L'ŒUVRE LÉGER

JULES AND PAUL-ÉMILE LÉGER FOUNDATION

CONSOLIDATED ANNUAL FINANCIAL REPORT

DECEMBER 31, 2012 AND 2011

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MANAGEMENT'S REPORT

Management is responsible for the preparation of the Foundation's consolidated financial statements. Management believes that these consolidated financial statements fairly reflect the form and substance of transactions and present fairly the Foundation's financial position and the results of its operations. The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. To record the amounts presented in the consolidated financial statements, management used the best estimates and appropriate judgements that it believes are reasonable under the circumstances in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The financial information in the Foundation's annual financial report is presented according to fund accounting to better segment its main areas of activity. The Programs Fund consolidates all of the fundamental activities that the Foundation has implemented to achieve its mission, which is to help the most deprived communities in the world to reconnect with their human dignity in a lasting, sustainable manner. This fund, however, only receives the revenue collected for the direct financing of community projects. Under these circumstances, long-term financial capacity and stability are consequently essential components in the support of these long-term commitments and represent an important contributing element. The purpose of the Capital Growth Fund is to consolidate the long-term financial-support activities. As such, proceeds from capital funding campaigns, bequests, and other long-term contributions are recorded in this fund, and the Capital Growth Fund makes annual contributions to support the operations of the programs out of the Foundation's equity that has been maintained. The Life Annuities Fund continues to distinctly report on annuity operations, providing disclosure on materiality, differentiation and inherent risks of this activity.

Annuities operations are recorded in accordance with accounting policies in force in life insurance enterprises, whose financial products include annuities. This presentation offers a better understanding to the consolidated financial statements reader as to the financial elements of theses annuity operations, as well as a better understanding of their performance and inherent risks. The Management Committee mandates independent actuaries to evaluate these operations' liabilities. The most recent independent valuation of the actuarial liability was done as at December 31, 2012. The next valuation is scheduled for December 31, 2014.

In furtherance of the integrity and objectivity of data in the consolidated financial statements, management has put in place internal control systems for the Foundation and its subsidiaries. Management believes that the internal controls provide reasonable assurance that financial data are reliable and form a proper basis for the preparation of the financial statements, and that the assets are properly accounted for and safeguarded.

The Board of Directors delegates the management of the common fund to the Investment Committee, which acts as trustee for the participants. The Investment Committee sees to a prudent and effective management of the Foundation's assets and to the preparation of a written investment policy that takes into consideration its characteristics and own financial obligations. This Committee recommends the investment managers and defines their mandates and objectives. It also recommends the trustee. Furthermore, twice a year, it performs an analysis of the assets distribution and an assessment of the portfolio's financial yield and the manager's performance based on data provided by an independent valuator.

MANAGEMENT'S REPORT *(continued)*

The Board of Directors carries out its responsibility regarding the consolidated financial statements included in this Annual Report on an ongoing basis notably through its Audit Committee, composed in majority of members that are independent of the executive team. The Audit Committee meets with the independent auditor both before and after the audit; the Committee reviews the Foundation's audited consolidated financial statements and formulates the appropriate recommendations to the Board of Directors.

Deloitte s.e.n.c.r.l., the independent auditor of the Foundation whose audit report follows, has audited the Foundation's consolidated financial statements in accordance with Canadian auditing standards. It's audit provides an objective and independent review of the fair presentation of the financial position and the results of the Foundation's operations.

Management believes that its management of the Foundation's financial risks is adequate and that its long-term financial stability is well-assured. As at December 31, 2012, the available balance of the Programs Fund, which serves as the working capital of the Foundation, represents 33.9% of the fund's operations or approximately four months of activities. During the year, the Capital Growth Fund made a contribution of $4,700,000 to support the programs, i.e., 62.1% of total expenditures. At year-end, the balance of the Capital Growth Fund was $15,510,084, which is more than three times the annual contribution made to the Programs Fund. There was a deficit of $537,130 during the year in annuities operations. The provision for future benefits, actualized according to the parameters established by Aon Consulting Inc.'s actuarial valuation as at December 31, 2012 increased by $2,040,000 compared to last year due to the increase in the number of contracts in force. The discretionary balance of the Capital Growth Fund consisted of an additional hedge of 69% of the provision for future benefits.

André Dostie
President

Norman MacIsaac
Executive Director

Pierre Y. Langlois, CA
Treasurer

Montreal, Canada
May 8, 2013

Deloitte.

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Independent auditor's report

To the Members of
Jules and Paul-Émile Léger Foundation

We have audited the consolidated financial statements of the Jules and Paul-Émile Léger Foundation, which comprise the consolidated balance sheets as at December 31, 2012, December 31, 2011 and January 1, 2011, and the consolidated statements of revenue, expenditure and 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Jules and Paul-Émile Léger Foundation 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.

Deloitte s.e.n.c.r.l.[1]

June 7, 2013

[1] CPA auditor, CA public accountancy permit No. A120628

JULES AND PAUL-ÉMILE LÉGER FOUNDATION

Consolidated Balance Sheets

As at December 31, 2012, as at December 31, 2011 and as at January 1, 2011

	Programs Fund	Life Annuities Fund	Capital Growth Fund	December 31, 2012 Total	December 31, 2011 Total	January 1, 2011 Total
	$	$	$	$	$	$
Assets						
Cash	754,827	-	-	754,827	1,075,540	873,951
Investments (note 4)	2,751,127	16,768,967	15,723,737	35,243,831	35,621,797	38,106,272
Contribution receivable from the Canadian government	520,981	-	-	520,981	500,000	-
Receivables	84,117	-	-	84,117	128,393	102,000
Interfund advances receivable*	-	1,050,033 *	-	-	-	-
Prepaid expenses	40,753	-	-	40,753	71,681	88,422
Other assets	11,987	-	-	11,987	11,717	131,424
	4,163,792	17,819,000	15,723,737	36,656,496	37,409,128	39,302,069
Capital assets (note 5)	224,494	-	-	224,494	332,247	267,332
	4,388,286	17,819,000	15,723,737	36,880,990	37,741,375	39,569,401
Liabilities						
Accounts payable and accrued liabilities	504,672	446,000	-	950,672	1,054,440	901,051
Interfund advances payable*	836,380 *	-	213,653 *	-	-	-
Deferred contribution from the Canadian government (note 6)	-	-	-	-	173,637	-
Deferred contributions from the public (note 6)	254,405	-	-	254,405	397,931	718,381
	1,595,457	446,000	213,653	1,205,077	1,626,008	1,619,432
Provision for future benefits (note 7)	-	17,373,000	-	17,373,000	15,333,000	14,405,500
	1,595,457	17,819,000	213,653	18,578,077	16,959,008	16,024,932
Commitments (note 16)						
Fund balances						
Invested in capital assets	224,494	-	-	224,494	332,247	267,332
Permanently restricted (note 8)	-	-	3,443,097	3,443,097	3,197,792	3,530,630
Restricted by management	-	-	12,066,987	12,066,987	14,783,995	17,220,085
Unrestricted	2,568,335	-	-	2,568,335	2,468,333	2,526,422
	2,792,829	-	15,510,084	18,302,913	20,782,367	23,544,469
	4,388,286	17,819,000	15,723,737	36,880,990	37,741,375	39,569,401

* These amounts do not appear in the total column because they cancel each other out.

On behalf of the Board,

Director

Director

Consolidated Statements of Revenue, Expenditure and Fund Balances

Years ended December 31				2012	2011
	Programs Fund	Life Annuities Fund	Capital Growth Fund	Total	Total
	$	$	$	$	$
Revenue					
Canadian government (note 9)	657,269	-	-	657,269	5,610,615
Quebec government	10,150	-	-	10,150	3,287
Public:					
Donations	1,991,096	-	78,290	2,069,386	2,203,955
Bequests	-	-	1,235,740	1,235,740	744,157
Investments (note 10)	205,424	667,682	1,716,738	2,589,844	225,583
Annuities contracted	-	3,228,718	-	3,228,718	2,887,500
	2,863,939	3,896,400	3,030,768	9,791,107	11,675,097
Expenditure (note 11)					
Programs (note 12)	5,584,664	-	-	5,584,664	8,819,292
Promotion and communication	1,134,220	322,872	131,403	1,588,495	1,863,137
Administration	852,806	80,883	84,362	1,018,051	1,031,069
Life insurance premiums	-	-	49,576	49,576	47,293
Annuities paid	-	1,989,775	-	1,989,775	1,748,908
Change in provision for future benefits (note 7)	-	2,040,000	-	2,040,000	927,500
	7,571,690	4,433,530	265,341	12,270,561	14,437,199
(Deficiency) excess of revenue over expenditure	(4,707,751)	(537,130)	2,765,427	(2,479,454)	(2,762,102)
Transfer of the Life Annuities Fund's current year's deficiency to the Capital Growth Fund	-	537,130	(537,130)	-	-
Transfer from the Capital Growth Fund to the Programs Fund for the funding of current operations	4,700,000	-	(4,700,000)	-	-
Change in Fund Balances due to current year operations	(7,751)	-	(2,471,703)	(2,479,454)	(2,762,102)

Consolidated Statements of Revenue, Expenditure and Fund Balances
(continued)

Years ended December 31				2012	2011
	Programs Fund	Life Annuities Fund	Capital Growth Fund	Total	Total
	$	$	$	$	$
Carried forward from previous page	(7,751)	-	(2,471,703)	(2,479,454)	(2,762,102)
Fund Balances at beginning of year	2,800,580	-	17,981,787	20,782,367	23,544,469
Fund Balances at end of year	2,792,829	-	15,510,084	18,302,913	20,782,367
Represented by:					
Fund Balance invested in capital assets	224,494	-	-	224,494	332,247
Fund Balance permanently restricted (note 8)	-	-	3,443,097	3,443,097	3,197,792
Fund Balance restricted by management to provide for continuity and sustained long-term funding of endeavours	-	-	12,066,987	12,066,987	14,783,995
Fund Balance available for funding working capital and program commitments	2,568,335	-	-	2,568,335	2,468,333
	2,792,829	-	15,510,084	18,302,913	20,782,367

JULES AND PAUL-ÉMILE LÉGER FOUNDATION

Consolidated Statements of Cash Flows

Years ended December 31	2012	2011
	$	$
Operating Activities		
Programs Fund		
Deficiency of revenue over expenditure	(4,707,751)	(3,518,174)
Non-cash items:		
Amortization of capital assets	115,630	96,888
(Increase) decrease of fair value of investments	(147,866)	145,049
Net change in deferred contributions	(317,163)	(146,813)
Interfund transfers	4,700,000	3,525,000
Net change in other non-cash assets and liabilities	617,930	(95,634)
	260,780	6,316
Life Annuities Fund		
(Deficiency) excess of revenue over expenditure	(537,130)	780,328
Non-cash items:		
Net change in provision for future benefits	2,040,000	927,500
Increase of fair value of investments	(106,163)	(523,768)
Interfund transfers	537,130	(780,328)
Net change in other non-cash assets and liabilities	(865,912)	(129,038)
	1,067,925	274,694
Capital Growth Fund		
Excess (deficiency) of revenue over expenditure	2,765,427	(24,256)
Non-cash item:		
(Increase) decrease of fair value of investments	(1,304,345)	1,137,573
Net Interfund transfers	(5,237,130)	(2,744,672)
Net change in other non-cash assets and liabilities	198,167	(11,884)
	(3,577,881)	(1,643,239)
	(2,249,176)	(1,362,229)
Financing and Investing Activities		
Programs Fund		
Net (purchases) sales of investments	(573,616)	357,076
Acquisition of capital assets	(7,877)	(161,803)
Life Annuities Fund		
Net purchases of investments	(1,067,925)	(274,694)
Capital Growth Fund		
Net sales of investments	3,577,881	1,643,239
	1,928,463	1,563,818
(Decrease) increase in cash	(320,713)	201,589
Cash at beginning of year	1,075,540	873,951
Cash at end of year	754,827	1,075,540

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

1. Status and nature of activities

Jules and Paul-Émile Léger Foundation (the "Foundation") is a not-for-profit corporation, incorporated under a special Law of the Parliament of Canada, enacted December 18, 1981. The Foundation's goals are to provide assistance to the orphans, the aged, those affected with leprosy, the disabled, the disadvantaged and the victims of abuse. Its broader objectives are to relieve illness and hunger, organize, promote, coordinate and support, both financially and morally, all educational, religious, philanthropic, humanitarian or benevolent causes and activities, within Canada or abroad.

To fulfill its mission, the Foundation solicits contributions from the public, from governments and from other organizations, for the direct funding of its current operations and programs as well as to provide long-term fulfilment of its endeavours and to foster its perpetuity. Individual donors are solicited for annual and patrimonial donations (bequests). These donations and contributions are referred to as contributions under accounting policies. Major individual contributions can be classified as memorial funds according to the donor's wishes. In addition, the Foundation receives funds irrevocably forfeited by annuitants in exchange for lifelong annuity payments (the annuity agreements).

The Foundation supports community programs and projects that foster sustainable development in Canada, Latin America, Africa and Asia. The latter reflect the framework of interventions, which extend over several years and are carried out jointly with local nongovernmental partners.

To provide financial support for its programs, the Foundation has adopted a management policy which, most notably, since its inception by Cardinal Léger, has aimed at affecting investment revenue to fixed and general costs, thus making it possible to direct a larger portion of public donations directly to programs.

In order to maintain their registered charities status, the Foundation and its subsidiaries must meet certain spending requirements ("minimum spending requirement") according to the *Income Tax Act*. The minimum spending requirement is a minimum amount that the registered charity must spend on charitable programs or as gifts to qualified donees. Failure to comply with this requirement could lead to a revocation of the charity's registration. As at December 31, 2012, December 31, 2011 and January 1, 2011, the Foundation and its subsidiaries comply with the requirement of the Canada Revenue Agency.

2. Adoption of a new accounting framework

During the year ended December 31, 2012, the Foundation adopted the Canadian accounting standards for not-for-profit organizations (the "new standards") issued by the Canadian Institute of Chartered Accountants ("CICA") and set out 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 was January 1, 2011, and the Foundation has prepared and presented an opening consolidated balance sheet at the date of transition to the new standards. This opening consolidated balance sheet is the starting point for the Foundation's accounting under the new standards. In its opening consolidated balance sheet, under the recommendations of Section 1501, the Foundation:

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.

In accordance with the requirements of Section 1501, the accounting policies set out in Note 3 have been consistently applied to all years presented in these consolidated financial statements. The Foundation has chosen to apply the exemption relating to financial instruments permitting it to measure some investments held at the date of transition at fair value. The adoption of the new standards had no impact on the consolidated financial statements.

3. Significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

a) Consolidated financial statements

These consolidated financial statements combine the Foundation's accounts and those of its wholly-owned subsidiaries:

- Cardinal Léger and His Endeavours
- Cardinal Léger Institute for Health
- Elderaid
- Homeless Recourse
- Partners of the World
- Partnership Publishing
- The Cardinal's Partners
- The Gold Cross

3. Significant accounting policies *(continued)*

b) Fund accounting

The consolidated financial statements are presented according to the fund accounting method.

Programs Fund

The Programs Fund consolidates all of the Foundation's activities in connection with its charitable endeavours in Canada and abroad, whether through its own programs or in partnership. Its revenue includes partners' contributions and current public donations.

Life Annuities Fund

The Life Annuities Fund reports on all operations in connection with contractual agreements whereby an annuitant irrevocably forfeits a specified lump sum in exchange for lifelong annuity payments. The annual net revenue from this activity is transferred to the Capital Growth Fund and the deficits, if needed, are reimbursed by this fund.

Capital Growth Fund

The Capital Growth Fund's purpose is to foster the Foundation's perpetuity and to provide adequate capital funding for the long-term fulfilment of all its endeavours. This fund reports contributions arising from capital funding campaigns, bequests, life insurance premium contributions and endowments. It also receives the annual net revenue of the Life Annuities Fund and reimburses, if needed, shortfalls of this fund.

c) Financial instruments

Financial assets and 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 closing 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 revenue.

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 discount or premium related to an instrument measured at amortized cost is depreciated over the expected life of the item using the straight-line method and recognized as an interest revenue or expenditure in the consolidated statement of revenue, expenditure and fund balances.

3. Significant accounting policies *(continued)*

c) Financial instruments *(continued)*

With respect to financial assets measured at amortized cost, the Foundation recognizes an impairment loss, if any, in the consolidated statement of revenue, expenditure and fund balances when it determines that a significant adverse change has occurred 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 consolidated statement of revenue, expenditure and fund balances in the period the reversal occurs.

Investments

The investments are invested through a pooled fund, which holds and manages all securities owned by the Foundation. The investments of the Programs Fund and the Capital Growth Fund are invested in a portfolio in which each fund holds a share. Net investment income of this portfolio is allocated monthly between the funds based on the share held. The investments of the Life Annuities Fund are invested in a segregated portfolio according to the liability driven investment method.

d) Capital assets

Capital assets are recorded at cost. Amortization is computed over their estimated useful lives using the straight-line method at the following rates:

	Rate
Furniture and equipment	20%
Computer equipment and softwares	30%
Leasehold improvements	Term of lease

e) Programs Fund revenue recognition

The deferral method is used to record contributions.

Restricted contributions, which are those tied by an obligation of required use, are recognized as revenue in the year during which the related charges are incurred. Unrestricted contributions are recognized as revenue as received.

3. Significant accounting policies *(continued)*

f) Life Annuities Fund revenue recognition and provision for future benefits

The annuity agreements with annuitants are reported in the Life Annuities Fund and are accounted in accordance with accounting policies in force in life insurance enterprises. Annuities contracted by the annuitants are recognized as income as of the agreement date. The expenditures represent total acquisition costs of all agreements signed during the year, total annuity payments under the accrual method, and changes in the provision for future benefits. This liability is determined for each agreement in force on the basis of actuarial assumptions of future events together with a reasonable provision for adverse deviations, and is revaluated annually at year end. The provision for future benefits recorded represents the amount which, added to the estimated future net investment income, will be sufficient to pay estimated future benefits and expenses on agreements in force.

g) Capital Growth Fund revenue recognition

Contributions from individuals and organizations in connection with capital funding campaigns are reported as income in the year they are received.

Bequests are recognized as revenue as of receipt of funds or ownership transfer dates. Residuary legacies from estates are recognized as revenue when all clearance certificates have been received from taxation authorities by the liquidator.

Life insurance premiums paid by donors for policies where the Foundation or its subsidiaries are the registered owner and beneficiary are reported as revenue under donations and the offsetting policy premiums are reported as expenditure.

Donations permanently restricted by donors are registered directly to the Fund balance.

h) Service contributions in kind

Volunteers' service contributions are not accounted for due to the difficulties in assessing their fair value. Many volunteers devote numerous hours in fund raising or services activities. In particular, all members of the Foundation and its subsidiaries' Boards of Directors or its committees act on a voluntary basis and receive no compensation for carrying out their duties.

3. Significant accounting policies *(continued)*

i) Programs expenditure recognition

Contributions are recognized when funds are transferred to the partners in charge of executing the programs. A transfer of funds is carried out following a commitment approved by the board of directors in charge and following an agreement with the partner in charge of executing the program.

Programs expenses include contributions, program evaluation, training and partners' reinforcement, public engagement and program management.

j) Expenditure allocation

The Programs Fund of the Foundation engages in three types of functions: programs, promotion and communication and administration. The cost of each of these functions is comprised of personnel cost, other expenditure directly related to the function and a portion of operating expenditure common to all functions.

Part of the objective of the Foundation is to promote engagement of the Canadian public towards humanitarian aid abroad, via different measures such as awareness, information and call to action. Also, the Foundation aims to further its work and uses its communications with the public to that effect, whether or not they are donors. Consequently, all publications of the Foundation, printed or electronic, are conceived to include a specific educational part. Hence, the costs related to these communications with the public are split between the programs function and the promotion and communication function.

The common or indirect operational expenditure are split between the functions according to bases adapted to each type of cost and applied consistently each year. The bases are as follows:

- administrative payroll is split according to the compilation of time spent by personnel on each function;
- cost of services and other consumables (telephone, mail, messaging, stationery, printing, equipment rental) is split according to use;
- cost of physical resources (supplies, computer equipment and softwares, amortization and miscellaneous) is split according to the number of employees of each service.

3. Significant accounting policies *(continued)*

k) Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at rates in effect at the consolidated balance sheet dates, while non-monetary items are translated at historical rates. Revenue items (mainly investment income) are translated at average monthly exchange rates and expenditures related to transactions in foreign currencies are translated at rates in effect on the transaction date. Translation gains and losses occur only for foreign currency cash and investments and are included in investment revenue.

l) Use of estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates and assumptions are based on management's knowledge of ongoing activities. Among the principal components of the consolidated financial statements requiring management to establish estimates is the provision for future benefits. Actual results could differ from those estimates.

Notes to Consolidated Financial Statements *(continued)*

December 31, 2012 and 2011

4. Investments

	December 31, 2012	December 31, 2011	January 1, 2011
	Fair value	Fair value	Fair value
	$	$	$
By type of securities:			
Cash and short-term notes	**605,191**	403,125	349,829
Fixed income securities*	**20,149,297**	19,697,041	15,368,776
Equity securities	**14,323,547**	15,341,524	22,264,881
Accrued revenue	**165,796**	180,107	122,786
	35,243,831	35,621,797	38,106,272
Geographically:			
Canadian securities	**28,962,463**	28,840,718	27,701,407
Foreign securities	**6,281,368**	6,781,079	10,404,865
	35,243,831	35,621,797	38,106,272

* Fixed income securities held as at December 31, 2012 in the Programs Fund and Capital Growth Fund portfolio represent a duration of 6.5 years (6.5 years as at December 31, 2011 and 6.3 years as at January 1, 2011) and an average yield of 2.6% (2.9% in 2011).

Investments of the Life Annuities Fund are invested in a segregated portfolio since 2011 and are composed solely of cash and short-term notes and fixed income securities.

Fixed income securities held as at December 31, 2012 in the Life Annuities Fund portfolio represent a duration of 6.0 years (5.6 years as at December 31, 2011) and an average yield of 2.6% (2.8% in 2011).

Notes to Consolidated Financial Statements *(continued)*

December 31, 2012 and 2011

5. Capital assets

	December 31, 2012		
	Cost	**Accumulated amortization**	**Net book value**
	$	**$**	**$**
Furniture and equipment	**205,463**	**188,977**	**16,486**
Computer equipment and softwares	**573,553**	**449,591**	**123,962**
Leasehold improvements	**345,915**	**261,869**	**84,046**
	1,124,931	**900,437**	**224,494**

Amortization expense for the year amounts to $115,630 ($96,888 in 2011).

	December 31, 2011		
	Cost	Accumulated amortization	Net book value
	$	$	$
Furniture and equipment	205,635	182,553	23,082
Computer equipment and softwares	567,937	372,898	195,039
Leasehold improvements	345,915	231,789	114,126
	1,119,487	787,240	332,247

	January 1, 2011		
	Cost	Accumulated amortization	Net book value
	$	$	$
Furniture and equipment	193,054	174,955	18,099
Computer equipment and softwares	527,167	398,816	128,351
Leasehold improvements	325,184	204,302	120,882
	1,045,405	778,073	267,332

6. Deferred contribution from the Canadian government and deferred contributions from the public

The deferred contribution from the Canadian government relates to a contribution agreement for the reconstruction of the Cardinal-Léger Hospital in Haiti and is detailed as follows :

	2012	2011
	$	$
Deferred contribution, beginning of year	**173,637**	-
Contribution received during the year	**462,651**	284,252
	636,288	284,252
Contribution recognized as revenue during the year	**(657,269)**	(110,615)
(Receivable) deferred contribution, end of year	**(20,981)**	173,637

Deferred contributions from the public come from different sources and are related to different campaigns. They are detailed as follows:

	2012	2011
	$	$
Deferred contributions, beginning of year	**397,931**	718,381
Contributions received during the year	**1,847,570**	1,789,434
	2,245,501	2,507,815
Contributions recognized as revenue during the year	**(1,991,096)**	(2,109,884)
Deferred contributions, end of year	**254,405**	397,931
Represented by :		
Secours Haiti campaign	**17,657**	207,731
Feed a Child campaign	**183,251**	149,111
Other restricted donations and deposits	**53,497**	41,089
	254,405	397,931

7. Provision for future benefits of the Life Annuities Fund

The provision for future benefits is computed on a going concern basis and recognizes the degree of risk inherent to these commitments, and includes a provision for adverse deviations.

The changes in provision for future benefits for the year are a result of the following operations.

	2012	2011
	$	$
Change in provision:		
New agreements	**2,563,153**	2,304,074
In force	**(1,324,775)**	(1,376,574)
Adjustment following the actuarial valuation	**801,622**	-
Net change for the year recorded as expenditure	**2,040,000**	927,500
Provision for future benefits at beginning of year	**15,333,000**	14,405,500
Provision for future benefits at end of year	**17,373,000**	15,333,000

In order to ascertain the actuarial valuation of obligations related to annuity agreements actually in force, management mandates independent actuaries to evaluate these liabilities on a two-year basis. In conformity with this practice, the provision for future benefits was subjected to an independent actuarial valuation as at December 31, 2012. The previous valuation was carried out as at December 31, 2010. The provision for adverse deviations was evaluated at $1,289,000 by the independent actuaries.

Annuity operations being the only activities of the Life Annuities Fund, its investments represent all the assets backing the provision for future benefits. Since 2011, these investments are invested in a segregated portfolio according to the liability driven investment method. The investment policy and portfolio asset target mix take into account estimated future cash requirements to provide for the Life Annuities Fund's commitments and inherent risks of its asset-backed liabilities. The portfolio owns sufficient matching securities with similar underlying characteristics to its commitments.

8. Capital Growth Fund permanently restricted fund balance

The Capital Growth Fund permanently restricted fund balance is composed of the following endowments:

	December 31, 2012	December 31, 2011	January 1, 2011
	$	$	$
Carmen Bordeleau Memorial Fund	**1,955,706**	1,815,852	2,014,664
Jean-Charles Clouet Memorial Fund	**489,197**	454,213	503,945
Serkmet Fund	**395,159**	367,815	390,803
Eugène Beauregard Memorial Fund	**366,624**	340,407	377,676
Cécile Moussali Memorial Fund	**102,508**	95,177	105,601
Maurice Picory Memorial Fund	**75,991**	70,557	78,285
Félix-Adolphe and Stella Senécal Memorial Fund	**57,912**	53,771	59,656
	3,443,097	3,197,792	3,530,630

In accordance with the policy adopted by management regarding the administration of amounts restricted by donors, the original amount restricted by a donor is increased or decreased according to the change in fair value of related investments. As at December 31, 2012, the amounts restricted by donors total $3,063,174 ($3,063,174 as at December 31, 2011 and January 1, 2011).

9. Canadian government contributions

Contributions by the Canadian government come from two contribution agreements entered with the Canadian Partnership Branch of the Canadian International Development Agency ("CIDA"). The main agreement for a period of five years for a total of $27,500,000 covered all of the international programs of the Foundation from 2007 to 2011; an amount of $5,500,000 was recognized during 2011. This agreement was not be renewed since CIDA modified its financing policy of Canadian international cooperation organizations to institute a call for proposals procedure.

The second agreement finances the reconstruction of the Cardinal-Léger Hospital in Haiti for a total of $786,213, of which $657,269 ($110,615 in 2011) was recognized during the year according to the fieldwork progress.

10. Investment revenue

	2012	2011
	$	$
Interest and dividends	**1,171,337**	1,152,176
Increase (decrease) in fair value	**1,558,374**	(758,854)
	2,729,711	393,322
Asset management, safekeeping and performance evaluation expenses	**(139,867)**	(167,739)
	2,589,844	225,583

11. Programs Fund expenditure allocation

			2012	2011
	Programs	Promotion and communication	Total	Total
	$	$	$	$
Common administration expenditure:				
Total before allocation			**1,282,116**	1,323,631
Allocation:				
Administrative payroll	**(156,924)**	**(141,556)**	**(298,480)**	(304,245)
Services and other consumables	**(20,449)**	**(40,742)**	**(61,191)**	(76,906)
Physical resources	**(28,655)**	**(40,984)**	**(69,639)**	(81,695)
	(206,028)	**(223,282)**	**(429,310)**	(462,846)
Administrative function			**852,806**	860,785

11. Programs Fund expenditure allocation *(continued)*

	2012	2011
	$	$
Promotion and communication expenditure:		
Total before allocation	**1,107,687**	1,420,067
Common expenditure allocated	**223,282**	278,033
	1,330,969	1,698,100
Public engagement expenditure allocated to programs function	**(196,749)**	(207,535)
Promotion and communication function	**1,134,220**	1,490,565

12. Programs

			2012	2011
	International programs	**Domestic programs**	**Total**	Total
	$	$	$	$
Contributions	**2,967,741**	**1,190,000**	**4,157,741**	7,003,532
Programs evaluation, training and reinforcement of partners	**169,576**	**53,369**	**222,945**	366,261
Public engagement	**279,550**	**112,092**	**391,642**	514,921
Programs management	**657,503**	**154,833**	**812,336**	934,578
	4,074,370	**1,510,294**	**5,584,664**	8,819,292

13. Life insurance policies

The insured capital under donors insurance policies, of which the Foundation or one of its subsidiaries is owner and beneficiary, amounts to $2,821,740 as at December 31, 2012 ($2,762,860 as at December 31, 2011 and $2,808,183 as at January 1, 2011) and will be recorded upon the donors' death.

14. Estates under settlement

Assets for estates under settlement for which the Foundation is liquidator are held in trust until they are recognized. The value of these assets amounts to $166,732 as at December 31, 2012 ($54,257 as at December 31, 2011 and $277,465 as at January 1, 2011).

Notes to Consolidated Financial Statements *(continued)*

December 31, 2012 and 2011

15. Pension plan

The Foundation has a defined contribution plan providing pension benefits to its employees. The Foundation's financial obligations towards the plan are discharged regularly and, as at December 31, 2012, all obligations have been recorded in the accounts. The annual expense and payment amount to $77,923 in 2012 ($83,925 in 2011).

16. Commitments

Programs

The Foundation's international programs promote sustainable development and span over several years. Programs committed by the Foundation and its subsidiaries beyond December 31, 2012 are as follows:

	$
2013	**77,241**
	77,241

Office premises and equipment

The Foundation signed an operating lease for its office premises expiring September 30, 2015 and operating lease contracts for equipment expiring up to May 2017 which provide for minimum lease payments as follows:

	$
2013	**76,350**
2014	**75,714**
2015	**59,860**
2016	**12,296**
2017	**3,074**
	227,294

17. Financial Instruments

In view of its financial assets and liabilities, the Foundation is exposed to the following risks related to the use of financial instruments :

Foreign exchange risk

A significant number of the international programs are carried out in foreign currencies. The Foundation is therefore exposed to currency fluctuations.

Investments in world securities are held through units of an investment fund which are in Canadian dollars. However, the investments made by this fund are in foreign currencies. The Foundation is therefore indirectly subject to a foreign exchange risk.

The Foundation does not actively manage this risk.

Interest rate risk

Amongst the Foundation's assets and liabilities, only investments in fixed income securities carry a market risk arising from interest rate fluctuations. The Foundation manages this risk through the constraints of its investment policy imposed to its pooled fund portfolio managers.

Market Risk

Market risk is the risk stemming from the volatility of security prices. The Foundation is exposed to market risk because it holds equity and investment fund units. The actual level of risk to which the Foundation is exposed varies according to market situation and asset mix.

Credit risk

The maximum credit risk for the Foundation is limited to the fair value of investments as presented on the balance sheet.

JULES AND PAUL-ÉMILE LÉGER FOUNDATION

Supplementary Financial Data:

Consolidated Statements of Revenue, Expenditure and Fund Balances

Programs Fund

Years ended December 31	2012	2011
	$	$
Revenue:		
Canadian government	**657,269**	5,610,615
Quebec government	**10,150**	3,287
Donations	**1,991,096**	2,109,884
Investments	**205,424**	(71,318)
	2,863,939	7,652,468
Expenditure:		
Programs	**5,584,664**	8,819,292
Promotion and communication	**1,134,220**	1,490,565
Administration	**852,806**	860,785
	7,571,690	11,170,642
Deficiency of revenue over expenditure	**(4,707,751)**	(3,518,174)
Transfer from the Capital Growth Fund for the funding of current operations	**4,700,000**	3,525,000
Change in Fund Balance due to current year operations	**(7,751)**	6,826
Fund Balance at beginning of year	**2,800,580**	2,793,754
Fund Balance at end of year	**2,792,829**	2,800,580
Represented by:		
Fund balance invested in capital assets	**224,494**	332,247
Fund Balance available for funding working capital and program commitments	**2,568,335**	2,468,333
	2,792,829	2,800,580

JULES AND PAUL-ÉMILE LÉGER FOUNDATION

Supplementary Financial Data:

Consolidated Statements of Revenue, Expenditure and Fund Balances

Life Annuities Fund

Years ended December 31	**2012**	2011
	$	$
Revenue:		
Annuities contracted	**3,228,718**	2,887,500
Investments	**667,682**	933,954
	3,896,400	3,821,454
Expenditure:		
Annuities paid	**1,989,775**	1,748,908
Change in provision for future benefits	**2,040,000**	927,500
Promotion and communication	**322,872**	288,750
Administration	**80,883**	75,968
	4,433,530	3,041,126
(Deficiency) excess of revenue over expenditure	**(537,130)**	780,328
Transfer of the current year's deficiency (excess) to the Capital Growth Fund	**537,130**	(780,328)
Change in Fund Balance due to current year operations	**-**	-
Fund Balance at beginning of year	**-**	-
Fund Balance at end of year	**-**	-

JULES AND PAUL-ÉMILE LÉGER FOUNDATION

Supplementary Financial Data:

Consolidated Statements of Revenue, Expenditure and Fund Balances

Capital Growth Fund

Years ended December 31	2012	2011
	$	$
Revenue:		
Bequests	**1,235,740**	744,157
Donations	**78,290**	94,071
Investments	**1,716,738**	(637,053)
	3,030,768	201,175
Expenditure:		
Promotion and communication	**131,403**	83,822
Administration	**84,362**	94,316
Life insurance premiums	**49,576**	47,293
	265,341	225,431
Excess (deficiency) of revenue over expenditure	**2,765,427**	(24,256)
Transfer of the Life Annuities Fund's current year's (deficiency) excess	**(537,130)**	780,328
Transfer to the Programs Fund for the funding of current operations	**(4,700,000)**	(3,525,000)
Change in Fund Balance due to current year operations	**(2,471,703)**	(2,768,928)
Fund Balance at beginning of year	**17,981,787**	20,750,715
Fund Balance at end of year	**15,510,084**	17,981,787
Represented by:		
Fund Balance permanently restricted	**3,443,097**	3,197,792
Fund Balance restricted by management to provide for continuity and sustained long-term funding of endeavours	**12,066,987**	14,783,995
	15,510,084	17,981,787