This annual report constitutes the first modest step towards the adoption by the Foundation of Greater Montreal (FGM) of a greening strategy driven by ecological and economic considerations. Thus, the FGM intends to materially contribute to a sustainable environment while reducing operating costs. In this perspective, this report is being reduced in volume from 84 pages in 2011 to 56 pages in 2012, while its pressrun will decrease to 500 copies from 800 in 2011. The report’s postal distribution will also be substantially reduced. Finally, documents such as listings of funds and grants will remain available to our various publics through our website or by mail, on request.

The FGM is a charitable organization dedicated to the well-being of the Greater Montréal community. To that end, it establishes and manages endowment funds and distributes their income in the form of grants to local charitable organizations working in the areas of health, social development, arts and culture, education, and the environment.

The FGM is a member of Community Foundations of Canada (CFC), an organization numbering 180 members that reach thousands of cities and towns across Canada, and whose collective assets total more than $3 billion. The oldest Canadian community foundation was established in Winnipeg in 1921 while Montréal’s became the country’s 109th in 1999.

Today, some 1,400 community foundations across the world share their skills and information in the pursuit of their missions.

Foundation of Greater Montreal
1, Place Ville-Marie, suite 1918, Montréal (Québec) H3B 2C3
Telephone: 514-866-0808 Fax: 514-866-4202
info@fgml.org
www.fgml.org

Charitable organization registration number: 88197 9124 RR 0001
The FGM also distributed close to $1,200,000 in grants to Greater Montréal charities. Thanks to its competitive investment performance, it can look forward to distributing grants again in 2013.

This success is due to the outstanding contribution of the FGM’s first President and CEO, Kathleen Weil, of her successor’s, Marina Boulos (whose mandate expired last December) and of a succession of directors, staff members, and volunteers who, over the years, have all in their own way helped bring the Foundation to maturity.

It is therefore with confidence that we look forward to a future that will see the Foundation increase its contribution to the well-being of a Greater Montréal that is so dear to our hearts.
Endowment funds ensure donors enjoy the greatest possible flexibility by allowing them to support the causes or areas that are dear to their hearts. To that end, the FGM invests the funds’ capital in order to generate revenues that donors may distribute as they see fit through one of the following vehicles:

**Community Funds** (unrestricted)
Donors rely on the FGM to determine the areas and priorities that require attention and to invest their contributions accordingly.

**Field-of-interest Funds**
These funds allow donors to choose one or more areas in need of financial support and allow the FGM to determine funding priorities within their chosen areas.

**Donor-advised Funds**
Owners of these funds recommend to the FGM, on annual basis, the area or organization that will benefit from the revenues generated by their funds. In this respect, these funds are akin to a private foundation without the inherent financial or administrative hassles.

**Designated Funds**
Donors designate those charitable organizations that will benefit from the revenues generated by their funds. In the event a designated organization ceases operations, revenues are assigned to a similar organization.

**Memorial Funds**
These funds may be created in the memory of a person or family, or to commemorate an important event. Once created, they are managed in the same way as any other endowment fund.

**Scholarship Funds**
Donors assign their funds’ revenues to scholarships. They may determine eligibility criteria themselves.

**Organizational Endowment Funds**
Organizations may create funds of which they become the beneficiaries so they can rely on a permanent source of revenues in addition to any income they may generate from fund-raising campaigns. Those who wish to contribute to such a fund may do so through the FGM or by contacting an organization directly.

**Organizational Managed Funds**
Charitable organizations and foundations may entrust the FGM with the long-term management of their endowment funds while remaining the owners of their funds and controlling the distribution of their revenues.

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**Note:**
Those who so wish may consult the complete list of FGM funds at [www.fgmtl.org](http://www.fgmtl.org) or dial 514-866-0808 in order to obtain a copy of the list by mail.
generally, individuals choose to create Donor-advised Funds that allow them to designate, on an annual basis, one or more community organizations or areas that will benefit from their generosity. Thus, donors enjoy the benefits of a private foundation without the inherent administrative hassles. Individuals may also transfer donations to the Community Fund and let the FGM distribute their revenues in keeping with the needs of the Greater Montréal community, taking into account prevailing needs and economic conditions.

Organizations that entrusted their funds to the FGM in 2012 created Organizational Endowment Funds whose revenues will be used to support their activities.
THE INVESTMENT COMMITTEE:

dedicated to the rigorous management of the funds entrusted to the FGM

The Investment Committee is a standing committee of the Board of Directors whose volunteer members, all experienced professionals from the investment and financial sectors, have chosen to contribute to the well-being of their community. The Committee’s mandate is to oversee all aspects of the FGM’s investment practices, thus ensuring the protection of the FGM’s capital and generating the revenues required for the Foundation to fulfill its mission.

To that end, the Committee:

● Recommends an investment policy to the Board of Directors and modifies it as required
● Recommends managers, custodians, and trustees
● Oversees the allocation of assets to various managers
● Submits to the Board of Directors a quarterly report on the performance of each manager and of the Foundation of Greater Montreal Investment Fund (FGMIF).

During the 2012 fiscal year, the FGMIF reached a value of $136 million which represents an increase of almost $20.6 million over 2011. This increase is due to net investment revenues of $4.2 million, a net contribution of $10 million, and a variation in unrealized investment appreciation of $6 million.

Fiscal year 2012 turned out to be excellent as our overall portfolio yielded good results. Our net performance of 9.1% for 2012 compares to an average performance of 7.3% over the past four years.
Targeted and effective interventions

The FGM relies on revenues from generous donors to fulfill its mission and support community organizations through its Community Fund. In line with this mission, it awards grants to organizations working in the areas of health, social development, arts and culture, education, and the environment.

In 2012, 400 organizations from the community filed requests for grants. In response to these requests and, following a judicious evaluation process, the FGM awarded 70 grants totalling $662,246. The grants were attributed on the basis of priorities set by recognized information sources, including Vital Signs, and on the basis of the relevance of the projects submitted.

The following descriptions constitute examples of projects undertaken by grant recipients.

**Santropol Roulant**  
*The Healthy Kitchen Toolbox*

Santropol Roulant launched a series of new cooking workshops designed to teach essential skills in buying and cooking food for low-income people whose lack of essential knowledge of these matters often threatens their health. Hence, the workshops demystify nutrition-related issues while promoting the learning and practice of the skills required to ensure good nutritional habits. The workshops are offered to Montrealers of all ages and origins.  
[www.santropolroulant.org/site/](http://www.santropolroulant.org/site/)
**SOCIAL DEVELOPMENT**

**LOVE**
*Leave out Violence (Québec)*

*Snapshot on School Violence*

The program deals with violence in schools by targeting a group of some 200 francophone and anglophone students between the ages of 15 and 25 who attend participating schools. The group includes intimidators, victims, and witnesses who are encouraged to document acts of violence in schools through writing and photography. They then use their work to communicate their message to students in each of the participating schools.

[www.leaveoutviolence.org/quebec/](http://www.leaveoutviolence.org/quebec/)

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**ARTS and CULTURE**

**L’Illusion**
*Théâtre de marionnettes*

*Young citizens and artistic creativity*

The project is aimed at children between the ages of 7 and 12 who attend disadvantaged schools in Montréal. Throughout the school year, more than 60 youths actively contribute to the production of L’Illusion’s presentation of *Philémon et Baucis*. This multidisciplinary production relies on puppets and opera to communicate the notion of mutual aid and community spirit. In addition to promoting the artist’s work, the program fosters academic maturity among the children involved and helps them develop their full artistic, intellectual, and communication potential.

[www.illusiontheatre.com/](http://www.illusiontheatre.com/)
The project relies on radio as a teaching method to contribute to school persistence. Participants learn to apply their training using broadcasting as a laboratory that allows them to test their language skills while living a motivating experience. For the time being, the project operates out of the Eulalie-Durocher school dedicated to young returners. The school serves as host to this pilot project, a first for Québec community-oriented schools.

www.cibl1015.com/

Radio communautaire francophone de Montréal (CIBL)
Perspective Radio

The FGM awarded the David Suzuki Foundation – Québec an exceptional $25,000 grant to be invested in a project intended to raise awareness among youths and adults of the challenges inherent to the protection of the green areas and of the biodiversity that surround Greater Montréal. More specifically, the grant will be used to produce an ecosystem map that will be distributed in schools and communities of the region.

www.davidsuzuki.org/fr

Note:
Those who so wish may consult the complete list of FGM grants at www.fgmtl.org or dial 514-866-0808 in order to obtain a copy of the list by mail.
**PLACEMENTS SPORTS**

A promising agreement

In 2012, the Foundation of Greater Montreal became associated with **SPORTSQUÉBEC** within the framework of its Placements Sports matching donation program.

**SPORTSQUÉBEC** is a private corporation whose mission is to promote and defend the interests of the sports community and manage related programs. When sports federations receive donations, the Placements Sports program enhances them to the tune of 50 to 300%, depending on the size of the federation, with a view to increasing the federations’ financial resources and ensuring the development and promotion of sports in Québec.

A portion of the funds collected is returned to the federations in order to provide for immediate financial needs. The remaining portion is invested in endowment funds so as to ensure the long-term survival of the federations. The ownership and management of these endowment funds has been entrusted to the FGM.

The program, launched on April 1, 2012, has already allowed seven federations to create endowment funds with the help of the FGM. Given the success of the program so far, the FGM expects to open some 20 new endowment funds in 2013.

**PLACEMENTS CULTURE SPONSORSHIP PROGRAM**

Information day in Montréal

Last May 14, the FGM participated in an event devoted to cultural sponsorships organized by the Conseil des arts et des lettres du Québec. Close to 200 cultural and communication organizations from the Greater Montréal area attended a presentation on the sponsorship program’s results for the past six years and on its impact around the Montréal area. The presentation was followed by a discussion of the future of private cultural sponsorships here and around the world. During the afternoon, participants could attend one of two activities: a workshop on the matching gift program sponsored by Mécénat Placements Culture or a workshop given by the FGM on endowment funds, their performance, and the interpretation of relevant documentation.
GREATER MONTRÉAL’S VITAL SIGNS

A barometer of Greater Montréal’s health

Last October 2, the FGM unveiled the 6th edition of its *Greater Montréal’s Vital Signs*. This annual health checkup of the Greater Montréal area is intended for those who aim to promote Montréal’s vitality and plan their actions in such a way as to address areas judged to be more sensitive than others. Thanks to *Vital Signs*, they can rely on data that reflect what is encouraging or improving, worrying, preoccupying, or simply amazing. Following are some of the report’s conclusions.

- Even though some economic indicators are favourable, the Greater Montréal area does not achieve GDP results comparable to those of other Canadian metropolises and its employment rate is regressing.
- Although Montréal’s unemployment rate and level of poverty remain among the highest in the country, young people in the area are able to find work more readily than in other parts of Canada.
- Québec universities (many of them Montréal-based) report a dropout rate that is more than twice as high as in the rest of Canada.
- Greater Montréal reports a high number of victims of domestic violence while gang-related crime is on the rise.
- Montrealers rely increasingly on bike and public transportation taking pressure on public transportation facilities to a record high.

**Note:**
Those who so wish may consult the Greater Montréal’s Vital Signs report at [www.fgmtl.org](http://www.fgmtl.org) or dial 514-866-0808 in order to obtain a copy by mail.

INFORMATION FOR ORGANIZATIONS

A much appreciated joint initiative

On September 14, 2012 the FGM and the Jewish Community Foundation of Montreal held an information session on the modifications to the *Canada Not-for-profit Corporations Act*. Some 200 organizations attended the session. Approved on June 23, 2009, the law came into effect on October 17, 2011. A transition period currently in effect will end on October 2014.
A TEAM
DEVOTED TO
the wellbeing
of Greater Montréal

Richard W. Pound
Chairman
Partner, Bickerman Elliott

J. Gilles Nolet
Vice-Chairman
President, Telon Inc.

Madeleine Féquière
Secretary
Director of Corporate Credit, Domtar

Jean-Guy Gourdeau
Treasurer
President, Solstice

Claire Richer Leduc
Secrétaire
Avocat
(Mandate ended on June 13, 2012)

François R. Roy
Treasurer
Corporate Director
(Mandate ended on June 13, 2012)

In Memoriam – Harry Feldman
It is with regret that the FGM learned of the passing of Harry Feldman on July 5, 2012. Mr. Feldman, who served on the Board of Directors and on the Investment Committee from 2002 to 2012, was a dedicated volunteer who contributed generously to the future of Greater Montréal. We thank him for his loyalty and devotion and extend our sympathies to his family and to those who had the privilege of knowing him.

2012 ANNUAL REPORT
12
Volunteers whose contribution is indispensable

**Administration and Finance Committee**
Jean-Guy Gourdeau, President
Pierre Comtois

**Communications and Marketing Committee**
Isabelle Perras, President
Geneviève Bich
Aïda Kamar
Peter McAuslan
J. Gilles Nolet
Isabelle Perrault

**Fund Development Committee**
Marcel Côté, President
Pierre Comtois
Norman E. Hébert Jr
Monique Jérôme-Forget
Monette Malewski
J. Gilles Nolet
Richard W. Pound

**Nominations Committee**
Manon Vennat, President
Jocelynn-Ann Campbell
Michel Leblanc
Daniel McMahon
Monette Malewski
J. Gilles Nolet
Nicolas Plourde
Richard W. Pound
Louis Roy
François R. Roy
Louise Roy
Danielle Sauvage

**Grants and Program Development Committee**
Dominique McCaughey, President
Robert Alain
Tim Brodhead
Madeleine Féquière
Aïda Kamar
Claude Massé
Michel Mongeon
Danielle Sauvage
Dana Vocisano

**Governance Committee**
Madeleine Féquière, President
Alice Herscovitch
Dominique McCaughey
Claire Richer Leduc
Manon Vennat

**Investment Committee**
Normand Grégoire, President
Gilles Émond
W. John Gallop
Jean-Guy Gourdeau
Roland Lescure
Michael Novak

**Audit Committee**
J. Gilles Nolet, President
Jean Camerlain
Norman E. Hébert Jr

**Strategic Planning Committee**
Richard W. Pound, President
geneviève bich
Tim Brodhead
Jean-Guy Gourdeau
Monique Jérôme-Forget
COMMITTEES - 2012-2013

VOLUNTEER ADVISORS – GIFT PLANNING

Sylvain Carpentier  
Notary, Gendron Carpentier s.e.n.c.r.l.

Diane Hamel  
Assistant Vice-President,  
Tax and Estate Planning  
Manulife Financial

Marc Jolin  
Lawyer

Pierre Kirouac  
Tax Partner  
Schwartz, Levitsky Feldman

Jean Lambert  
Notary,  
President de la Chambre des notaires du Québec  
Lambert Cloutier Pillière Bolduc

Troy MacEachren  
Lawyer  
Heenan Blaikie

Monette Malewski  
President  
Groupe M. Bacal Inc.

Hélène Marquis  
Tax Lawyer  
Regional Director Wealth Advisory Services  
CIBC

Diane Tsonos  
Lawyer  
RSM Richter Chamberland

Jules Brossard  
Tax Lawyer  
De Grandpré Chait

Caroline Rhéaume  
Tax Lawyer

Anne-Marie Girard-Plouffe, F.P.A.  
Partner  
Option Fortune

Daniel Frajman  
Lawyer  
Spiegel Sohmer

Martin Lord  
Partner, Tax Lawyer  
Robinson Sheppard Shapiro

Hugo Patenaude  
Tax Notary  
Fasken Martineau

Foundation of Greater Montreal
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To the Members of  
The Foundation of Greater Montreal

We have audited the accompanying financial statements of The Foundation of Greater Montreal, which comprise the balance sheets as at December 31, 2012, December 31, 2011 and January 1, 2011, and the statements of operations and changes in fund balances and cash flows for the years ended December 31, 2012 and December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of The Foundation of Greater Montreal as at December 31, 2012, December 31, 2011 and January 1, 2011, and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

March 28, 2013

1 CPA auditor, CA, public accountancy permit No. A120628
## Statements of Operations and Changes in Fund Balances

**Years ended December 31, 2012 and December 31, 2011**

<table>
<thead>
<tr>
<th></th>
<th>Operating Fund</th>
<th>Endowment Fund</th>
<th>Total 2012</th>
<th>Total 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue (Note 10)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>112,095</td>
<td>8,986,263</td>
<td>9,098,358</td>
<td>4,099,749</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>339,001</td>
<td>-</td>
<td>339,001</td>
<td>253,741</td>
</tr>
<tr>
<td>Realized investment income</td>
<td>2,196,924</td>
<td>-</td>
<td>2,196,924</td>
<td>705,451</td>
</tr>
<tr>
<td>Management fees</td>
<td>344,501</td>
<td>-</td>
<td>344,501</td>
<td>325,936</td>
</tr>
<tr>
<td>Administration fees</td>
<td>383,100</td>
<td>-</td>
<td>383,100</td>
<td>347,994</td>
</tr>
<tr>
<td>Other</td>
<td>1,452</td>
<td>-</td>
<td>1,452</td>
<td>94,404</td>
</tr>
<tr>
<td></td>
<td>3,377,073</td>
<td>8,986,263</td>
<td>12,363,336</td>
<td>5,827,275</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>1,283,491</td>
<td>-</td>
<td>1,283,491</td>
<td>1,629,739</td>
</tr>
<tr>
<td>Administration fees</td>
<td>873,319</td>
<td>-</td>
<td>873,319</td>
<td>653,289</td>
</tr>
<tr>
<td>Investment management and custodial fees</td>
<td>407,233</td>
<td>-</td>
<td>407,233</td>
<td>402,430</td>
</tr>
<tr>
<td>Community support</td>
<td>118,125</td>
<td>-</td>
<td>118,125</td>
<td>133,090</td>
</tr>
<tr>
<td>Life insurance premiums received in donations</td>
<td>50,095</td>
<td>-</td>
<td>50,095</td>
<td>114,154</td>
</tr>
<tr>
<td>Communications and marketing</td>
<td>286,380</td>
<td>-</td>
<td>286,380</td>
<td>253,821</td>
</tr>
<tr>
<td>Planned donations</td>
<td>115,528</td>
<td>-</td>
<td>115,528</td>
<td>116,261</td>
</tr>
<tr>
<td>Amortization of capital assets</td>
<td>3,910</td>
<td>-</td>
<td>3,910</td>
<td>6,495</td>
</tr>
<tr>
<td></td>
<td>3,138,081</td>
<td>-</td>
<td>3,138,081</td>
<td>3,309,279</td>
</tr>
<tr>
<td>Excess of revenue over expenses before change in unrealized fair value of investments</td>
<td>238,992</td>
<td>8,986,263</td>
<td>9,225,255</td>
<td>2,517,996</td>
</tr>
<tr>
<td>Change in unrealized fair value of investments</td>
<td>2,801,874</td>
<td>-</td>
<td>2,801,874</td>
<td>(1,050,657)</td>
</tr>
<tr>
<td>Excess of revenue over expenses</td>
<td>3,040,866</td>
<td>8,986,263</td>
<td>12,027,129</td>
<td>1,467,339</td>
</tr>
<tr>
<td>Fund balances, beginning of year</td>
<td>242,749</td>
<td>52,704,717</td>
<td>52,947,466</td>
<td>51,480,127</td>
</tr>
<tr>
<td>Transfer of the change in unrealized fair value of investments</td>
<td>(2,801,874)</td>
<td>2,801,874</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fund balances, end of year</td>
<td>481,741</td>
<td>64,492,854</td>
<td>64,974,595</td>
<td>52,947,466</td>
</tr>
</tbody>
</table>
### BALANCE SHEETS
as at December 31, 2012, December 31, 2011 and January 1, 2011

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>320,660</td>
<td>320,660</td>
<td>270,565</td>
</tr>
<tr>
<td>Amounts due from the</td>
<td></td>
<td></td>
<td>287,583</td>
</tr>
<tr>
<td>Endowment Fund</td>
<td>102,684 *</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued interest and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>dividends</td>
<td>90,948</td>
<td>90,948</td>
<td>96,017</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>284,031</td>
<td>284,031</td>
<td>215,715</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>17,286</td>
<td>17,286</td>
<td>15,997</td>
</tr>
<tr>
<td></td>
<td>815,609</td>
<td></td>
<td>598,294</td>
</tr>
<tr>
<td>Investments (Note 4)</td>
<td></td>
<td>64,595,538</td>
<td>51,058,768</td>
</tr>
<tr>
<td>Capital assets (Note 5)</td>
<td>194,679</td>
<td>194,679</td>
<td>14,678</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,010,288</td>
<td>18,590</td>
</tr>
<tr>
<td></td>
<td></td>
<td>64,595,538</td>
<td>53,108,254</td>
</tr>
<tr>
<td></td>
<td></td>
<td>65,503,142</td>
<td>51,689,462</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and</td>
<td></td>
<td></td>
<td>209,335</td>
</tr>
<tr>
<td>accrued liabilities</td>
<td>383,547</td>
<td>383,547</td>
<td></td>
</tr>
<tr>
<td>Deferred contributions (Note 8)</td>
<td>20,000</td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td>Amounts due to the</td>
<td></td>
<td></td>
<td>125,000</td>
</tr>
<tr>
<td>Operating Fund</td>
<td></td>
<td>102,684 *</td>
<td></td>
</tr>
<tr>
<td></td>
<td>403,547</td>
<td>102,684</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>403,547</td>
<td>160,788</td>
</tr>
<tr>
<td>Deferred contributions related to capital assets (Note 8)</td>
<td>125,000</td>
<td>125,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>528,547</td>
<td>160,788</td>
</tr>
<tr>
<td></td>
<td></td>
<td>528,547</td>
<td>209,335</td>
</tr>
<tr>
<td><strong>Commitments (Note 12)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fund balances</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Externally restricted (Note 9)</td>
<td>117,493</td>
<td>64,075,405</td>
<td>52,122,701</td>
</tr>
<tr>
<td>Internally restricted</td>
<td></td>
<td></td>
<td>50,734,863</td>
</tr>
<tr>
<td>417,449</td>
<td>417,449</td>
<td>417,449</td>
<td>417,449</td>
</tr>
<tr>
<td>Invested in capital assets</td>
<td>69,679</td>
<td>69,679</td>
<td>14,678</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>294,569</td>
<td>294,569</td>
<td>309,225</td>
</tr>
<tr>
<td></td>
<td>481,741</td>
<td>64,492,854</td>
<td>51,480,127</td>
</tr>
<tr>
<td></td>
<td>1,010,288</td>
<td>64,595,538</td>
<td>51,689,462</td>
</tr>
<tr>
<td></td>
<td>65,503,142</td>
<td>53,108,254</td>
<td></td>
</tr>
</tbody>
</table>

* These items are not reported in the Total column because they offset each other.

Approved by the Board

Richard W. Pound  
Chairman of the Board

Jean-Guy Gourdeau  
Treasurer
## STATEMENTS OF CASH FLOWS

years ended December 31, 2012 and December 31, 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Excess of revenue over expenses</td>
<td>12,027,129</td>
<td>1,467,339</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in unrealized fair value of investments</td>
<td>(2,801,874)</td>
<td>1,050,657</td>
</tr>
<tr>
<td>Amortization of capital assets</td>
<td>3,910</td>
<td>6,495</td>
</tr>
<tr>
<td></td>
<td>9,229,165</td>
<td>2,524,491</td>
</tr>
</tbody>
</table>

| Changes in non-cash operating working capital items | 9,407,388 | 2,472,736 |
| Accrued interest and dividends | 5,069      | (47,253)   |
| Accounts receivable | (68,316)   | 46,046     |
| Prepaid expenses | (1,289)    | (2,001)    |
| Accounts payable and accrued liabilities | 222,759 | (48,547) |
| Deferred contributions | 20,000     | -          |
|                                | 9,407,388  | 2,472,736  |

| Financing activities           |            |            |
| Increase in deferred contributions related to capital assets | 125,000 | -          |
|                                |            |            |
| **Investing activities**       |            |            |
| Acquisition of investments     | (9,356,096)| (2,691,053)|
| Proceeds on redemption of investments | 57,714  | 203,882 |
| Acquisition of capital assets  | (183,911) | (2,583)   |
|                                | (9,482,293)| (2,489,754)|

| Increase (decrease) in cash    | 50,095     | (17,018)   |
| Cash, beginning of the year    | 270,565    | 287,583    |
| **Cash, end of the year**      | 320,660    | 270,565    |
1. Description of organization

The Foundation of Greater Montreal (the “FGM”) is a charitable organization, incorporated on December 20, 1999 under Part II of the Canada Corporations Act, and statutes were extended on December 4, 2012 under the Canada Not-for-profit Corporations Act, where the purpose is to collect donations, mainly through bequests or endowment funds, and to promote social services, arts and culture, education, health and the environment. The FGM can also manage funds entrusted to it for administrative purposes. It is a registered charity under the Income Tax Act.

2. Adoption of a new accounting framework

During the year ended December 31, 2012, the FGM adopted the new Canadian accounting standards for not-for-profit organizations (the “new standards”) adopted by the Canadian Institute of Chartered Accountants (“CICA”) and included in Part III of the CICA Handbook. In accordance with CICA Handbook Section 1501, First-time Adoption by not-for-profit organizations (“Section 1501”), the date of transition to the new standards is January 1, 2011 and the FGM has prepared and presented an opening balance sheet at the date of transition to the new standards. This opening balance sheet is the starting point for the entity’s accounting under the new standards. In its opening balance sheet, under the recommendations of Section 1501, the FGM:

a) recognized all assets and liabilities whose recognition is required by the new standards;

b) did not recognize items as assets or liabilities if the new standards do not permit such recognition;

c) reclassified items that it recognized previously as one type of asset, liability or component of fund balances, but are recognized as a different type of asset, liability or component of fund balances under the new standards; and

d) applied the new standards in measuring all recognized assets and liabilities.

The FGM has elected to use the exemption for financial instruments that allows the FGM to account for the fair value of specific investments at the date of transition.

In accordance with the requirements of Section 1501, the accounting policies set out in Note 3 have been consistently applied to all years presented. The adoption of the new standards had no impact on the financial statements, with the exception that the disclosure of the statement of cash flows became mandatory, which was not presented previously.

3. Accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and the significant accounting policies are:

Fund accounting
The FGM follows the restricted fund method of accounting for its activities:

i) Operating Fund
The Operating Fund consists of the following elements:

Externally restricted
These restrictions correspond to amounts available for distribution derived from the donations received which must be distributed based on the donors’ desires, realized investment income from the Endowment Fund to be distributed and the donations made, as well as any directly related expenses.
Invested in capital assets
The amounts correspond to the net book value of the capital assets held by the FGM, net of amounts received in relation with their financing.

Unrestricted
The amounts correspond to funds available for the ordinary operating activities of the FGM or for distribution.

ii) Endowment Fund
The Endowment Fund comprises the elements mentioned below:

Externally restricted
The restrictions comprise the following:

Endowments
Endowments include donations that, according to donor specifications, must be held in perpetuity or for a specific period of time, usually for a minimum of ten years.

Unrealized change in fair value of investments
This restriction includes unrealized change in fair value on endowment investments, which is presented in the Endowment Fund until it is realized.

Internally restricted
These restrictions arise from transfers from the Operating Fund to protect the capital against inflation. The amounts cannot be used without the prior consent of the FGM Board of Directors.

Revenue recognition
Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the Operating Fund in the year they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions for capital assets are recorded as deferred contributions and recognized as revenue when the related capital assets are amortized. Endowment contributions are recognized as revenue in the Endowment Fund.

Donations received in-kind, estimated at the fair value established by an independent appraiser, are recorded in the year in which they are received.

Pledges are presented by way of a note to the financial statements.

Investment income is recognized when it is earned. It is recorded as revenue in the Operating Fund unless the donors have specified otherwise. The unrealized portion of the investment income is transferred to the Endowment Fund.

Capital assets
Capital assets are accounted for at cost and are amortized based on their estimated useful life using the following methods and periods:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Method</th>
<th>Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>straight-line</td>
<td>5 years</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>straight-line</td>
<td>3 years</td>
</tr>
</tbody>
</table>

Financial instruments
Financial assets and financial liabilities are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are
measured at amortized cost except for investments, which are measured at fair value at the balance sheet
date. Investments have been valued using the bid price. Fair value fluctuations, including interest earned,
interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in
investment income in the statement of operations and changes in fund balances.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction
costs related to other financial instruments are added to the carrying value of the asset or netted against the
carrying value of the liability and are then recognized over the expected life of the instrument using the
straight-line method. Any premium or discount related to an instrument measured at amortized cost is
amortized over the expected life of the item using the straight-line method and recognized as interest income
or expense.

With respect to financial assets measured at cost or amortized cost, the FGM recognizes an impairment loss,
if any, when it determines that a significant adverse change has occurred during the period in the expected
timing or amount of future cash flows. When the extent of impairment of a previously written-down asset
decreases and the decrease can be related to an event occurring after the impairment was recognized, the
previously recognized impairment loss shall be reversed in the period the reversal occurs.

Allocation of expenses
Personnel costs and employer’s contributions are allocated based on proportion of time spent on activities
by the employees.

Use of estimates
The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit
organizations requires management to make estimates and assumptions that affect the reported amounts of
assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements
and the reported amounts of revenue and expenses during the reporting period. Actual results could differ
from these estimates.

4. Investments

<table>
<thead>
<tr>
<th>December 31,</th>
<th>January 1,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td>59,146,700 units (50,727,846 units as at December 31, 2011 and 47,085,207 units as at January 1, 2011) of The Foundation of Greater Montreal Investment Fund (Note 6)</td>
<td>63,045,710</td>
</tr>
<tr>
<td>Preferred Shares, redeemable after the death of the last survivor of the two donors, dividend of 4.725%</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Balanced mutual fund</td>
<td>293,828</td>
</tr>
<tr>
<td>Mortgage loan, bearing interest at 4.500%, maturing through 2018</td>
<td>256,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>64,595,538</strong></td>
</tr>
</tbody>
</table>

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012 and December 31, 2011
## 5. Capital assets

### December 31, 2012

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Accumulated amortization</th>
<th>Net book value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>25,889</td>
<td>19,041</td>
<td>6,848</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>28,883</td>
<td>22,203</td>
<td>6,680</td>
</tr>
<tr>
<td>Management information system*</td>
<td>181,151</td>
<td>-</td>
<td>181,151</td>
</tr>
<tr>
<td></td>
<td><strong>235,923</strong></td>
<td><strong>41,244</strong></td>
<td><strong>194,679</strong></td>
</tr>
</tbody>
</table>

* The management information system is not yet operational and therefore has not been amortized in 2012.

### December 31, 2011

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Accumulated amortization</th>
<th>Net book value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>25,889</td>
<td>17,328</td>
<td>8,561</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>26,123</td>
<td>20,006</td>
<td>6,117</td>
</tr>
<tr>
<td></td>
<td><strong>52,012</strong></td>
<td><strong>37,334</strong></td>
<td><strong>14,678</strong></td>
</tr>
</tbody>
</table>

### January 1, 2011

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Accumulated amortization</th>
<th>Net book value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>25,280</td>
<td>13,879</td>
<td>11,401</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>24,150</td>
<td>16,961</td>
<td>7,189</td>
</tr>
<tr>
<td></td>
<td><strong>49,430</strong></td>
<td><strong>30,840</strong></td>
<td><strong>18,590</strong></td>
</tr>
</tbody>
</table>
6. The Foundation of Greater Montreal Investment Fund

In addition to managing its own funds, the FGM manages funds entrusted to it by various entities through The Foundation of Greater Montreal Investment Fund.

Separate financial statements are prepared for The Foundation of Greater Montreal Investment Fund, which presents its investments, comprised mainly of bonds, stocks and units of shares of investment funds, at fair value. As at December 31, 2012, the fair value of the funds managed by The Foundation of Greater Montreal Investment Fund and the number of units held are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of units</td>
<td>Fair value</td>
<td>Number of units</td>
</tr>
<tr>
<td>Funds belonging to The Foundation of Greater Montreal</td>
<td>59,146,700</td>
<td>63,045,710</td>
</tr>
<tr>
<td>Funds managed for various entities</td>
<td>68,467,064</td>
<td>72,910,552</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>127,613,764</strong></td>
<td><strong>135,956,262</strong></td>
</tr>
</tbody>
</table>

7. Line of credit

The FGM has access to an authorized line of credit of $100,000 ($100,000 as at December 31, 2011 and nil as at January 1, 2011), bearing interest at prime rate plus 3%. As at December 31, 2012 and December 31, 2011, the line of credit was not used.

8. Deferred contributions

Deferred contributions amounting to $20,000 consists of external resources received in relation with a fundraising activity and not yet expensed as at December 31, 2012.

<table>
<thead>
<tr>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>-</td>
</tr>
<tr>
<td>Contributions received during the year</td>
<td>20,000</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>20,000</td>
</tr>
</tbody>
</table>
Deferred contributions related to capital assets of $125,000 consists of external resources which the donor has restricted to a specific purpose, namely for the management information system, received in relation with a fundraising activity.

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contributions received during the year</td>
<td>125,000</td>
<td>-</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>125,000</td>
<td>-</td>
</tr>
</tbody>
</table>

### 9. Externally restricted – Endowment

**i) Composition**

The externally restricted amounts are distributed as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowments</td>
<td>63,851,991</td>
<td>54,865,728</td>
<td>50,983,148</td>
</tr>
<tr>
<td>Unrealized change in fair value of endowment investments</td>
<td>223,414</td>
<td>(2,578,460)</td>
<td>(1,527,803)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>64,075,405</td>
<td>52,287,268</td>
<td>49,455,345</td>
</tr>
</tbody>
</table>

**ii) Endowments**

Following the agreements between the donors, the Conseil des arts et des lettres du Québec and the FGM, some donations remain the property of the FGM in perpetuity, for a minimal period of 10 years or for a period of less than 10 years. The externally restricted amounts are distributed as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Perpetuity</td>
<td>57,197,898</td>
<td>49,498,129</td>
<td>47,545,193</td>
</tr>
<tr>
<td>For a minimal period of 10 years</td>
<td>5,775,046</td>
<td>4,483,306</td>
<td>3,437,955</td>
</tr>
<tr>
<td>For periods of less than 10 years</td>
<td>879,047</td>
<td>884,293</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>63,851,991</td>
<td>54,865,728</td>
<td>50,983,148</td>
</tr>
</tbody>
</table>
10. Revenue

i) Donations
During the year, the FGM received donations of $9,098,358 ($4,099,749 in 2011). Donations for 2012 include an amount of $50,095 ($114,154 in 2011) regarding life insurance premiums paid for which the FGM is the beneficiary of the proceeds.

ii) Realized investment income

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units of The Foundation of Greater Montreal Investment Fund</td>
<td>2,140,376</td>
<td>648,931</td>
</tr>
<tr>
<td>Other investments</td>
<td>56,548</td>
<td>56,520</td>
</tr>
<tr>
<td></td>
<td>2,196,924</td>
<td>705,451</td>
</tr>
</tbody>
</table>

iii) Management fees

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Foundation of Greater Montreal Investment Fund</td>
<td>615,041</td>
<td>573,583</td>
</tr>
<tr>
<td>Less: professional fees attributable to The Foundation of Greater Montreal</td>
<td>(270,540)</td>
<td>(247,647)</td>
</tr>
<tr>
<td></td>
<td>344,501</td>
<td>325,936</td>
</tr>
</tbody>
</table>

iv) Administration fees

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Foundation of Greater Montreal Investment Fund unitholders</td>
<td>690,162</td>
<td>633,710</td>
</tr>
<tr>
<td>Less: professional fees attributable to The Foundation of Greater Montreal</td>
<td>(307,062)</td>
<td>(285,716)</td>
</tr>
<tr>
<td></td>
<td>383,100</td>
<td>347,994</td>
</tr>
</tbody>
</table>

11. Pledges
The FGM has received, as at December 31, 2012, pledges amounting to $770,000 which will be cashed from year 2013 to 2016.

12. Commitments
Under a free of charge lease, the FGM shall pay the annual operating charges related to the use of the premises. On an annual basis, the commitment is estimated to be $56,000.

The FGM is also committed for a total amount of $180,000 under contracts for the acquisition and development of a management information system. The amounts should be paid in 2013.
13. Financial instruments

Because of its financial assets and liabilities, the FGM is exposed to the following risks related to the use of financial instruments:

**Interest rate risk**
A portion of the investments of The Foundation of Greater Montreal Investment Fund, in which the FGM holds units, is invested in bonds and debentures, which bear interest at a fixed rate. The mortgage loan also bears interest at a fixed rate. Consequently, a change in market interest rate will have an impact on the fair value of the units held by the FGM and the mortgage loan.

**Foreign currency risk**
A portion of the investments of The Foundation of Greater Montreal Investment Fund, in which the FGM holds units, is invested in shares and interests in equity funds invested in foreign countries. The units held by the FGM are consequently exposed to changes in foreign currencies. The same applies to the earned income associated with these units.

**Price risk**
Price risk is the risk that the investment return of The Foundation of Greater Montreal Investment Fund, in which the FGM holds units, is exposed to risk that arises from fluctuation of market indexes and the degree of volatility of those indexes.

**Credit risk**
Credit risk is primarily attributable to the fact that a portion of the investments of The Foundation of Greater Montreal Investment Fund, in which the FGM holds units, is invested in bonds and debentures. Therefore, there is a credit risk that the bond or debenture issuers will be unable to pay their obligations towards the Investment Fund, and this will have an impact on the assets of the FGM.
he FGM is privileged to be able to rely on the generosity of a number of foundations, contributors, businesses, and volunteers who help it operate and develop into a solid and dynamic community foundation serving Greater Montréal. To all these people and organizations, the FGM extends a warm thank you for their invaluable contribution and special thank you to the following people and organizations for their support throughout 2012:

- The **FGM staff** for their professional dedication: Diane Bertrand, Louise Bouchard, Marina Boulos, Frédérick Jacob, Hélène Latreille, Isabelle Lupien, Mario Meloche, Teresa Pacheco, Chantal Vinette, and interns Maxime Asselin and Karen Khalil

- The **FGM Board of Directors and its committees** for their solid backing

- The **Norton Rose** law firm, with special thanks to Jules Charette, the FGM’s Honorary Legal Counsel, for its judicious advice

- **McKinsey and Company** for its strategic counselling

- **Ivanhoé Cambridge (SITQ)** for its warm hospitality

- **Marie-Claude Mailloux** of Norton Rose and **Daniel Frajman** of Speigel Sohmer for their brilliant handling of the presentation of amendments to the **Canada Not-for-profit Corporations Act**

Two SHORT words that say a LOT

Thank you