
Financial statements of Université de Montréal

April 30, 2024

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Independent Auditor's Report

To the Board Members of
Université de Montréal

Opinion

We have audited the financial statements of Université de Montréal (the "University"), which comprise the statement of financial position as at April 30, 2024, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2024, 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 ("Canadian GAAS"). 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 University 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 University'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 University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University'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 GAAS 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 GAAS, 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 University'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 University'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 University 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.

Deloitte LLP

October 1, 2024

¹ CPA auditor, public accountancy permit No. A120628

Université de Montréal
Statement of operations and changes in fund balances

Year ended April 30, 2024

(in thousands of dollars)

	Operating Fund		Restricted Fund		Capital Assets Fund		Endowment Fund		Total of Funds	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue										
Grants from the ministère de l'Enseignement supérieur	686,656	636,104	20,006	16,040	53,011	50,104	—	—	759,673	702,248
Other government grants and contracts	26,671	26,027	158,828	151,363	21,801	21,507	—	—	207,300	198,897
Other non-governmental contributions and contracts	1,429	3,548	58,277	55,291	5,309	5,349	—	—	65,015	64,188
Donations	—	—	24,159	20,354	24	37	—	—	24,183	20,391
Tuition fees	174,012	161,246	—	—	—	—	—	—	174,012	161,246
Student services	12,886	13,397	—	—	—	—	—	—	12,886	13,397
Physical education and sports centre	21,119	19,134	—	—	—	—	—	—	21,119	19,134
Ancillary services	21,793	20,984	—	—	—	—	—	—	21,793	20,984
Re-capitalized investment	20,696	13,785	11,744	11,354	—	—	—	—	32,440	25,139
External sales	44,897	34,818	—	—	—	—	—	—	44,897	34,818
Gain on disposal of capital assets	—	—	—	—	320	186	—	—	320	186
Other revenue	42,270	42,148	—	—	—	—	—	—	42,270	42,148
	1,052,429	971,191	273,014	254,402	80,465	77,183	—	—	1,405,908	1,302,776
Expenses										
Teaching and research	620,116	583,582	182,833	181,438	—	—	—	—	802,949	765,020
Teaching and research support	119,932	109,163	3,749	910	—	—	—	—	123,681	110,073
Student services	15,384	15,611	5,188	4,981	—	—	—	—	20,572	20,592
Physical education and sports centre	21,768	19,729	—	—	—	—	—	—	21,768	19,729
Scholarships – graduate programs	8,674	8,426	48,453	48,131	—	—	—	—	57,127	56,557
Community services	—	—	17,483	14,054	—	—	—	—	17,483	14,054
Administration	90,462	81,432	—	—	—	—	—	—	90,462	81,432
Facilities management	73,675	69,601	—	—	—	—	—	—	73,675	69,601
Ancillary services	19,408	17,825	—	—	—	—	—	—	19,408	17,825
Bad debts on tuition fees	1,914	1,463	—	—	—	—	—	—	1,914	1,463
Interest on bank overdraft and bank loans and financial charges	238	66	—	—	3,878	2,295	—	—	4,116	2,361
Interest on debt	—	—	—	—	25,272	24,224	—	—	25,272	24,224
Vacation liability	2,460	1,796	—	—	—	—	—	—	2,460	1,796
Other unallocated employee future benefits	(10,703)	(14,047)	—	—	—	—	—	—	(10,703)	(14,047)
Other contributions and restricted amounts	—	—	1,324	656	1,989	6,654	—	—	3,313	7,310
Amortization of capital assets	—	—	—	—	98,862	99,284	—	—	98,862	99,284
	963,328	894,647	259,030	250,170	130,001	132,457	—	—	1,352,359	1,277,274
Excess (deficiency) of revenue over expenses before the following items	89,101	76,544	13,984	4,232	(49,536)	(55,274)	—	—	53,549	25,502
Change in unrealized fair value of investments	1,777	1,026	—	—	—	—	—	—	1,777	1,026
Change in fair value of derivative financial instruments	—	—	—	—	8,592	14	—	—	8,592	14
Excess (deficiency) of revenue over expenses	90,878	77,570	13,984	4,232	(40,944)	(55,260)	—	—	63,918	26,542
Fund balances, beginning of year	36,468	(13,087)	12,248	13,766	293,110	290,618	428,951	403,054	770,777	694,351
Contributed capital assets and endowments	—	—	—	—	295	449	24,129	17,906	24,424	18,355
Investment loss deducted from endowment capital	—	—	—	—	—	—	(927)	(5,327)	(927)	(5,327)
Unrealized change in fair value of investments and derivative financial instruments added to endowment capital	—	—	—	—	—	—	13,507	6,594	13,507	6,594
Change in remeasurements and other recognized items related to defined benefit plans	(376,153)	30,262	—	—	—	—	—	—	(376,153)	30,262
Interfund transfers	(74,630)	(58,277)	(8,315)	(5,750)	79,448	57,303	3,497	6,724	—	—
Fund balances, end of year	(323,437)	36,468	17,917	12,248	331,909	293,110	469,157	428,951	495,546	770,777

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

Université de Montréal
Statement of financial position
As at April 30, 2024
(in thousands of dollars)

	Notes	Operating Fund		Restricted Fund		Capital Assets Fund		Endowment Fund		Total of Funds	
		2024	2023	2024	2023	2024	2024	2024	2023	2024	2023
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets											
Current assets											
Cash		—	—	84,729	69,743	22,837	12,632	1,034	1,052	108,600	83,427
Investments	3	346,788	253,760	10,740	4,621	—	—	38,300	28,774	395,828	287,155
Accounts receivable	4	121,935	113,435	122,967	128,552	209,079	196,767	438	469	454,419	439,223
Inventories		6,222	6,517	—	—	—	—	—	—	6,222	6,517
Expenses attributable to the following year		9,552	7,624	448	408	1,854	—	—	—	11,854	8,032
Derivative financial instruments – exchange contracts	15	—	—	—	—	—	—	351	—	351	—
Advances to other funds	5	53,131*	47,345*	399,002*	361,398*	109,975*	79,294*	—*	586*	—	—
		537,628	428,681	617,886	564,722	343,745	288,693	40,123	30,881	977,274	824,354
Investments	3	—	—	2,393	4,532	—	—	447,242	411,277	449,635	415,809
Accounts receivable	4	—	—	4,120	3,055	1,079,467	1,048,643	—	—	1,083,587	1,051,698
Capital assets	6	—	—	—	—	1,634,346	1,534,640	—	—	1,634,346	1,534,640
Deferred charges		—	—	—	—	2,522	—	—	—	2,522	—
Defined benefit asset of the primary pension plan program	11	—	386,230	—	—	—	—	—	—	—	386,230
Derivative financial instruments – interest rate swap contracts	15	—	—	—	—	19,737	11,145	—	—	19,737	11,145
Other assets		—	—	—	—	217	222	—	—	217	222
		537,628	814,911	624,399	572,309	3,080,034	2,883,343	487,365	442,158	4,167,318	4,224,098
Liabilities											
Current assets											
Bank overdraft		99,163	76,800	—	—	—	—	—	—	99,163	76,800
Bank loans	7	—	—	—	—	139,758	96,467	—	—	139,758	96,467
Accounts payable and accrued liabilities	8	172,762	127,234	18,628	11,764	48,082	62,683	—	10	239,472	201,691
Deferred revenues		16,020	15,643	14,408	16,319	—	—	—	—	30,428	31,962
Deferred contributions	9	—	—	486,701	452,683	410	410	—	—	487,111	453,093
Derivative financial instruments – exchange contracts	15	—	—	—	—	—	—	846	164	846	164
Current portion of debt	10	—	—	—	—	79,235	71,598	—	—	79,235	71,598
Advances due to other funds	5	384,672*	348,950*	86,745*	79,295*	73,329*	47,345*	17,362*	13,033*	—	—
		672,617	568,627	606,482	560,061	340,814	278,503	18,208	13,207	1,076,013	931,775
Grants to be repaid or paid		19,207	19,795	—	—	—	—	—	—	19,207	19,795
Debt	10	—	—	—	—	772,946	775,664	—	—	772,946	775,664
Deferred contributions	9	—	—	—	—	495,571	482,074	—	—	495,571	482,074
Deferred contributions pertaining to capital assets	9	—	—	—	—	1,138,794	1,053,992	—	—	1,138,794	1,053,992
Accrued defined benefit obligation of complementary retirement program	11	84,450	91,252	—	—	—	—	—	—	84,450	91,252
Post-employment accrued benefit obligation	11	84,791	98,769	—	—	—	—	—	—	84,791	98,769
		861,065	778,443	606,482	560,061	2,748,125	2,590,233	18,208	13,207	3,671,772	3,453,321
Commitments and contingencies	18 and 19										
Fund balances											
Invested in capital assets	12 and 13	—	—	—	—	258,901	234,724	—	—	258,901	234,724
Externally restricted		—	—	—	—	—	—	400,694	363,836	400,694	363,836
Internally restricted		20,095	20,085	17,917	12,248	73,008	58,386	68,463	65,115	179,483	155,834
Remeasurement and other recognized items related to defined benefit plans		(100,154)	275,999	—	—	—	—	—	—	(100,154)	275,999
Deficiency – Employee future benefits		(69,087)	(79,789)	—	—	—	—	—	—	(69,087)	(79,789)
Deficiency – Operating activities		(174,291)	(179,827)	—	—	—	—	—	—	(174,291)	(179,827)
		(323,437)	36,468	17,917	12,248	331,909	293,110	469,157	428,951	495,546	770,777
		537,628	814,911	624,399	572,309	3,080,034	2,883,343	487,365	442,158	4,167,318	4,224,098

* These items are not shown in the "Total Funds" column as their combined total is zero.

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

From the Board of the University



, Rector



, Vice-rector of Administration and Finance

Université de Montréal
Statement of cash flows

Year ended April 30, 2024
(in thousands of dollars)

	Notes	2024	2023
		\$	\$
Operating activities			
Excess of revenue over expenses		63,918	26,542
Adjustments for:			
Change in unrealized fair value of investments		(1,777)	(1,026)
Amortization of capital assets		98,862	99,284
Gain on disposal of capital assets		(320)	(186)
Amortization of deferred contributions pertaining to capital assets		(56,541)	(55,566)
Change in asset and obligations related to employee future benefits		(10,703)	(14,047)
Change in the fair value of derivative financial instruments excluding those related to the Endowment Fund		(8,592)	(14)
		84,847	54,987
Net change in non-cash working capital items and long-term term accounts receivable, deferred contributions and grants to be paid or repaid	17	47,220	(15,937)
		132,067	39,050
Investing activities			
Net change in investments		(127,215)	(152,589)
Derivative financial instruments – exchange contracts		331	75
Acquisition of capital and other assets		(213,221)	(136,740)
Proceeds from disposal of capital assets		320	186
Net change in deferred expenses		(2,522)	–
		(342,307)	(289,068)
Financing activities			
Net change in bank loans		43,291	47,377
Increase in debt		76,102	52,637
Repayment of debt		(71,597)	(85,647)
Net change in unamortized debt issuance costs		414	460
Increase in deferred contributions pertaining to capital assets		141,343	90,020
Endowments received		24,424	18,355
Investment loss deducted from endowment capital		(927)	(5,327)
		213,050	117,875
Net increase (decrease) in cash and cash equivalents		2,810	(132,143)
Cash and cash equivalents, beginning of year		6,627	138,770
Cash and cash equivalents, end of year		9,437	6,627
Cash and cash equivalents comprise			
Cash		108,600	83,427
Bank overdraft		(99,163)	(76,800)
		9,437	6,627

Additional information is presented in Note 17.

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

Université de Montréal

Notes to the financial statements

April 30, 2024

(tabular amounts are in thousands of dollars)

1. Status and purpose of Université de Montréal

Université de Montréal (the "University") is incorporated under *Act 234* of the National Assembly of Quebec, promulgated on March 27, 2018, which took effect on September 28, 2018.

The University is a registered charity, which is not subject to income taxes, within the meaning of the *Income Tax Act*. The University offers teaching services and carries on research activities associated with teaching.

2. Accounting policies

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

Consolidation

Not-for-profit entities controlled by the University are not consolidated. The combined financial information of these entities is presented in Note 16.

Fund accounting

The University presents its financial information by fund.

It has an Operating Fund and three other funds: the Restricted Fund, the Capital Assets Fund and the Endowment Fund.

Operating Fund

The Operating Fund reflects the usual activities carried on by the University in terms of providing teaching, providing support to teaching and research, the operations of the University campus, and internal research services. This fund also presents unrestricted external resources and operating grants.

Restricted Fund

The Restricted Fund reflects externally restricted resources that are primarily directed towards research-related activities. The surplus generated by activities financed externally are restricted to research or a similar activity and presented as an internal restricted fund in the fund balances.

Capital Assets Fund

The Capital Assets Fund represents the assets and liabilities as well as revenues and expenses related to capital assets held by the University and that are used for their financing.

Endowment Fund

The Endowment Fund presents resources received as endowments (permanent capital) as well as investment income that must be added to the endowments, in accordance with the donors' instructions. Other investment income earned from the Endowment Fund resources is presented in the Restricted Fund or the Operating Fund, depending on the nature of the allocations stipulated by the donors, if applicable.

Université de Montréal
Notes to the financial statements

April 30, 2024

(tabular amounts are in thousands of dollars)

2. Accounting policies (continued)

Revenue recognition

The University applies the deferral method of accounting for contributions. Under this method, contributions restricted to future year expenses are deferred and recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenues of the Operating Fund when they are received or receivable if the amount receivable can be reasonably estimated and its receipt is reasonably assured.

Contributions received in the form of capital assets are recorded at fair value on the contribution date.

Deferred revenues represent receipts for which the services have not been rendered.

The University's main sources of revenue, other than contributions, come from tuition fees, student services, the physical education and sports centre, ancillary services, and external sales. These revenues are recognized as Operating Fund revenue in the year in which the underlying service is rendered.

Operating grants from the Government of Quebec are recorded in the year in which they are incurred.

Contributions received as endowments are presented as direct increases to the Endowment Fund balance.

Restricted investment income is recognized as revenue of the related fund in the year in which the related restriction expenses are incurred. Therefore, investment income from restricted resources of the Endowment Fund is recognized as revenue of the corresponding fund. If the corresponding expense is not realized, this investment income is deferred and presented as deferred contributions in the Statement of Financial Position. Investment income from unrestricted resources of the Endowment Fund is recognized as revenue of the Operating Fund.

Contributions raised from fund-raising campaigns are recorded to the appropriate fund, based on the donor's restriction, when the donations are received. Unrestricted contributions are presented in the Operating Fund in "Donations."

The portion of revenues received regarding research contracts, for which services were not rendered during the year, is presented in deferred revenues in the Statement of Financial Position of the Restricted Fund, whereas the portion of other contributions for research and not used at year-end is presented as deferred contributions.

Financial instruments

Initial measurement

Financial assets and financial liabilities are initially recognized at fair value when the University becomes a party to the contractual provisions of the financial instrument. Financial instruments that originated or exchanged in related party transactions, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether or not the instrument has repayment terms. If it does have repayment terms, cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, cost is determined using the consideration transferred or received by the University as part of the transaction.

Université de Montréal
Notes to the financial statements

April 30, 2024

(tabular amounts are in thousands of dollars)

2. Accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

All financial instruments are measured at amortized cost, except for investments and derivative financial instruments, which are measured at fair value at the Statement of Financial Position date. Fair value fluctuations, including dividends and interest earned, dividends and interest accrued, and gains and losses realized on disposal, are included in investment income or directly in variation of fund balances. Unrealized gains and losses are included in investment income in the Statement of operations and changes in fund balances or directly in variation of fund balances.

Transaction costs

Transaction costs related to financial instruments measured at fair value after their initial recognition are expensed as incurred. With respect to other financial instruments, transaction costs 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 instrument using the straight-line method and recognized in the Statement of Operations as other income or interest expense.

Impairment

With respect to financial assets recognized at amortized cost, the University recognizes an impairment loss, when applicable, in the Statement of Operations 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 Statement of Operations in the period the reversal occurs.

Derivative financial instruments

The University uses interest rate swap contracts to manage its interest rate risk pertaining to long-term debt as well as foreign exchange forward contracts to manage the foreign exchange risk arising from currency investments. The University has chosen not to prepare the documentation required to apply hedge accounting. Consequently, interest rate swap contracts and foreign exchange contracts are recognized at fair value in the Statement of Financial Position as assets (or liabilities). Fair value is determined by using stock market quotes and the prices obtained from financial institutions for identical or similar derivative financial instruments.

Asset retirement obligations

The University recognizes the liability for an asset retirement obligation arising from the acquisition, development, construction or normal operation of a long-lived asset in the year in which it is incurred and when a reasonable estimate of the amount of the obligation can be made. The liability is measured at the best estimate of the expenditure required to settle the present obligation. The corresponding cost is capitalized as part of the related asset and is amortized over the asset's useful life. In subsequent years, the liability is adjusted for changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows or the discount rate. The accretion of the liability as a result of the passage of time is charged to earnings while changes to the liability resulting from revisions to either the original estimate of the undiscounted cash flows or the discount rate are accounted for as an adjustment to the carrying amount of the related long-lived asset.

Université de Montréal
Notes to the financial statements

April 30, 2024

(tabular amounts are in thousands of dollars)

2. Accounting policies (continued)

Asset retirement obligations (continued)

The University is aware of the presence of contaminants in certain buildings; however, the University is not able to assess the costs related to these contaminants and when, if at all, these costs will be incurred. Therefore, no liability is recognized.

Capital assets

Capital assets are recorded at cost and amortized based on their expected useful lives.

Amortization is recorded as an expense in the Statement of Operations and Changes in Fund Balances of the Capital Assets Fund using the straight-line method and over the following terms, which also correspond to the ministère de l'Enseignement supérieur (MES) guidelines:

Land improvements	10 and 20 years
Buildings	
Buildings	20, 40 or 50 years
Major improvements to buildings	25, 30 or 40 years
Leasehold improvements	term of the lease
Machinery and equipment	3, 5 or 15 years
Computer equipment	
Multimedia communication equipment	
Office furniture and equipment	
Specialized teaching and research equipment	10 years
Library documents	10 years
Rolling stock	5 years
Telecommunication networks	10 years
Software – Other than initial versions	3 years
IT development	10 years
Communication equipment under capital leases	term of the lease
Specialized teaching and research equipment under capital leases	term of the lease

Interest on temporary loans for new construction is added to the cost of construction until it is put into service.

Fully amortized capital assets are written off as soon as they are no longer being used.

When conditions indicate that a capital asset is impaired, its net carrying value should be written down to fair value or to the replacement cost of the capital asset. Write-downs of capital assets should be recognized as an expense in the Statement of Operations and Fund Balances. Write-downs are not reversed.

Translation of foreign currencies

Account balances and transactions carried out in foreign currencies are translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are translated into Canadian dollars at the exchange rate in effect at year-end, while non-monetary assets and liabilities are translated at historical exchange rates. Revenue and expenses are translated at the average rate in effect during the year, except for amortization, which is translated at the historical rates. Foreign exchange gains and losses are included in operations for the year.

2. Accounting policies (continued)

Pension plan and post-employment benefit plan

The costs of the University's primary defined benefit pension plan are determined periodically by independent actuaries. The University has chosen to measure the accrued defined benefit obligations and post-employment obligations by using the actuarial valuation for funding purposes. This periodic actuarial valuation is based on the actual projected benefit method prorated on services (which incorporates management's best estimate of future salary levels, other cost increases, retirement age of employees and other actuarial factors). For the purpose of calculating the real rate of return on plan assets, those assets are valued at fair value.

The costs of the University's complementary defined benefit pension plan and post-employment benefit plan are determined periodically by independent actuaries. The University uses an accounting actuarial valuation for measuring its defined benefit plan obligations. This periodic actuarial valuation is based on the actual projected benefit method prorated on services (which incorporates management's best estimate of future salary levels, other cost increases, retirement age of employees and other actuarial factors). For the purpose of calculating the real rate of return on plan assets, those assets are valued at fair value. The post-employment benefit plan is not funded.

The University recognizes:

- in the Statement of Financial Position, the accrued defined benefit obligations, reduced by the fair value of plan assets and adjusted for any valuation allowance (either the defined benefit asset or the accrued benefit obligation);
- in the Statement of Operations, the cost of the plan for the year;
- in the Statement of Changes in Fund Balances, revaluations and other items arising in particular from the difference between the actual return on plan assets and the return calculated using the determined discount rate, actuarial gains and losses, past services, settlement, compression and asset ceiling for defined benefit.

Use of estimates

The preparation of these financial statements requires the University's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements as well as revenue and expenses for the year then ended. Among the main financial statement items requiring management to make estimates are the grants receivable from or payable to MES, the useful lives of capital assets, the accrued liabilities, grants payable, the fair value of investments and derivative financial instruments, the defined benefit asset or accrued benefit obligations, and liabilities within the legal contingencies. Actual results may differ from these estimates.

Université de Montréal
Notes to the financial statements

April 30, 2024

(tabular amounts are in thousands of dollars)

3. Investments

	2024			
	Operating Fund	Restricted Fund	Endowment Fund	Total
	\$	\$	\$	\$
Cash and fund units – money market	346,788	6,470	38,300	391,558
Strippable coupons and Canadian bonds, nominal value of \$6,705,483, 0.85% to 4.45%, maturing from May 2024 to April 2027	—	6,652	—	6,652
Bond pooled fund units				
Canada	—	—	104,969	104,969
United States	—	—	21,588	21,588
	—	—	126,557	126,557
Equities				
Canada	—	10	96,358	96,368
United States	—	—	43,475	43,475
	—	10	139,833	139,843
Equity pooled fund units				
Canada	—	—	1,456	1,456
Foreign	—	—	52,774	52,774
	—	—	54,230	54,230
Investment in a partnership				
Canada	—	1	—	1
Real estate securities				
Canada	—	—	4,493	4,493
Foreign	—	—	12,264	12,264
	—	—	16,757	16,757
Hedge funds				
United States	—	—	84,702	84,702
Foreign	—	—	25,163	25,163
	—	—	109,865	109,865
	346,788	13,133	485,542	845,463
Less: current portion	346,788	10,740	38,300	395,828
	—	2,393	447,242	449,635

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Notes to the financial statements

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(tabular amounts are in thousands of dollars)

3. Investments (continued)

	2023			
	Operating Fund	Restricted Fund	Endowment Fund	Total
	\$	\$	\$	\$
Cash and fund units – money market	253,760	3,851	28,774	286,385
Strippable coupons and Canadian bonds, nominal value of \$5,464,991, 0.85% to 3.40%, maturing from May 2023 to December 2025	—	5,288	—	5,288
Bond pooled fund units				
Canada	—	—	102,145	102,145
United States	—	—	20,714	20,714
	—	—	122,859	122,859
Equities				
Canada	—	13	84,958	84,971
United States	—	—	41,497	41,497
	—	13	126,455	126,468
Equity pooled fund units				
Canada	—	—	791	791
Foreign	—	—	43,485	43,485
	—	—	44,276	44,276
Investment in a partnership				
Canada	—	1	—	1
Real estate securities				
Canada	—	—	4,750	4,750
Foreign	—	—	13,154	13,154
	—	—	17,904	17,904
Hedge funds				
United States	—	—	19,657	19,657
Foreign	—	—	80,126	80,126
	—	—	99,783	99,783
	253,760	9,153	440,051	702,964
Less: current portion	253,760	4,621	28,774	287,155
	—	4,532	411,277	415,809

Investment income is detailed and broken down as follows:

	2024		
	Operating Fund	Restricted Fund	Total
	\$	\$	\$
Interest and dividends	15,942	472	16,414
Investment income earned on Endowment Fund	4,754	15,127	19,881
Change in “Deferred contributions”	—	(3,855)	(3,855)
	20,696	11,744	32,440

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Notes to the financial statements

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(tabular amounts are in thousands of dollars)

3. Investments (continued)

	2023		
	Operating Fund	Restricted Fund	Total
	\$	\$	\$
Interest and dividends	10,327	328	10,655
Investment income earned on Endowment Fund	3,458	14,205	17,663
Change in "Deferred contributions"	—	(3,179)	(3,179)
	13,785	11,354	25,139

Investment income earned on Endowment Fund resources are detailed and broken down as follows:

	2024	2023
	\$	\$
Interest and dividends	10,149	8,678
Gains on disposal of investments	9,694	4,476
	19,843	13,154
Trustee and investment managers' fees	(876)	(805)
	18,967	12,349
Portion presented under "Investment income" of the Operating Fund	4,754	3,458
Portion presented with general revenues from "Student Services" of the Operating Fund	13	13
Portion presented under "Investment income" with restrictions	15,127	14,205
Investment losses deducted from endowment capital	(927)	(5,327)
	18,967	12,349

Most endowments are subject to the management and distribution Policy 10.33 of the Endowment Fund (the "Policy"), which annually determines the amount of investment income to be allocated to the various funds. If the fair value (FV) of each endowment is greater than the initial capital provided (ICP), projected revenue must be recorded in each respective fund according to the formula based on the "FV/ICP" ratio. If investment income for the year is insufficient, the University must draw on income from previous years included in the fund balances of the Endowment Fund as a temporary reserve. If the temporary reserve is insufficient, a portion of the change in unrealized fair value of resources held by the Endowment Fund is then used to meet the exact amount of the distribution established under the Policy.

The change in unrealized fair value on Endowment Fund resources totalled \$15,284,347 (\$7,369,990 in 2023) and is broken down as follows:

	2024	2023
	\$	\$
Portion presented in the Statement of Operations of the Operating Fund and transferred to the Endowment Fund (Note 14)	1,777	776
Portion presented directly as a change in the fund balances of the Endowment Fund	13,507	6,594
	15,284	7,370

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(tabular amounts are in thousands of dollars)

4. Accounts receivable

Accounts receivable are broken down as follows based on the funds and the current and long-term portions:

	2024	2023
	\$	\$
Operating Fund		
Grant receivable from MES	88,422	82,200
Tuition fees and other fees	19,619	17,786
Sales and other*	21,507	19,793
Interest and dividends	1,234	793
	130,782	120,572
Provision for bad debt	(8,847)	(7,137)
Current portion receivable	121,935	113,435
Restricted Fund		
Grants, contracts and other	127,087	131,607
Less: Long-term portion receivable	4,120	3,055
Current portion receivable	122,967	128,552
Capital Assets Fund		
Grants	1,287,958	1,244,606
Interest and dividends	276	265
Other	312	539
	1,288,546	1,245,410
Less: Long-term portion receivable	1,079,467	1,048,643
Current portion receivable	209,079	196,767
Endowment Fund		
Interest and dividends	31	27
Other	407	442
Current portion receivable	438	469
Total of current portion of cashable accounts receivable	454,419	439,223
Total of long-term cashable accounts receivable	1,083,587	1,051,698

* Accounts receivable related to external sales, GST/QST and other items not related to the MES grant or tuition fees.

Donations receivable

Donations receivable from subscription campaigns, totalling \$224,582,700 (\$240,153,500 in 2023), are pledged commitments and are not recorded in the Statement of Financial Position. The estimated realizable value of these commitments is \$208,062,900 (\$230,127,200 in 2023), of which \$8,912,200 (\$40,236,100 in 2023) during the following year and is based on the collection history.

5. Advances to (due to) other funds

The University manages all its bank accounts globally. Although most of the deposits attributed to each fund are applied to the bank account of the fund in question, disbursements pass through a central bank account presented in the Operating Fund. Advances to (due to) other funds are non-interest-bearing and do not include terms of repayment (or reimbursement).

Université de Montréal
Notes to the financial statements

April 30, 2024

(tabular amounts are in thousands of dollars)

6. Capital assets

	2024		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	47,409	—	47,409
Land improvements	86,333	22,510	63,823
Buildings			
Buildings	1,030,269	466,949	563,320
Major improvements to buildings	851,954	348,027	503,927
Leasehold improvements	20,769	20,317	452
Machinery and equipment			
Computer equipment	54,014	34,859	19,155
Multimedia communication equipment	24,561	19,379	5,182
Office furniture and equipment	31,125	26,512	4,613
Specialized teaching and research equipment	214,697	103,787	110,910
Library documents	310,856	268,220	42,636
Rolling stock	2,514	1,434	1,080
Telecommunication networks	8,724	7,126	1,597
Software – Other than initial versions	11,746	6,429	5,317
IT development	96,385	87,152	9,233
Communication equipment under capital leases	10,499	10,340	159
Specialized teaching and research equipment under capital leases	157	157	—
Current projects	249,400	—	249,400
Works of art	6,133	—	6,133
	3,057,545	1,423,199	1,634,346
			2023
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	47,409	—	47,409
Land improvements	77,582	17,997	59,585
Buildings			
Buildings	1,029,765	448,687	581,078
Major improvements to buildings	813,087	320,462	492,625
Leasehold improvements	20,768	19,369	1,399
Machinery and equipment			
Computer equipment	46,809	31,925	14,884
Multimedia communication equipment	23,975	20,392	3,583
Office furniture and equipment	33,667	26,643	7,024
Specialized teaching and research equipment	201,125	100,735	100,390
Library documents	302,694	259,532	43,162
Rolling stock	2,144	1,332	812
Telecommunication networks	8,432	6,483	1,949
Software – Other than initial versions	10,448	6,319	4,129
IT development	112,716	100,571	12,145
Communication equipment under capital leases	10,496	10,295	201
Specialized teaching and research equipment under capital leases	157	157	—
Current projects	158,549	—	158,549
Works of art	5,716	—	5,716
	2,905,539	1,370,899	1,534,640

Université de Montréal
Notes to the financial statements

April 30, 2024

(tabular amounts are in thousands of dollars)

7. Bank loans

	2024	2023
	\$	\$
Capital Assets Fund		
Bank credit facilities – Financial institution	4,000	4,000
Bank credit facilities – Financement-Québec*	135,758	92,467
	139,758	96,467

* The University has authorized lines of credit of \$545,487,727 from Financement-Québec intended for the temporary financing of capital asset acquisitions financed by the MES.

The lines of credit bear interest at the average rate of Quebec 3-month Treasury bills plus 0.020% (average 3-month bankers' acceptance rate plus 0.020% as at April 30, 2023). The effective rate was 4.974% as at April 30, 2024 (4.514% as at April 30, 2023)

The MES lines of credit will be repaid in cash quarterly instalments by the MES.

The University has authorized bank credit facilities of \$10,000,000 in the form of a line of credit. The line of credit bears interest at the lending institution's preferred rate minus 50 points (effective rate of 6.70% as at April 30, 2024; 6.20% as at April 30, 2023) and is renewable on January 31, 2025. As at April 30, 2024, an amount of \$4,000,000 from the line of credit was used to finance a portion of the capitalizable costs related to the rehabilitation of the Roger-Gaudry pavilion (same as at April 30, 2023).

8. Accounts payable and accrued liabilities

	2024	2023
	\$	\$
Accounts payable and accrued liabilities	93,000	104,353
Salaries and employee benefits	90,122	45,526
Accumulated vacation of staff and unpaid leave to be remitted in time	49,451	46,991
Government remittances	6,899	4,821
	239,472	201,691

9. Deferred contributions

Deferred contributions

Deferred contributions relate to amounts that have not yet been used for the purposes designated by the fund contributors.

	2024		
	Restricted Fund	Capital Assets Fund	Total
	\$	\$	\$
Balance, beginning of year (short and long-term)	452,683	482,484	935,167
Grants received during the year	233,823	160,872	394,695
Donations received during the year	37,616	17,573	55,191
Restricted investment income for the year	15,722	—	15,722
Amount recognized as revenue during the year	(253,143)	(23,605)	(276,749)
Amount transferred from deferred contributions pertaining to capital assets	—	(141,343)	(141,343)
Balance, end of year (short- and long-term)	486,701	495,981	982,682

Université de Montréal
Notes to the financial statements

April 30, 2024

(tabular amounts are in thousands of dollars)

9. Deferred contributions (continued)

	2023		
	Restricted Fund	Capital Assets Fund	Total
	\$	\$	\$
Balance, beginning of year (short and long-term)	416,431	387,460	803,891
Grants received during the year	229,235	199,494	428,729
Donations received during the year	28,214	6,981	35,195
Restricted investment income for the year	14,572	—	14,572
Amount recognized as revenue during the year	(235,769)	(21,431)	(257,200)
Amount transferred from deferred contributions pertaining to capital assets	—	(90,020)	(90,020)
Balance, end of year (short- and long-term)	452,683	482,484	935,167

Deferred contributions pertaining to capital assets

Deferred contributions pertaining to capital assets relate to the restricted contributions for the acquisition of capital assets and represent the unamortized portion at year-end.

	2024	2023
	\$	\$
Balance, beginning of year	1,053,992	1 019 538
Amount transferred from deferred contributions	141,343	90 020
Amount recognized as revenue during the year	(56,541)	(55 566)
Balance, end of year	1,138,794	1 053 992

10. Debt

	2024	2023
	\$	\$
Loans financed by the MES		
Loan, 2.1470%, interest payable semi-annually, principal repayable in annual instalments of \$9,283,661, balance of \$9,028,749 payable at maturity on October 1, 2028	46,163	55,447
Loan, 3.4120%, interest payable semi-annually, principal repayable in annual instalments of \$1,800,000, balance of \$10,800,000 payable at maturity on June 1, 2034	28,800	30,600
Loan, 3.1090%, interest payable semi-annually, principal repayable in annual instalments of \$5,227,600, balance of \$15,041,200 payable at maturity on March 1, 2029	35,952	41,179
Amounts to be carried forward	110,915	127,226

Université de Montréal
Notes to the financial statements

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(tabular amounts are in thousands of dollars)

10. Debt (continued)

	2024	2023
	\$	\$
Loans financed by the MES (continued)		
Amounts carried forward	110,915	127,226
Loan, 2.4150%, interest payable semi-annually, principal repayable in annual instalments of \$443,200, balance of \$795,200 payable at maturity on March 1, 2030	3,011	3,455
Loan, 3.2300%, interest payable semi-annually, principal repayable in annual instalments of \$1,480,000, balance of \$10,360,000 payable at maturity on June 1, 2034	25,160	26,640
Loan, 2.1300%, interest payable semi-annually, principal repayable in annual instalments of \$8,817,251, balance of \$95,674,739 payable at maturity on September 1, 2026	113,309	122,126
Loan, 2.7530%, interest payable semi-annually, principal repayable in annual instalments of \$105,080, balance of \$105,880 payable at maturity on September 1, 2032	947	1,052
Loan, 2.8760%, repayable in blended quarterly instalments of \$807,184, balance of \$795,536 payable at maturity on March 1, 2034	27,767	30,131
Loan, 2.3640%, repayable in blended annual instalments of \$606,836, maturing on June 1, 2026	1,738	2,290
Loan, 2.9330%, interest payable semi-annually, principal payable in annual instalments of \$951,919 payable at maturity on December 1, 2042	18,086	19,038
Loan, 2.7870%, interest payable semi-annually, principal repayable in annual instalments of \$9,789,139, balance of \$46,729,312 payable at maturity on September 1, 2027	76,097	85,886
Loan, 3.1370%, interest payable semi-annually, principal repayable in annual instalments of \$2,112,840, maturing on December 1, 2043	42,257	44,370
Loan, 2.4390%, interest payable semi-annually, principal repayable in annual instalments of \$3,564,532, maturing on October 1, 2039	57,033	60,597
Loan, 2.3460%, interest payable semi-annually, principal repayable in annual instalments of \$422,533, maturing on October 1, 2034	4,648	5,071
Loan, 0.7690%, interest payable semi-annually, principal repayable in annual instalments of \$259,117, maturing on November 1, 2025	518	777
Loan, 1.7100%, interest payable semi-annually, principal repayable in annual instalments of \$70,767, maturing on November 1, 2035	849	920
Loan, 1.9540%, interest payable semi-annually, principal repayable in annual instalments of \$1,319,610, maturing on November 1, 2040	22,433	23,753
Loan, 1.3450%, interest payable annually, principal and interest repayable in annual instalments of \$358,279, maturing on November 17, 2030	2,378	2,700
Amounts to be carried forward	507,146	556,032

Université de Montréal
Notes to the financial statements

April 30, 2024

(tabular amounts are in thousands of dollars)

10. Debt (continued)

	2024	2023
	\$	\$
Loans financed by the MES (continued)		
Amounts carried forward	507,146	556,032
Loan, 2.5920%, interest payable semi-annually, principal repayable in annual instalments of \$1,426,895, maturing on October 1, 2041	25,684	27,111
Loan, 2.4280%, interest payable semi-annually, principal repayable in annual instalments of \$646,677, maturing on October 1, 2036	8,407	9,053
Loan, 1.4990%, interest payable semi-annually, principal repayable in annual instalments of \$1,677,656, maturing on October 1, 2026	5,033	6,711
Loan, 4.5440%, interest payable semi-annually, principal repayable in annual instalments of \$1,648,198, maturing on October 1, 2042	31,316	32,964
Loan, 4.0020%, interest payable semi-annually, principal repayable in annual instalments of \$492,460, maturing on October 1, 2027	1,970	2,462
Loan, 4.0020%, interest payable semi-annually, principal repayable in annual instalments of \$140,000, maturing on October 1, 2027	560	700
Loan, 4.3540%, interest payable semi-annually, principal repayable in annual instalments of \$7,316,856, balance of \$8,465,150 maturing on March 1, 2025	8,465	15,782
Loan, 4.1870%, repayable in blended annual instalments of \$91,183, maturing on June 27, 2032	669	729
Loan, 5.1500%, interest payable semi-annually, principal repayable in annual instalments of \$2,781,617, maturing on October 1, 2043	55,632	—
Loan, 4.7710%, interest payable semi-annually, principal repayable in annual instalments of \$692,668, maturing on October 1, 2028	3,463	—
Loan, 4.7710%, interest payable semi-annually, principal repayable in annual instalments of \$1,380,920, maturing on October 1, 2028	6,905	—
Loan, 3.9990%, repayable in blended quarterly instalments; the first of which will be \$303,870 and those thereafter will be \$420,123, maturing on March 1, 2031	10,102	—
	665,352	651,544
Unamortized issuance costs	(2,663)	(3,077)
	662,689	648,467

Université de Montréal
Notes to the financial statements

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(tabular amounts are in thousands of dollars)

10. Debt (continued)

	2024	2023
	\$	\$
Other loans		
Loan for renovation and redevelopment work and for the construction of pavilions, bearing interest at the variable indexed rate at 3-month CDOR plus 0.4300% (effective rate of 5.7250% as at April 30, 2024; 5.4600% as at April 30, 2023), repayable in blended quarterly instalments of \$1,705,953, balance of \$30,921,459 payable at maturity on January 3, 2030, financed by the Operating Fund*	56,663	60,028
Loan for renovation work on residences, bearing interest at the variable indexed rate at 1-month CDOR (effective rate of 5.4875% as at April 30, 2024; 5.1575% as at April 30, 2023) plus stamping fees fixed at 0.2000%, repayable in blended monthly instalments of \$55,281, maturing on May 31, 2030, financed by the Operating Fund*	3,423	3,883
Loan for the repurchasing of the capital lease of the Cité du Savoir de Laval building, bearing interest at the variable indexed rate at 3-month CDOR plus 0.7200% (effective rate of 5.9975% as at April 30, 2024; 5.7650% as at April 30, 2023), repayable in blended quarterly instalments of \$607,355, balance of \$5,235,493 payable at maturity on January 25, 2039, financed by the Operating Fund*	31,064	32,382
Loan for the construction of the MIL complex, bearing interest at the variable indexed rate at 3-month CDOR plus 0.5400% (effective rate of 5.8350% as at April 30, 2024; 5.5700% as at April 30, 2023), repayable in blended quarterly instalments of \$1,254,803, balance of \$45,785,084 payable at maturity on April 1, 2035, financed by the Operating Fund*	87,400	90,786
Loan for the Cité du Savoir de Laval building, bearing interest at the variable indexed rate at 3-month CDOR plus 62 points (effective rate of 5.9375% as at April 30, 2024; 5.6425% as at April 30, 2023), repayable in quarterly instalments, the amount of which is variable and determined using a payment schedule predetermined by the bank, maturing on June 1, 2036, financed by the Operating Fund*	10,942	11,716
	189,492	198,795
	852,181	847,262
Less: current portion	79,235	71,598
	772,946	775,664

* These loans contain the interest rate and swap contracts presented in Note 15.

Principal payments required over the next five years are as follows:

	\$
2025	79,235
2026	71,371
2027	158,505
2028	98,025
2029	60,819

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(tabular amounts are in thousands of dollars)

11. Defined benefit asset (accrued benefit obligations)

	2024	2023
	\$	\$
Defined benefit asset of the primary pension plan program	—	386,230
Accrued defined benefit obligation of complementary retirement program	(84,450)	(91,252)
Post-employment accrued benefit obligation	(84,791)	(98,769)

Pension plan

The University offers all of its employees a defined benefit contributory pension plan as well as a complementary program. Benefits derived from both of these programs are based on years of service and provide final years' earnings. The funds needed to meet the plan's obligations are provided by the participants and the University.

According to the most recent actuarial valuation, the University has an obligation to pay a minimum contribution equal to 11.43% of the participants' salary for the 2024 calendar year (11.43% for calendar year 2023). The University paid an actual contribution of 11.43% for the calendar year 2024 (11.43% for calendar year 2023). This rate does not include the benefit payable for the financing of the complementary retirement program of approximately 0.90% of the participants' salary (0.85% in 2023).

The University measures the fair value of plan assets as at April 30 and measures its accrued benefit obligation by way of extrapolation as at April 30 for accounting purposes. The most recent actuarial valuation for funding purposes of the plan was performed on May 31, 2022. The data was extrapolated as at April 30, 2024.

During the year, the University revised its estimate of the value of the defined benefit asset, presented below as the difference between the fair value of the pension plan assets and the actuarial liability (which, in this case, corresponds to the defined benefit obligations). Following in-depth analyses, it was determined that based on the current legislative context and the provisions of the pension plan regulations governing the use of actuarial surpluses, the probability of realizing such an asset through contribution holidays for the University is now considered unlikely. Consequently, since the conditions allowing the recognition of an asset were not met, a valuation allowance was recorded as a reduction of the defined benefit asset, the counterpart of which was charged to the Statement of Changes in Fund Balances.

Information about the pension plan is detailed as follows:

	2024	2023
	\$	\$
Primary pension plan		
Fair value of the pension plan assets	4,868,200	4,778,010
Accrued benefit obligations	(4,527,800)	(4,391,780)
Valuation allowance	(340,400)	—
Defined benefit asset	—	386,230
Complementary program		
Accrued benefit obligations	(84,450)	(91,252)

11. Defined benefit asset (accrued benefit obligations) (continued)

Composition of pension plan assets as at April 30:

	2024	2023
	%	%
Money market securities and cash	4.5	4.6
Bonds	28.7	29.6
Equities	25.6	24.7
Pooled funds and other investments	41.2	41.1
	100.0	100.0

Other pension plan information is presented as follows:

	2024	2023
	\$	\$
Expense for the year recognized in the Statement of Operations	54,978	50,450
Contributions paid by the University during the year	71,271	68,144

Post-employment benefit plan

The University has established a post-employment benefit plan for all retired employees.

For accounting purposes, the University measures its accrued benefit obligation by way of extrapolation as at April 30 of each year. Post-employment benefits were subject to a complete valuation for accounting purposes as at January 1, 2024. The results of this valuation were extrapolated as at April 30, 2024.

Information related to the plan is presented as follows:

	2024	2023
	\$	\$
Accrued benefit obligations	(84,791)	(98,769)

Other information about the post-employment benefit plan is presented as follows:

	2024	2023
	\$	\$
Expense for the year recognized in the Statement of Operations	9,297	8,934
Benefits paid by the University during the year	3,706	5,287

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(tabular amounts are in thousands of dollars)

11. Defined benefit asset (accrued benefit obligations) (continued)

Assumptions

The University has retained the following significant actuarial assumptions:

	2024		2023	
	Primary pension plan and complementary program	Post-employment benefit plan	Primary pension plan and complementary program	Post-employment benefit plan
	%	%	%	%
Accrued defined benefit obligations as at April 30	5.65 (5.35 for complementary)	5.35	5.65 (4.75 for complementary)	4.75
Discount rate				
Rate of compensation increase	2.50	2.50	2.50	2.50
Rate of health care cost increase	—	5.47	—	5.47
Benefit costs for the year ended April 30	5.70 (4.75 for complementary)	4.75	5.90 (4.85 for complementary)	5.45
Discount rate				
Rate of compensation increase	2.50	2.50	2.50	2.50
Rate of tuition fees	—	2.00	—	2.00
Rate of health care cost increase	—	5.47	—	5.47

12. Internally and externally restricted fund balances

Main categories of externally restricted amounts

	2024	2023
	\$	\$
Endowment Fund		
External endowments whose income must be used for the purposes specified by the donor and not related to the Operating Fund	315,791	291,724
External endowments whose income is related to the Operating Fund or is used at the University's discretion	1,929	1,927
Accumulated unrealized gain on investments related to external endowment capital	48,796	35,150
Accumulated investment income added to endowment capital ⁽¹⁾	34,178	35,035
	400,694	363,836

⁽¹⁾ Accumulated investment income is presented as an external restriction as a result of the University's funding protocol that donors subscribe to at the time of the donation. The protocol's main purpose is to maintain, in a temporary reserve, the annual revenues not allocated to other funds retained to ensure subsequent distribution should the income of subsequent years be lower than the amounts to be allocated.

12. Internally and externally restricted fund balances (continued)

Main categories of internal restrictions

	2024	2023
	\$	\$
Operating Fund		
Research-related internal activities	20,047	19,893
Redevelopment activities for Student Services and Physical education and sports centre	48	192
	20,095	20,085
Restricted Fund		
Surplus generated on research activities primarily restricted for research purposes or for purposes identical to those of the initial externally restricted contribution	17,917	12,248
Capital Assets Fund		
Future capital asset acquisitions	73,008	58,386
Endowment Fund		
Internally restricted capital whose revenue can be used at the University's discretion	58,582	56,864
Accumulated unrealized gain on investments related to external endowment capital	9,881	8,251
	68,463	65,115

13. End-of-year fund balances of the Operating Fund

The Operating Fund mainly has two types of activities:

- General teaching activities funded from the MES grant restricted to operations and by tuition fees;
- The specific research-related activities funded from internally restricted funds determined by the University's management.

The University has restricted amounts from its Operating Fund revenue for internal research activities. The internally restricted amounts for research-related activities are included in the internally restricted fund balance of the Operating Fund. In 2024, the internally restricted amount for the year is \$39,975,000 (\$34,806,400 in 2023). Internally restricted amounts associated with research activities amount to \$20,047,000 as at April 30, 2024 (\$19,893,200 as at April 30, 2023).

The fund balance restricted to creating reserves for the amortization of certain capital assets totalled \$47,900 as at April 30, 2024 (\$191,700 as at April 30, 2023).

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(tabular amounts are in thousands of dollars)

14. Interfund transfers

	2024			
	Operating Fund	Restricted Fund	Capital Assets Fund	Endowment Fund
	\$	\$	\$	\$
Contributions to the Capital Assets Fund for future projects	(29,921)	—	29,921	—
Contributions to the acquisitions of capital and assets and to the debt	(41,212)	(8,315)	49,527	—
Internally restricted endowment capital	(2,168)	—	—	2,168
Recovery of internal restrictions	465	—	—	(465)
Transfer of unrealized gains of endowments related to the Operating Fund	(1,777)	—	—	1,777
Re-capitalized investment income ⁽¹⁾	(17)	—	—	17
	(74,630)	(8,315)	79,448	3,497
	2023			
	Operating Fund	Restricted Fund	Capital Assets Fund	Endowment Fund
	\$	\$	\$	\$
Contributions to the Capital Assets Fund for future projects	(16,803)	—	16,803	—
Contributions to the acquisitions of capital and assets and to the debt	(34,750)	(5,750)	40,500	—
Internally restricted endowment capital	(6,405)	—	—	6,405
Recovery of internal restrictions	463	—	—	(463)
Transfer of unrealized losses of endowments related to the Operating Fund	(776)	—	—	776
Re-capitalized investment income ⁽¹⁾	(6)	—	—	6
	(58,277)	(5,750)	57,303	6,724

⁽¹⁾ Represents the reinvestment (capitalization) of the portion of investment income not required by the beneficiaries.

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15. Financial instruments

Considering its financial assets and liabilities, the University is exposed to the following financial risks:

Credit risk

The University grants credit to students in the normal course of its activities and maintains provisions for potential credit losses. A significant portion of accounts receivable is comprised of grants receivable from the MES. The University assesses the risk of default for receipt as low.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises foreign exchange risk, interest rate risk, and other price risk. The University is exposed to market risk from its investing activities. The level of risk to which the University is exposed varies depending on market conditions and the composition of the asset mix. The University manages this risk by applying an investment policy that allows for diversification of investments.

Foreign exchange risk

This risk arises from the interests held by the University in foreign securities and foreign bonds. The investment policy applied by the Endowment Fund is the tool used to manage this risk. As at April 30, 2024, interests held by the University denominated in foreign currencies had a fair value of \$239,966,000 in Canadian dollars (\$218,633,000 as at April 30, 2023).

As at April 30, 2024, the University had foreign exchange contracts under which it has agreed to sell US\$54,450,998 at rates varying between 1.344755 and 1.356365 maturing on May 15, 2024. These contracts are intended for investments cashable in U.S. dollars; they are not eligible for hedge accounting. Derivative foreign exchange contracts are measured at fair market value and are recognized separately in the Statement of Financial Position, in assets or in liabilities, depending on the situation, under these specific items.

Interest rate risk

The bond funds in which the University holds interests are made up of fixed-rate interest-bearing bonds. Consequently, changes in the market interest rate will have an impact on the fair value of the interests as well as on bond investments held by the University.

Bonds and loans financed by the MES are secured, principal and interest, by the assignment and transfer of the MES grants. Most of the other long-term debts bear interest at a variable rate and are hedged by interest rate swap contracts.

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(tabular amounts are in thousands of dollars)

15. Financial instruments (continued)

Interest rate risk (continued)

Under these interest rate swap contracts entered into by the University, the University must disburse interest at fixed rates as consideration for variable rates. These interest rate swap contracts have different maturities and are broken down as follows as at April 30, 2024:

Expiry date	Initial nominal amount	Pays or receives	Fixed rate	Variable rate
	\$		%	
May 31, 2030	9,000	Pays, fixed Receives, variable	5.5000	1-month CDOR +0.20%
April 1, 2035	100,000	Pays, fixed Receives, variable	1.8242	3-month CDOR +0.54%
January 3, 2030	105,936	Pays, fixed Receives, variable	5.1300	3-month CDOR +0.43%
June 1, 2036	13,032	Pays, fixed Receives, variable	1.0851	3-month CDOR +0.62%
January 25, 2039	37,219	Pays, fixed Receives, variable	3.4850	3-month CDOR +0.72%

Consequently, the treasury risks are minimal.

As these interest rate swap contracts were not accounted for using hedge accounting, they are recorded in the Statement of Financial Position in the Capital Assets Fund at fair value. This fair value was determined based on the information obtained from the banking counterparty with which these contracts were negotiated.

Liquidity risk

Liquidity risk is the risk that the University will be unable to meet its financial obligations when due. The University monitors its cash balances and cash flows arising from its activities in order to be able to meet its commitments. As at April 30, 2024, the most significant financial liabilities were the bank overdraft, bank loans, accounts payable and accrued liabilities, grants payable, debt, and derivative financial instruments.

16. Controlled non-profit entities and partnership

Controlled non-profit entities

The University controls Presses de l'Université de Montréal and IRICoR. These entities have not been consolidated in these financial statements. The combined financial data of these entities is as follows:

	2024	2023
	\$	\$
Financial position		
Assets	12,115	16,169
Liabilities	8,903	14,116
Excess of assets over liabilities	3,212	2,053
	12,115	16,169
Operations		
Revenue	9,179	7,915
Expenses	8,020	8,384
Excess (deficiency) of revenue over expenses	1,159	(469)

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16. Controlled non-profit entities and partnership (continued)

Partnership

The University has formed a partnership with the Corporation de l'École Polytechnique de Montréal and the Corporation de l'École des hautes études commerciales de Montréal. This partnership is known as the Institute for Data Valorization (IVADO). Given its nature, this partnership does not constitute a separate legal entity. Each member of the partnership recognizes in its own financial statements its share of the year's revenues and expenses. The University is the partnership's fiduciary.

The University's financial statements include revenue of \$10,067,000 (\$11,243,000 in 2023) and equivalent expenses attributable to this partnership.

17. Additional information to the Statement of Cash Flows

	2024	2023
	\$	\$
<i>Change in non-cash operating working capital items and long-term accounts receivable, deferred contributions and grants payable</i>		
Accounts receivable	(47,085)	(145,869)
Inventories	295	(485)
Expenses attributable to the following year	(3,822)	(200)
Accounts payable and accrued liabilities	52,439	(9,174)
Deferred revenues	(1,534)	(2,728)
Deferred contributions	(588)	11,243
Grants to be repaid or paid	47,515	131,276
	47,220	(15,937)

Non-cash transactions

	2024	2023
	\$	\$
Unpaid capital assets, end of year	43,919	58,577

18. Commitments

- (a) The commitments of the Operating Fund total \$324,004,200 with respect to the Capital Assets Fund, as a contribution for asset acquisitions, as well as for renovation, redevelopment, expansion and capital asset construction projects. This amount is broken down as follows:

	<u>Commitments</u>
	\$
Self-financed units	20,987,900
Other units of the Operating Fund	<u>303,016,300</u>

- (b) The commitments of the Restricted Fund totalled \$4,563,400 with respect to the Capital Assets Fund, as a contribution for asset acquisitions, as well as for renovation, redevelopment, expansion and capital asset construction projects.

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18. Commitments (continued)

- (c) The University is bound by different leases for physical space, equipment and computer equipment. The total commitments relating to these contracts amounted to \$91,484,900. Minimum payments required under these contracts over the next five years are as follows:

	\$
2024	17,844,100
2025	17,368,600
2026	10,063,900
2027	5,836,700
2028	5,410,400

- (d) The University is committed to a financial institution to ensure, in the event of default, a maximum of \$750,000 in connection with a loan of Presses de l'Université de Montréal, an organization controlled by the University.
- (e) As at April 30, 2024, the University has agreed to pay by contracts from external suppliers for a total amount of \$339,657,500.

19. Contingencies

In the normal course of business, the University is involved in various claims mainly concerning the Capital Assets projects. Although, as at April 30, 2024, the outcome of these outstanding claims cannot be determined with certainty, the University is of the opinion that it will have no significant adverse effect on its financial position, its operations or its cash flows.