

**La Fondation de l'Université
de Sherbrooke**

**Financial Statements
April 30, 2022**

**La Fondation de l'Université
de Sherbrooke**

**Financial Statements
April 30, 2022**

Independent Auditor's Report	2 - 4
Financial Statements	
Operations	5
Changes in Fund Balances	6
Cash Flows	7
Balance Sheet	8
Notes to Financial Statements	9 - 15
Schedules	16



Independent Auditor's Report

To the Directors of
La Fondation de l'Université de Sherbrooke

Raymond Chabot
Grant Thornton LLP
Suite 350
2207 King Street West
Sherbrooke, Quebec
J1J 2G2

T 819-822-4000
Toll-free: 1-800-567-6958

Opinion

We have audited the financial statements of La Fondation de l'Université de Sherbrooke (hereafter "The Foundation"), which comprise the balance sheet as at April 30, 2022, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies, and the schedules.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Foundation as at April 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 report. We are independent of The Foundation 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Foundation'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 auditor's 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 these 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 Foundation'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 Foundation’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 Foundation 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.

We 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.

*Raymond Chabot Grant Thornton LLP*¹

Sherbrooke
October 20, 2022

¹ CPA auditor, public accountancy permit no. A125487

La Fondation de l'Université de Sherbrooke

Operations

Year ended April 30, 2022

	General Fund		Restricted Fund		Endowment Fund		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Contributions								
Fund-raising campaigns								
Campagne majeure « D'avenirs et de passions » (2012-2018) (Note 10)	900,000		1,815,322	3,444,370	411,020	2,295,593	3,126,342	5,739,963
Annual campaign	66,679	53,696	746,028	1,242,964	282,697	100,353	1,095,404	1,397,013
Other campaigns	133,438	5,335	6,514,084	3,840,910	5,296,693	2,339,304	11,944,215	6,185,549
Grants - Federal government	94,033	129,828					94,033	129,828
Fund-raising activities	141,505						141,505	
Gala du rayonnement								
Corporation Études-Sports			168,256	118,879			168,256	118,879
Golf Tournament			312,900				312,900	
Loan service (Note 9)	666,023	499,164					666,023	499,164
Commercial activity - parking lots			3,134,915	2,160,505			3,134,915	2,160,505
Net investment income (Note 4)	5,435,079	4,507,663	(2,646,160)	14,553,641			2,788,919	19,061,304
	<u>7,436,757</u>	<u>5,195,686</u>	<u>10,045,345</u>	<u>25,361,269</u>	<u>5,990,410</u>	<u>4,735,250</u>	<u>23,472,512</u>	<u>35,292,205</u>
Expenses								
Operating expenses (Schedule A)	1,112,379	1,117,385					1,112,379	1,117,385
Philanthropic development (Schedule B)	1,550,785	1,118,554					1,550,785	1,118,554
Gala du rayonnement	213,299						213,299	
Gala du rayonnement - works of art	11,119						11,119	
Fund-raising activities - Corporation Études-Sports			51,556	39,471			51,556	39,471
Golf Tournament			216,941				216,941	
Commercial activity - parking lots			2,366,960	1,601,352			2,366,960	1,601,352
	<u>2,887,582</u>	<u>2,235,939</u>	<u>2,635,457</u>	<u>1,640,823</u>	<u>-</u>	<u>-</u>	<u>5,523,039</u>	<u>3,876,762</u>
Excess of revenues over expenses before donations	4,549,175	2,959,747	7,409,888	23,720,446	5,990,410	4,735,250	17,949,473	31,415,443
Donations - Université de Sherbrooke	631,000	(224,924)	9,047,621	8,783,368			9,678,621	8,558,444
Excess (deficiency) of revenues over expenses	<u>3,918,175</u>	<u>3,184,671</u>	<u>(1,637,733)</u>	<u>14,937,078</u>	<u>5,990,410</u>	<u>4,735,250</u>	<u>8,270,852</u>	<u>22,856,999</u>

The accompanying notes and the schedules are an integral part of the financial statements and Note 4 provides other information concerning the operations.

La Fondation de l'Université de Sherbrooke
Changes in Fund Balances

Year ended April 30, 2022

	General Fund		Restricted Fund		Endowment Fund		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Fund balances, beginning of year	\$ 7,130,855	\$ 4,885,272	\$ 36,074,476	\$ 22,127,166	\$ 60,987,564	\$ 54,323,458	\$ 104,192,895	\$ 81,335,896
Excess (deficiency) of revenues over expenses	3,918,175	3,184,671	(1,637,733)	14,937,078	5,990,410	4,735,250	8,270,852	22,856,999
Interfund transfers (Note 5)	(793,358)	(939,088)	(1,055,806)	(989,768)	1,849,164	1,928,856		
Fund balances, end of year	<u>10,255,672</u>	<u>7,130,855</u>	<u>33,380,937</u>	<u>36,074,476</u>	<u>68,827,138</u>	<u>60,987,564</u>	<u>112,463,747</u>	<u>104,192,895</u>

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

La Fondation de l'Université de Sherbrooke

Cash Flows

Year ended April 30, 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
<i>OPERATING ACTIVITIES - GENERAL FUND AND RESTRICTED FUND</i>		
Cash flows - other revenues	7,296,148	7,321,212
Net cash flows - commercial activity - parking lots	559,153	908,395
Cash flows - grants - Federal government	94,033	129,828
Realized net investment income	3,646,215	3,660,638
Operating, philanthropic development, fund-raising and other expenses	(2,199,535)	(2,906,893)
Donations	(10,003,687)	(11,410,736)
Cash flows from operating activities	<u>(607,673)</u>	<u>(2,297,556)</u>
<i>INVESTING ACTIVITIES</i>		
Investments	(47,245,400)	(34,274,703)
Disposal of investments	41,926,393	31,221,648
Cash flows from investing activities	<u>(5,319,007)</u>	<u>(3,053,055)</u>
<i>FINANCING ACTIVITIES - ENDOWMENT FUND</i>		
Cash flows - other revenues and cash flows from financing activities	5,933,121	5,359,366
Net increase in cash	6,441	8,755
Cash, beginning of year	<u>12,306</u>	<u>3,551</u>
Cash, end of year	<u><u>18,747</u></u>	<u><u>12,306</u></u>

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

La Fondation de l'Université de Sherbrooke

Balance Sheet

April 30, 2022

				2022	2021
	General Fund	Restricted Fund	Endowment Fund	Total	Total
	\$	\$	\$	\$	\$
ASSETS					
Investments (Note 6)	12,896,204	29,875,937	82,858,901	125,631,042	118,607,752
Interfund account, without interest	1,028,881	13,147,626			
Contributions receivable (Note 7)	503,000	3,598,514	144,744	4,246,258	3,353,509
Receivable from the Université de Sherbrooke, without interest	39,745	767,955		807,700	575,208
Receivable from partners	105,025			105,025	
Works of art	71,950			71,950	83,068
Cash	18,747			18,747	12,306
	<u>14,663,552</u>	<u>47,390,032</u>	<u>83,003,645</u>	<u>130,880,722</u>	<u>122,631,843</u>
LIABILITIES					
Due to the Université de Sherbrooke (Note 8)					
Donations	766,000	13,882,527		14,648,527	14,973,593
Operating expenses	1,855,158			1,855,158	1,772,078
Philanthropic development expenses	1,506,709			1,506,709	1,343,436
Deferred revenues		126,568		126,568	128,790
Other payables	280,013			280,013	221,051
Interfund account, without interest			14,176,507		
	<u>4,407,880</u>	<u>14,009,095</u>	<u>14,176,507</u>	<u>18,416,975</u>	<u>18,438,948</u>
FUND BALANCES					
Unrestricted	10,255,672			10,255,672	7,130,855
Internally restricted			21,181,325	21,181,325	18,164,872
Externally restricted		33,380,937	47,645,813	81,026,750	78,897,168
	<u>10,255,672</u>	<u>33,380,937</u>	<u>68,827,138</u>	<u>112,463,747</u>	<u>104,192,895</u>
	<u>14,663,552</u>	<u>47,390,032</u>	<u>83,003,645</u>	<u>130,880,722</u>	<u>122,631,843</u>

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

On behalf of the Board

Director

Director

La Fondation de l'Université de Sherbrooke

Notes to Financial Statements

April 30, 2022

1 - GOVERNING STATUTES AND PURPOSE OF THE FOUNDATION

The Foundation, incorporated under Part III of the Companies Act (Quebec), collects, owns and manages goods and funds to promote the development of teaching and academic research. Moreover, it is controlled by the Université de Sherbrooke because the two entities have integrated objectives. It is a registered charity under the Income Tax Act.

2 - ACCOUNTING CHANGE

Financial Instruments Originated or Exchanged in a Related Party Transaction

On May 1, 2021, The Foundation applied the changes to Section 3856, Financial Instruments, of Part II of the *CPA Canada Handbook – Accounting* and Section 4460, Disclosure of Related Party Transactions by Not-for-Profit Organizations, of Part III of the *CPA Canada Handbook – Accounting*. The purpose of these changes is to provide additional recommendations on the accounting treatment of financial instruments originated or exchanged in a related party transaction.

The changes require that financial assets originated or acquired and financial liabilities issued or assumed in a related party transaction be initially measured at cost, with the exception of certain specific financial instruments that are initially measured at fair value. The cost of a financial asset originated or acquired or of a financial liability issued or assumed in these circumstances depends on whether the instrument has repayment terms. When the financial instrument has repayment terms, its cost is determined using the undiscounted cash flows, excluding interest and dividend payments, and less any impairment losses previously recognized by the transferor. The cost of a financial instrument that does not have repayment terms is determined using the consideration transferred or received in the transaction.

The changes generally require that financial assets and liabilities from related party transactions be subsequently measured using the cost method, except for investments in equity instruments that are quoted in an active market which are measured at fair value.

The changes provide additional guidance on how to measure the impairment loss of a financial asset originated or acquired in a related party transaction subsequently measured using the cost method.

The changes also require that The Foundation recognizes the effect of the forgiveness of a financial asset originated or created in a related party transaction or the extinguishment of a financial liability issued or assumed in a related party transaction in operations or in accordance with the accounting method used to recognize contributions.

In accordance with the transitional provisions, these changes, that are applicable for fiscal years beginning on or after January 1, 2021, have been applied retrospectively taking certain relief measures into account.

Application of the changes did not have any impact on the financial statements for the year ended April 30, 2021.

3 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Fund accounting

The Foundation follows the restricted fund method of accounting.

La Fondation de l'Université de Sherbrooke

Notes to Financial Statements

April 30, 2022

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund

The General Fund accounts for activities of The Foundation related to its administration, solicitation of funds, management of resources entrusted to it and the allocation of payments to the Université de Sherbrooke.

Restricted Fund

The Restricted Fund presents The Foundation's activities related to obtaining and using the restricted resources.

Endowment Fund

The Endowment Fund presents resources received as endowments.

The amounts externally restricted to the Restricted Fund or the Endowment Fund are imposed by the donors.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements, notes to financial statements and schedules. 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.

Revenue recognition

Contributions

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

Externally restricted contributions are recognized as revenue when received or according to the pledged donations received during the year. Pledged donations are recognized if the collection is reasonably assured, that is when accompanied with the first donor's payment. A historical recovery rate is applied to the subscriptions. When a recognized pledged donation becomes non-cashable, a write-off or provision is then recognized in the expenses.

Unrestricted contributions are recognized as revenue of the General Fund.

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

Revenues from the commercial activity

Revenues from the commercial activity are recognized when the services have been rendered and collection is reasonably assured.

Revenues from fund-raising activities

Revenues from the Gala du rayonnement and from other fund-raising activities are recognized when the activities occur. Deferred revenues represent revenues from fund-raising activities cashed for activities in future years.

Net investment income

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

Net investment income includes interest and dividend income, income from interest in net income of mutual funds and changes in fair value.

La Fondation de l'Université de Sherbrooke

Notes to Financial Statements

April 30, 2022

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net investment income

Interest income is recognized on a time apportionment basis. Dividend income is recognized when it is acquired by The Foundation. The interest in net income of mutual funds is recognized upon distribution. Changes in fair value are recognized when they occur.

With respect to investments measured at fair value, The Foundation has elected to exclude from changes in fair value the interest income, the dividend income and the interest in net income of mutual funds.

Externally restricted net investment income is recognized in the appropriate restricted fund in accordance with the donor's intent. Unrestricted net investment income is recognized as revenue in the General Fund.

Financial assets and liabilities

Initial measurement

Upon initial measurement, The Foundation's financial assets and liabilities from transactions not concluded with related parties and those from transactions with parties whose sole relationship with the entity is in the capacity of management (and members of the immediate family) 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. The Foundation's financial assets and liabilities from related party transactions are measured at cost. Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

Subsequent measurement

At each reporting date, The Foundation measures its financial assets and liabilities from transactions not concluded with related parties at amortized cost (including any impairment in the case of financial assets), whereas those from related party transactions are measured using the cost method (including any impairment in the case of financial assets), except for investments in shares and mutual funds which are measured at fair value and bonds, debentures and discount notes 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 or using the cost method, 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 or using the cost method is recognized in operations in the year the reversal occurs.

La Fondation de l'Université de Sherbrooke

Notes to Financial Statements

April 30, 2022

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 balance sheet 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 balance sheet date. Revenue and expenses are translated at the exchange rate in effect on the date they are recognized. The related exchange gains and losses are accounted for in the statement of 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 under Net investment income in the statement of operations.

Works of art valuation

Works of art detained to be distributed are valued at the lower of cost and replacement cost. Cost is determined according to the specific identification method.

4 - INFORMATION INCLUDED IN OPERATIONS

	2022			2021
	General Fund	Restricted Fund	Endowment Fund	Total
	\$	\$	\$	\$
Net investment income				
Interest, dividends and interest in the net income of mutual funds	949,700	2,696,515		3,646,215
Realized changes in fair value	2,452,074	4,990,722		7,442,796
Unrealized changes in fair value	(373,723)	(7,926,369)		(8,300,092)
Portion of net investment income allocated to the General Fund	2,407,028	(2,407,028)		
	5,435,079	(2,646,160)	-	2,788,919
				19,061,304

The Foundation undertakes a part of its operating and management expenses as well as soliciting and philanthropic development expenses. The Université de Sherbrooke undertakes all expenses relating to accounting and assistance with the financial operations of The Foundation as well as a part of the soliciting and philanthropic development expenses of The Foundation in consideration of an allocation in the « Fonds des priorités » (endowment) of the Université de Sherbrooke. Furthermore, the Université de Sherbrooke undertakes all of the donor's recognition expenses and allows The Foundation free use of its premises and its institutional database.

5 - INTERFUND TRANSFERS

During the year, \$1,193,626 was transferred from the General Fund to the Endowment Fund, \$655,538 was transferred from the Restricted Fund to the Endowment Fund and \$400,268 was transferred from the Restricted Fund to the General Fund. These transfers are the results of capitalized (decapitalized) amounts following internal decisions or requests from donors.

La Fondation de l'Université de Sherbrooke

Notes to Financial Statements

April 30, 2022

6 - INVESTMENTS

	<u>2022</u>	<u>2021</u>
	\$	\$
Shares	21,414,815	17,423,715
Bonds, debentures and discount notes	1,013,103	44,996
Mutual funds		
Bonds and debentures	59,648,287	41,583,399
Shares	41,529,670	57,559,604
Private investments - Real estate	673,461	940,271
Cash	888,216	588,285
Furnishing and works of art	8,750	8,750
Surrender value - life insurance	55,983	54,152
Value - life annuities	398,757	404,580
	<u>125,631,042</u>	<u>118,607,752</u>

Commitments

The Foundation has undertaken to make investments that will be financed over the coming years in accordance with the terms agreed in the agreements. The commitments made by The Foundation on April 30 are as follows:

	<u>2022</u>	<u>2021</u>
	\$	\$
Private investments - Real estate		
Infrastructures	3,044,972	5,845,625
Farming lands	3,938,605	1,585,342
	<u>6,983,577</u>	<u>7,430,967</u>

Funding for the above-mentioned commitments can be requested on various dates until 2025.

7 - PLEDGED SUBSCRIPTIONS

Some donors have pledged donations to The Foundation totalling \$40,377,394. The estimated receipts for the next five years are \$5,467,037 in 2023, \$4,372,827 in 2024, \$3,710,699 in 2025, \$1,842,906 in 2026 and \$1,510,281 in 2027.

Expected receipts are to be recognized as revenue when the collection is reasonably assured. As at April 30, 2022, \$4,246,258 was recognized as revenue (\$3,353,509 as at April 30, 2021).

8 - CREDIT FACILITY

The Foundation has an authorized line of credit facility from the Université de Sherbrooke for the amounts owed to the latter in accordance with the sharing of expenses stipulated under an outsourcing agreement. The amounts due are without interest and are repayable when The Foundation has cashed from its General Fund or 24 months following the end of the financial year, whichever comes first.

La Fondation de l'Université de Sherbrooke

Notes to Financial Statements

April 30, 2022

9 - COMMITMENTS

The Foundation has entered into a long-term lease agreement expiring in May 2022, which calls for lease payments to the Université de Sherbrooke of an amount equivalent to 40% of the gross parking lot revenues of the year, for the management of the parking lots. This agreement will renew every year for a one-year period unless one party gives a sixty-day notice to end the agreement. Also, the expenses incurred for the management of the parking lots will have to be reimbursed as management fees plus an amount equivalent to 10% of these expenses.

The Foundation has also entered into an outsourcing agreement (loan service) with the Université de Sherbrooke expiring in April 2023, which calls for payments of \$27,929 in the form of an annual donation intended for research (or any proposal for donation or restricted attribution to the satisfaction of the parties), in compensation of accounting services and assistance to the financial operations of The Foundation. In addition, The Foundation has entered into an agreement with the Université de Sherbrooke in which it has to pay, in the form of an annual donation intended for research (or any proposal for donation or restricted attribution to the satisfaction of the parties), an amount equivalent to the total of the following amounts: 50% of the salary of the management team of the service relationships with graduates (SRWG), 50% of the salary of all SRWG development agents, 50% of the salary of the person responsible for the technological development of philanthropic business, 100% of the salary of all SRWG development agents dealing with mass solicitation activities, 100% of the salary of the person responsible for financial management and 50% of the salary of the liaison officers responsible for accountability. The Foundation has also entered, for the Campagne majeure 2022-2028, to pay an additional amount in the form of an annual donation equivalent to 100% of the salary of the communication consultant (editorial profile) until April 30, 2025. These amounts will be paid in consideration for the assumption of the solicitation and philanthropic development expenses by the Université de Sherbrooke. This agreement is renewable every year for a period of one year unless one party gives a three-month notice to end the agreement.

The Foundation has also entered into a service agreement expiring in May 2022, which calls for payments of \$54,000 for consulting services in investment management. This agreement is renewable every year, unless one party gives a three-month notice to end the agreement.

10 - CAMPAGNE MAJEURE « D'AVENIRS ET DE PASSIONS » (2012-2018)

Pursuant to an agreement, The Foundation and other organizations, among which the Faculté de médecine et des sciences de la santé de l'Université de Sherbrooke, have agreed to regroup and pool their resources in order to organize and realize a major fund-raising campaign, soliciting donations from businesses and the general public in order to finance their activities in the fields of research and teaching.

11 - INFORMATION IN CASH FLOWS

During the year, The Foundation has received donations in the form of investments totalling \$2,561,793 (\$818,55 in 2021).

La Fondation de l'Université de Sherbrooke

Notes to Financial Statements

April 30, 2022

12 - FINANCIAL RISKS

Credit risk

The Foundation is exposed to credit risk regarding the financial assets recognized on the balance sheet, other than shares and mutual funds. The Foundation has determined that the financial assets with more credit risk exposure are contributions receivable and the receivable from the Université de Sherbrooke since failure of any of these parties to fulfil their obligations could result in significant financial losses for The Foundation.

Some investments in mutual funds indirectly expose The Foundation to credit risk.

Bonds, debentures and discount notes represent bonds, debentures and discount notes from the municipal sector, provinces, the Government of Canada and public traded companies. The management of The Foundation considers these financial assets to be a low risk for losses. The highest concentration of these security issues is from provinces for an amount representing 84% (100% as at April 30, 2021) of the investments in bonds, debentures and discount notes.

Market risk

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

Interest rate risk

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

Bonds, debentures and discount notes 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.

Some mutual funds indirectly expose The Foundation to interest rate risk.

Currency risk

Currency risk results from The Foundation's investments denominated primarily in U.S. dollars totalling \$3,813,983 as at April 30, 2022 (\$2,921,660 as at April 30, 2021).

Other price risk

The Foundation is exposed to other price risk due to investments in shares, bonds, debentures, discount notes and mutual funds since changes in market prices, other than those arising from currency risk or interest rate risk, could result in changes in fair value or cash flows of these instruments.

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 balance sheet.

La Fondation de l'Université de Sherbrooke

Schedules

Year ended April 30, 2022

	2022	SCHEDULE A
	<u>2021</u>	<u>2021</u>
	\$	\$
OPERATING EXPENSES		
Salaries and employee benefits	167,578	176,395
Investment management fees	353,444	311,579
Investment management fees from performance	254,305	130,280
Fiduciary fees	45,112	44,451
Subscription fees of private investments	60,239	99,244
Professional fees - Audit and consulting	145,310	174,159
Office supplies and expenses	26,348	28,134
Travelling expenses and public relations	21,400	2,891
Bank charges	32,098	25,056
Exchange loss	7,896	
Advertising	2,610	18,128
Life insurance - premium from donors (*)	(7,186)	101,720
Training fees	2,756	4,605
Telecommunications	469	743
	<u>1,112,379</u>	<u>1,117,385</u>

(*) The Foundation benefits from life insurance contracts for an amount of \$6,930,140 (\$6,930,140 as at April 30, 2021).

	2022	SCHEDULE B
	<u>2021</u>	<u>2021</u>
	\$	\$
PHILANTHROPIC DEVELOPMENT		
Salaries and employee benefits	1,449,453	1,012,789
Professional fees		
Consulting	16,653	18,845
Office supplies and expenses	10,845	6,578
Expedition fees	51,702	40,568
Advertising	9,779	28,888
Travelling expenses and public relations	9,438	7,697
Telecommunications	2,915	3,189
	<u>1,550,785</u>	<u>1,118,554</u>