
Centre for International
Governance Innovation

FINANCIAL STATEMENTS

JULY 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Directors of Centre for International Governance Innovation

Opinion

We have audited the financial statements of Centre For International Governance Innovation (the "Organization"), which comprise the statement of financial position as at July 31, 2022, and the statements of revenues and expenditures and changes in fund balances and its cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at July 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

(continues)

As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Zeifmans LLP

Toronto, Ontario
December 5, 2022

Chartered Professional Accountants
Licensed Public Accountants

Statement of Financial Position
As at July 31, 2022

	2022							2021	
	RESTRICTED FUNDS								
	Long Term Endowment	Capital Assets	Campus	Africa	J Holmes	Balsillie Family Foundation Fund	Operating	Total	Total
	ASSETS								
CURRENT									
Cash and cash equivalents	\$ 192,144	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 592,787	\$ 784,931	\$ 3,378,004
Portfolio investments (Note 3)	58,180,075	-	9,969,513	5,546,867	428,133	24,042,875	15,876,603	114,044,066	120,139,415
Amounts receivable (Note 10)	520,911	-	-	-	-	520,911	183,290	1,225,112	116,709
Prepaid expenses (Note 4)	-	-	67,839	-	-	-	134,328	202,167	357,066
	58,893,130	-	10,037,352	5,546,867	428,133	24,563,786	16,787,008	116,256,276	123,991,194
OTHER									
Property and equipment (Note 5)	-	2,854,787	46,734,871	-	-	-	-	49,589,658	51,469,114
Lease inducement	-	-	-	-	-	-	-	-	134,688
	-	2,854,787	46,734,871	-	-	-	-	49,589,658	51,603,802
TOTAL ASSETS	\$ 58,893,130	\$ 2,854,787	\$ 56,772,223	\$ 5,546,867	\$ 428,133	\$ 24,563,786	\$ 16,787,008	\$ 165,845,934	\$ 175,594,996

See accompanying notes to financial statements

Statement of Financial Position
As at July 31, 2022

	2022							2021	
RESTRICTED FUNDS									
	Long Term Endowment	Capital Assets	Campus	Africa	J Holmes	Balsillie Family Foundation Fund	Operating	Total	Total
LIABILITIES									
CURRENT									
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 824,499	\$ 824,499	\$ 634,968
Deferred revenue	-	-	-	-	-	-	298,325	298,325	507,093
Interfund loan (receivable) (Note 7)	-	-	-	-	-	255,621	(255,621)	-	-
TOTAL LIABILITIES	-	-	-	-	-	255,621	867,203	1,122,824	1,142,061
FUND BALANCES									
Invested in capital assets	-	2,854,787	46,734,871	-	-	-	-	49,589,658	51,469,114
Externally restricted	58,893,130	-	9,393,599	5,546,867	428,133	24,308,165	-	98,569,894	105,474,866
Internally restricted	-	-	643,753	-	-	-	-	643,753	642,417
Unrestricted	-	-	-	-	-	-	15,919,805	15,919,805	16,866,538
TOTAL FUND BALANCES	58,893,130	2,854,787	56,772,223	5,546,867	428,133	24,308,165	15,919,805	164,723,110	174,452,935
	\$ 58,893,130	\$ 2,854,787	\$ 56,772,223	\$ 5,546,867	\$ 428,133	\$ 24,563,786	\$ 16,787,008	\$ 165,845,934	\$ 175,594,996

COMMITMENTS AND CONTINGENCIES (Note 9)

APPROVED AND AUTHORIZED FOR ISSUE BY THE ORGANIZATION'S BOARD OF DIRECTORS ON DECEMBER 5, 2022

Director

Director

**Statement of Revenues and Expenditures and Changes in Fund Balances
For the Year Ended July 31, 2022**

	2022							2021	
	RESTRICTED FUNDS								
	Long Term Endowment	Capital Assets	Campus	Africa	J Holmes	Balsillie Family Foundation Fund	Operating	Total	Total
REVENUES									
Realized investment income (Note 10)	\$ -	\$ -	\$ 397,359	\$ 143,527	\$ 1,629	\$ 1,090,427	\$ 3,379,907	\$ 5,012,849	\$ 6,465,805
Other (Note 10)	-	-	913,036	-	-	-	607,229	1,520,265	1,896,003
Government and other grants	-	-	-	-	-	-	814,741	814,741	514,753
Unrealized investment gains (losses)	-	-	(882,139)	(473,080)	-	(899,929)	(4,426,189)	(6,681,337)	7,281,235
	-	-	428,256	(329,553)	1,629	190,498	375,688	666,518	16,157,796
EXPENSES									
Research and conferences (Note 4)	-	-	103,251	-	94,090	-	4,260,732	4,458,073	4,095,117
Amortization	-	292,001	1,864,407	-	-	-	-	2,156,408	2,109,074
Administration	-	-	161,977	-	-	-	1,715,418	1,877,395	1,769,051
Facilities	-	-	1,002,532	-	-	-	118,447	1,120,979	995,343
Technical support	-	-	461,453	-	-	-	322,035	783,488	698,782
	-	292,001	3,593,620	-	94,090	-	6,416,632	10,396,343	9,667,367
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	-	(292,001)	(3,165,364)	(329,553)	(92,461)	190,498	(6,040,944)	(9,729,825)	6,490,429
FUND BALANCES - BEGINNING OF YEAR	64,761,878	2,902,336	59,152,366	5,876,420	426,504	24,466,893	16,866,538	174,452,935	167,962,506
INTERFUND TRANSFERS (Note 13)	(5,868,748)	244,452	785,221	-	94,090	(349,226)	5,094,211	-	-
FUND BALANCES - END OF YEAR	\$ 58,893,130	\$ 2,854,787	\$ 56,772,223	\$ 5,546,867	\$ 428,133	\$ 24,308,165	\$ 15,919,805	\$ 164,723,110	\$ 174,452,935

See accompanying notes to financial statements

Statement of Cash Flows
For the Year Ended July 31, 2022

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses (expenses over revenues)	\$ (9,729,825)	\$ 6,490,429
Items not affecting cash:		
Amortization	2,156,407	2,109,074
Unrealized investment losses (gains)	6,681,335	(7,281,235)
Non-cash rental income	(154,541)	-
Gain on sale of portfolio investments	(3,098,232)	(4,179,341)
Amortization of lease inducement	134,688	100,675
Unrealized foreign exchange gain (loss) on cash	396,881	(444,582)
	<u>(3,613,287)</u>	<u>(3,204,980)</u>
Changes in non-cash working capital:		
Amounts receivable	(1,108,401)	7,227
Accounts payable and accrued liabilities	189,531	(197,189)
Deferred revenue	(208,768)	34,899
Prepaid expenses	154,899	(86,792)
	<u>(972,739)</u>	<u>(241,855)</u>
CASH FLOWS FROM OPERATING ACTIVITIES	<u>(4,586,026)</u>	<u>(3,446,835)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(122,412)	(79,506)
Purchase of portfolio investments	(14,086,352)	(60,299,110)
Proceeds on redemption and sale of portfolio investments	16,598,598	52,960,781
CASH FLOWS FROM INVESTING ACTIVITIES	<u>2,389,834</u>	<u>(7,417,835)</u>
OTHER CASH FLOW ITEMS		
Foreign exchange gain (loss) on cash held in foreign currency	(396,881)	444,582
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	<u>(2,593,073)</u>	<u>(10,420,088)</u>
Cash - beginning of year	<u>3,378,004</u>	<u>13,798,092</u>
CASH - END OF YEAR	<u>\$ 784,931</u>	<u>\$ 3,378,004</u>
CASH CONSISTS OF:		
Cash held in bank accounts	\$ 592,787	\$ 848,766
Cash held in investment broker accounts	192,144	2,529,238
	<u>\$ 784,931</u>	<u>\$ 3,378,004</u>

See accompanying notes to financial statements

Notes to Financial Statements

July 31, 2022

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 Not for Profit Corporations Act* and is a registered charity under the Income Tax Act. As a result, the Organization is not subject to income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General -

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and are applied consistently. The Organization has presented these financial statements in Canadian dollars.

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, revenues and expenses related to the Organization's capital assets, excluding those of the CIGI Campus (the "Campus").

The Long Term Endowment Fund reports resources contributed for endowment. Certain of such resources are to be held for a period of ten years. Investment income earned on resources of the Long Term Endowment Fund is reported in the Operating Fund.

The Africa Fund is focused 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. Two such initiatives are the Balsillie School of International Affairs (“BSIA”) and the CIGI International Law Research Program (the "ILRP"). As a hub of different programs, the Campus Fund cultivates an interdisciplinary learning environment focused on developing knowledge of global governance issues.

The John Holmes Fund is focused on funding the operations of the library. On April 1, 2021, the Organization and the trustees of the John Holmes Library Endowment Trust signed a memorandum of understanding to utilize current funds held in the John Holmes Funds to conduct research and publish a series of books on macro-level themes of Canadian diplomatic history, commission and publish a digital essay series and reviving the Canadian Foreign Relations Index.

The Balsillie Family Foundation Fund is to be utilized for strategic opportunities with respect to matching contributions from third parties for program initiatives as well as making qualified donations, which require prior written approval by the private donor, who is also a director of the Organization.

Cash and cash equivalents -

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

(continues)

Notes to Financial Statements

July 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Portfolio investments -

Mutual funds, equities and fixed income fund units are carried at fair value based on the latest closing 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 those to be measured at fair value. Realized and unrealized gains or losses are recognized in the statement of revenue and expenses and change in fund balances for the year.

Property and equipment -

Property and equipment are stated at cost less accumulated amortization. Property and equipment are amortized over their estimated useful life on a straight-line basis over the following periods:

Buildings - interior	forty years
Buildings - mechanical	thirty-three years
Buildings - exterior	forty years
Buildings - site and foundation	forty years
Building improvements	seven to ten years
Furniture and fixtures	five years
Computer equipment	three years
Computer software	three years
Buildings - IT infrastructure	three years
Office equipment	three years
Vehicles	five years

Amortization of assets acquired during the year is recorded at half the above rates.

Art capitalized by the Organization is not amortized.

The Organization tests for impairment of long-lived assets whenever events or changes in circumstances indicate the asset no longer contributes to the Organization's ability to provide goods and services or that the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. 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 or replacement cost in the statement of revenue and expenses and fund balances.

(continues)

Notes to Financial Statements

July 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition -

Contributions are recognized as revenue 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 for endowment are recognized as revenue in the Long Term Endowment Fund in the year received or receivable.

Unrestricted investment income earned on Long Term Endowment Fund resources is recognized as revenue of the Operating Fund. Other investment income is recognized as revenue of the Operating Fund when earned.

Rental income is recognized as revenue in the Campus Fund over the term of the lease on a straight-line basis when collection is reasonably assured.

Significantly influenced entities -

Significant influence over a for-profit entity:

Investments in companies subject to significant influence by the Organization are 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.

Significant influence over a not-for-profit organization:

Significant influence over a not-for-profit organization is established without a transferable ownership interest and as a result exists through other means. The Organization discloses a description of the relationship with the significantly influenced organization; a clear description of the organization's purpose, intended community of services, its status under income tax legislation and its legal form; and the nature and extent of any economic interest that the Organization has in the significantly influenced organization. This entity has not been consolidated into the Organization's financial statements.

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 services are used in the normal course of the Organization's operations and would otherwise have been purchased.

(continues)

Notes to Financial Statements

July 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty -

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Examples of estimates are the determination of market value of portfolio investments, the determination of the useful life of property and equipment, the determination of the value of assets disposed of and accrued liabilities.

Beginning in March 2020 the Governments of Canada and Ontario, as well as foreign governments, instituted emergency measures as a result of the COVID-19 virus. As a result, the virus has significantly affected the Canadian and international securities and currency markets and consumer activity. Management believes that the Organization's accounting estimates are fairly determined, however, the ongoing uncertainty may affect some of the significant estimates in the next fiscal year, more specifically impairment assessment of long-lived assets and fair values of financial instruments.

3. PORTFOLIO INVESTMENTS

	<u>2022</u>	<u>2021</u>
Fixed income fund units	\$ 60,041,357	\$ 66,353,887
Equities and equity mutual fund units	43,149,448	52,458,501
Alternative strategy investments	9,781,368	257,485
Term deposits	1,071,893	1,069,542
	<u>\$ 114,044,066</u>	<u>\$ 120,139,415</u>

4. SIGNIFICANTLY INFLUENCED NOT-FOR-PROFIT ORGANIZATIONS

The Balsillie School of International Affairs (the "BSIA") was incorporated on August 19, 2013 under the Canada Not for Profit Corporations Act. The Organization, through its representation on the board of directors, has significant influence over the BSIA. The purpose of BSIA is to support interdisciplinary research in the fields of multilateral and global governance with a view to raising the quality of people's lives worldwide by identifying and offering options for solutions to critical issues facing humanity; to facilitate and promote research relationships and collaborations among academic researchers, students and other qualified experts affiliated with the members in multiple disciplines; and to provide networking, professional development and research opportunities for students, post-doctoral fellows and research associates affiliated with the members. The Organization does not intend to benefit economically from the operations of the BSIA. During the year, the Organization expensed \$190,050 (2021 - \$189,000) in relation to the BSIA, which is included in research and conferences expense. In addition, \$86,799 (2021 - \$83,022) is recognized as a prepaid expense.

Notes to Financial Statements

July 31, 2022

5. PROPERTY AND EQUIPMENT

	2022			2021
	Cost	Accumulated amortization	Net book value	Net book value
Buildings - interior	\$ 22,862,619	\$ 6,368,293	\$ 16,494,326	\$ 17,065,889
Buildings - mechanical	19,994,882	5,881,538	14,113,344	14,719,249
Buildings - exterior	17,267,054	4,809,671	12,457,383	12,889,060
Buildings - site and foundation	7,480,496	2,083,663	5,396,833	5,583,845
Building improvements	3,086,754	2,566,044	520,710	689,069
Land	294,345	-	294,345	294,345
Furniture and fixtures	854,480	688,310	166,170	-
Computer equipment	8,280,359	8,186,397	93,962	156,321
Computer software	334,777	287,191	47,586	66,334
Vehicles	5,000	-	5,000	5,000
Buildings - IT infrastructure	508,726	508,726	-	-
Office equipment	341,626	341,626	-	-
Motor vehicles	32,754	32,754	-	-
	\$ 81,343,872	\$ 31,754,213	\$ 49,589,659	\$ 51,469,112

Included in buildings - interior, mechanical, exterior, site and foundation, building improvements and buildings - IT infrastructure are assets with a net book value of \$46,734,871 (2021 - \$48,566,778) relating to the Campus.

Included in furniture and fixtures are assets with a cost of \$154,541 and net book value of \$139,087, which were exchanged in 2022 with a previous third party tenant in lieu of four months' rental income owed to CIGI. This exchange was agreed upon between the third party and CIGI in order for the third party to vacate its rental agreement early. The assets were recognized at the more reliable value, which is the four months' rental income accordingly. Therefore, \$154,541 was recognized as rental income during the year.

6. BANK INDEBTEDNESS

The Organization has an unsecured \$500,000 overdraft credit facility against which \$nil (2021 - \$nil) has been drawn as at July 31, 2022. Under the overdraft credit facility agreement, outstanding amounts bear interest at the bank's prime lending rate plus 0.75% per annum.

7. INTERFUND LOANS

At July 31, 2022, the Balsillie Family Foundation Fund owed the Operating Fund \$255,621 (2021 - \$146,766) for monies transferred between the funds. The loan is without interest, security or stated terms of repayment.

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 Long Term Endowment Fund is a restricted sub-fund created by contributors including the Government of Canada. The income from the sub-fund is used for the Organization's operations but the sub-fund capital is restricted from encroachment and may not fall below \$30,000,000. At July 31, 2021 and 2022 the capital balance of this sub-fund is calculated to be \$50,650,903.

Notes to Financial Statements

July 31, 2022

9. COMMITMENTS AND CONTINGENCIES

(a) **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.

(b) **Program obligations -**

In 2020, the Organization signed an agreement with the International Development Research Centre ("IDRC"). The Organization is committed to expenditures of \$926,020 over the term of the agreement which was set to expire May 31, 2022. Subsequently, an amendment was signed by the Organization and IDRC to extend the term to May 1, 2023. IDRC is to provide funding over the milestones set out in the agreement to reimburse the Organization for such costs. As at July 31, 2022, the Organization has received \$211,105 (2021 - \$439,860) from IDRC. For the period from the signing of the original agreement to July 31, 2022 the Organization has incurred cumulative expenses in the amount of \$741,022 (for the period from signing of the agreement to July 31, 2021 - \$377,961). \$363,061 of expenses were incurred in the current year (2021 - \$344,950).

In 2022, the Organization signed an agreement with the Omidyar Network Fund ("Omidyar") for research and production of a report. The Organization is committed to expenditures of approximately US\$389,970 over the term of the agreement, which terminates the earlier of December 31, 2023 or when all grant funds are expended. Omidyar is to provide a grant of US\$190,000 as set out in the agreement to reimburse the Organization for such costs. As at July 31, 2022, the Organization has received US\$190,000 from Omidyar. In addition, the Balsillie Family Foundation Fund has approved the transfer of US\$190,000 to the Operating Fund to assist in reimbursement of costs under this program. To date, the Organization has not incurred any expenditures in relation to this project.

In 2022 the Organization qualified for a grant of \$26,250 from the Government of Canada payable in monthly increments for work performed by the Organization of which \$16,350 has been received as of July 31, 2022 representing the expenditures the Organization has incurred to date. The grant is to reimburse the Organization for qualifying expenditures for the design and delivery of six virtual course offerings under the agreement. The term of the agreement is from February 14, 2022 to March 31, 2023.

(c) **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.

Notes to Financial Statements

July 31, 2022

10. OTHER SUPPLEMENTAL INFORMATION

(a) **Rental income -**

For the year, the Organization recognized \$1,325,123 (2021 - \$1,357,688) of rental income included in other income.

(b) **Related party transactions -**

For the year, the Organization recognized \$18,534 (2021 - \$17,862) of rental and reimbursement income included in other income, which was received from a not-for-profit organization that is controlled by a director of the Organization. As at July 31, 2022, \$nil (2021 - \$380) of the total amounts receivable is due from this not-for-profit organization.

For the year, the Organization recognized \$143,908 (2021 - \$81,871) of rental and reimbursement income included in other income, which was received from a not-for-profit organization that is significantly influenced by a director of the Organization. As at July 31, 2022, \$8,559 (2021 - \$9,082) of the total amounts receivable is due from this not-for-profit organization.

(c) **Realized investment income -**

Realized investment income is comprised as follows:

	<u>2022</u>	<u>2021</u>
Gain on sale of portfolio investments	\$ 2,878,035	\$ 4,247,262
Interest	1,398,196	1,897,056
Dividends	813,782	737,643
Foreign currency translation gain (loss)	220,197	(67,920)
Management fees	<u>(297,361)</u>	<u>(348,236)</u>
	<u>\$ 5,012,849</u>	<u>\$ 6,465,805</u>

During the year, the Organization realized a foreign currency translation loss of \$44,798 (2021 - \$46,936), which is grouped in administration expenses in the statement of revenues and expenditures.

(d) **Government assistance -**

For the year, the Organization received a \$nil (2021 - \$135,904) subsidy for the Canada Emergency Wage Subsidy program offered by the Government of Canada as assistance for the ongoing COVID-19 pandemic. This subsidy has been included in other income in the statement of operations.

11. POST-EMPLOYMENT BENEFITS

The Organization operates a defined contribution retirement plan for its employees. The retirement plan is funded by payments from the employees and the Organization. The payments by the Organization are charged to the statement of revenue and expenses for the period as incurred. The Organization has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The assets of the pension plan are held by an independent entity. Pension expense for the year ended July 31, 2022 was \$216,588 (2021 - \$244,174).

Notes to Financial Statements

July 31, 2022

12. FINANCIAL INSTRUMENTS

(a) **Financial assets -**

The carrying amount of financial assets measured at fair value is \$114,828,997 (2021 - \$123,517,419).

The carrying amount of financial assets measured at amortized cost is \$1,225,112 (2021 - \$116,709).

(b) **Financial risks -**

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of July 31, 2022.

Credit risk

Certain of the Organization's financial instruments are subject to credit risk, being the risk of financial loss occurring as a result of default of counterparties on their obligations. The Organization is subject to credit risk on its accounts receivable, fixed income securities held and cash. As at July 31, 2022, 85% (2021 - 84%) of the amounts receivable balance is from one organization. In order to mitigate this risk, the Organization monitors the performance of the fixed income securities and invests with only reputable brokers.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Organization is exposed to all three.

Currency risk

Currency risk is the risk to the Organization's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Organization is exposed to foreign currency exchange risk on cash and cash equivalents of \$516,776 (2021 - \$2,619,546) and portfolio investments of \$7,194,652 (2021 - \$950,583) that are denominated in United States dollars.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Organization is exposed to interest rate risk to the extent of investments held in fixed income securities.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk through its portfolio investments in quoted shares. Approximately, 46% (2021 - 44%) of the Organization's portfolio investments are in equities and alternative strategy investments and are subject to the other price risk.

(continues)

Notes to Financial Statements

July 31, 2022

12. FINANCIAL INSTRUMENTS *(continued)*

The Organization manages risk by employing professional and 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.

13. 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 for the year:

	Long Term Endowment Fund	Capital Asset Fund	Campus Fund	Africa Fund	J Holmes Fund	Balsillie Family Foundation Fund	Operating Fund
From the Long Term Endowment Fund to the Operating Fund (a)	\$ (5,868,748)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,868,748
From the Operating Fund to the Capital Asset Fund (b)	-	244,452	-	-	-	-	(244,452)
From the Operating Fund to the Campus Fund (c)	-	-	785,221	-	-	-	(785,221)
From the Operating Fund to the J Holmes Fund (d)	-	-	-	-	94,090	-	(94,090)
From the Balsillie Family Foundation Fund to the Operating Fund (e)	-	-	-	-	-	(349,226)	349,226
	<u>\$ (5,868,748)</u>	<u>\$ 244,452</u>	<u>\$ 785,221</u>	<u>\$ -</u>	<u>\$ 94,090</u>	<u>\$ (349,226)</u>	<u>\$ 5,094,211</u>

- (a) The transfer from the Long Term Endowment Fund to the Operating Fund was made to reimburse the Operating fund for previous advances.
- (b) The transfer from the Operating fund to the Capital Asset Fund was made to cover property and equipment acquisitions and operating activities.
- (c) The transfer from the Operating fund to the Campus Fund was made to cover property and equipment acquisitions and operating activities.
- (d) The transfer from the Operating Fund to the J Holmes Fund was made to cover project expenditures in the J Holmes Fund.
- (e) The transfer from the Balsillie Family Foundation Fund to the Operating Fund was made to cover approved project expenditures in the Operating Fund.