

# 2020 ANNUAL REPORT 2021

**CONCORDIA  
UNIVERSITY  
FOUNDATION**

Fiscal year from May 1, 2020, to April 30, 2021

[concordia.ca](http://concordia.ca)

CONCORDIA  
UNIVERSITY  
FOUNDATION

# TABLE OF CONTENTS

- 2** MESSAGE FROM THE PRESIDENT AND CHAIR
- 4** 2020-21 HIGHLIGHTS
- 4** INVESTMENT STRUCTURE
- 5** GLOBAL INVESTMENT POLICY AND ITS ASSET ALLOCATIONS
- 6** CONCORDIA UNIVERSITY FOUNDATION INTEGRATED SUSTAINABILITY INVESTMENT FRAMEWORK
  - 7** RESPONSIBLE INVESTMENT POLICY
  - 8** IMPACT INVESTMENT POLICY
- 10** INVESTMENT PERFORMANCE
- 11** PLAN MANAGEMENT
- 12** LOOKING FORWARD
- ANNEX** 2020-21 FINANCIAL STATEMENTS

# MESSAGE FROM THE PRESIDENT AND CHAIR

During the last fiscal year, the COVID-19 pandemic heavily impacted Concordia and other universities worldwide. While the pandemic continues, the 2020-21 fiscal year was marked by perseverance and adaptability as we learned to thrive under changing circumstances — the “new normal.”

The Concordia community’s resilience and creativity have helped the university shine in the face of adversity, developing our strengths and reputation. Concordia retained its position as Canada’s top university under 50 years old for the fourth consecutive year. We placed in the top five per cent worldwide for our support of the UN Sustainable Development Goals and cracked the global top 100 in two academic subjects. As Canada’s next-generation university, we are poised to put bold, new ideas into action to build a more sustainable, equitable and inclusive future for all.

The university has remained focused on its goal of addressing the safety and business-continuity needs of its community. Students are now receiving academic and research services within a combined online and in-person delivery model, while the financial challenge experienced during the pandemic has eased due to a strong economic recovery, including the strong performance of the Concordia University Foundation (CUF), the investment arm of the university.

This past year, the CUF has continued to build its responsible and impact investment program aligned with Concordia’s sustainability policy, while sitting comfortably above its strategic financial-performance objectives.

Following the announcement of its bold transformational journey — where CUF assets will be 100 per cent sustainable, with zero investment in traditional oil-and-gas-oriented investments and 10 per cent of its long-term assets in impact investments by 2025 — the CUF has undertaken a thorough review of its investment policy, including its sustainable investment policy.



Advancing its sustainable initiatives in 2020-21, the CUF:

- Created an investment policy review subcommittee that is examining its investment policy with a goal to fully integrate sustainability within the portfolio construction while achieving its risk-adjusted return targets;
- Tabled its third United Nations Principles for Responsible Investment (UNPRI) report, with results expected by June 2022. Our last report submitted for 2019 received a score of A, demonstrating the CUF's strong commitment to maintain a leadership role;
- Joined the University Network for Investor Engagement (UNIE) program along with 12 other Canadian universities to group our efforts in engagement against climate risks;
- Sourced many impact investment solutions through allocation to:
  - Learn Capital – funds entrepreneurs with a vision for better and smarter learning through new technology platforms, applications and services;
  - BlackRock Global Impact fund – offers investors access to a differentiated source of alpha while investing in companies generating impacts on people and the planet;
  - MKB – provides an investment platform for next-generation energy and transportation.

Despite the unprecedented financial impact of the pandemic, this year has been exceptional for the foundation and its investment pools, with the long-term pool showing a 25 per cent return, while the mid-term pool delivered 11 per cent. Over the last two fiscal years, the long-term pool has annualized returns of 9.5 per cent, while the mid-term pool delivered 5.2 per cent, both of which exceed the strategic return.

For its endowment program, the CUF distributed close to \$4.3M to Concordia for its endowment designations and increased its funding ratio to nearly 117 per cent as of April 30, 2021. (Details are available in the [financial statements](#) included in this report.)

For its other investment programs, the CUF contributed an additional \$38M in fiscal capacity to Concordia for their intended purposes.

We would like to thank the members of the CUF's board of directors and investment committee for their commitment and hard work in advancing the university and its sustainability goals.

We hope you enjoy reading this report and thank you for your continued support.

**Howard Davidson**, BComm 80  
*Chair, Concordia University Foundation*

**Denis Cossette**  
*President, Concordia University Foundation*



# 2020-21 HIGHLIGHTS

<b>Investment performance</b>	Strong performance post COVID-19, with net returns on long- and mid-term pools on a net basis of 25% (target gross 6.25%) and 11% (target gross 4%) respectively.
<b>Net assets</b>	Increased from \$282M to \$361M (28% growth).
<b>Financial status – Endowment program</b>	Increase in funding ratio to 117% and investment return reserves to 30%. Endowment fund grew from \$109.5M in 2019-20 to \$137.6M in 2020-21.
<b>Responsible Investment Policy: 2020 UNPRI report grade</b>	Report submitted, with grade expected in June 2022. (UNPRI changed reporting requirements significantly, which led to reporting issues from over 1,700 signatories.)
<b>Impact Investment Policy: 2020-21 allocations</b>	Sourced close to 75% of target allocation in first three years of implementation, reaching all three themes and targeting 16 of the 17 UN sustainable development goals.
<b>Commitment to sustainability</b>	Boosted resources dedicated to sustainability, joined the UNIE program along with 12 other Canadian universities to collaborate in mitigating climate risks.

# INVESTMENT STRUCTURE

The CUF is designed to meet the various investment needs of Concordia, outside of its pension plan, through investment programs. An investment program is a specific investment need which will have its own accounting and measurement structure where the capital received and return generated are earmarked specifically for the program itself. For Concordia, investment needs are to create fiscal capacity for:

- Donations received — of an endowed or restricted nature — to support funding for student, academic or research activities;
- Capital investments and capital budget through its sinking funds, which are funds set aside to pay back the debt obligations of the university;
- Group insurance plans and the management of funds generated from their policies.

Each program therefore has its own cash-flow structure with respect to when capital and/or returns need to be transferred back to Concordia. Given the diversity of investment programs, the CUF also designed a multiple-investment-pool structure to closely align the objectives of each investment program.

To that end, we created three pools:

- A long-term pool, where the capital is not required to be transferred back for a period longer than 10 years, which seeks a result target of 6.25 per cent;
- A mid-term pool, designed to preserve capital while still generating an investment return target of 4 per cent within a two- to five-year period;
- A sinking fund, intended to meet Concordia's debt obligations related to its sustainable bonds issued in 2019.

Below is a summary of all investment programs, their associated investment pool and their net asset values at the end of the 2020-21 financial year.

INVESTMENT PROGRAMS	INVESTMENT POOLS	NET ASSET VALUE
Donation – endowments	Long-term	\$137.6M
Sinking fund – capital investments	Long-term	\$79.2M
Sinking fund – bonds	Ministère des Finances du Québec (MFQ)	\$3.1M
Sinking fund – program-equipment & IT	Mid-term	\$56.6M
Donation – restricted	Mid-term	\$52.7M
Group insurance plans	Mid-term	\$16.8M
Others	Managed separately outside the CUF	\$15M

# GLOBAL INVESTMENT POLICY AND ITS ASSET ALLOCATIONS

At the end of the 2020-21 financial year, the asset allocation for each pool along with its portfolio managers was as follows

ASSET CLASSES	PORTFOLIO MANAGERS	LONG-TERM POOL	MID-TERM POOL	MFQ Pool
<b>Equities</b>		<b>50%</b>	<b>16.2%</b>	<b>0%</b>
Canadian	Leith Wheeler	10%	3.1%	
Global developed markets	RBC	20%	6.3%	
Emerging markets	Fisher	10%	3.2%	
Global small caps	CC&L – Global Alpha	5%	1.8%	
Private	Neuberger Berman	5%	1.8%	
<b>Fixed income</b>		<b>15%</b>	<b>52.8%</b>	<b>100%</b>
Cash and cash equivalents	Office of the Treasurer – Concordia University	0.5%	10%	
Canadian nominal	Addenda impact fund and commercial mortgages	4.5%	26.6%	
High yield	Barings	5%	8.1%	
Private	Mesa West	5%	8.1%	
Government of Canada and provincial	Office of the Treasurer – Concordia University	0%	0%	100%
<b>Alternatives</b>		<b>35%</b>	<b>31%</b>	<b>0%</b>
Absolute return – fixed income	RPIA, Formula Growth	10%	10.33%	
Private real estate	UBS, Great West Life	10%	10.33%	
Private agriculture and timberland	Hancock	10%	10.33%	
<b>Impact investments</b>				
Public equities, private equities and credit strategies	Inerjys, Cycle Capital, Brighter Investment, Learn Capital, Wells Fargo, MKB, BlackRock	5%	0%	0%

The investment policy also integrates a tactical asset allocation policy, which provides flexibility within the following parameters and includes the use of proxies to maintain allocation coverage and liquidity.

ASSET CLASSES	ASSET ALLOCATION RANGES		PROXIES
	Long-term pool	Mid-term pool	
<b>Equity</b>	40% – 60%	11.7% – 20.7%	US small cap ETF
<b>Fixed income</b>			
• Cash and cash equivalents	0% – 4%	5% – 20%	Addenda commercial mortgage
• Others	10% – 25%	36% – 49.5%	
<b>Alternatives</b>	25% – 45%	22.1% – 40.1%	Global listed infrastructure ETF
<b>Impact investments</b>	0% – 10%		Wells Fargo, BlackRock

# CONCORDIA UNIVERSITY FOUNDATION INTEGRATED SUSTAINABILITY INVESTMENT FRAMEWORK

Further to Concordia's sustainability framework and the adoption of its policy in 2016, the CUF aligned itself to the university and designed an integrated investment framework. It combines a governance commitment to apply responsible investment principles through all its investment programs, while allocating a target of five per cent (with a range of zero to 10 per cent) of its long-term pool asset allocation towards impact investments.

The table below illustrates the complementary approach the CUF has taken, always keeping in mind its responsible and impact investment policies, which are integrated under the CUF's global master trust investment policy.

IMPACT INVESTMENT					
Traditional	Responsible Investing (RI)	Socially Responsible Investing (SRI)	Thematic	Impact-first	Venture Philanthropy
Competitive Returns					
ESG Risk Management					
High Impact Solutions					
Limited or no focus on ESG factors of underlying investment analysis and execution.	ESG risks integrated into analysis of all holdings, as a component of financial risk management. Shareholder engagement is used to influence behaviour of holdings.	Negative and positive screening of ESG risks is used to align a portfolio to specific values. Shareholder engagement is used to influence behaviour of holdings.	Focus on one or more issue areas where social or environmental need creates commercial growth opportunity for market-rate returns.	Focus on one or more issue areas where social or environmental need may require some financial trade-off.	Social enterprise funding in a variety of forms, with a range of return possibilities. Investor involvement/support is common.

Source: Purpose Capital adaptation of Bridges Venture Research (2012). The Power of Advice in the UK Sustainable Impact Investment Market. Available at: <http://www.bridgesventures.com/links-research>



# RESPONSIBLE INVESTMENT POLICY

The CUF is a long-term investor which, by becoming a signatory to the UN Principles for Responsible Investment (UNPRI) in 2018, made the following commitment:

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social and corporate governance (ESG) issues can influence the performance of investment portfolios — to varying degrees across companies, sectors, regions, asset classes and through time. We also recognize that applying these principles may better align investors with broader objectives of society.

Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the principles.
6. We will report and communicate on our activities and progress towards implementing the principles.

The UNPRI were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices.

The process was convened by the United Nations Secretary-General. In signing the principles, we, as investors, publicly commit to adopt and implement them, where consistent with our fiduciary responsibilities.

We also commit to evaluate the effectiveness and improve the content of the principles over time. We believe this will improve our ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society. We encourage other investors to adopt the principles.

Since we began implementation in 2018, the CUF improved its UNPRI grade from a B (in the first year) to an A rating last year. For 2020, PRI changed their reporting requirements significantly, which led to reporting issues from over 1,700 signatories. While we submitted our report on time, the PRI office advised that global ratings will be delayed due to the changes. As such, we expect our annual assessment and grades by June 2022. Given these delays, the next reporting period will be in early 2023.

We nevertheless continued our progress and tabled our responsible investment program. Implementing one of our planned actions on engagement, we joined the University Network for Investor Engagement program, along with 12 other Canadian universities, to group our efforts in mitigating climate risks. The CUF independently joined the social engagement program of Share.





# IMPACT INVESTMENT POLICY

Impact investments are investments made in companies, organizations and funds with the intention to generate social and environmental impact alongside a financial return.

Through its impact investments, the CUF aims to create positive outcomes for youth and the local community in Montreal, Quebec and Canada. In the longer term, the CUF seeks to create a more diverse, creative and adaptive society.

The CUF is taking a broad thematic approach to impact investing and is moving to better align its financial assets with its mission by investing a portion of its funds in solutions that focus on Montreal youth and sustainable livelihoods across Canada — coupled with the intention to target all 17 United Nations Sustainable Development Goals (UN SDGs). We have designed the policy under the following principles:

- Prioritize impact while still achieving target returns, acting on opportunities where there is a reasonable financial risk for the potential impact created;
- Embrace a learning orientation, recognizing that impact investing often involves structures (direct investments and alternatives) that take longer to implement and have longer impact horizons;
- Intentionally consider and balance a range of impacts — from hyper-local community impact focusing on Montreal youth to investments across Canada — but without rigid thematic alignment.

While the core thematic priority will be to find impact investments in Montreal that support youth, the CUF recognizes that these will represent a small percentage of the portfolio due to availability and investment prudence. The CUF will diversify the impact portfolio by considering a wide variety of impact themes and deals across Canada.

Based on the current stage of the CUF's engagement in this sector, we've identified the following learning goals:

- Determine opportunities to deepen the competency in impact investing through in-house capacity, partnerships with like-minded institutions, investors groups and ongoing advisory support;
- Examine what opportunities, following these initial investments, are the best fit for the CUF by considering both direct and intermediary investments and assessing the benefits and trade-offs of each approach in practice;
- Determine if thematic areas of interest need to be more focused after conducting a market scan and assessment of available opportunities;
- Learn how to collaborate with different stakeholders and the role the CUF could play in those engagements;
- Understand how to catalyze and scale youth-led enterprises and those that create impact for local communities in Montreal and Quebec;
- Identify which impact measurement practices and tools are best for the CUF to track and report on;








- Examine over the longer term which combinations of investment and thought leadership enable the CUF to lead and influence other institutions by actively participating in a community of impact investing practices;
- Communicate the CUF's impact investment work with internal and external stakeholders and share results with other universities and foundations.

In the first three years of implementation, the CUF sourced close to 75 per cent of its target asset allocation of 5 per cent towards impact investments.

During the 2020-21 fiscal year, we made three additional allocations:

1. **Learn Capital:** Addressing our student benefit theme, this specialized venture capital firm invests in the technology-enabled education sector's fastest-growing companies with the intention to address eight of the 17 UN SDGs.
2. **MKB:** A local-impact fund, this investment opportunity tackles next-generation energy and transportation innovations with the intention to address six of the 17 UN SDGs.
3. **BlackRock and their global impact equity strategy:** Recognized leader and early adopter of responsible investments, offers leading in-depth research infrastructure and targets all 17 UN SDGs.

The following table summarizes our impact investment allocations to date. They touch all three policy themes while addressing 16 of the 17 UN SDGs.

PORTFOLIO MANAGERS	INTENTIONS	IMPACTED THEMES	IMPACTED UN SDGs
Inerjys	<ul style="list-style-type: none"> <li>Off-grid solar solutions</li> <li>Combatting food waste and local food insecurity</li> <li>Challenging conventional wind-industry economics</li> </ul>	Local and domestic impacts	
Cycle Capital	<p>Clean-tech investments in:</p> <ul style="list-style-type: none"> <li>Clean power storage and energy efficiencies</li> <li>Clean transportation and smart-cities technologies</li> <li>Green chemistry, waste, biogas, biofuel and biomass transformation</li> <li>Green IoT, big data and AI</li> <li>Sustainable agriculture</li> </ul>	Local and domestic impacts	
Brighter Investment	Higher education: access for brightest students across the globe	Youth	
MKB	Back companies looking to decarbonize the energy and transportation sectors, focusing on enterprises with disruptive technologies that were already achieving commercial success	Local and domestic impacts	
Land Degradation Neutrality/Urapi	<ul style="list-style-type: none"> <li>Reduce or reverse land degradation</li> <li>Strengthening support to cooperatives</li> </ul>	Local and domestic impacts	
Learn Capital	<ul style="list-style-type: none"> <li>Funds entrepreneurs with a vision for better and smarter learning</li> <li>10+ years old, the first and most established education-focused venture capital firm</li> </ul>	Youth	
BlackRock	Investment in global companies whose core business addresses the world's greatest social and environmental problems	All	

With most of these investments, the CUF was able to provide current Concordia students with internship opportunities, including being part of Cycle Capital's fund impact investment committee.

# INVESTMENT PERFORMANCE

In 2020-21, the CUF met or exceeded return targets for all its investment pools, as follows:

ASSET CLASSES	TARGETS AND NET RETURNS		PORTFOLIO MANAGERS
	Long-term pool	Mid-term pool	
<b>Equity</b>	38.6%		<ul style="list-style-type: none"> <li>• Leith Wheeler (45.2%)</li> <li>• RBC (35.1%)</li> <li>• Fisher (43.8%)</li> <li>• Global Alpha (44.9%)</li> <li>• Neuberger Berman (37.3%)</li> <li>• US small cap ETF (75.9%)</li> </ul>
<b>Fixed income</b>	6.5%		<ul style="list-style-type: none"> <li>• Addenda – impact fund (0.3%)</li> <li>• Addenda – commercial mortgage (5.3%)</li> <li>• Barings (22.3%)</li> <li>• Mesa West (5.1%)</li> </ul>
<b>Alternatives</b>	4.6%		<ul style="list-style-type: none"> <li>• RPIA (21.8%)</li> <li>• Formula Growth (8.2%)</li> <li>• UBS (2.1%)</li> <li>• GWL (1.2%)</li> <li>• Hancock (3.0%)</li> <li>• ETF listed infrastructure (28.0%)</li> </ul>
<b>Impact investments</b>	39.1%		<ul style="list-style-type: none"> <li>• Wells Fargo (44.2%)</li> <li>• Inerjys (0%)</li> <li>• Brighter Investment (8.7%)</li> <li>• Cycle Capital (0%)</li> <li>• LDN (0%)</li> <li>• URAPI (0%)</li> <li>• Learn Capital (0%)</li> </ul>
<b>Total</b>	25.0%	11.1%	
<b>Strategic targets (gross)</b>	6.3%	4.0%	
<b>Market benchmarks</b>	16.6%	7.8%	



## Long-term pool returns

FISCAL YEAR	NET RETURNS
2015-16	-2.6%
2016-17	14.1%
2017-18	3.3%
2018-19	7.3%
2019-20	-4.0%
2020-21	25.0%
<b>5-year annualized return</b>	<b>8.7%</b>

## Mid-term pool returns

FISCAL YEAR	NET RETURNS
2018-19	5.7%
2019-20	-0.5%
2020-21	11.1%
<b>3-year annualized return</b>	<b>5.3%</b>

# PLAN MANAGEMENT

The CUF is governed by a legally autonomous board of directors responsible for the fiduciary obligations of the CUF, along with the sound management of the entity and its investments. In 2020-21, it was composed of the following members:

Howard Davidson, chair	Patricia Saputo
Brian Edwards, vice-chair	Lorne Steinberg
Christine Lengvari	Jeff Tory
Ralph Loader	Graham Carr, president, Concordia University
Andrew Molson	Denis Cossette, president, CUF
Rick Renaud	

The board of directors is supported by a specialized investment committee that oversees and approves the investment decisions of the CUF. In 2020-21, it was composed of the following members:

Howard Davidson, chair	Ralph Loader
Patricia Saputo, vice-chair	Lorne Steinberg
Denis Cossette	Jeff Tory
Paul Chesser	

The board of directors is also supported by an audit committee that oversees and approves the financial statements of the CUF. In 2020-21, it was composed of the following members:

Patricia Saputo, chair	Andrew Molson
Brian Edwards	Jeff Tory
Christine Lengvari	

The board of directors and investment committee have delegated management of the CUF's operations to Concordia's Office of the Treasurer and its investment division. These operations include leadership of the entity, implementation of its policies, investment allocation recommendations and administration of the overall entity. In 2020-21, the Office of the Treasurer investment division was composed of the following members:

- Marc Gauthier, treasurer and chief investment officer
- Abdel Chabi-Yo, director
- Geir Rune Johnskareng, investment advisor
- John Boyronikos, financial analyst
- Florence Kwan, financial accountant
- Ekaterina Krasnova, financial accountant
- Janice Wong, administrative coordinator
- Maha Fakhri, sustainability advisor (hired October 2021)

# LOOKING FORWARD

Concordia continues to advance as a next-generation university — for our students, communities and society. As the university blazes new trails in sustainability, the CUF will continue to support that goal, building its responsible and impact investment programs. In the next two years, the CUF will:

- Finalize its investment policy review, positioning the full implementation of the 100%-0%-10% objective by 2025;
- Continue sourcing deals aligned with the impact investment policy themes and objectives;
- Design and implement an integrated due-diligence framework, which includes ESG integration and a measurement program for its market research, recommendations, onboarding, monitoring and reporting processes.

Consolidated Financial Statements of

# **CONCORDIA UNIVERSITY FOUNDATION**

Year ended April 30, 2021

# CONCORDIA UNIVERSITY FOUNDATION

## Table of Contents

---

	<b>Page</b>
<b>Independent Auditors' Report</b>	
<b>Financial Statements of Concordia University Foundation</b>	
Statement of Financial Position	1
Statement of Operations and Net Assets	2
Statement of Cash Flows	3
Notes to Financial Statements	4 - 11



**KPMG LLP**  
600 de Maisonneuve Blvd. West  
Suite 1500, Tour KPMG  
Montréal (Québec) H3A 0A3  
Canada

Telephone (514) 840-2100  
Fax (514) 840-2187  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Concordia University Foundation

### **Opinion**

We have audited the financial statements of Concordia University Foundation (the "Entity"), which comprise:

- the statement of financial position as at April 30, 2021
- the statement of operations and net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at April 30, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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





Page 2

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



Page 3

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

Montréal, Canada

September 28, 2021

# CONCORDIA UNIVERSITY FOUNDATION

## Statement of Financial Position

April 30, 2021, with comparative information for 2020

	2021	2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 21,489,731	\$ 11,943,027
Accrued investment income	515,774	505,177
Net investment sales receivable	13,315,381	17,456
Sales taxes receivable	115,350	64,921
	35,436,236	12,530,581
Investments (note 2)	322,390,051	266,805,527
Fair value of life insurance policies	3,082,844	3,082,844
	\$ 360,909,131	\$ 282,418,952

## Liabilities and Net Assets

Current liabilities:		
Net investment purchases payable (Note 4)	\$ –	\$ 26,536
Accounts payable and accrued liabilities (Note 4)	798,045	518,084
	798,045	544,620
Net assets:		
Due to Concordia University (Note 3)	360,111,086	281,874,332
Unrestricted	–	–
	360,111,086	281,874,332
Commitments (Note 7)		
	\$ 360,909,131	\$ 282,418,952

See accompanying notes to financial statements.

On behalf of the Board:

Original signed by Howard Davidson Director

Denis Cossette Director

# CONCORDIA UNIVERSITY FOUNDATION

## Statement of Operations and Net Assets

Year ended April 30, 2021 with comparative information for 2020

	2021	2020
Revenues		
Recoveries from Concordia University	\$ 2,245,363	\$ 1,915,173
Expenses:		
Management fees	1,484,065	1,247,788
Professional fees	427,353	333,440
Insurance policy payments	333,945	333,945
	2,245,363	1,915,173
Revenues over expenses	\$ —	\$ —
Unrestricted net assets, beginning of year	\$ —	\$ —
Unrestricted net assets, end of year	—	—

See accompanying notes to financial statements.

# CONCORDIA UNIVERSITY FOUNDATION

## Statement of Cash Flows

Year ended April 30, 2021, with comparative information for 2020

	2021	2020
Cash provided by:		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ —	\$ —
Net change in non-cash operating working capital items	(13,105,526)	(258,122)
	(13,105,526)	(258,122)
Financing activities:		
Increase in due to Concordia University	78,236,754	40,852,612
Investing activities:		
Acquisition of investments	(19,289,301)	(102,452,887)
Reinvested capital	(3,735,411)	(4,337,794)
Disposal of investments	7,382,121	61,022,611
Changes in fair value of investments	(39,941,933)	12,186,062
	(55,584,524)	(33,582,008)
Net increase in cash and cash equivalents	9,546,704	7,012,482
Cash and cash equivalents, beginning of year	11,943,027	4,930,545
Cash and cash equivalents, end of year	\$ 21,489,731	\$ 11,943,027

See accompanying notes to financial statements.

# CONCORDIA UNIVERSITY FOUNDATION

Notes to Financial Statements

Year ended April 30, 2021

---

The Concordia University 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. Effective April 11, 2014, the Foundation was continued under the *Canada Not-for-profit Corporations Act*. 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.

## 1. Significant accounting policies:

### (a) Basis of presentation:

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

### (b) 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.

During March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is constantly evolving and, in the event of a prolonged continuation of the pandemic, it is not clear what the potential impact may be on the economy, the Foundation, and the University. These impacts could include impairment of the investments or potential decreases in investment income.

### (c) Entity accounting:

The Foundation is designed to meet the various investment needs of the university, outside of its pension plan, through investment programs. An investment program is a specific investment need that will have its own accounting and measurement structure where the capital received and return generated are earmarked specifically for the program itself.

For Concordia, investment needs are to create fiscal capacity for:

- Donations received, either from an endowed or restricted nature to support funding for student, academic or research activities;
- Capital investments and capital budget through sinking funds, which are funds set aside to pay back the debt obligations of the university;
- Group insurance plans and the management of funds generated from their policies.

# CONCORDIA UNIVERSITY FOUNDATION

Notes to Financial Statements (continued)

Year ended April 30, 2021

---

## 1. Significant accounting policies (continued):

### (c) Entity accounting (continued):

The Foundation consists of the following investment programs:

- Endowment Program ("END")
- Sinking Fund Program - property related capital investments
- Sinking Fund Program - Equipment & Information Technology related capital investments
- Group Insurance Fund Program ("GIP")
- Donated Restricted Funds Investment Program ("DRIP")
- Sinking Fund program for 2019 CU Bonds - MFQ ("MFQ")
- Illiquid In-kind Restricted Donations Program
- Special Endowment Program - Jarislowsky Fraser ("JFL")
- Special Endowment Program - Desjardins ("DESJ")
- Van Berkom Investment Management Program ("VBIMP")

The full net asset value of the Foundation is recognized as a due to Concordia University.

### (d) Financial assets and liabilities:

#### (i) 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.

#### (ii) 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.

# CONCORDIA UNIVERSITY FOUNDATION

Notes to Financial Statements (continued)

Year ended April 30, 2021

---

## 1. Significant accounting policies (continued):

### (d) Financial assets and liabilities (continued):

#### (ii) Subsequent measurement (continued):

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.

### (e) Revenue recognition:

The Foundation follows the deferral method of accounting for contributions.

Recoveries from Concordia University are recorded when expenses are incurred.

Contributions received are recognized as Due To Concordia University in the year in which they are received or receivable, if the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

### (f) Fair value changes in investments:

Investment transactions are recorded on the transaction date and resulting revenues are 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.

### (g) 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.

### (h) Cash and cash equivalents:

Cash and cash equivalents include bank overdrafts whose balances fluctuate frequently from being positive to overdrawn, and investments maturing within three months of the acquisition date or investments redeemable at any time without penalty.



# CONCORDIA UNIVERSITY FOUNDATION

Notes to Financial Statements (continued)

Year ended April 30, 2021

---

## 1. Significant accounting policies (continued):

(i) 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. Revenues 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 fairvalue of investments in the statement of operations.

(j) Life insurance:

Life insurance represents the greater of either the fair market value of insurance policies at acquisition or the current cash surrender value of insurance policies held.

## 2. Investments:

---

	2021		2020	
	Market value	Cost	Market Value	Cost
Equities	\$ 32,843,986	\$ 30,695,776	\$ 35,690,570	\$ 38,698,202
Bonds	4,216,290	4,244,716	2,508,530	2,466,004
Investment funds	285,329,775	239,875,144	228,606,427	224,257,912
	\$ 322,390,051	\$ 274,815,636	\$ 266,805,527	\$ 265,422,118

---

As at April 30, 2021, the weighted average interest rate of the bonds is 2.15% (2.36% in 2020) and the weighted average duration is 4.58 years (3.76 years in 2020).

# CONCORDIA UNIVERSITY FOUNDATION

Notes to Financial Statements (continued)

Year ended April 30, 2021

## 3. Net assets due to Concordia University:

	2021	2020
Beginning balance	\$ 281,874,332	\$ 242,038,814
Increases in due to Concordia University:		
Transfers received from Concordia University	24,489,076	55,859,553
Less prior year's gifts receivable	(37,575)	(1,017,094)
Add current year's gift receivable	–	37,575
	24,451,501	54,880,034
Increases in Due to Concordia University from operations:		
Due to Concordia University for increase in END payout payable	807,508	550,658
Due to Concordia University for increase in GIP payable	1,242,007	–
Due to Concordia University for increase in DRIP payable	3,740,915	7,902,833
Due to for Concordia University for expenses payable	(881)	891
	5,789,549	8,454,382
Decreases in due to Concordia University:		
Distribution to Concordia University:		
Transferred to Concordia University	(2,189,390)	(7,022,683)
Transfers accrued due to/from Concordia University	(4,763,262)	(1,360,282)
	(6,952,652)	(8,382,965)
Decreases in due to Concordia University from operations:		
Due from Concordia University for contributions to END payout	(4,325,331)	(3,989,537)
Due from Concordia University for GIP loss	–	(55,508)
Due from Concordia University for contributions to DRIP	3,048,163	(3,048,163)
Due from CU for contributions to END	37,575	(37,575)
	(1,239,593)	(7,130,783)
Income (loss) from investing activities (Note 5)	58,433,312	(6,069,977)
Recoveries received from Concordia University	(2,245,363)	(1,915,173)
Ending balance	\$ 360,111,086	\$ 281,874,332

# CONCORDIA UNIVERSITY FOUNDATION

Notes to Financial Statements (continued)

Year ended April 30, 2021

---

## 4. Accounts payable and accrued liabilities:

---

	2021	2020
Professional fees (Concordia University salaries and benefits)	\$ 377,592	\$ 309,194
Management fees	420,453	208,890
Net investment purchases payable	–	26,536
	\$ 798,045	\$ 544,620

---

## 5. Income (loss) from investing activities:

---

	2021	2020
Investment Income:		
Dividends	\$ 2,984,077	\$ 3,354,236
Interests	1,285,092	1,356,070
Partnership income	863,726	654,216
	5,132,895	5,364,522
Realized gains	7,078,941	1,880,146
Change in unrealized appreciation (depreciation)	46,233,795	(13,307,213)
Investment expense and other	(12,319)	(7,432)
	\$ 58,433,312	\$ (6,069,977)

---

## 6. Financial risks:

There has been no significant change to the risk exposure during the year.

(a) Credit risk:

The Foundation is exposed to credit risk regarding the financial assets recognized in 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.

The risk is mitigated by adhering to the investment policy targets as described in the investment policy. In addition, monitoring of our managers is done on a regular basis. Currently, the allocation to corporate bonds in Foundation's portfolio is low.

# CONCORDIA UNIVERSITY FOUNDATION

Notes to Financial Statements (continued)

Year ended April 30, 2021

---

## 6. Financial risks (continued):

### (b) 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:

#### (i) 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.

#### (ii) 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, 2021, financial assets in foreign currency represent cash and cash equivalents amounting to \$1,940,359 (2020 - \$1,224,048) and investments totalling \$63,581,655 (2020 - \$58,742,085).

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

#### (iii) 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.

### (c) 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 in the statement of financial position. The liquidity risk is mitigated partly by the University's line of credit and partly by keeping part of the assets invested in highly liquid financial instruments.

# CONCORDIA UNIVERSITY FOUNDATION

Notes to Financial Statements (continued)

Year ended April 30, 2021

---

## 7. Commitments:

Investment commitments:

The Foundation has committed to making contributions in future years in accordance with the terms and conditions set forth in the agreements with investment managers. The investment commitments made by the Foundation as at April 30 are as follows:

---

Private equity	\$ 9,037,641
----------------	--------------

---

The financing of the commitments mentioned above can be called by the various managers at various dates until 2026. However, many fund managers have the option to extend the investment period, conditional on approval from the investors.

# CONCORDIA



- 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 in Montreal, Quebec, Canada and the world: [concordia.ca/concordiafirsts](https://concordia.ca/concordiafirsts).