



The Centre for International
Governance Innovation
Centre pour l'innovation dans
la gouvernance internationale

THE CENTRE FOR INTERNATIONAL GOVERNANCE INNOVATION

FINANCIAL STATEMENTS

JULY 31, 2012

INDEPENDENT AUDITORS' REPORT

To the Directors of
The Centre for International Governance Innovation

We have audited the accompanying financial statements of The Centre for International Governance Innovation (the "Organization"), which comprise the statement of financial position as at July 31, 2012 and the statements of revenues and expenses and changes in fund balances 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 generally accepted accounting principles, 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.

Auditors' 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 an 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 auditors' 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 auditors consider internal control relevant to the Organization'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 Organization'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.

Opinion

In our opinion, the results of operations present fairly, in all material respects, the financial position of the Organization as at July 31, 2012, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

November 9, 2012
Toronto, Ontario

Zeifmans LLP

Chartered Accountants
Licensed Public Accountants

ZEIFMANS
LLP
CHARTERED ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION
AS AT JULY 31, 2012

ASSETS

	2012							2011	
	Restricted Funds								
	<u>Long Term Endowment</u>	<u>Capital Asset</u>	<u>Campus</u>	<u>Africa</u>	<u>J Holmes</u>	<u>Decade</u>	<u>Operating</u>	<u>Total</u>	<u>Total</u>
Current assets									
Cash and cash equivalents	\$ 1,935,069	\$ -	\$ 897,226	\$ 73,674	\$ 575	\$ 272,610	\$ 283,685	\$ 3,462,839	\$ 4,641,551
Accounts receivable	-	-	-	-	-	-	396,688	396,688	2,319,456
Assets held for sale (note 3)	-	1,221,500	-	-	-	-	-	1,221,500	-
Prepaid expenses	-	-	509,093	-	-	10,000	62,253	581,346	137,945
	1,935,069	1,221,500	1,406,319	73,674	575	282,610	742,626	5,662,373	7,098,952
Other assets									
Property and equipment (note 4)	-	4,385,945	69,313,443	-	-	-	-	73,699,388	67,231,224
Portfolio investments (note 5)	52,324,425	-	30,890,887	7,153,583	407,753	15,905,120	12,306,474	118,988,242	141,821,055
	52,324,425	4,385,945	100,204,330	7,153,583	407,753	15,905,120	12,306,474	192,687,630	209,052,279
TOTAL ASSETS	\$ 54,259,494	\$ 5,607,445	\$ 101,610,649	\$ 7,227,257	\$ 408,328	\$ 16,187,730	\$ 13,049,100	\$ 198,350,003	\$ 216,151,231

(See notes to financial statements)

STATEMENT OF FINANCIAL POSITION
AS AT JULY 31, 2012

LIABILITIES AND FUND BALANCES

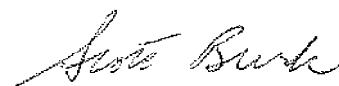
	2012							2011	
	Restricted Funds								
	Long Term Endowment	Capital Asset	Campus	Africa	J Holmes	Decade	Operating	Total	Total
Current liabilities									
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 772,795	\$ 19,551	\$ -	\$ 5,113	\$ 487,402	\$ 1,284,861	\$ 12,638,670
Deferred revenue	-	-	38,110	-	-	-	-	38,110	26,065
Current portion of amount payable (note 7)	-	-	-	-	-	-	31,897	31,897	40,743
Unrealized loss on forward contracts (note 5)	110,079	-	-	-	-	-	-	110,079	6,740
	110,079	-	810,905	19,551	-	5,113	519,299	1,464,947	12,712,218
Long-term liabilities									
Amount payable (note 7)	-	-	-	-	-	-	-	-	31,897
TOTAL LIABILITIES	110,079	-	810,905	19,551	-	5,113	519,299	1,464,947	12,744,115
Fund balances									
Invested in capital assets	-	5,607,445	69,313,443	-	-	-	-	74,920,888	67,158,584
Externally restricted	54,149,415	-	30,473,748	7,207,706	408,328	16,182,617	-	108,421,814	124,649,328
Internally restricted	-	-	1,012,553	-	-	-	-	1,012,553	1,136,810
Unrestricted	-	-	-	-	-	-	12,529,801	12,529,801	10,462,394
TOTAL FUND BALANCES	54,149,415	5,607,445	100,799,744	7,207,706	408,328	16,182,617	12,529,801	196,885,056	203,407,116
	\$ 54,259,494	\$ 5,607,445	\$ 101,610,649	\$ 7,227,257	\$ 408,328	\$ 16,187,730	\$ 13,049,100	\$ 198,350,003	\$ 216,151,231

COMMITMENTS (NOTE 9)

APPROVED AND AUTHORIZED FOR ISSUE BY THE COMPANY'S BOARD OF DIRECTORS ON NOVEMBER 9, 2012.



DIRECTOR



DIRECTOR

(See notes to financial statements)

CENTER FOR INTERNATIONAL GOVERNANCE INNOVATION

STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JULY 31, 2012

	2012							2011	
	Restricted Funds								
	Long Term Endowment	Capital Asset	Campus	Africa	J Holmes	Decade	Operating	Total	Total
REVENUE (LOSS)									
Realized investment income	\$ -	\$ -	\$ -	\$ 111,182	\$ 3,433	\$ 1,339,826	\$ 3,401,682	\$ 4,856,123	\$ 8,406,117
Donations	-	-	3,243,938	-	-	-	250,788	3,494,726	-
Other	-	-	763,760	-	14,175	-	118,389	896,324	86,018
Government grants	-	-	29,838	-	-	-	62,751	92,589	33,959,008
Share of loss on investment	-	-	-	-	-	-	-	-	(671,064)
Unrealized investment gain (loss)	-	-	-	134,935	-	(327,610)	(555,475)	(748,150)	3,395,807
	\$ -	\$ -	\$ 4,037,536	\$ 246,117	\$ 17,608	\$ 1,012,216	\$ 3,278,135	\$ 8,591,612	\$ 45,175,886
EXPENSES									
Research and conferences	-	-	2,040,127	1,202,243	2,150	3,669,577	1,694,879	8,608,976	8,299,158
Administration	-	-	588,298	220,596	-	142,059	1,375,613	2,326,566	1,864,735
Amortization	-	340,080	1,583,712	-	-	-	-	1,923,792	395,065
Technical support	-	-	343,284	28,287	7,990	85,612	452,474	917,647	458,308
Facilities	-	-	461,237	-	-	118,648	277,048	856,933	466,557
Loss on asset held for sale (note 3)	-	479,758	-	-	-	-	-	479,758	-
Sponsorship donations (note 14)	-	-	-	-	-	-	-	-	26,886,516
	-	819,838	5,016,658	1,451,126	10,140	4,015,896	3,800,014	15,113,672	38,370,339
Excess of revenue over expenses (expenses over revenue)	-	(819,838)	(979,122)	(1,205,009)	7,468	(3,003,680)	(521,879)	(6,522,060)	6,805,547
Fund balances, beginning of the year	59,996,671	6,256,127	98,510,950	8,442,354	404,895	19,333,725	10,462,394	203,407,116	196,601,569
Interfund transfers (note 12)	(5,847,256)	171,156	3,267,916	(29,639)	(4,035)	(147,428)	2,589,286	-	-
Fund balances, end of the year	\$ 54,149,415	\$ 5,607,445	\$ 100,799,744	\$ 7,207,706	\$ 408,328	\$ 16,182,617	\$ 12,529,801	\$ 196,885,056	\$ 203,407,116

(See notes to financial statements)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JULY 31, 2012**

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue) for the year	\$ (6,522,060)	\$ 6,805,547
Items not requiring an outlay (providing an inflow) of cash:		
Unrealized investment gain (loss)	748,150	(3,395,807)
Amortization	1,923,792	395,065
Loss on assets held for sale	479,758	-
Non-cash donation revenue	(1,035,158)	-
Non-cash sponsorship donation expense	-	25,904,476
Share of loss of IGLOO Inc.	-	671,064
Gain on redemption and sale of portfolio investments	(2,120,316)	(4,921,577)
Net changes in non-cash working capital items related to operations:		
Accounts receivable	1,922,768	782,385
Accounts payable and accrued liabilities	(11,353,809)	8,534,896
Deferred revenue	12,045	(57,267)
Prepaid expenses	(443,401)	33,671
	(16,388,231)	34,752,453
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(9,058,057)	(44,235,470)
Repayment of amount payable	(40,743)	(42,817)
Purchase of portfolio investments	(54,296,387)	(89,092,744)
Proceeds on redemption and sale of portfolio investments	78,604,706	66,037,381
	15,209,519	(67,333,650)
NET DECREASE IN CASH FOR THE YEAR	(1,178,712)	(32,581,197)
CASH, BEGINNING OF THE YEAR	4,641,551	37,222,748
CASH, END OF THE YEAR	\$ 3,462,839	\$ 4,641,551

(See notes to financial statements)

1. BASIS OF PRESENTATION

The Centre for International Governance Innovation ("CIGI" or the "Organization") is a charitable organization and an independent, nonpartisan think tank on international governance. Led by experienced practitioners and distinguished academics, CIGI supports research, forms networks, advances policy debate and generates ideas for multilateral governance improvements. Conducting an active agenda of research, events and publications, CIGI's interdisciplinary work includes collaboration with policy, business and academic communities around the world. The Organization is incorporated under the *Canada Corporations Act* as a not-for-profit organization and is a registered charity under the Income Tax Act. As a result, the Organization is not subject to income taxes. The Organization prepares its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP").

Comparative figures -

Certain of the prior year figures have been reclassified for consistency with the presentation adopted for the current year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Fund accounting -

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

The Operating Fund accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Asset Fund reports the assets, liabilities, revenue and expenses related to the Organization's capital assets, excluding those of the CIGI Campus (the "Campus").

Resources contributed for endowment are included in the Long Term Endowment Fund. Certain of such resources are to be held for a period of ten years or upon the dissolution, liquidation or winding up of the Organization, whichever occurs later. Certain of such resources contributed by the Federal Government of Canada is restricted in perpetuity. Investment income earned on resources of the Long Term Endowment Fund is reported in the Operating Fund.

The Decade Fund is focused on long-term research and capacity building projects to contribute to the development of innovative ideas that are relevant to the Province of Ontario.

The Africa Fund is focused on the effects of climate change on Africa's security and socioeconomic development.

The Campus Fund is a CIGI initiative in collaboration with provincial and federal governments designed to house several graduate schools and programs. One such initiative is the already established Balsillie School of International Affairs ("BSIA"). Other initiatives on the Campus are currently being developed by CIGI. As a hub of different schools and programs, the Campus will cultivate an interdisciplinary learning environment focused on developing knowledge of global issues.

The John Holmes Fund is focused on funding the operations of the library.

(b) Revenue recognition -

Contributions are recognized as revenue in the Long Term Endowment Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions of other materials and services are recognized at fair value on the date of contribution if fair value can be reasonably estimated.

(c) Cash and cash equivalents -

Cash and cash equivalents consist of balances with banks and brokers, bank overdrafts and investments in money market instruments with original maturities of three months or less.

(d) Portfolio investments -

Mutual funds, equities and fixed income fund units are carried at fair value based on bid price. Alternative investments are carried at fair value based on net asset value. The fair value of derivative financial instruments is based on the estimated amounts receivable or payable from the derivative contracts at the reporting date. The portfolio investments have been designated as held for trading. Realized and unrealized gains or losses are recognized in the statement of revenue and expenses and change in fund balances for the year.

(e) Property and equipment -

Property and equipment are stated at cost and amortization is provided as follows:

Buildings and improvements	- straight-line over ten to forty years
Furniture and fixtures	- straight-line over five years
Computer equipment	- straight-line over three years
Office equipment	- straight-line over three years
Vehicles	- straight-line over five years
Computer software	- straight-line over three years

One-half of the above rates is applied in the year of acquisition.

The Organization tests for impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through the direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(f) **Investment in significantly influenced company -**

The investment in the company subject to significant influence is accounted for by the equity method. Under this method, the original cost of the investment is adjusted for the Organization's share of dividends received and undistributed earnings or losses since acquisition.

(g) **Contributed services -**

Volunteers contribute many hours per year to assist the Organization in carrying out its charitable activities. Because of the difficulty in determining their fair value, contributed services are recognized in these financial statements only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

(h) **Measurement uncertainty -**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amount of revenue and expenses during the reported period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the statement of revenue over expenses and fund balances in the period in which such adjustments become known. An example of the use of estimates is in determination of the useful life of property and equipment and accrued liabilities.

(i) **Recent accounting pronouncements -**

The CICA has issued a new accounting framework applicable for not-for-profit organizations. Effective for fiscal years beginning on or after January 1, 2012, not-for-profit organizations are required to choose between the International Financial Reporting Standards ("IFRS") and Canadian accounting standards applicable to not-for-profit organizations ("ASNPO"). The Organization has done an assessment of the potential differences and has adopted ASNPO for its fiscal year commencing August 1, 2012. Impact on the Organization's financial statements has been determined to be minimal.

GAAP requires that organizations subsequently measure financial assets and liabilities at fair value or amortized cost by classifying them in one of five categories: financial instruments held for trading, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities. ASNPO does not provide for this classification.

The new standards also introduce a single impairment model that applies to all financial assets accounted for at cost or amortized cost. Under this single impairment model, write downs are based on the difference between the current carrying amount of the asset and the amount the Organization could expect to receive in the most favorable outcome.

There is also a different standard with respect to the determination of fair value. Under GAAP the appropriate quoted market price for an asset held or a liability to be issued is usually the current bid price, and for an asset to be acquired or a liability held, the ask price. Under ASNPO the appropriate quoted market price for an investment in an equity instrument is usually the last closing price.

NOTES TO THE FINANCIAL STATEMENTS
 JULY 31, 2012

3. ASSET HELD FOR SALE

On March 30, 2012 the Organization's board approved a plan to sell one of its properties for \$1,300,000. On September 14, 2012 the Organization entered into an agreement to sell the property. As a result, the property has been reclassified as assets held for sale and the carrying amount has been written down to the selling price less costs to sell.

4. PROPERTY AND EQUIPMENT

Property and equipment are comprised as follows:

	<u>2012</u>			<u>2011</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Buildings and improvements	\$ 76,228,967	\$ 3,101,965	\$ 73,127,002	\$ 65,558,613
Land	297,346	-	297,346	1,399,106
Furniture and fixtures	470,109	294,957	175,152	144,079
Computer equipment	891,765	811,235	80,530	81,971
Office equipment	335,831	321,593	14,238	24,539
Vehicles	32,754	29,479	3,275	9,826
Computer software	82,902	81,057	1,845	13,090
	\$ 78,339,674	\$ 4,640,286	\$ 73,699,388	\$ 67,231,224

Included in buildings and improvements costs are \$68,957,769 (2011 - \$60,807,987) and included in furniture and fixture costs are \$130,101 (2011 - \$94,469) relating to the Campus. During the year the Campus was completed and as such, the Organization began to amortize these items in the current year.

Included in buildings and improvements are \$1,035,158 (2011 - \$nil) of gift in kind contributions. These contributions are restricted for use of the Campus Fund.

NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2012

5. PORTFOLIO INVESTMENTS

Portfolio investments are recorded at fair value and are comprised as follows:

	<u>2012</u>	<u>2011</u>
Equities and equity mutual funds	\$ 62,797,141	\$ 48,197,907
Money market fund units	407,753	404,320
Fixed income fund units	52,333,875	66,314,532
Alternative investments	2,396,272	25,726,414
Term deposits	1,012,552	1,136,810
Unrealized gain on forward currency contracts (a)	40,649	41,072
	<u>118,988,242</u>	141,821,055
Unrealized loss on forward currency contracts (a)	<u>(110,079)</u>	(6,740)
	<u>\$ 118,878,163</u>	<u>\$ 141,814,315</u>

- (a) The Organization enters into foreign currency forward contracts. These contracts require the Organization to purchase specific amounts of foreign currencies at a set price at specific future dates. The Canadian dollar amounts that could be received and the weighted average exchange rates for the foreign currency forward contracts are comprised as follows:

	<u>2012</u>		<u>2011</u>	
	<u>Contract Amount Canadian \$</u>	<u>Weighted Average Rate</u>	<u>Contract Amount Canadian \$</u>	<u>Weighted Average Rate</u>
Euro	\$ 464,069	\$ 1.6122	\$ 472,790	\$ 1.2611
British pound	569,318	1.7523	549,548	1.5685
Japanese yen	34,828	0.0132	97,569	0.0119
US dollar	<u>8,654,186</u>	1.0131	<u>2,480,346</u>	0.9046
Total	<u>\$ 9,722,401</u>		<u>\$ 3,600,253</u>	

The exchange rates at July 31 were:

	<u>2012</u>	<u>2011</u>
Euro	1.2331	1.3722
British pound	1.5707	1.5694
Japanese yen	0.0128	0.0124
US dollar	1.0029	0.9538

6. BANK INDEBTEDNESS

The Organization has an unsecured \$500,000 overdraft credit facility against which \$nil has been drawn as at July 31, 2012 (2011 - \$nil). Under the overdraft credit facility agreement, outstanding amounts bear interest at the bank's prime lending rate plus 0.75% per annum.

7. AMOUNT PAYABLE

The Organization is committed to future payments of \$31,897 in the year ending July 31, 2013 relating to the relocation of a former tenant of a building owned by the Organization.

8. CAPITAL DISCLOSURES

The Organization's capital is comprised of its net fund balances. The Organization's capital management objectives are to safeguard its capital and to ensure it is able to finance its growth and strategic plans. There were no changes to the Organization's approach to capital management during the year.

Included in the Organization's Endowment Fund is a restricted fund created by contributors including the Federal Government of Canada. The income from the fund is used for the Organization's operations but the capital is restricted from encroachment, is to be protected in perpetuity and may not fall below \$30,000,000.

At July 31, 2012 the capital balance of this fund is calculated to be \$50,650,903 (2011 - \$50,650,903).

9. COMMITMENTS AND CONTINGENCIES

(a) Organizational obligations -

The Organization is committed to making payments to various organizations towards various initiatives to promote public interest and debate regarding Canadian foreign policy and international relations and in international relations and international institution-building and governance.

These payments are due and will be expensed as follows:

In the year ending July 31, 2013	\$ 730,000
2014	730,000
2015	730,000
2016	730,000
2017	<u>730,000</u>
	<u>\$ 3,650,000</u>

(b) Lease commitment -

The Organization has a commitment to lease land from the City of Waterloo for a period of ninety-nine years ending June 2107 for \$1 per annum for the purposes of the Campus.

(c) Program obligation -

During the previous year the Organization signed a program agreement with the Institute for New Economic Thinking. The Organization is committed to expenditures of \$25,000,000 over the term of the agreement which is to expire July 31, 2016. As at July 31, 2012 the Organization has incurred cumulative expenses in the amount of \$2,175,843 (2011- \$515,577).

(d) Claims and litigation -

From time to time, the Organization is involved in claims and litigation primarily arising from the normal course of business. The outcome of such claims and litigation is indeterminable at this time. Management believes that the resolution of these actions will not have a material adverse effect on the financial condition of the Organization.

10. CASH FLOW AND SUPPLEMENTARY INFORMATION

(a) Interest paid -

Cash interest paid during the year was \$6,524 (2011 - \$8,948).

(b) Foreign currency translation gain -

Included in investment income for the current year is a foreign currency translation gain in the amount of \$92,869 (2011 - \$261,384).

11. FINANCIAL INSTRUMENTS

The Organization's financial instruments include cash and cash equivalents, portfolio investments, accounts receivable, accounts payable and accrued liabilities, forward contracts and amount payable. Unless otherwise noted, the carrying value of these instruments approximates their fair value.

The portfolio is exposed to price risk, which is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Approximately 54% (2011 - 52%) of the Organization's portfolio investments are in equities and alternative investments and subject to price risk.

The Organization is also subject to foreign exchange risk as \$11,551,602 (2011 - \$6,205,462) of portfolio investments and \$848,480 (2011 - \$571,883) of cash and cash equivalents are denominated in United States dollars. Some of this risk is offset by the use of forward contracts denominated in United States dollars. In addition, the Organization is subject to foreign exchange risk on forward contracts in other currencies in that there is no cash or investments denominated in those currencies at year end. (see note 5).

Approximately 43% (2010 - 47%) of portfolio investments are invested in fixed income securities.

Certain of the Organization's financial instruments are also subject to credit risk, being the risk of financial loss occurring as a result of default of counterparties on their obligations. As at July 31, 2012, there is no significant concentration of the Organization's receivable balance.

The Organization manages risk by employing professional, experienced portfolio advisors, by daily monitoring of the Organization's positions and market events and by diversifying the investment portfolio within the constraints of the investment objective. To assist in managing risk, the Organization also maintains a governance structure that oversees the Organization's investment activities and monitors compliance with the Organization's stated investment strategy and securities regulations.

12. INTERFUND TRANSFERS

Transfers between funds during a reporting period do not result in increases or decreases in the economic resources of the Organization as a whole. These transfers represent an allocation of resources between various funds.

The following table summarizes the transfers during the year:

	Transfers to (from)						
	Endowment Fund	Capital Asset Fund	Campus Fund	Africa Fund	J Holmes Fund	Decade Fund	Operating Fund
To Operating Fund from Endowment Fund (a)	\$ (5,847,256)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,847,256
To Capital Fund from Operating Fund (b)	-	171,156	-	-	-	-	(171,156)
To Operating Fund from Africa Fund (c)	-	-	-	(29,639)	-	-	29,639
To Operating Fund from Decade Fund (d)	-	-	-	-	-	(147,428)	147,428
To Operating Fund from J Holmes Fund (e)	-	-	-	-	(4,035)	-	4,035
To Campus Fund from Operating Fund (f)	-	-	3,267,916	-	-	-	(3,267,916)
	<u>\$ (5,847,256)</u>	<u>\$ 171,156</u>	<u>\$ 3,267,916</u>	<u>\$ (29,639)</u>	<u>\$ (4,035)</u>	<u>\$ (147,428)</u>	<u>\$ 2,589,286</u>

- (a) The transfer to the Operating Fund from the Endowment Fund was to fund shortfalls and to transfer amounts no longer required.
- (b) The transfer to the Capital Asset Fund from the Operating Fund was made to fund outlays for property and equipment acquisitions and repayment of amount payable in the current period.
- (c) The transfer to the Operating Fund from the Africa Fund was made to fund shortfalls.
- (d) The transfer to the Operating Fund from the Decade Fund was made to fund shortfalls.
- (e) The transfer to the Operating Fund from the J Holmes Fund was made as a reimbursement of administrative costs.
- (f) The transfer to the Campus Fund from the Operating Fund was made to fund shortfalls.

13. RELATED PARTY TRANSACTIONS

During the year, the Organization received a cash donation in the amount of \$58,720 from a charitable foundation controlled by a director of the Organization (2011 - \$nil).

Related party transactions are recorded at the fair value on the date of the transaction which is also the exchange amount and the amount agreed to by the related parties.

14. TRANSFER OF FUND

On October 1, 2010 the Organization transferred the cash and investments of Musagetes Fund to Stonefields Foundation (the "Foundation"). The Foundation is not related to the Organization. As a result, after the transfer the Musagetes Fund no longer exists.