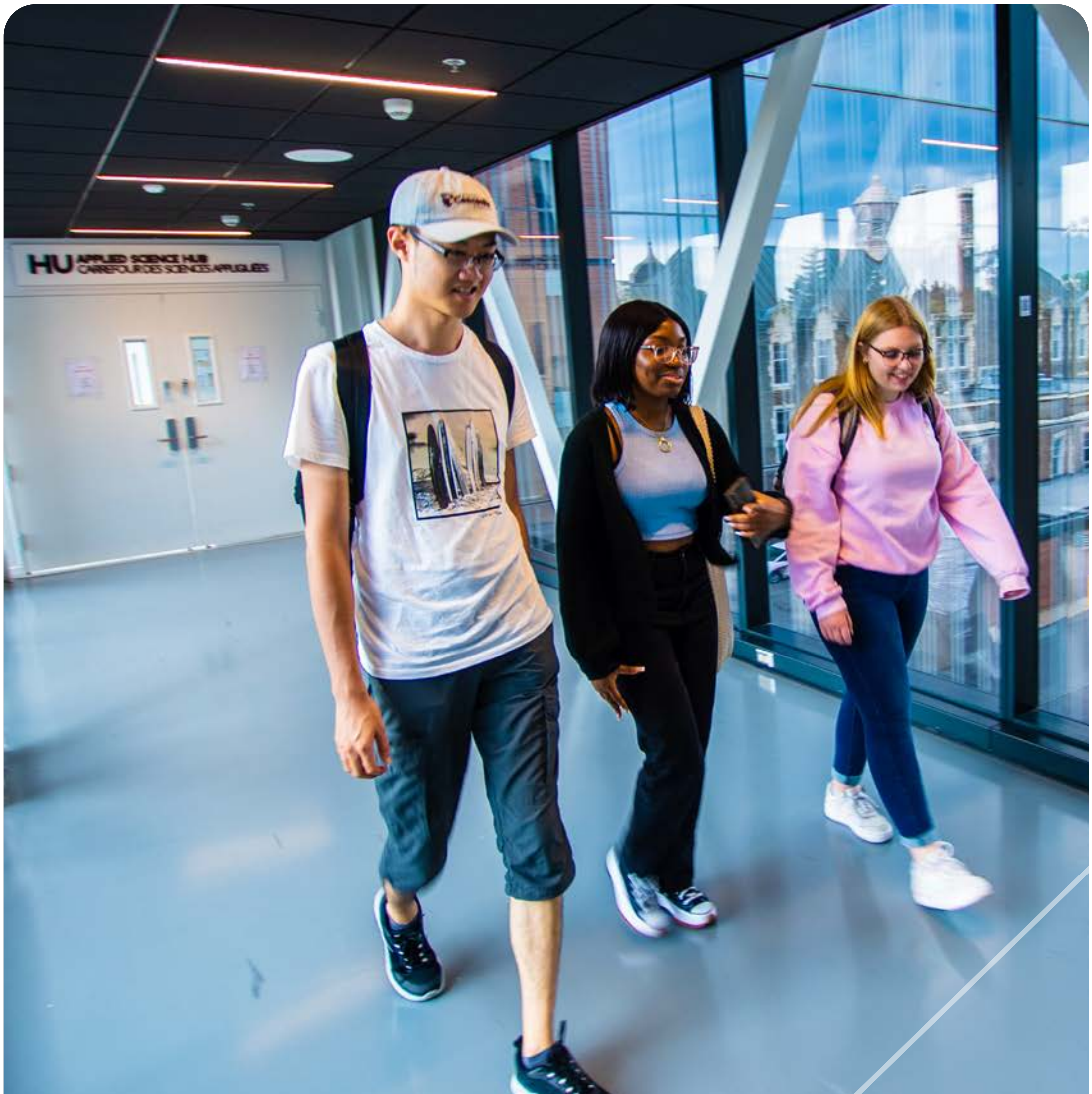
UNIVERSITÉ Concordia UNIVERSITY



2022-23 ANNUAL REPORT

CONCORDIA UNIVERSITY FOUNDATION

Fiscal year from May 1, 2022, to April 30, 2023

CONCORDIA.CA/CAMPAIGN

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SECTION 1: MESSAGE FROM THE PRESIDENT AND CHAIR

MESSAGE FROM THE PRESIDENT AND CHAIR

We present this annual report as we reflect on the unique set of challenges that shaped the global investment landscape in 2022-23. Marking the end of a decade of historically low interest rates, 2022 saw rising rates push inflation to record highs not seen in decades, further rocked by geopolitical turmoil and shifting market sentiment.

Even in these challenging times, Concordia remains the top university under 50 years old in Canada, our John Molson School EMBA is third in the country, and many of our programs are national and global leaders in their field — entrepreneurship, telecom engineering, art and design, among others. Our university has placed among the world's top 200 for its progress toward the United Nations Sustainable Development Goals.

Concordia consistently demonstrates its dedication to social responsibility and creating a more equitable and sustainable world. The university announced PLAN/NET ZERØ this past April — a bold commitment to reach carbon neutrality on our two campuses by 2040 — which will serve as a blueprint for cities around the world. The Government of Canada recently awarded Concordia a $123-million grant — the largest in our history — to help our researchers address climate change. It will fund transformative research on electrification, smart buildings and net-zero communities.

The Concordia University Foundation (CUF) supports the university and its mission, serving as its primary investment arm. The CUF remains at the forefront of responsible investing and is on track to meet our commitment to achieve 100 per cent sustainable investments by 2025. We have been actively working to achieve our sustainable activities and investing goals through several initiatives.

The CUF's board of directors approved our 100/0/10 by 2025 sustainability goal — where CUF assets will be 100 per cent sustainable, with zero investment in traditional oil, gas and coal as defined by the Carbon Underground 200 list and 10 per cent of long-term assets in impact investments. This cements our commitment to be part of the solution to climate change, joining efforts to take action on a local and global scale.

Our sustainability-based capital allocation aligns with an investment strategy that builds resilience into the portfolio as we look to potentially challenging years ahead. Over the last fiscal year, the CUF:

- Continued to source impact and sustainable investments:
  - BleuImpact Water Fund — invests in Quebec-based companies that provide solutions to the water crisis;
  - Follow-on investment in Brighter Investments — supports higher education in Ghana;
  - Manulife Climate Action Fund — public equity fund aligned with Paris agreement goals.
- Tabled its updated investment policy review recommendation to the board in fall 2022.
- Analyzed the portfolio's current position to realistically assign metrics to 2025 goals, evaluating each fund's role within our asset allocation and each fund manager based on responsible-investment practices and implementation.

- Began planning the transition toward the 100/0/10 goal by 2025, aligning financial goals to our high-sustainability intention and purpose. At least a third of assets will be turned over by 2025 in two phases.
  - CUF exposure to the Carbon Underground 200 (CU200) — the 200 fossil-fuel companies ranked by highest carbon reserves — is at 1.5 per cent. Although an important decrease from CUF's 2019 exposure, this represents a 0.3 per cent increase over last year due to allocation changes across fund managers. The CUF will address the residual exposure by 2025 as part of its ongoing transition to reach the zero fossil fuel target.
- Engaged as an active investor by leading a UNPRI working group for evaluating Hedge Funds portfolios' carbon footprints together with other asset owners, asset managers, consultants and representatives from the Partnership for Carbon Accounting Financials. We also held a sustainable-investment event connecting students, graduates and investment managers.
- Hired a Concordia student intern to help implement responsible-investment practices in the portfolio and encourage managers to do so.

Given the challenging market environment, the CUF's long-term and mid-term pools underperformed relative to their respective strategic targets on a year-to-date basis. Yet both pools are either in line or ahead of their long-term strategic target returns.

The CUF distributed close to $4.96M for Concordia's endowment designations, with a funding ratio of 101 per cent as of April 30, 2023. We added fiscal capacity of $4.9M, contributing to the long-term financial sustainability of the university through its sinking funds.

Looking ahead, the CUF will move forward on its transition plan to achieve the 100/0/10 goal, which is well underway. Among other projects and initiatives, the CUF will:

- Produce proxy-voting guidelines that align with CUF values and responsible-investment best practices;
- Develop a reporting framework that provides an in-depth view of capital deployment, progress in intention and purpose, risk and return performance — as well as the supporting responsible-investment program and engagement progress;
- Align its governance bylaws and charters with the 100/0/10 commitment.

We thank the members of the CUF's board of directors and investment committee for their commitment and hard work supporting the university and its sustainability goals.

We are grateful for the continued support of Concordia's generous donors and partners whose contributions play a critical role in advancing higher education and sustainability at Concordia and beyond.

Together we make a meaningful difference in the lives of those we serve.

Howard Davidson, BComm 80
Chair, Concordia University Foundation

Denis Cossette
President, Concordia University Foundation

SECTION 2: HIGHLIGHTS — HEADWINDS AND PROGRESS

HIGHLIGHTS — HEADWINDS AND PROGRESS

INVESTMENT RETURNS

The past year has been characterized by a global rise in inflation, followed by the most aggressive tightening by central banks in decades, and ongoing geopolitical instability. Financial markets were also marked by a recent banking crisis, caused in part by the steep rise in inflation and initiated by the failure of Silicon Valley Bank, the largest collapse of a U.S. banking institution since 2008. These events, combined with high debt levels around the world, have fuelled concerns of an economic slowdown. Forward-looking recession indicators, such as the inverted yield curve, tighter bank lending standards, weak manufacturing activity and depressed consumer confidence readings are all flashing warning signs. Although headline inflation has peaked in most regions, core inflation, which excludes food and energy, is proving stickier. Despite this economic backdrop, equity markets have been melting up, driven by a few mega-cap stocks, primarily due to excitement around generative artificial-intelligence technologies such as ChatGPT.

In that context, both the long-term and mid-term pools in the CUF portfolio underperformed their respective strategic targets on a year-to-date basis. However, over the long term, both pools exceeded or are in line with their objectives.

Our portfolios are built around three key asset classes: fixed income, which helps reduce the financial risk, provide liquidity and some level of returns; equity to provide long-term growth; and alternative investments that provide diversification, some inflation hedge and resilience of the portfolios.

Investment returns by asset class, as at April 30, 2023

ASSET CLASSES	1 year	2 years (annualized)	3 years (annualized)	5 years (annualized)
Equity	4.19%	0.26%	12.04%	7.78%
Fixed income (FI)	3.48%	0.51%	2.48%	3.15%
Alternatives	0.89%	4.22%	4.39%	4.49%

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%
2021-22	-1.9%
2022-23	2.5%
5-year annualized return	5.3%

MID-TERM POOL RETURNS

Fiscal year	Net returns
2018-19	5.7%
2019-20	-0.5%
2020-21	11.1%
2021-22	-1.6%
2022-23	2.1%
5-year annualized return	3.3%

FINANCIAL CONTRIBUTION TO CONCORDIA UNIVERSITY

The contribution of the long-term and mid-term pools can also be viewed for their positive impact on Concordia's fiscal capacity and operating budget.

During 2022-23, a $4.9M payout was distributed to the university, the Group Insurance Fund Program (GIP) generated $274K of income, and the Donated Restricted Funds Investment Program (DRIP) generated around $600K of income, which was distributed to the general operating fund. The endowment portion of that income was nearly $315K.

The fiscal capacity of the university was increased by nearly $5M through the growth of its sinking funds and the resulting paydown of its accumulated debts.

Two new programs have been created this year within CUF to further improve its contribution to Concordia University: the Operational Budget Management (OBM) and the Accumulated Operation Deficit program (AOD). Both are explained further in this report.

COLLABORATIVE INITIATIVES AND PROGRESS

The CUF as an asset owner intends to be part of different collaborations and initiatives that pool its assets with other like-minded investors to maximize impact.

The University Network for Investor Engagement (UNIE) is a shareholder engagement program managed by SHARE, which leverages the power of Canadian university endowments and pension plans assets as institutional investors to engage investee corporations on climate change-related risks. The initiative focuses both on reducing greenhouse gas emissions and accelerating the transition to a low-carbon economy. Through UNIE, during 2022, the program engaged with nine companies from Concordia University Foundation's portfolio on issues related to climate, decent work, racial injustice and Indigenous reconciliation.

Climate Charter for Canadian universities: **Investing to address climate change** — The Climate Charter, signed by more than 18 universities including Concordia, promotes strategic collaboration to foster the transition to a low-carbon economy by applying a responsible-investing framework to the universities' entire portfolios and increasing investments to sustainable solutions.

New collaboration: Hedge fund footprint — Led by the CUF, this working group aims to establish a carbon-accounting methodology for hedge funds. Members of the working group include asset managers, other asset owners, consultants and a member from the Partnership for Carbon Accounting Financials (PCAF). PCAF is a global partnership that encourages transparency in the financial industry in alignment with the goals of the Paris Agreement. Additional information will be shared as progress is made.

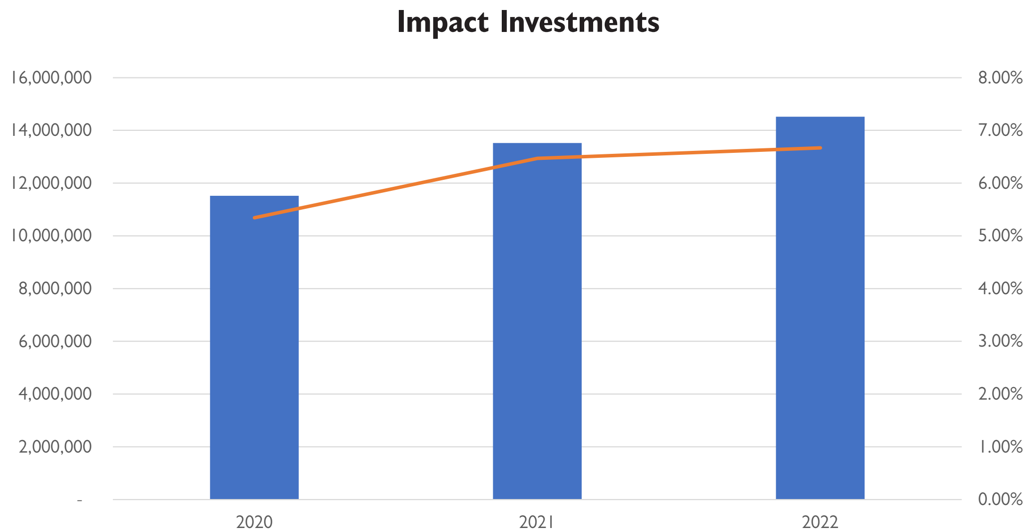
United Nations Principles for Responsible Investment (PRI) scores: As a signatory of the UN PRI, the CUF joins an international network of financial institutions working together to promote the incorporation of environmental, social and corporate governance factors into their investment decision-making. The CUF achieved scores of B and A in the first two years following its signature of the UN PRI. In 2021, its overall score was below average compared to peers as the assessment didn't include the updates in the CUF's strategies and goals. The upcoming 2022 assessment report should reflect a more accurate and better representation of its responsible-investment practices.

CAPITAL ALLOCATION IMPACT METRICS

The CUF's allocation to mission-related investments (MRI) was previously five per cent of long-term pool value, yet going forward, it will target 10 per cent of the long-term pool value and six themes: youth, local, community, climate, education, Indigenous.

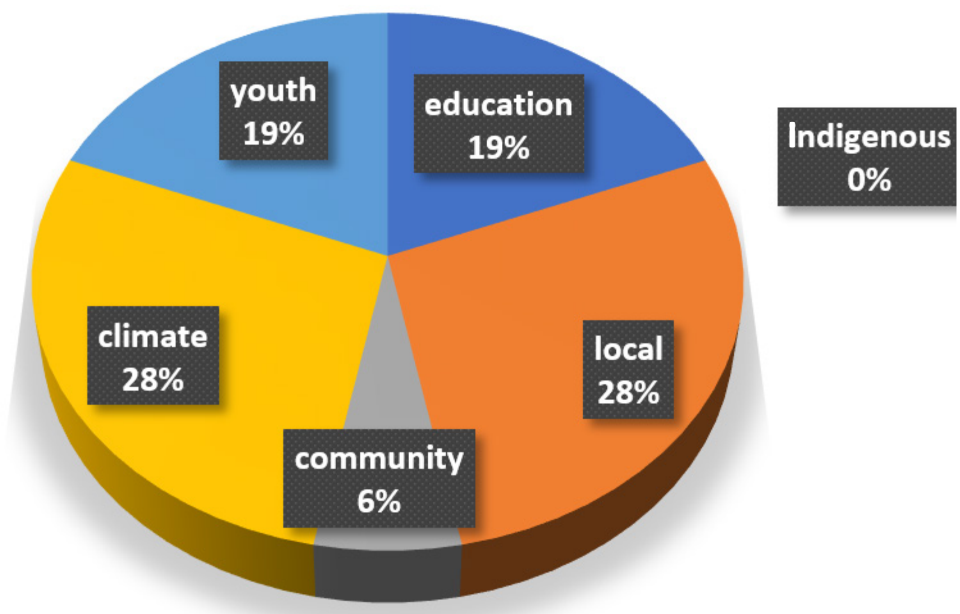
Since the 2021 annual report, the CUF has committed $1M to a new impact investment: BleuImpact Water Fund. As a result of the 2021 ESG Championship, where the CUF was a co-allocator, the CUF decided to allocate its 15M$ commitment to Manulife's climate-focused public equity fund. In addition, a follow-on investment was approved for Brighter Investment, a fund focused on providing loans to students in Ghana. This newly added investment brings the allocation to impact investments up to 6.67 per cent.

At the end of the 2022-23 fiscal year, the CUF received a $40M inflow for the creation of a new investment program from Concordia University, which led to a decrease in the percentage of MRI commitment. During the fiscal year, however, the average MRI impact investment represents around 5.7 per cent of the long-term pool assets under management.



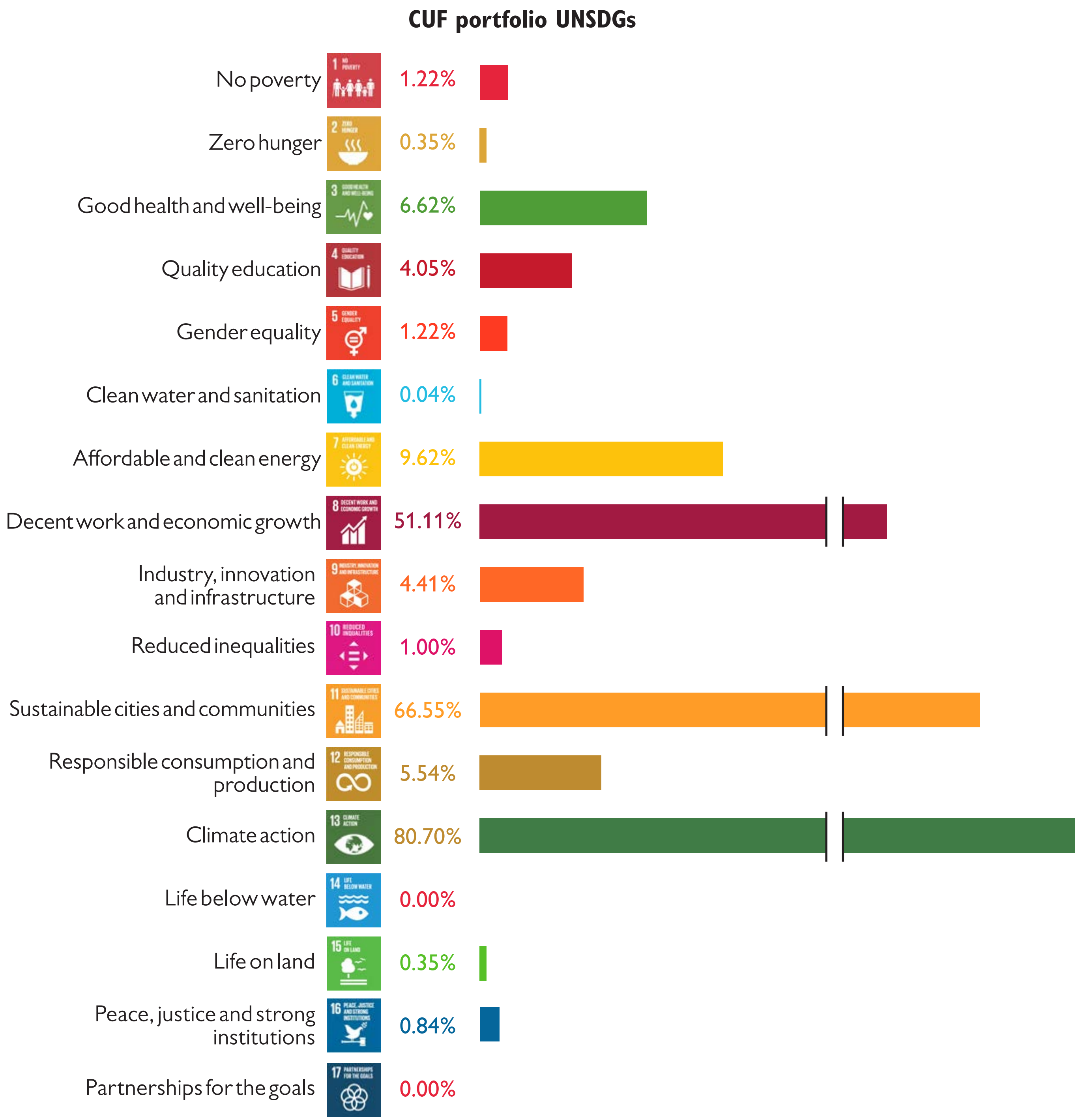
The graph below shows the current portfolio exposure to each of the above-mentioned themes.

Allocation to CUF's mission-related impact themes (6)



In addition, all capital allocated will seek to address, to the extent possible, one of the 17 United Nations Sustainable Development Goals (UNSDGs). These are universal goals of UN member states that are designed to address today's pressing social, economic and environmental challenges and meet the needs of the present generation without compromising those of future generations. They aim to ensure a balance between growth and environmental protection.

The graph below shows the whole portfolio's impact measured with respect to the 17 UNSDG goals.



*Each fund in the portfolio may contribute to more than one UNSDG, so the total will not equal 100 per cent.

Mission-related impact metric

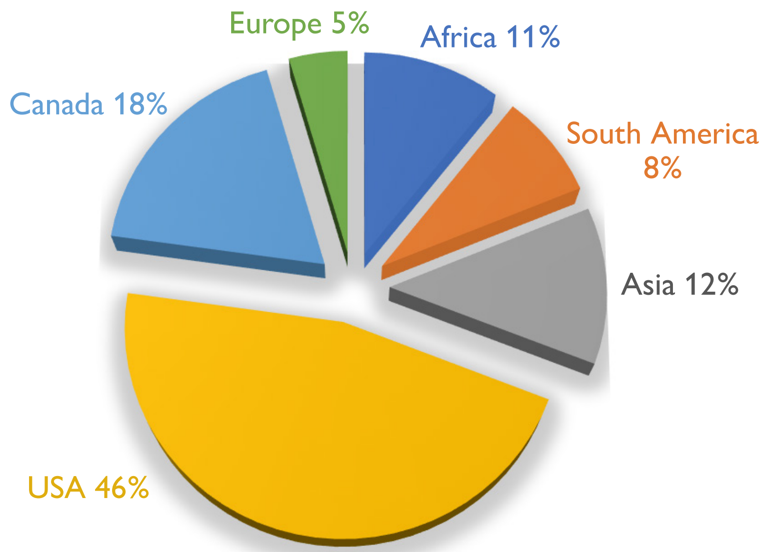
PORTFOLIO MANAGERS	INTENTIONS	IMPACTED THEMES	IMPACTED UN SDGs
Brighter Investment	Empower higher-education students in developing countries	Youth, education	1 4 5 8 10
Cycle Capital	A venture-capital cleantech fund with a goal to invest in innovative solutions to the major ecological challenges facing humanity	Local, domestic and climate	7 9 11 12
Fondaction	Invests in early-stage companies that contribute to the circular economy through the following three sectors: Agri-food, recycling, and eco-construction	Local, domestic and climate	7 8 9 10 11 12 13
Inerjys	A venture-capital firm that invests in cleantech companies that are at growth and commercialization stages	Local, domestic and climate	7 11 12 13
MKB	Growth-stage investor that supports companies in the clean-energy, transportation and smart-cities sectors	Local, domestic and climate	7 9 11 13
Learn Capital	A venture-capital firm that backs and builds tech-enabled companies that target education globally	Youth, education	1 3 4 5 8 9 10 16
LDN-Mirova	Provides long-term financing (debt/equity) for sustainable land-use projects that will reduce or reverse land degradation, mostly in the field of regenerative agriculture and agroforestry	Climate, local	1 2 5 13 17
Urapi	The fund focuses on implementation of agroforestry systems and development of production	Climate, local	1 2 5 6 8 9 10 12 13 15 17
BleuImpact Water Fund	Investing in Quebec-based companies that provide solutions to the water crisis	Local, domestic and climate	6 9 13 14

KPIs

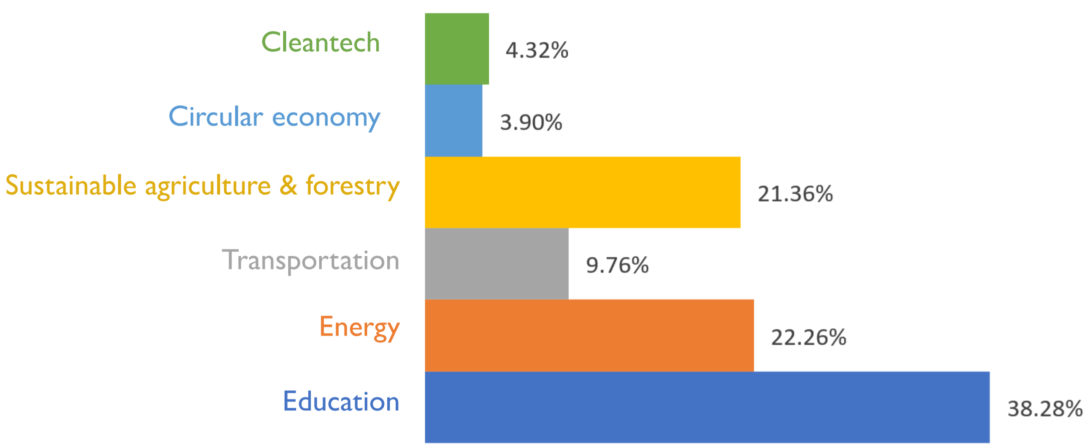
Brighter Investment	**2021**	**2022**
Students supported	85	0
Partnerships with public universities	10	10
Dropout rate	0.68%	0.91%
Unemployment rate	28.70%	17.10%
Cycle Capital	**2021**	**2022**
Total GHG emissions (tCO2e)	536	6,000
Total estimated avoided GHG emissions (tCO2e)	7,717	21,970
Number of companies	4	8
Fondaction		**2022**
Recycled material (kg)		49
Unused virgin material (kg)		41
Avoided emissions (kg)		138
Inerjys	**2021**	**2022**
Total GHG emissions (tCO2e avoided)	1620	3,682
Food waste (tonnes)	176	400
Number of companies	3	3
MKB		**2022**
CO2 savings (tonnes)		1.9M+
Portfolio companies powered by renewable energy		22%
Jobs supported		26,000+
Portfolio companies with formal corporate mission statement		78%
Learn Capital		**2022**
Student reach		2,818,082
Augmented-learning users		13,383,747
Adult learners		14,097
Mirova	**2023 Targets**	**2022**
Jobs provided by projects	70,000	73,421
Sustainable land under management (ha)	350,000	133,301
CO2 sequestered (tonnes)	25M	0.88M
Urapi	**2021**	**2022**
Families impacted (considers only those with microcredits approved)	99	32.5
Jobs directly created (accumulated until the reporting year)	30	35
Hectares reforested/restored* (reflects year when credit was approved and technical package defined, even if implementation occurs later)	120	33
Hectares reforested	120	33
BleuImpact Water Fund		
Investment stage — KPIs to follow next year		

*Restored surface and hectares reforested are the same as every credit and technical package that includes reforestation offered until 2022.

Geographic allocation



Sector allocation



SECTION 3: DESIGN AND GOVERNANCE

DESIGN AND GOVERNANCE

INVESTMENT STRUCTURE: RETURN TARGETS AND ALLOCATION POLICY

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 $25M sustainable bond, 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 2022-23 financial year.

INVESTMENT PROGRAMS	INVESTMENT POOLS	NET ASSET VALUE
Donations — endowments managed in-house	Long-term	$138.87M
Sinking fund — capital investments	Long-term	$81.58M
Accumulated operating deficit program	Long-term	$40.23M
Sinking fund — bonds	Ministère des Finances du Québec (MFQ)	$5.96M
Sinking fund — equipment and IT	Mid-term	$56.88M
Donations — restricted	Mid-term	$51.45M
Group insurance plans	Mid-term	$13.75M
Operational budget management	Mid-term	$4.97M
Other	Managed externally	$19.13M
TOTAL		**$412.82M**

ADVANCING TOWARD 100/0/10

Our mission over the long term is to be fully invested in areas promoting climate action and just transition, and to contribute to solving local and global sustainability challenges while achieving our financial goals over the mid- to long-term.

Over the short term, we aim to allocate 100 per cent of CUF capital for purpose and intentionality, while meeting the investment pools' risk-and-returns strategic target. The CUF's capital allocation framework defines how purpose and intentionality translate into our portfolio.

Currently, two-thirds of the portfolio is considered sustainable, under the definition of sustainability below, and one-third represents more traditional ESG strategies that are risk-focused as opposed to high-conviction, where sustainability is central to the strategy.

The CUF uses a comprehensive evaluation process that looks at several dimensions of each fund, from the initial investment analysis to post-investment monitoring through exit. This process involves an assessment based on ESG principles and alignment with the CUF's mid- and long-term risk-adjusted goals. From a sustainability perspective, we have aligned our evaluation process with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The TCFD recommends looking at the governance, strategy, risk management, metrics and targets categories. The CUF considers that an investment that displays a strong sustainability and investment fit is considered 100 per cent sustainable.

The sustainability assessment would consider the investment managers' firm and culture, how sustainability is integrated through their investment and risk-management processes, and finally how engagement and proxy-voting activities are conducted and reported.

Process for non-sustainable managers (given the evaluation methodology):
The process in place is for managers with less ESG conviction to be evaluated on a case-by-case basis.

A more rigorous and detailed process is in place for non-sustainable managers that is explained in the investment policy.

POLICY DESIGN

Capital allocation framework: the 100 per cent

The CUF prioritizes a fully integrated approach throughout the investment process, framed around supporting our planet, its people and a sustainable economy — factoring in appropriate risk-adjusted returns, resilience of the investment portfolio, engagement and reporting.

The table below shows the sustainability and investment asset classes that are part of the portfolio construction process, as well as the associated UNSDGs.

Sustainability asset classes	Sub-pillars	Sub-pillars orientations
Planet: Climate and resource impact (30% - 70%)	Reducing greenhouse gases (GHGs)	
	Promoting healthy ecosystems	
	Nurturing circular economies	
People: Social equity and quality of life (10% - 30%)	Enabling social equity	
	Improving health	
	Enhancing quality of life	
Sustainable economy: Innovation and productivity (30% - 70%)	Best-in-class companies	
	Sustainable technology	
	Building sustainable industry and infrastructure	

- **Planet asset class**: Funds will be directed toward specialized and dedicated investments in green assets, as well as transition and carbon capture and storage solutions. We stand ready to invest in industries where supporting businesses to transition generates superior returns. This class will address both the circular and blue economies as well as other nature capital such as biodiversity.
- **People asset class**: Funds will be directed toward specialized and dedicated investments promoting social equity and quality of life.
- **Sustainable economy asset class**: This includes investments that do not directly address Planet and People issues, but view environmental, social and corporate governance behaviours from a risk-management perspective.

Asset allocation framework

Asset classes	Sub-level classes	Long-term pool		Mid-term pool	
		Range	Target	Range	Target
Equities		20-50	35	5-20	10
	Public (passive/active/proxies)	10-30	20	5-15	10
	Private (Private Equity, Venture Capital)	10-20	15	0-5	0
Fixed income		10-60	25	35-80	55
	Public (passive/active/proxies/cash)	5-20	5	30-60	45
	Private (debt, loans)	5-40	20	5-20	10
Alternatives		20-65	40	20-50	35
	Real and related assets	15-50	30	15-35	25
	Absolute return (multi-stratetgies)	5-15	10	5-15	10

Consolidated view

PORTFOLIO CONSTRUCTION MARRIAGE

CAPITAL ALLOCATION

Planet: 30% - 70% People: 10% - 30% Sustainable economy: 30% - 70%	Equities: 20% - 50% (LTP) & 5% - 20% (MTP) Fixed income: 10% - 60% (LTP) & 35% - 80% (MTP) Alternatives: 20% - 65% (LTP) & 20% - 50% (MTP)

INVESTMENT RETURN TARGETS

Planet: >= 6% People: >= 4% Sustainable economy: >= 6%	Equities: >= 6% Fixed income: >= 4% Alternatives: >= 6%

Diversification through complementary investment themes and strategies within each class and overall is important to reduce the level of risk concentration. The 3D reporting structure including to the UNSDG will be a primary anchor for sourcing.

The portfolio was also mapped using the matrix developed by Impact Management Platform (IMP) to better understand the intentions and positions of the fund managers across the portfolio with regards to responsible-investment integration in their processes and implementation. The CUF portfolio breakdown is as follows:

- **Avoid harm: 37 per cent** — Most of the CUF portfolio's managers "avoid harm," which means they have at least a minimum responsible-investment policy in place and/or are currently using consultants to implement a policy.
- **Benefit stakeholders: 36 per cent** — These managers not only avoid harm, but also have an engagement program in practice and integrate environmental, social and governance factors into decision-making.
- **Contribute to solutions: 17 per cent** — These managers address social or environment issues not caused by them.

Currently, only 4 per cent of our investment managers do not consider ESG factors nor have responsible-investment policies in place, as opposed to 7 per cent at the end of last fiscal year.

Mission-related investments: the 10 per cent

Within its 100-per-cent-sustainable capital allocation, the CUF will allocate 10 per cent of its funds to mission-related investments targeting six themes: Indigenous, local, youth, climate, education and community.

Carbon Underground 200 companies: the zero per cent

The CUF has committed to divest from the Carbon Underground 200 companies (CU200) by 2025. The CU200 represent the 200 oil and coal companies that have the largest carbon reserves. The CUF's current exposure is 1.5 per cent, a significant decrease from its 2019 exposure.

Net-zero orientation

To align the CUF portfolio with global efforts to address climate change and environmental risks, CUF investments must contribute toward a net-zero greenhouse gas emission economy.

Two metrics will be used to measure the net-zero orientation:

- Portfolio level: Measure the emissions footprint of the entire portfolio and include updates in the annual report going forward.
- Asset-class level: Increase investments that contribute to the solution, which are currently at 17 per cent.

ACTIVE OWNERSHIP

The CUF aims to engage with fund managers to ensure they have a decarbonization goal and are potential signatories of the Net-Zero Asset Managers alliance. We will monitor fund managers' engagement practices and proxy votes to ensure an increase in companies who set science-based emissions reduction targets.

Engagement

To maximize our impact, we engage with our investment managers both directly and through partnerships with other universities. We also aim to integrate students into our engagement efforts.

Engagement with portfolio managers

Public: The CUF investment team engages through bimonthly CUF meetings and through Shareholder Association for Research and Education (SHARE) and University Network for Investor Engagement (UNIE). SHARE engages on behalf of investors to contribute to social and environmental outcomes. UNIE engagement focuses on accelerating the transition to a low-carbon economy in key sectors where advocacy can make the biggest difference, including energy, utilities, finance, transportation and manufacturing.

Private: CUF investment staff engage both directly with fund managers and through other investors, as necessary.

CUF engagement priorities with fund managers include:

- ESG integration: ESG policy, ESG education for staff
- Diversity and inclusion
- Fund managers' engagement practices and reporting
- Fund managers' proxy voting
- Reporting of KPIs and progress on managers' goals

Engagement with investors coalitions and initiatives

- Through platforms such as UNIE, SHARE, Climate Engagement Canada (CEC), UNPRI collaboration platform, Climate Charter
- Active PRI collaboration working group: Hedge Fund footprint allocation

Engagement with students

- Platforms such as UNIE, SHARE, also potentially PRI collaboration platform
- Portfolio managers volunteered to host a student to participate in engagement activities

GOVERNANCE

The CUF is governed by a board composed of experienced directors with a variety of skills and professional backgrounds. In 2022-23, it was composed of the following members:

Board of directors

- Graham Carr
- Paul Chesser
- Denis Cossette, president
- Howard Davidson, chair of the board
- Brian Edwards, vice-chair of the board
- Christine Lengvari
- Andrew Molson
- Richard Renaud
- Lorne Steinberg
- Jeffrey Tory
- Vacant position

The board of directors is supported by a specialized investment committee that oversees the investment decisions of the CUF and makes recommendations. In 2022-23, it was composed of the following members:

Investment committee

- Paul Chesser
- Denis Cossette
- Howard Davidson
- Lorne Steinberg
- Jeffrey Tory

The board of directors is also supported by an audit committee that oversees and approves the financial statements of the CUF financial matters, reviews CUF financial statements and makes recommendations. In 2022-23, it was composed of the following members:

Audit committee

- Brian Edwards (interim chair)
- Christine Lengvari
- Andrew Molson
- Jeffrey Tory

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 2022-23, it was composed of the following members:

Office of the Treasurer investment division

- John Boyronikos, financial analyst
- Abdel Chabi-Yo, director
- Maha Fakih, advisor, sustainability and investments
- Marc Gauthier, treasurer and chief investment officer
- Inesse Kao, investment advisor
- Florence Kwan, financial accountant
- Ekaterina Krasnova, financial accountant
- Janice Wong, administrative coordinator
- Tahmid Nazib Ahmed, department assistant

SECTION 4: STUDENT INVOLVEMENT

STUDENT INVOLVEMENT

Experiential learning is now part of the curriculum at Concordia University, and the CUF is working to support the university in its mission to offer hands-on experience to all students.

Fund managers are encouraged to hire Concordia University students and alumni, and it has become part of our onboarding process to encourage the hiring of Concordia interns. Experience shows that fund managers are excited to collaborate with Concordia to benefit from our talented pool of students and alumni.

The university's Beat the Odds internship program targets equity-seeking undergraduate students from all faculties for internships that can be fully funded by Concordia's Experiential Learning Office.

In a collaboration between Concordia's Office of the Treasurer, Career Management Services (CMS) and the sustainability ecosystem, a career networking event was held featuring a panel discussion and mixer where students and graduates met with investment managers for potential hiring.

SECTION 5: CONCORDIA SUSTAINABILITY INITIATIVES AND PARTNERSHIPS

CONCORDIA SUSTAINABILITY INITIATIVES AND PARTNERSHIPS

Concordia continues to take action in line with its pledge for sustainability to guide every aspect of its activities and be a leader in climate action.

Sustainability-linked loan program with BMO

Concordia has partnered with BMO through a loan tied to the CUF's public target of 100 per cent sustainable investments by 2025.

The university is the first in Canada to conclude a sustainability-linked loan (SLL) arrangement with BMO. In recognition of the CUF's work to deliver the sustainable-investment portfolio it announced in 2019, the SLL is a preferred borrowing incentive that will translate into an overall benefit to the university's cash budget and its cost of financing.

SSLs are a type of loan instrument that incentivizes borrowers to achieve meaningful, predetermined sustainability objectives. The goal of an SLL is to enhance a borrower's sustainability objectives by linking the interest margins of credit facilities to material, impactful and credible sustainability performance targets.

CONCORDIA SUSTAINABILITY ACTIVITIES

Concordia is committed to sustainability and has taken action on numerous fronts toward this goal. A few examples:

SUSTAINABLE BOND ISSUE:

In 2019, Concordia became Canada's first university to issue a sustainable bond.

Bond details:

Principal	25M$
Coupon rate	3.63%
Type	Senior unsecured bond
Term	20 years
Issue date	February 11, 2019
Maturity date	February 10, 2039
Projects financed	Applied Science Hub on Loyola Campus

- **Type of investors/buyers**: RBC Dominion Securities, BMO Nesbitt Burns, Casgrain & Co., CIBC and TD Securities.
- **Progress on projects**: Concordia's Applied Science Hub has been certified LEED Gold by the Canada Green Building Council.

PLAN/NET ZERØ

The university launched PLAN/NET ZERØ in April 2023 — a bold commitment to reach carbon neutrality on its two campuses by 2040. To do so, it will transform its campuses into living labs that reduce energy consumption, optimize heating systems and encourage behavioural change. A model for others, the project aims to show how large institutions can work with diverse partners to target net-zero emissions now.

The Government of Canada recently awarded Concordia a $123-million grant — the largest in our history — to help our researchers address climate change. The project the grant has funded, called Volt-age, will conduct transformative research on electrification, smart buildings and net-zero communities.

OTHER CONCORDIA UNIVERSITY INITIATIVES:

NAME			
Sustainability Ecosystem	Sustainable Investing Practicum	Van Berkom Investment Management program	Joint sustainable-investment advisory committee
GOAL			
Educate and connect different stakeholders on various sustainability topics	Provide John Molson students with hands-on experience in managing a global equity portfolio with a sustainable investing mandate	Each year, six to 10 Concordia students are selected to actively manage a portfolio of small-capitalization stocks	Provide a forum to members of the Concordia community to make recommendations regarding ESG investment opportunities
PARTIES INVOLVED			
Concordia University staff	Manulife Investment Management, Concordia students/staff	Van Berkom & Associates, Concordia students/staff	Representatives from Concordia Student Union, Graduate Student Association, Divest Concordia, CUF and faculty/staff

MONTREAL CLIMATE PARTNERSHIP

The Montreal Climate Partnership is a groundbreaking grouping of nearly 100 Montreal economic, institutional, community and philanthropic organizations committed to meeting the challenge of reducing Montreal's greenhouse gas emissions by 55 per cent by 2030 and putting the metropolis on a path to carbon neutrality by 2050.

Concordia has a presence at the Montreal Climate Partnership, with President and Vice-Chancellor Graham Carr on the steering committee, as well as a number of professors who are members.

Partners include the Fondation du Grand Montréal, Trottier Foundation and the City of Montreal.

SECTION 6: PRIORITIES IN IMPLEMENTING OUR 100/0/10 DESIGN BY 2025

PRIORITIES IN IMPLEMENTING OUR 100/0/10 DESIGN BY 2025

We will continue our efforts on the following key initiatives begun in previous years:

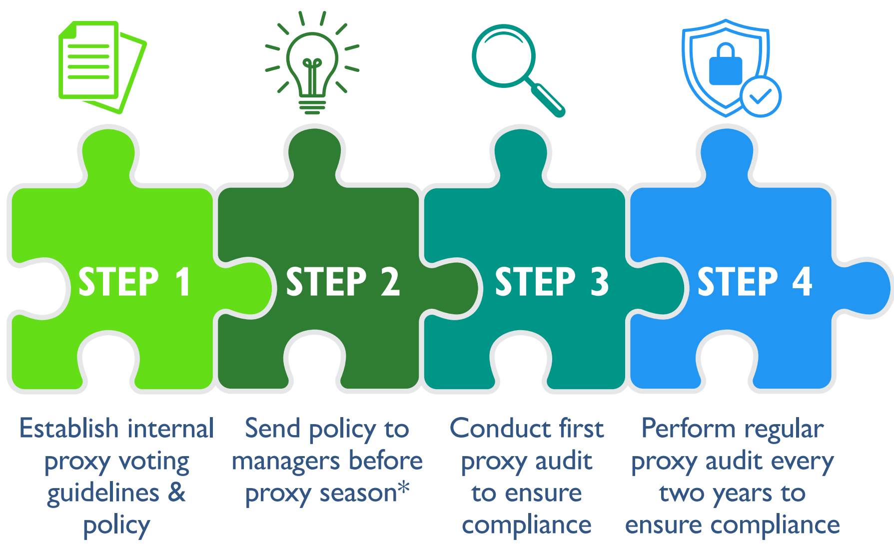
Governance review: Full review of CUF bylaws and board and committee charters, adopting an integrated approach to sustainability matters, as well as our sustainable investment policy, in alignment with our 100/0/10 commitment.

Transition plan: Continue implementing our transition plan toward 100/0/10 by 2025.

Engagement: Involve students in engagement processes with portfolio managers as well as with the PRI collaboration platform and SHARE.

Reporting:

- Proxy voting: Elaborate our proxy voting guidelines for portfolio managers to apply in their practices when voting on CUF shares.



*Proxy season: April/May or around September

- **GHG footprint**: Following our analysis to determine the best method to calculate the portfolio's footprint, we will use external providers as well as internal calculations to determine the portfolio's footprint. Our goal is to account for the various scopes of emissions (direct, indirect and avoided) for our private and public investments. Since carbon-emissions data can be of variable quality, we will be fully transparent in our reporting. Details will be published as soon as progress is made.
- **Intention, risk/return, and integration**: We will include this new data in our reporting.

APPENDIX: MISSION-RELATED IMPACT INVESTMENT FUNDS

MISSION-RELATED IMPACT INVESTMENT FUNDS

Progress of the key performance indicators (KPIs) for each of the following mission-related investment funds will be tracked and reported next year.

Brighter Investment empowers students in developing countries to become the next generation of leaders in STEM and business fields.

- Fund description: provides loans to students in Africa to cover their full graduate education and offers them job-search mentorship
- Terms:
  - Duration of loans: 12 years
  - Duration of repayment: 7 years
  - Average student loan: US$6,678
- CUF investment rationale: focuses on education in underdeveloped countries
- UNSDGs:
- KPIs:
  - Number of students supported
  - Partnerships with public universities in Ghana
  - Student employment rate
  - Dropout rate

Cycle Capital is a venture-capital manager with $600M in early- and growth-stage funds to invest in innovative solutions to major ecological challenges.

- Fund description: cleantech fund that invests in growth companies across North America
- Terms:
  - Term: 10 years +2
  - Fund size: $145M
  - CUF commitment: $1M
  - Target return: 15 per cent
- CUF investment rationale: supports clean energy and contributes to the climate solution
- UNSDGs:
- KPIs:
  - Greenhouse gas (GHG) emissions avoided
  - GHG emissions
  - ESG diversity metrics

Fondaction is a labour-sponsored fund with assets under management of $2 billion, collected as retirement savings from more than 180,000 shareholders and invested in companies across Quebec.

- Fund description: invests in early-stage companies that contribute to the circular economy through three sectors: agrifood, recycling and eco-construction
- Terms:
  - Vintage year: 2021
  - Concordia start date: 2022
  - Term: 10 years
  - Investment period: 5 years
  - Fund size: $25M
  - CUF commitment: $2M
  - Target net return: 10 per cent
- CUF investment rationale: contributes to reducing GHG emissions and targets the Montreal region, largely Quebec companies
- UNSDGs:
- KPIs:
  - One circularity metric (quantity of unused virgin material or quantity of material diverted from landfills and repurposed)
  - Avoided/sequestered GHGs
  - Reduced energy consumption
  - 35 ESG KPIs

Inerjys is a venture-capital firm that invests in cleantech companies in the growth and commercialization stages.

- Investment description (CUF has invested in three companies):
  - Still Good: food upcycling to avoid waste
  - Goliath Wind: wind turbines incorporating their patented modular-ring generators
  - AESP Green Energy: renewable energy solutions, including custom-designed products, such as recharging stations and street lights
- Terms:
  - CUF commitment: $1.2M
  - Total investments (three companies): $8M
- CUF investment rationale: contributes to the climate solution
- UNSDGs:
- KPIs:
  - Carbon footprint

MKB is a thematic growth-stage investor that supports companies in clean energy, transportation and smart cities.

- Fund description: invests in energy and transportation firms using innovative technologies and business models to build decentralized networks
- Terms:
  - Vintage date: 2020
  - Concordia start date: 2021
  - Term: 10 years
  - Investment period: 5 years
  - Fund size: $175M
  - CUF commitment: $2M
  - Target net return: 15 – 18 per cent
- CUF investment rationale: contributes to the climate solution
- UNSDGs: 
- KPIs:
  - ESG questionnaire

Learn Capital is the first and best-established, education-focused venture-capital firm. It backs and builds global education technology firms, including Udemy and Coursera.

- Fund description: VC fund that invests in education-focused tech companies
- Terms:
  - Vintage date: 2020
  - Concordia start date: 2021
  - Term: 10 years +2
  - Investment period: 5 years (April 6, 2025)
  - Fund size: US$250M
  - CUF commitment: US$2M
- CUF investment rationale: advancing and facilitating education globally
- UNSDGs: 
- KPIs:
  - Reach
  - Intensity
  - Performance

Mirova is a global asset-management firm that is BCorp certified and a lead player in sustainable finance. It combines financial performance with environmental and social impact.

- Fund description: **Land Degradation Neutrality Fund** provides long-term financing (debt/equity) for sustainable land-use projects that will reduce or reverse land degradation, mostly in regenerative agriculture and agroforestry
- Terms:
  - Vintage year: 2018
  - Concordia start date: 2021
  - Term: 15 years +2
  - Investment period: 5 years (December 2023)
  - Fund size: US$208.4M
  - CUF commitment: US$1.45M
  - Target net return: 7 – 8 per cent
- CUF investment rationale: contributes to the climate solution
- UNSDGs:
- KPIs:
  - Jobs supported
  - CO_2 emissions reduction

Urapi supports the development of mid-sized cooperatives through the restoration of degraded land, implementation of agroforestry systems, construction of processing units to increase value-creation potential, and generation of carbon credits. It is designed and operated by Ecotierra.

- Fund description: focuses on implementation of agroforestry systems and development of production (certified organic, fair-trade coffee)
- Terms:
  - Vintage year: 2019
  - Concordia start date: 2020
  - Term: 15 years +2
  - Investment period: 4 years
  - Fund size: US$50.3M
  - CUF commitment: US$725,000
- CUF investment rationale: contributes to the climate solution
- UNSDGs:
- KPIs:
  - Number of families impacted
  - Jobs created
  - Restored surface
  - CO_2 emissions reduction
  - Hectares reforested

BleuImpact Water Fund

Investment stage; KPIs to follow

Consolidated Financial Statements of

CONCORDIA UNIVERSITY FOUNDATION

Year ended April 30, 2023

CONCORDIA UNIVERSITY FOUNDATION

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INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

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.

Auditor's 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 auditor's 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 auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- 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

October 23, 2023

*CPA auditor, public accountancy permit No.142483

CONCORDIA UNIVERSITY FOUNDATION

Statement of Financial Position

April 30, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	$ 45,640,508	$ 10,766,423
Accrued investment income	747,686	527,102
Net investment sales receivable	83,834	37
Sales taxes receivable	116,467	70,637
	46,588,495	11,364,199
Investments (Note 2)	364,558,213	344,004,712
Fair value of life insurance policies	3,082,844	3,082,844
	$ 414,229,552	$ 358,451,755
Liabilities and Net Assets		
Current liabilities:		
Net investment purchases payable (Note 5)	$ 554,213	$ –
Accounts payable and accrued liabilities (Note 5)	859,018	806,265
	1,413,231	806,265
Net assets:		
Due to Concordia University (Note 3)	412,816,321	357,645,490
Commitments (Note 8)		
	$ 414,229,552	$ 358,451,755

See accompanying notes to financial statements.

On behalf of the Board:

__________________ Director

__________________ Director

CONCORDIA UNIVERSITY FOUNDATION

Statement of Operations and Net Assets

Year ended April 30, 2023, with comparative information for 2022

	2023	2022
Revenues:		
Recoveries from Concordia University	$ 2,514,615	$ 2,349,103
Expenses:		
Management fees	1,518,706	1,500,400
Professional fees	661,964	514,758
Insurance policy payments	333,945	333,945
	2,514,615	2,349,103
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, 2023, with comparative information for 2022

	2023	2022
Cash provided by:		
Operating activities:		
Net change in non-cash operating working capital items	$ 256,755	$ 13,356,949
Financing activities:		
Increase (decrease) in due to Concordia University	55,170,831	(2,465,596)
Investing activities:		
Acquisition of investments	(21,697,005)	(68,571,552)
Reinvested capital	(4,829,285)	(5,130,022)
Disposal of investments	12,275,370	39,210,424
Changes in fair value of investments	(6,302,581)	12,876,489
	(20,553,501)	(21,614,661)
Net increase (decrease) in cash and cash equivalents	34,874,085	(10,723,308)
Cash and cash equivalents, beginning of year	10,766,423	21,489,731
Cash and cash equivalents, end of year	$ 45,640,508	$ 10,766,423

See accompanying notes to financial statements.

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.

(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.

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 (“SFP”)
- Accumulated Operating Deficit ("AOD")
- Sinking Fund Program - Equipment & Information Technology related capital investments (“SFP-EQ”)
- Group Insurance Fund Program ("GIP")
- Operational Budgeting Management ("OBM")
- 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")
- Special Endowment Program - GFI Investment Counsel Ltd. ("GFI")
- 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.

1. Significant accounting policies (continued):

(d) Financial assets and liabilities (continued):

(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.

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.

(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.

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 fair value of investments.

(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:

		2023		2022
	Market value	Cost	Market Value	Cost
Equities	$ 19,076,771	$ 16,886,055	$ 25,646,501	$ 23,835,391
Bonds	7,200,191	7,667,145	5,523,063	5,942,923
Investment funds	338,281,251	309,339,171	312,835,148	286,330,757
	$ 364,558,213	$ 333,892,371	$ 344,004,712	$ 316,109,071

As at April 30, 2023, the weighted average interest rate of the bonds is 2,85% (2022 - 2.53%) and the weighted average duration is 3.94 years (2022 - 3.74 years).

3. Net assets due to Concordia University:

	2023	2022
Beginning balance	$ 357,645,490	$ 360,111,086
Increase (decrease) in due to Concordia University for capital activities:		
Capital transfers received:		
END and special programs [i]	44,687,569	6,097,215
GIP	2,284,098	872,910
DRIP	30,000	98,412
	47,001,667	7,068,537
Capital transfers withdrawn:		
END and special programs [i]	(1,067,388)	(273,698)
GIP	(602,109)	(784,267)
DRIP	–	(96,985)
	(1,669,497)	(1,154,950)
Income (loss) from investing activities (Note 6)	12,353,276	(6,030,080)
Recoveries received from Concordia University	(2,514,615)	(2,349,103)
Ending balance	$ 412,816,321	$ 357,645,490

[i] Special programs include SFP, AOD, SFP-EQ, OBM, MFQ, VBIMP, JFL, DESJ and GFI.

4. END payout, GIP and DRIP market value appreciation (depreciation):

Payout represents 3.5% of the 36-month moving average market value of the respective endowment programs (END, JFL, DESJ and GFI), calculated monthly. GIP and DRIP market value appreciation (depreciation) is the portion of investment income allocated to each of the two programs for the fiscal year.

	2023	2022
Payout for END and special endowments programs [i]	$ 4,969,232	$ 4,634,629
GIP market value appreciation (depreciation)	274,087	(172,862)
DRIP market value appreciation (depreciation)	919,284	(668,715)

[i] Special endowments programs include JFL, DESJ and GFI.

5. Accounts payable and accrued liabilities:

		2023		2022
Professional fees (Concordia University salaries and benefits)	$	447,015	$	426,866
Management fees		412,003		379,399
Net investment purchases payable		554,213		–
	$	1,413,231	$	806,265

6. Income (loss) from investing activities:

		2023		2022
Investment income:				
Dividends	$	2,862,492	$	2,931,748
Interest		2,199,876		1,389,754
Partnership income		2,064,178		1,292,583
Pooled fund income		462,564		215,456
		7,589,110		5,829,541
Realized gains		1,987,296		7,671,788
Change in unrealized appreciation (depreciation)		2,782,397		(19,460,549)
Investment expense and other		(5,527)		(70,860)
	$	12,353,276	$	(6,030,080)

7. 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 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.

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.

7. 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, 2023, financial assets in foreign currency represent cash and cash equivalents amounting to $3,039,941 (2022 - $1,618,678) and investments totalling $80,265,956 (2022 - $85,188,709).

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 on 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.

8. 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, 2023 are as follows:

Private equity	$ 7,260,793

The financing of the commitments mentioned above can be called by the various managers at various dates until 2030. However, many fund managers have the option to extend the investment period, conditional on approval from the investors.

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

Discover what Concordia achieved first in Montreal, Quebec, Canada and the world: ***concordia.ca/concordiafirsts***.

UNIVERSITÉ Concordia UNIVERSITY