled The Concordia University Benefits Fund. The purpose of this fund is to make provisions for various unfunded future benefit obligations and pension liabilities. The fund is composed of gifts received over the years totalling \$20.5 million and withdrawals of \$19.2 million.

As at April 30, 2017, the fund balance is \$5,630,316 (\$11,643,954 in 2016).

The Endowment Fund presents resources received as endowments.

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Foundation's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

Subsequent measurement

At each reporting date, the Foundation measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets), except for the fair value of life insurance policies, investment funds and common shares which are measured at fair value and bond investments which the Foundation has elected to measure at fair value by designating that fair value measurement shall apply.

With respect to financial assets measured at amortized cost, the Foundation assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Foundation determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

Revenue recognition

Contributions

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.

Concordia University Foundation

Notes to Financial Statements

April 30, 2017

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Specified gifts that are restricted contributions are recognized as revenue in the year in which they are received or receivable, if the amount to be received can be reasonably estimated and recorded within the appropriate fund, 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.

Contributions received as endowments are recognized as revenue of the Endowment Fund.

Net investment income

Investment transactions are recorded on the transaction date and resulting revenue is recognized using the accrual method of accounting.

Changes in fair value are recognized when they occur.

With respect to investments measured at fair value, the Foundation has elected to include in changes in fair value interest income (including amortization of bond investment premiums and discounts), dividend income and the revenue from investments in investment funds.

Investment income earned on endowment capital earmarked for specified university initiatives is recognized as revenue within the Restricted Fund. 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.

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

The Foundation's policy is to present in cash and cash equivalents bank balances, including bank overdrafts whose balances fluctuate frequently from being positive to overdrawn, and investments with a maximum maturity of three months from the acquisition date or redeemable at any time without penalty.

Foreign currency translation

The Foundation uses the temporal method to translate transactions denominated in a foreign currency. Under this method, monetary assets and liabilities are translated at the exchange rate in effect at the financial position date. Non-monetary assets and liabilities are translated at historical exchange rates, with the exception of those recognized at fair value, which are translated at the exchange rate in effect at the financial position date. Revenue and expenses are translated at the average rate for the period. The related exchange gains and losses are accounted for in the operations for the year. Exchange gains and losses on financial instruments subsequently measured at fair value are included in changes in fair value of investments in the statement of operations.

Concordia University Foundation

Notes to Financial Statements

April 30, 2017

3 - INVESTMENTS

	2017	2016
	\$	\$
Common shares	26,874,748	22,706,680
Bonds	38,042,612	37,912,972
Investment funds	100,536,720	89,778,352
	165,454,080	150,398,004

Investment breakdown

	2017	2016
	\$	\$
Common shares		
Canadian common shares		
Energy	1,796,268	1,319,409
Materials	1,341,950	1,008,350
Industrials	3,300,395	2,965,814
Consumer products and services	5,869,979	4,636,710
Health care	953,128	834,482
Financials	1,874,752	1,786,376
Technology and communications	793,486	978,317
Utilities	1,214,460	1,870,794
	17,144,418	15,400,252
Foreign common shares		
U.S. common shares		
Financials	910,280	1,104,120
Health care	198,170	1,396,594
Industrials	1,165,661	840,029
Consumer products and services	2,139,932	2,208,268
Energy	1,214,562	438,191
Materials	1,221,452	78,715
Technology and communications	175,523	1,240,511
Utilities	1,398,934	
Real estate	1,305,816	
	9,730,330	7,306,428
	26,874,748	22,706,680
Bonds		
Canadian		
Government		
Federal bonds, 0.5% to 2.75% (a)	5,733,608	8,703,567
Provincial bonds, 2.1% to 6.35% (b)	15,423,876	12,360,687
Corporate bonds, 1.61% to 9.9% (c)	16,885,128	16,848,718
	38,042,612	37,912,972

Concordia University Foundation

Notes to Financial Statements

April 30, 2017

3 - INVESTMENTS (Continued)

	2017 \$	2016 \$
Investment funds		
Pooled investment funds in Canadian dollars		
Leith Wheeler Canadian Equity Fund Series A	17,357,387	15,300,794
Lazard Global Thematic Canada Fund CL B	23,238,460	22,266,441
BlackRock Active Canadian Equity Fund	16,202,791	14,537,233
Brandes Canada Emerging Markets Equity Unit Trust	11,179,414	8,388,570
	<u>67,978,052</u>	<u>60,493,038</u>
Pooled investment funds in U.S. dollars		
Lazard Emerging Markets Equity Balanced Fund	<u>8,064,675</u>	<u>6,024,004</u>
Real estate pooled funds		
GLC Real Estate Fund I	13,337,066	12,651,146
Standard Life Real Estate Pooled Fund	9,037,803	8,643,134
	<u>22,374,869</u>	<u>21,294,280</u>
Other investment funds		
Desjardins Wealth Management Segregated Portfolio	2,119,124	1,967,030
	<u>100,536,720</u>	<u>89,778,352</u>
	<u>165,454,080</u>	<u>150,398,004</u>

- (a) These bonds mature on various dates until 2048.
- (b) These bonds mature on various dates until 2050.
- (c) These bonds mature on various dates until 2067.

Investment returns

Portfolio assets are actively managed. For the year ended April 30, 2017, investments achieved an annual return of 14.07% (-2.59% in 2016) net of investment management fees.

As at April 30, 2017, the weighted average interest rate of the bonds is 3.06% (3% in 2016) and the weighted average duration is 7.03 years (7.08 years in 2016).

4 - DUE TO CONCORDIA UNIVERSITY

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 fundraising activities and other charitable activities of Concordia University. This distribution is referred to as pay-out and represents funds earmarked towards Concordia University initiatives. Also, \$8.4 million (\$7.6 million in 2016) of the due to Concordia University balance represents the group insurance plan surplus funds transferred from Concordia University and held for investment purposes in the Foundation. The amount due to Concordia University is non-interest bearing.

Concordia University Foundation

Notes to Financial Statements

April 30, 2017

5 - ACCRUED LIABILITIES

	2017	2016
	\$	\$
Concordia University	171,355	165,477
Other	206,453	269,469
	<u>377,808</u>	<u>434,946</u>

6 - RELATED PARTY TRANSACTIONS

Concordia University exercises significant influence over the Foundation. The University exercises significant influence over the Foundation since certain board members and members of senior management are on the board of 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.

	2017	2016
	\$	\$
Expenses		
Payout distribution	3,264,065	3,060,833
Concordia University Benefits Fund payout distribution	10,216,330	2,729,666
Campaign expenses	1,639,955	861,248
Other	829,312	680,271
	<u>15,949,662</u>	<u>7,332,018</u>

7 - GENERAL AND ADMINISTRATIVE EXPENSES

All general and administrative expenses associated with soliciting and processing gifts are accounted for at Concordia University.

8 - FINANCIAL INSTRUMENTS

Financial risks

The Foundation's main financial risk exposure is detailed as follows.

Credit risk

The Foundation is exposed to credit risk regarding the financial assets recognized on the statement of financial position, other than investments in common shares and investment funds. The Foundation has determined that the financial assets with more credit risk exposure are corporate bonds since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Foundation.

Additionally, some investment funds indirectly expose the Foundation to credit risk.

Concordia University Foundation

Notes to Financial Statements

April 30, 2017

8 - FINANCIAL INSTRUMENTS (Continued)

Market risk

The Foundation's financial instruments expose it to market risk, in particular, to interest rate risk, currency risk and other price risk, resulting from its investing activities:

- Interest rate risk:

The Foundation is exposed to interest rate risk with respect to financial assets bearing fixed interest rates.

The investments 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.

Additionally, some investment funds indirectly expose the Foundation to interest rate risk;

- Currency risk:

The majority of the transactions are in Canadian dollars. Currency risk results from the Foundation's sales and purchases of investments denominated in foreign currency, which are primarily in U.S. dollars. As at April 30, 2017, financial assets in foreign currency represent cash and cash equivalents and investments totalling CAN\$18,553,851 (CAN\$13,762,515 as at April 30, 2016).

Additionally, some investment funds indirectly expose the Foundation to currency risk;

- Other price risk:

The Foundation is exposed to other price risk due to investment funds and common shares since changes in market prices could result in changes in fair value or cash flows of these instruments. Additionally, some investment funds also indirectly expose the Foundation to other price risk.

Liquidity risk

The Foundation's liquidity risk represents the risk that the Foundation could encounter difficulty in meeting obligations associated with its financial liabilities. The Foundation is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized on the statement of financial position.

Carrying amount of financial assets by category

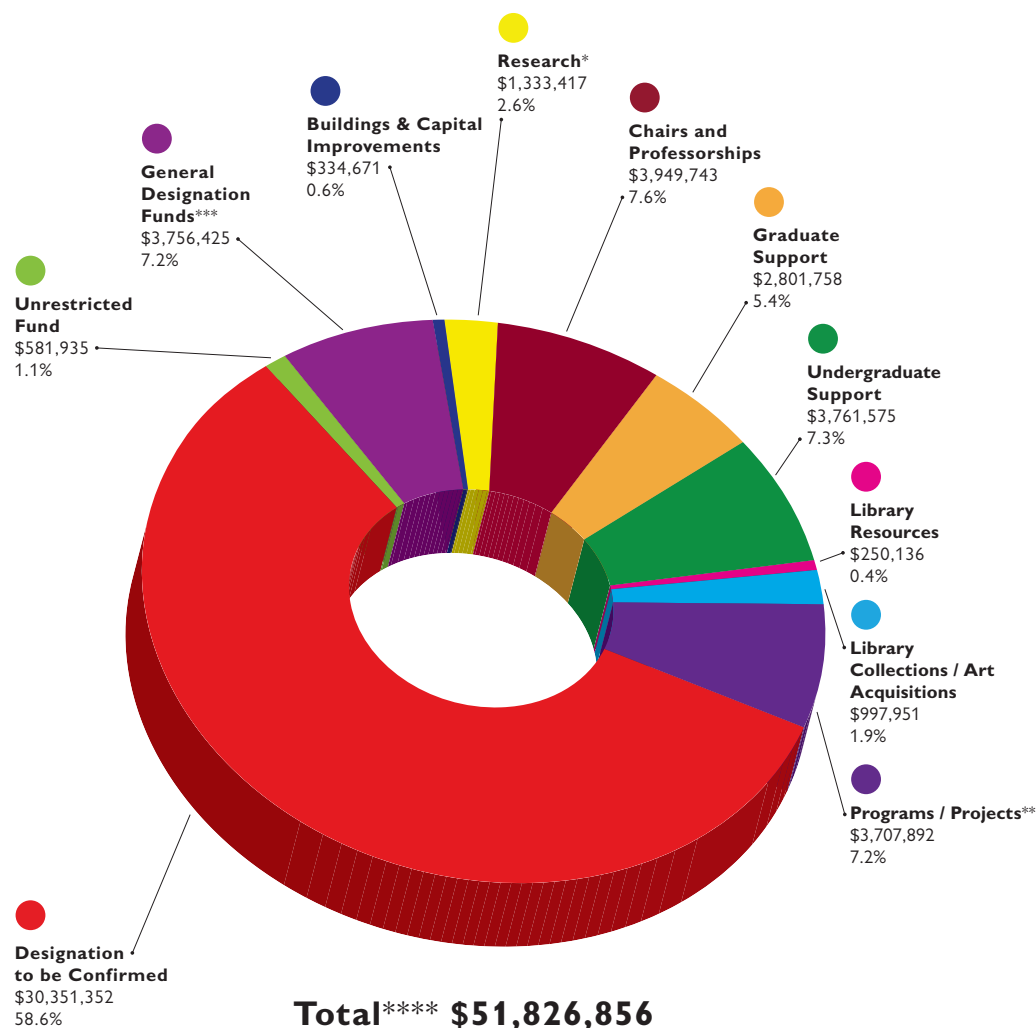
The carrying amount of the Foundation's financial assets that are measured at amortized cost totals \$17,356,841 (\$18,652,951 as at April 30, 2016), whereas the carrying amount of financial assets measured at fair value totals \$165,454,080 (\$150,398,004 as at April 30, 2016).

9 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

FUNDS RAISED BY DESIGNATION

COMPARATIVE REPORT – FOR THE PERIOD ENDED APRIL 30, 2017



* Funds raised for research centres, such as the National Bank Initiative in Entrepreneurship and Family Business, and the Desjardins Centre for Innovation in Business Finance, as well as to support overall research activities of the university.

** Funds raised for academic programs/projects, such as the School of Irish Studies, the Sustainable Investment Professional Certification Program, or La Ruche d'Art Community Studio Project Fund.

*** Funds raised to support general types of activities for the overall development of a designated faculty/department, such as the Faculty of Fine Arts Development Fund, or the Psychology Department Endowment Fund.

**** The 2016-2017 total includes an amount of \$29.5M (the total death benefits payable over time until approximately 2064, minus the premiums assumed by Concordia) representing the value of the eventual proceeds of ten life insurance policies donated by a family.

HIGH-IMPACT GIVING



1 The causes of literacy and sustainability received a \$600,000 boost thanks to a new gift from **TD Bank Group**. Half of the gift will support the ABRACADABRA literacy program developed by researchers from Concordia's Centre for the Study of Learning and Performance in the Faculty of Arts and Science. The other half will help propel business students at the John Molson School of Business (JMSB) through the Sustainable Internship Program. The program provides work opportunities to Concordia students who lend their budding talents to small-sized, green-focused companies.



2 After immigrating to Canada in the 1970s, alumnus **Hardeep Grewal**, BComm 83, went on to become a major player in the restaurant ownership and management industry in the United States and Ontario. In 2016, he made a gift of \$1 million to Concordia to endow MBA scholarships at JMSB.



3 **Christine Lengvari**, BSc 72, president and CEO of Lengvari Financial Inc., pledged a \$1-million planned gift to her alma mater. The Christine Lengvari Endowment Fund will support scholarships for female students in the Kenneth Woods Portfolio Management Program at JMSB and will also promote research at Concordia's PERFORM Centre.

SPOTLIGHT ON PHILANTHROPY



REPATRIATED AUSTRIAN ART INSPIRES A NEW GIFT IN CANADA

It took 70 years and considerable perseverance for a Montreal family's paintings to be returned after being looted by Nazis in the Second World War. When the stolen artworks finally returned to their rightful heir, the late Georges Jorisch had reclaimed part of his family's heritage.

His descendants now carry on with his passion for the arts with a \$250,000 gift to establish an international artist residency for students in Concordia's Faculty of Fine Arts. "History has come around and it feels good to give back to the arts and follow through with our father's wishes," said Stéphane Jorisch, one of Georges Jorisch's four children.

The Jorisch Family Artist Residency provides support for one graduate student annually to complete a residency at the Amalie Redlich Tower of the Museum der Moderne Salzburg in Austria.

"We are grateful to the Jorisch family for creating this unique opportunity where our students will benefit from what is sure to be a transformative experience," said Concordia President Alan Shepard.

HOW THREE STOLEN MASTERWORKS WERE RECOVERED

Some 20 years ago, in an Old Montreal bookstore, Georges Jorisch uncovered a major clue into his family's past. A book featured a rendering of Gustav Klimt's *Church in Cassone* — a painting that once belonged to his grandmother. The masterwork hung in his childhood home in Austria, along with Klimt's *Litzlberg am Attersee* and a third painting, *Children on Their Way Home From School*, by Ferdinand Georg Waldmüller.

The masterpieces were looted when German Nazis annexed Austria in 1938. Georges Jorisch escaped with his father and settled in Belgium. His mother and

grandmother, who insisted on staying behind, were murdered in the Holocaust. In 1957, Georges Jorisch moved to Montreal and put his past behind him. It wasn't until his fateful bookstore visit that he began to consider repatriating his family's stolen art.

Georges Jorisch wrote letters to authorities and connections to reclaim his family's artworks. As sole heir to his grandmother, he made it his life's mission to repatriate his family's treasures. His cause was vindicated towards the end of his life. He repatriated all three family paintings for the benefit of his wife, children and grandchildren. The two Klimt paintings were sold through auctions, while the Waldmüller painting was gifted to the Montreal Museum of Fine Arts — an homage to the city that had welcomed him after the war.

NEXT-GEN THINKING. NOW.

PRIVATE SUPPORT SPARKS CONCORDIA RESEARCH ADVANCES



WORKING TOWARDS A CANCER-STOPPING DRUG

Dilan B. Jaunky, a PhD student in Concordia's Department of Biology, is developing an anti-cancer drug that targets and stops cancer cells from "hijacking the machinery" controlling cell division, or mitosis.

The drug that he and his associates are working on would arrest cells in metaphase, one of the stages of mitosis, and stop cancer cells from dividing and spreading. His hope is that his drug will be an improvement on others as it won't attack healthy cells.



EMPOWERING THOSE IN NEED

Syrian-born PhD candidate **Amal Kassab**, BEng 11, hopes her research on wind turbines will increase their adoption in her war-torn homeland — and beyond. Kassab is developing software that can be used by engineers to build and adapt custom wind turbines in urban areas. Her work would boost availability in resource-strapped places.



HEART-SAVING TECHNOLOGY

Cardiac surgeries are becoming safer thanks to robots — and Concordia PhD candidate **Amir Hooshier**'s work is making minimally invasive cardiac surgeries even better so that they can replace open-heart surgeries.

A technology known as a haptic feedback system can assist in the procedure by duplicating a doctor's sense of touch. Hooshier's technology measures the interaction between the robot and the patient's body. His research examines contact force, image processing and mechanical analysis to improve the surgeon's visual and touch feedback.

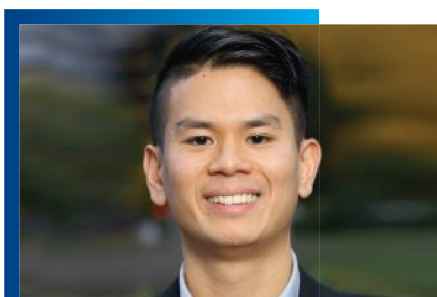
FORWARD-THINKING GRADS



What does car safety have to do with a baguette? That's what alumna **Ana Maria Medina Ramirez**, MSc 17, set out to explain in her 3-Minute Thesis Competition, where she took home second place in Canada. Ramirez created a chemical reaction to generate expansion in metals that would make them more porous — similar to how yeast expands bread — to increase absorption upon impact.



Jahangir Mohammed, MSc 93, LL.D 17, is the founder and CEO of Jasper Technologies, Inc. and one of the early adopters of the “internet of things” (IoT) technology. Jasper pioneered software that exchanges data from common devices into the larger fabric of the internet. Jasper was acquired by Cisco Systems, Inc. in 2016.



Christophe Truong, BComm 10, was named one of *Chief Investment Officer* magazine's 2017 40 Under 40 for his impact in the world of finance. He led Air Canada's first-ever secondary sale of an energy company during an oil crisis that saw global prices plummet. Truong is currently an investment manager with Air Canada Pension Investments in Montreal.

“You must ask for what you want in life. When you truly believe in what you want to do, people will give.”

— **JAHANGIR MOHAMMED**
MSc 93, LL.D 17

PREPARING FOR WHAT'S NEXT



Concordia set the course for the future by establishing nine key strategic directions in 2016. We're growing our research profile, giving students an edge through experiential learning and embracing both our city and the world.

We are taking teaching, research and learning to the next level and defining what a next-generation university should be. Our strategic directions set us up for future success.

1 DOUBLE OUR RESEARCH

Pursue bold goals in research that reflect our talents and our ambition to tackle big challenges

2 TEACH FOR TOMORROW

Deliver a next-generation education that's connected, transformative, and fit for the times

3 GET YOUR HANDS DIRTY

Use rich experiences outside the classroom to deepen learning and effect change

4 MIX IT UP

Build agile structures that facilitate intellectual mixing and internal collaboration

5 EXPERIMENT BOLDLY

Be inventive and enterprising in creating tomorrow's university

6 GROW SMARTLY

Add capacity where our strengths and emerging enrolment demand intersect

7 EMBRACE THE CITY, EMBRACE THE WORLD

Achieve public impact through research and learning

8 GO BEYOND

Push past the status quo and go the extra mile for members of our community

9 TAKE PRIDE

Celebrate successes and be purposeful about building a legacy

Learn more at concordia.ca/directions

THE CAMPAIGN FOR CONCORDIA: NEXT-GEN. NOW.



CONCORDIA HAS MOMENTUM. We are rethinking the role of universities and 2017 marked the launch of our university's most ambitious fundraising campaign to date: The Campaign for Concordia: Next-Gen. Now.

Our \$250-million campaign is chaired by business leaders and philanthropists **Andrew Molson** and **Lino Saputo Jr.**, BA 89, and will support Concordia's nine strategic directions that cement our position as Canada's next-generation university.



To address tomorrow's greatest challenges, we're developing new research centres, think tanks and academic programs. We're multiplying hands-on and work-integrated learning.

We are also increasing our impact-oriented activities through entrepreneurship centres, living labs and innovation hubs to build on our long history of community and industry engagement.



With the help of our 7,000 faculty and staff and our generous community, we'll support next-generation ideas, talent and impact — for the benefit of our 48,000 students and more than 200,000 alumni around the world. Learn more at **concordia.ca/campaign**.



Learn how Concordia's most ambitious campaign to date
will empower tomorrow's leaders: [**concordia.ca/campaign**](https://concordia.ca/campaign).

Discover what Concordia achieved first: [**concordia.ca/concordiafirsts**](https://concordia.ca/concordiafirsts).

[**concordia.ca**](https://concordia.ca)

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