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SOCIÉTÉ DU MUSÉE D'ARCHÉOLOGIE ET D'HISTOIRE DE MONTRÉAL, POINTE-À-CALLIÈRE

FINANCIAL REPORT

AS AT DECEMBER 31, 2015

MAZARS HAREL DROUIN, LLP

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FINANCIAL REPORT
AS AT DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the members of the
SOCIÉTÉ DU MUSÉE D'ARCHÉOLOGIE ET D'HISTOIRE DE MONTRÉAL, POINTE-À-CALLIÈRE

We have audited the accompanying financial statements of the **SOCIÉTÉ DU MUSÉE D'ARCHÉOLOGIE ET D'HISTOIRE DE MONTRÉAL, POINTE-À-CALLIÈRE**, which comprise the balance sheet as at December 31, 2015, and the statements of income, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

MAZARS HAREL DROUIN, LLP

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **SOCIÉTÉ DU MUSÉE D'ARCHÉOLOGIE ET D'HISTOIRE DE MONTRÉAL, POINTE-À-CALLIÈRE** as at December 31, 2015, 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.

[1]

Mazars Harel Drouin, LLP

Montréal, March 22, 2016

1. CPA auditor, CA, public accountancy permit No. A111096

SOCIÉTÉ DU MUSÉE D'ARCHÉOLOGIE ET D'HISTOIRE DE MONTRÉAL, POINTE-À-CALLIÈRE

STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015

	Operating fund	Capital assets fund	Total 2015	Total 2014
REVENUES				
Admission fees	$ 2,151,491	$ -	$ 2,151,491	$ 1,656,148
Gift shop	377,467	-	377,467	276,737
Sponsorships	278,694	-	278,694	394,556
Concessions and Museum evenings	358,154	-	358,154	347,406
Others	103,699	-	103,699	94,833
Interest	23,809	-	23,809	20,930
	3,293,314	-	3,293,314	2,790,610
Contributions and grants (Note 13)	6,056,849	2,332,864	8,389,713	8,289,774
	9,350,163	2,332,864	11,683,027	11,080,384
EXPENSES				
Administration	1,367,126	-	1,367,126	1,219,134
Maintenance and security	2,108,790	-	2,108,790	2,233,482
Marketing	710,754	-	710,754	670,767
Exhibitions – technology	2,960,357	-	2,960,357	2,480,815
Conservation and outreach	1,195,885	-	1,195,885	1,286,594
Communication – marketing	949,874	-	949,874	1,005,354
Interest on long-term debt	-	724,900	724,900	737,398
Amortization – capital assets	-	1,553,916	1,553,916	1,570,232
	9,292,786	2,278,816	11,571,602	11,203,776
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ 57,377	$ 54,048	$ 111,425	$ (123,392)

SOCIÉTÉ DU MUSÉE D'ARCHÉOLOGIE ET D'HISTOIRE DE MONTRÉAL, POINTE-À-CALLIÈRE

BALANCE SHEET
AS AT DECEMBER 31, 2015

	Operating fund	Capital assets fund	Total 2015	Total 2014
		ASSETS		
CURRENT ASSETS				
Cash (Note 4)	$ 537,183	$ -	$ 537,183	$ 439,417
Cash equivalents, 0.92%	6,094,453	-	6,094,453	1,268,751
Accounts receivable (Note 5)	(4,406,767)	5,244,840	838,073	1,149,988
Inventory	123,824	-	123,824	153,336
Prepaid expenses	63,763	-	63,763	69,016
Current portion of grants receivable (Note 6)	-	3,093,342	3,093,342	853,034
	2,412,456	8,338,182	10,750,638	3,933,542
GRANTS RECEIVABLE (Note 6)	-	40,047,171	40,047,171	36,950,682
CAPITAL ASSETS (Note 7)	-	35,487,477	35,487,477	30,903,049
	$ 2,412,456	$ 83,872,830	$ 86,285,286	$ 71,787,273
		LIABILITIES		
CURRENT LIABILITIES				
Accounts payable and accrued liabilities (Note 9)	1,649,186	-	1,649,186	1,290,771
Demand loans (Note 10)	-	2,166,710	2,166,710	1,950,016
Current portion of long-term debt (Note 11)	-	883,513	883,513	794,459
	1,649,186	3,050,223	4,699,409	4,035,246
LONG-TERM DEBT (Note 11)	-	19,349,352	19,349,352	19,036,489
DEFERRED CONTRIBUTIONS (Note 12)	511,683	61,255,230	61,766,913	48,357,351
	2,160,869	83,654,805	85,815,674	71,429,086
		NET ASSETS		
Invested in capital assets	-	218,025	218,025	163,977
Internally restricted	26,405	-	26,405	26,405
Unrestricted	225,182	-	225,182	167,805
	251,587	218,025	469,612	358,187
	$ 2,412,456	$ 83,872,830	$ 86,285,286	$ 71,787,273

ON BEHALF OF THE BOARD

_____, **Director**

_____, **Director**

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Operating fund	Capital assets fund	Total 2015	Total 2014
BALANCE, BEGINNING OF YEAR	$ 194,210	$ 163,977	$ 358,187	$ 481,579
Excess (deficiency) of revenues over expenses	57,377	54,048	111,425	(123,392)
BALANCE, END OF YEAR	$ 251,587	$ 218,025	$ 469,612	$ 358,187

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	$ 111,425	$ (123,392)
Amortization – capital assets	1,553,916	1,570,232
Amortization – deferred contributions	(1,815,842)	(1,413,818)
	(150,501)	33,022
Net change in non-cash working capital items	705,095	(277,491)
Cash flows from operating activities	554,594	(244,469)
FINANCING ACTIVITIES		
Long-term borrowings	1,215,571	-
Repayment of long-term debt	(813,654)	(781,884)
Increase of grants receivable	(16,085,403)	(18,596,233)
Receipt of grants receivable	10,748,606	2,278,489
Repayment of demand loans	(1,429,164)	(152,553)
Demand loans	1,645,858	217,400
Deferred contributions	15,225,404	20,199,487
Cash flows from financing activities	10,507,218	3,164,706
INVESTING ACTIVITIES		
Acquisition of capital assets and cash flows from investing activities	(6,138,344)	(2,045,382)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,923,468	874,855
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR[1]	1,708,168	833,313
CASH AND CASH EQUIVALENTS, END OF YEAR[1]	$ 6,631,636	$ 1,708,168

[1] Cash and cash equivalents include cash and cash management funds net of the bankoverdraft.

1. IDENTIFICATION AND NATURE OF BUSINESS ACTIVITIES

The Société du Musée d'archéologie et d'histoire de Montréal, Pointe-à-Callière (the "*Société*"), a not-for-profit organization incorporated under Part III of the Companies Act (Québec), is a charitable organization within the meaning of the Income Tax Act. Its objective is to develop, manage and promote Pointe-à-Callière, the Montréal Museum of Archeology and History (the "Museum").

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook (CPA Canada Handbook) – Accounting, and include the following significant accounting policies:

Fund accounting

The *Société* uses the fund accounting method, whereby resources are classified into funds in accordance with specified activities or objectives.

The operations of the development and capital assets funds are governed by the Board of Directors.

Operating Fund

The Operating Fund reflects the assets, liabilities, revenues and expenses relating to the general operations of the Museum.

Capital Assets Fund

The Capital Assets Fund reports the assets, liabilities, revenues and expenses related to capital assets and the associated deferred contributions. The deferred contributions related to this fund include federal, provincial and municipal grants as well as donations that are specifically restricted to finance capital assets.

Revenue recognition

The *Société* uses the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Admission fees are recognized as revenue upon a person's admittance to the Museum. Gift shop revenues are recognized when the risks and rewards of ownership of the goods have been transferred to the buyer, i.e., when the delivery of the goods has occurred and payment has been received. Other revenues include membership fees and revenues related to cultural activities, and they are recognized as revenue when they are earned. Interest is recognized as revenue when earned.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contributed materials, services and supplies

The *Société* receives contributed materials, services and supplies from sponsors and volunteers. The value of these supplies and services is accounted for as revenues at fair value provided that this value can be reasonably estimated.

Inventory

The gift shop's inventory is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

Capital assets and amortization

Capital assets acquired are recorded at cost and contributed capital assets are recognized at fair value at the contribution date. Capital assets are amortized on a straight-line basis according to the following rates:

Buildings	2.5%
Multimedia	12.5%
Permanent exhibitions	12.5%
Office furniture and equipment	20%
Computer equipment	33.3%

Financial instruments

The *Société* initially measures its financial assets and financial liabilities at fair value, except in the case of certain transactions not under normal competitive conditions.

Financial assets and liabilities are then measured at amortized cost.

Financial assets measured at amortized cost include cash, cash equivalents, accounts receivable, as well as amounts and grants receivable.

Financial liabilities measured at amortized cost include accounts payable, demand loans and the long-term debt.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The *Société* determines if there has been a significant adverse change to the expected timing or amounts of future cash flows expected from a financial asset. In such cases, it writes down the carrying amount of the asset to the present value of the cash flows expected to be generated by the asset or the amount that could be obtained by selling the asset at the balance sheet date, whichever is higher. The amount of the write-down is recognized in income. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the related notes. These estimates are based on management's knowledge of current events and action that it may undertake in the future. Significant financial statement items requiring more the use of estimates include the estimated useful life of capital assets as well as contributed materials, services and supplies. Actual results may differ from these estimates.

3. CONTRIBUTED MATERIALS AND SERVICES

During the period, the *Société* has recognized the following contributed materials and services in its financial statements:

	2015	2014
Advertising	$ 112,525	$ 160,930
Transportation	24,063	29,304
Materials	6,000	22,900
Others	39,731	35,465
	$ 182,319	$ 247,599

4. CASH

Cash accounted for in the Operating Fund includes an amount of $16,770 in U.S. dollars ($14,821 in 2014).

5. ACCOUNTS RECEIVABLE

	Operating fund	**Capital assets fund**	**Total** 2015	**Total** 2014
Accounts receivable	$ 117,923	$ -	$ 117,923	$ 237,713
Sales taxes receivable	215,065	-	215,065	129,409
Due from Fondation du Musée, without interest	82,267	415,000	497,267	625,870
Grant receivable, without interest	7,818	-	7,818	156.996
Accounts receivable (payable), without interest	(4,829,840)	4,829,840	-	-
	$ (4,406,767)	$ 5,244,840	$ 838,073	$ 1,149,988

6. GRANTS RECEIVABLE

	2015	2014
Grant from the Ministère de la Culture et des Communications du Québec, receivable in 10 semi-annual payments, for phase 1 of the permanent exhibitions renewal project, of which the maximum amount totals $313,944	$ 34,506	$ 101,338
Grant from the Ministère de la Culture et des Communications du Québec, receivable in 10 semi-annual payments, for phase 2 of the permanent exhibitions renewal project, of which the maximum amount totals $500,000	348,775	394,392
Grant from the Ministère de la Culture et des Communications du Québec, receivable in 40 semi-annual payments for additional archeological excavations, of which the maximum amount totals $1,215,571	1,215,571	1,300,000
Grant from the Ministère de la Culture et des Communications du Québec, receivable in 40 semi-annual payments, for the expansion project, of which the maximum amount totals $20,015,000	18,004,084	18,757,116
Grant from the Ministère de la Culture et des Communications du Québec, receivable in 10 semi-annual payments, conditional to the approval of the final report by the Ministère, to support the permanent exhibitions, of which the maximum amount totals $480,000	343,475	435,172
Grant from the Ville de Montréal, receivable in accordance with the work in progress, conditional to the architect's approval certifying the progress of the work, for the expansion project, of which the maximum amount totals $18,009,470	10,939,343	16,715,698
Grant from the Ville de Montréal, receivable in 5 equal payments, conditional to final report approval by the Ville de Montréal, for project feasibility study, of which the maximum amount totals $500,000	34,927	100,000

6. GRANTS RECEIVABLE (CONT'D)

Grant from the Ville de Montréal, receivable in accordance with the work in progress, conditional to the architect's approval certifying the progress of the work, for the expansion project, of which the maximum amount totals $12,519,832	10,019,832	-
Grant from the Ville de Montréal, receivable in accordance with the work in progress, conditional to the architect's approval certifying the progress of the work, for the permanent exhibitions renewal project, of which the maximum amount totals $2,350,000	$ 2,200,000	-
	43,140,513	37,803,716
Current portion	(3,093,342)	(853,034)
	$ 40,047,171	$ 36,950,682

Estimated amounts receivable in the next five years are as follows:

2016	2017	2018	2019	2020
$ 3,093,342	$ 852,422	$ 880,978	$ 909,579	$ 938,226

7. CAPITAL ASSETS

	2015			2014
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Land	$ 311,330	$ -	$ 311,330	$ 311,330
Buildings	34,747,197	2,874,742	31,872,455	26,697,148
Multimedia	4,102,115	2,648,209	1,453,906	1,966,670
Permanent exhibitions	5,430,173	3,657,997	1,772,176	1,801,721
Office furniture and equipment	1,421,345	1,345,152	76,193	120,617
Computer equipment	569,036	567,619	1,417	5,563
	$ 46,581,196	$ 11,093,719	$ 35,487,477	$ 30,903,049

8. BANK LOAN

The Société has a line of credit up to $600,000 bearing interest at the base rate of the National Bank plus 0.25%, renewable in May 2016. This line of credit is secured by a first rank hypothec affecting the entirety of accounts receivable for a maximum amount of $1,300,000 and by the right to receive the grant receivable from the Ministère de la Culture et des Communications du Québec. As at December 31, 2015, this line of credit was not used.

9. ACCOUNTS PAYABLE

	2015	2014
Accounts payable and accrued liabilities	$ 1,447,303	$ 1,136,264
Salaries and vacations payable	201,883	154,507
	$ 1,649,186	$ 1,290,771

10. DEMAND LOANS

	2015	2014
Temporary demand loan for a maximum of $314,000, bearing interest at 4.33%, secured by a first movable hypothec on all present and future, tangible and intangible property of the borrower, as well as by a first movable hypothec on the grant payable by the Ministère de la Culture et des Communications du Québec, payable in 10 semi-annual instalments, principal and interest, maturing in May 2016	$ 34,513	$ 101,352
Temporary demand loan for a maximum of $500,000, bearing interest at 4.33%, secured by a first movable hypothec on the grant payable by the Ministère de la Culture et des Communications du Québec, payable in 10 semi-annual instalments, principal and interest, maturing in June 2017	348,797	394,392

10. DEMAND LOANS (CONT'D)

Temporary demand loan for a maximum of $1,300,000, bearing interest at the base rate of the National Bank, plus 0.25%, secured by a first hypothec on the universality of the present and future tangible and intangible property of the borrower, as well as the right to receive the grant receivable from the Ministère de la Culture et des Communications du Québec, matured in June 2015	-	1,019,100
Temporary demand loan for a maximum of $480,000, bearing interest at the base rate of the Caisse Centrale Desjardins, secured by a first rank hypothec on the grant payable by the Ministère de la Culture et des Communications du Québec, maturing in April 2019	343,475	435,172
Revolving credit for a maximum of $8,000,000, bearing interest at the base rate of the National Bank, secured by a first rank hypothec in the amount of $8,000,000 on the universality of receivables, maturing in December 2018.	$ 1,439,925	-
	$ 2,166,710	$ 1,950,016

11. LONG-TERM DEBT

	2015	2014
Mortgage loan, bearing interest at 3.43%, secured by an immovable hypothec on a building with a carrying value of $1,386,966, maturing in July 2018	$ 1,012,522	$ 1,070,508
Term loan, bearing interest at 3.43%, secured by a first hypothec on the universality of receivables having a value of $10,000,000, maturing in June 2018	9,089,649	9,466,009
Term loan, bearing interest at 3.47%, secured by a first hypothec on the universality of receivables having a value of $10,015,000, maturing in July 2017	8,915,123	9,294,431

11. LONG-TERM DEBT (CONT'D)

Term loan, bearing interest at 3.10%, secured by a first hypothec on the universality of receivables having a value of $1,215,571, maturing in July 2020	1,215,571	-
	20,232,865	19,830,948
Current portion	(883,513)	(794,459)
	$ 19,349,352	$ 19,036,489

Instalments payable over the next five years are estimated as follows:

2016	2017	2018	2019	2020
$ 883,513	$ 914,102	$ 944,808	$ 975,633	$ 1,006,582

12. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent restricted resources received or receivable in the current year, related to operating expenses of the subsequent period or to non-executed activities. Changes in the deferred contributions balance are as follows:

	Operating fund	**Capital assets fund**	**Total** 2015	**Total** 2014
Balance, beginning of year	$ 378,020	$ 47,979,331	$ 48,357,351	$ 29,571,682 $
Grant received or receivable for the subsequent periods (note 13)	290,000	14,935,404	15,225,404	20,199,487
Contribution recognized as revenues in the current year (note 13)	(156,337)	(1,659,505)	(1,815,842)	(1,413,818)
Balance, end of year	$ 511,683$	61,255,230$	61,766,913	$ 48,357,351

13. CONTRIBUTIONS AND GRANTS

	Operating fund	Capital assets fund	Total 2015	Total 2014
Contributions				
Ville de Montréal [1]	$ 5,640,600	$ -	$ 5,640,600	$ 5,390,600
Fondation du Musée	111,855	150,000	261,855	957,478
	5,752,455	150,000	5,902,455	6,348,078
Grants				
Government of Canada				
Department of Canadian Heritage	16,310	-	16,310	31,896
Government of Québec				
Ministère de l'Emploi et de la Solidarité sociale	11,078	-	11,078	9,418
Ministère de la Culture et des Communications	87,000	588,930	675,930	1,861,140
Ministère des affaires autochtones	5,000	-	5,000	5,000
Ministère des Relations internationales, de la Francophonie et du Commerce extérieur	-	-	-	10,000
Other sources				
Agreement between the Ministère de la Culture et des Communications du Québec and Ville de Montréal (MCCQ – Ville)	30,000	-	30,000	28,000
Ville de Montréal	43,703	14,869,833	14,913,536	18,754,126
Alcoa Foundation	19,713	-	19,713	27,785
Canadian Museums Association	5,253	-	5,253	-
Bell Canada	220,000	-	220,000	-
Contributions and grants	6,190,512	15,608,763	21,799,275	27,075,443
Deferred contributions (note 12)	(290,000)	(14,935,404)	(15,225,404)	(20,199,487)
	5,900,512	673,359	6,573,871	6,875,956
Amount recognized as revenues for the year (note 12)	156,337	1,659,505	1,815,842	1,413,818
	$ 6,056,849	$ 2,332,864	$ 8,389,713	$ 8,289,774

1. The Ville de Montréal has signed in 2015 a three-year agreement with the Société. It has made a commitment to pay an annual contribution for the year 2014, 2015 and 2016 of $5,390,600, $5,640,600 and $5,890,600 respectively.

14. COMMITMENTS

As at December 31, 2015, the balance of commitments under operating leases and other commitments amounts to $18,715,825.

Minimum payments in each of the next three years are as follows:

2016	2017	2018
$ 14,038,402	$ 4,413,110	$ 264,313

15. ECONOMIC INTEREST AND RELATED PARTY TRANSACTIONS

The *Société* has an economic interest in the *Fondation du Musée d'archéologie et d'histoire de Montréal, Pointe-à-Callière*, which receives and administers donations, bequests and other contributions and organizes fund-raising and membership campaigns to collect funds for the benefit of the *Société*. The financial statements of the *Société* include a contribution of $261,855 from the *Fondation* for the current year ($957,478 in 2014).

The *Société* assumes the administrative expenditures of the *Fondation*.

As at December 31, 2015, the net assets of the *Fondation* amount to $1,917,007 ($1,447,040 in 2014).

In 2015, The *Fondation* exceeded its target of $10 million set in the context of its first major campaign. From this amount, $5,073,112 are commitments receivable in the next years.

Also, a former Director of the *Société,* who was in function until March 2015, was Chairman of the Board of Directors of a company that acts as a supplier of the Museum.

The *Société* paid project management fees to this supplier during the year, for a total amount of $1,236,558 ($194,607 in 2014). This amount has been paid during the period for which the supplier was a Director of the Société.

All operations were made in the ordinary course of business and were recorded at their exchange value. This value is the amount agreed between both parties and is determined in accordance with the costs incurred.

16. FINANCIAL RISK MANAGEMENT POLICY

The *Société* is exposed to various risks through its financial instruments. The following analysis provides a measurement of the risks at the balance sheet date, December 31, 2015.

The *Société* manages the exposure to the risks associated with financial instruments having an impact on its operating and financial performance in accordance with its risk management policy. This policy is aimed at mitigating the volatility of cash flows and income.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The financial instruments that are exposed to credit risk concentration are mainly cash and cash equivalents as well as the grants receivable.

16. FINANCIAL RISK MANAGEMENT POLICY (CONT'D)

The *Société* mitigates the credit risk associated with its financial instruments by prudently investing its available cash in monetary instruments in accordance with its investment policy.

In addition, the *Société* continually values grants receivable based on amounts whose final receipt is reasonably assured and using the estimated realizable value.

Liquidity risk

Liquidity risk is the risk of not being able to meet cash requirements or to fund obligations as they become due. The financial instruments that are exposed to a liquidity risk concentration are mainly accounts payable, demand loans and long-term debt.

The *Société* manages its liquidity risk by continuously monitoring forecast and actual cash flows, by holding assets that may readily be converted into cash and by managing maturities for its financial liabilities.

Interest rate risk

The *Société* is exposed to interest rate risk on its fixed-interest and variable-interest financial instruments. Fixed-interest instruments subject the *Société* to a fair value risk while the variable-interest instruments subject it to a cash flow risk.