

THE CENTRE FOR INTERNATIONAL GOVERNANCE INNOVATION

FINANCIAL STATEMENTS

JULY 31, 2009

ZEIFMANS
— LLP —
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Directors of
The Centre For International Governance Innovation

We have audited the statement of financial position of The Centre For International Governance Innovation as at July 31, 2009 and the statements of revenue and expenses and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at July 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
October 13, 2009

Zeifmans LLP
Chartered Accountants
Licensed Public Accountants

STATEMENT OF FINANCIAL POSITION
AS AT JULY 31, 2009

ASSETS

	2009										2008
	Restricted Funds										
	<u>Long Term Endowments</u>	<u>Capital Asset</u>	<u>School</u>	<u>Musagetes</u>	<u>Africa</u>	<u>J Holmes</u>	<u>Decade</u>	<u>Program</u>	<u>Operating</u>	<u>Total</u>	<u>Total</u>
Current assets											
Cash and cash equivalents	\$ 4,333,659	\$ -	\$ 25	\$ 3,951,231	\$ 437	\$ -	\$ 12,270,224	\$ -	\$ 645,195	\$ 21,200,771	\$ 22,479,456
Accounts receivable	-	-	-	-	-	2,856	63,751	-	110,180	176,787	580,479
Prepaid expenses	-	-	-	-	79,714	1,025	151,969	-	99,413	332,121	230,128
	4,333,659	-	25	3,951,231	80,151	3,881	12,485,944	-	854,788	21,709,679	23,290,063
Other assets											
Property and equipment (note 4)	-	6,671,267	2,518,291	-	-	-	-	-	-	9,189,558	6,974,639
Investment in IGLOO Inc. (note 5)	-	-	-	-	-	-	-	-	2,103,419	2,103,419	3,357,168
Portfolio investments (note 6)	45,668,070	-	9,281,495	21,344,230	9,294,824	400,242	10,521,665	-	-	96,510,526	110,772,493
	45,668,070	6,671,267	11,799,786	21,344,230	9,294,824	400,242	10,521,665	-	2,103,419	107,803,503	121,104,300
TOTAL ASSETS	\$ 50,001,729	\$ 6,671,267	\$ 11,799,811	\$ 25,295,461	\$ 9,374,975	\$ 404,123	\$ 23,007,609	\$ -	\$ 2,958,207	\$ 129,513,182	\$ 144,394,363

STATEMENT OF FINANCIAL POSITION
AS AT JULY 31, 2009

LIABILITIES AND FUND BALANCES

	2009										2008
	Restricted Funds										
	Long Term Endowments	Capital Asset	School	Musagetes	Africa	J Holmes	Decade	Program	Operating	Total	Total
Current liabilities											
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 508,237
Bank indebtedness (note 7)	-	-	1,145,873	-	-	-	-	-	-	1,145,873	-
Accounts payable	-	-	627,893	-	2,250	-	426,539	-	274,547	1,331,229	1,284,997
Deferred revenue	-	-	-	-	-	-	-	-	-	-	98,652
Current portion of amount payable (note 8)	-	52,176	-	-	-	-	-	-	-	52,176	53,761
Unrealized loss on forward contracts (note 6)	13,283	-	-	-	-	-	-	-	-	13,283	649,817
	13,283	52,176	1,773,766	-	2,250	-	426,539	-	274,547	2,542,561	2,595,464
Long-term liabilities											
Amount payable (note 8)	-	114,131	-	-	-	-	-	-	-	114,131	166,308
TOTAL LIABILITIES	13,283	166,307	1,773,766	-	2,250	-	426,539	-	274,547	2,656,692	2,761,772
Fund balances											
Invested in capital assets	-	6,504,960	-	-	-	-	-	-	-	6,504,960	6,754,570
Externally restricted	49,988,446	-	10,026,045	25,295,461	9,372,725	404,123	22,581,070	-	-	117,667,870	132,274,566
Unrestricted	-	-	-	-	-	-	-	-	2,683,660	2,683,660	2,603,455
TOTAL FUND BALANCES	49,988,446	6,504,960	10,026,045	25,295,461	9,372,725	404,123	22,581,070	-	2,683,660	126,856,490	141,632,591
	\$ 50,001,729	\$ 6,671,267	\$ 11,799,811	\$ 25,295,461	\$ 9,374,975	\$ 404,123	\$ 23,007,609	\$ -	\$ 2,958,207	\$ 129,513,182	\$ 144,394,363

COMMITMENT (NOTE 11)

ON BEHALF OF THE BOARD

_____ DIRECTOR

_____ DIRECTOR

THE CENTRE FOR INTERNATIONAL GOVERNANCE INNOVATION

**STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JULY 31, 2009**

	2009										2008
	Restricted Funds										Total
	Long Term Endowment	Capital Asset	School	Musagetes	Africa	J Holmes	Decade	Program	Operating	Total	Total
REVENUE (LOSS)											
Unrealized investment gain (loss)	\$ -	\$ -	\$ -	\$ (3,162,086)	\$ -	\$ -	\$ 391,075	\$ -	\$ 4,589,842	\$ 1,818,831	\$ (5,410,359)
Government grants	-	-	-	-	-	-	-	459,736	285,972	745,708	1,661,119
Donations	-	-	-	-	-	-	-	-	74,135	74,135	22,801,699
Other	-	-	200,000	-	-	410,653	-	-	241,180	851,833	605,346
Gain on sale of assets	-	-	-	-	-	-	-	-	-	-	3,683,948
Share of loss on investment	-	-	-	-	-	-	-	-	(1,253,749)	(1,253,749)	(642,832)
Realized investment income (loss)	-	-	(5,118,409)	(1,790,323)	226,067	242	1,429,758	-	(248,380)	(5,501,045)	2,524,512
	-	-	(4,918,409)	(4,952,409)	226,067	410,895	1,820,833	459,736	3,689,000	(3,264,287)	25,223,433
EXPENSES											
Research and conferences	-	-	57,106	-	514,857	1,108	4,405,378	175,900	2,573,164	7,727,513	7,012,119
Administration	-	-	51,497	-	221,325	1,461	589,542	15,016	418,180	1,297,021	1,612,434
IGLOO	-	-	-	-	-	-	2,495	542,093	173,258	717,846	1,579,005
Sponsorship donations	-	-	-	500,000	-	-	-	-	-	500,000	350,000
Technical support	-	-	-	-	-	-	168,061	261,743	102,304	532,108	311,864
Amortization	-	397,485	-	-	-	-	-	-	-	397,485	549,358
Facilities	-	-	-	-	-	-	218,734	-	121,107	339,841	360,549
	-	397,485	108,603	500,000	736,182	2,569	5,384,210	994,752	3,388,013	11,511,814	11,775,329
Excess of revenue over expenses (expenses over revenue)	-	(397,485)	(5,027,012)	(5,452,409)	(510,115)	408,326	(3,563,377)	(535,016)	300,987	(14,776,101)	13,448,104
Fund balance, beginning of the year	48,646,985	6,754,570	14,881,246	30,747,857	9,905,540	-	27,904,939	187,999	2,603,455	141,632,591	128,184,487
Interfund transfers (note 15)	1,341,461	147,875	171,811	13	(22,700)	(4,203)	(1,760,492)	347,017	(220,782)	-	-
Fund balances, end of the year	\$ 49,988,446	\$ 6,504,960	\$ 10,026,045	\$ 25,295,461	\$ 9,372,725	\$ 404,123	\$ 22,581,070	\$ -	\$ 2,683,660	\$ 126,856,490	\$ 141,632,591

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JULY 31, 2009**

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$(14,776,101)	\$ 13,448,104
Items not requiring an outlay (providing an inflow) of cash:		
Unrealized loss (gain) on market value adjustment of portfolio investments	(1,818,831)	5,410,359
Amortization	397,485	549,358
Gain on sale of capital assets	-	(3,875,629)
Non-cash donation of shares	-	(22,734,516)
Share of loss of IGLOO Inc.	1,253,749	642,832
Loss on redemption and sale of portfolio investments	5,958,701	1,465,504
Net changes in non-cash working capital items related to operations:		
Accounts receivable	403,692	126,482
Accounts payable	46,232	717,649
Deferred revenue	(98,652)	(13,360)
Prepaid expenses	(101,993)	17,909
	(8,735,718)	(4,245,308)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank indebtedness advance	3,459,533	-
Repayment of bank indebtedness	(2,313,660)	-
	1,145,873	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of capital assets	(2,612,403)	(485,812)
Repayment of amount payable	(53,761)	(17,533)
Purchase of portfolio investments	(89,300,597)	(20,561,519)
Proceeds on redemption and sale of portfolio investments	98,786,158	40,303,657
	6,819,397	19,238,793
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE YEAR	(770,448)	14,993,485
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	21,971,219	6,977,734
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 21,200,771	\$ 21,971,219
Cash and cash equivalents, end of the year are comprised as follows:		
Cash in bank	\$ 21,200,771	\$ 22,479,456
Bank overdraft	-	(508,237)
	\$ 21,200,771	\$ 21,971,219

1. BASIS OF PRESENTATION

The Centre for International Governance Innovation (the "Organization") is a charitable organization which provides equipment and staff, maintains and operates a research institute for the purposes of undertaking research in the areas relating to the relationship between technology, population, economic activity, culture, education, politics and the environment and disseminates the results of such research to Canadian universities and the general public. 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").

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 School.

The Musagetes Fund is focused on the advancement of the arts in Canada and internationally.

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 Program Fund is focused on enabling the Organization to build, deploy and manage a virtual community-based research technology platform.

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 School Fund is a collaborative initiative of the University of Waterloo and Wilfrid Laurier University to build the Balsillie School of International Affairs (the "School") which will focus on developing expertise in global development 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.

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 alternative investments are carried at fair value based on quoted market price. 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 marketable securities have been designated as held for trading. Realized and unrealized gains or losses are recognized in the excess of revenue over expenses for the year.

The Organization has chosen to apply Section 3861 *Financial Instruments - Disclosure and Presentation*.

(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
Computer equipment	- straight-line over three years
Furniture and fixtures	- straight-line over five 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 excess of revenue over expenses 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.

3. **RECENT ACCOUNTING PRONOUNCEMENTS**

Commencing with the year ended July 31, 2010, the Organization will be required to adopt Section 4470 "Disclosure of Allocated Expenses by Not-for-Profit Organizations". Under this section, when allocations of fundraising and general support expenses have been made to other functions, the Organization will be required to disclose the accounting policy adopted for the allocation of these expenses among functions, the nature and amount of the expenses being allocated and the basis on which such allocations have been made. The Organization is considering the potential impact this section will have on its financial statements.

4. **PROPERTY AND EQUIPMENT**

Property and equipment are comprised as follows:

	2009			2008
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,399,106	\$ -	\$ 1,399,106	\$ 1,399,106
Buildings and improvements	8,490,132	1,078,966	7,411,166	5,140,023
Computer equipment	746,984	610,582	136,402	163,171
Furniture and fixtures	323,096	193,972	129,124	190,849
Office equipment	296,102	267,471	28,631	40,115
Vehicles	50,171	27,247	22,924	29,479
Computer software	80,689	18,484	62,205	11,896
	\$ 11,386,280	\$ 2,196,722	\$ 9,189,558	\$ 6,974,639

Included in buildings and improvements is \$2,518,291 relating to the School. Such amount has not been amortized as construction has not been completed.

5. **INVESTMENT IN IGLOO INC.**

In February 2008, the Organization sold certain technology and capital assets to The IGLOO Trust (the "Trust") in exchange for a \$4,000,000 limited recourse demand promissory note. The Trust immediately sold the technology and capital assets in exchange for a 48.5% interest in IGLOO Inc. IGLOO Inc. is an online software network that facilitates knowledge exchange between individuals and organizations. Another investor in IGLOO Inc. contributed \$4 million in cash for an equivalent interest as the Trust. As a result, since the Organization is the beneficiary of the Trust, the Organization recorded an investment in IGLOO Inc. at an original amount of \$4,000,000. All shareholders of IGLOO Inc. share equally in any undistributed earnings or losses. However, in the event of liquidation, the Organization, as beneficiary, and the investor that contributed \$4 million in cash will receive, before any other shareholders, their original contribution of \$4 million each, or less if proceeds are less than \$8 million. As a result, IGLOO Inc. is a variable interest entity. However, since the Organization and the investor of the \$4 million in cash share equally in all respects, there is no primary beneficiary of IGLOO Inc. Therefore, the investment in IGLOO Inc. is not consolidated but is accounted for using the equity method.

6. PORTFOLIO INVESTMENTS

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

	<u>2009</u>	<u>2008</u>
Equities	\$ 74,431,412	\$ 50,326,790
Money market fund	9,695,066	28,563,485
Fixed income fund units	9,308,302	28,181,055
Alternative investments	2,543,622	3,678,444
Unrealized gain on forward currency contracts (a)	532,124	22,719
	<u>96,510,526</u>	<u>110,772,493</u>
Unrealized loss on forward currency contracts (a)	(13,283)	(649,817)
	<u>\$ 96,497,243</u>	<u>\$ 110,122,676</u>

- (a) The Organization enters into foreign currency forward contracts. These contracts allow the Organization to sell specific amounts of foreign currencies at 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>2009</u>		<u>2008</u>	
	<u>Contract Amount Canadian \$</u>	<u>Weighted Average Rate</u>	<u>Contract Amount Canadian \$</u>	<u>Weighted Average Rate</u>
Euro	\$ 777,646	\$ 1.5811	\$ -	\$ -
British pound	580,741	1.7786	-	-
Japanese yen	166,437	0.0121	-	-
US dollar	<u>8,219,266</u>	1.1464	<u>53,574,374</u>	0.9784
Total	<u>\$9,744,090</u>		<u>\$ 53,574,374</u>	

The exchange rates at July 31 were:

	<u>2009</u>	<u>2008</u>
Euro	1.5406	-
British pound	1.8033	-
Japanese yen	0.0114	-
US dollar	1.0790	1.0238

7. **BANK INDEBTEDNESS**

The Organization has a \$5,000,000 overdraft credit facility against which \$1,145,873 has been drawn as at July 31, 2009 (2008 - \$nil). Any outstanding amounts are due in full on November 15, 2009 and bear interest at the bank's prime lending rate plus 0.25% per annum.

The overdraft facility is secured by a personal guarantee of a director in the principal amount of \$5,000,000.

8. **AMOUNT PAYABLE**

The Organization is committed as follows to future payments relating to the relocation of a former tenant of a building owned by the Organization:

In the year ending July 31, 2010	\$	65,065
2011		51,764
2012		46,372
2013		<u>32,712</u>
		195,913
<u>Less:</u> Interest included above at rate of 7.75% per annum		<u>29,606</u>
		166,307
<u>Less:</u> Current portion		<u>52,176</u>
	\$	<u><u>114,131</u></u>

9. **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 Organizations capital is a grant from the Federal Government of Canada ("Government") provided in fiscal 2003. This grant was received on condition that certain donations were also received. The sum of these amounts is to be protected in perpetuity. The agreement with the Government acknowledged that the Organization could encroach on the capital balance in any of the first three years of the agreement. Subsequently the capital balance would be adjusted by any revenues earned by the Organization in the year less any expenses provided in the agreement. The capital balance is not permitted to fall below \$53,500,000.

At July 31, 2009, the capital balance, calculated in accordance with the terms of the funding agreement is \$47,507,499 (2008 - \$46,867,863). This balance is comprised of amounts in the Long-Term Endowment, Program, Capital Asset and Operating Funds although amounts not related to this capital balance are also included in those funds.

The Organization has apprised the Government of the fact that the capital balance is below \$53,500,000 and is exploring with the Government strategies to eliminate this shortfall.

Subsequent to year end, a director of the Organization donated portfolio investments in the amount of \$7,000,000 to offset the shortfall in the capital balance.

10. LONG-TERM ENDOWMENT FUND

Portions of Long-Term Endowment Fund become unrestricted as follows:

In the year ending July 31, 2012	\$ 1,000,000
2013	<u>22,814,908</u>
	<u>\$ 23,814,908</u>

11. COMMITMENTS

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, 2010	\$ 365,000
2011	140,000
2012	<u>140,000</u>
	<u>\$ 645,000</u>

The Organization has a commitment to 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 School.

The Organization is committed to construction of the School in the approximate amount of \$47,200,000.

12. PLEDGES

Donors have committed \$20,000 for the year ended July 31, 2010. Donations will be recorded as revenue as payments are received.

13. CASH FLOW AND SUPPLEMENTARY INFORMATION**(a) Interest paid -**

Cash interest paid during the year was \$17,055 (2008 - \$18,414)

(b) Non-cash donations -

During the year, the Organization recorded \$nil donation revenue in the form of a portfolio investment (2008 - \$22,734,516).

14. FINANCIAL INSTRUMENTS

The Organization's financial instruments include cash, portfolio investments, accounts receivable, accounts payable, 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 80% (2008 - 49%) of the Organizations investments are in equities and alternative investments and subject to price risk.

The Organization is also subject to foreign exchange risk as \$17,256,544 (2008 - \$110,772,494) of portfolio investments and \$4,212,508 (2008 - \$21,971,219) 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 6).

Approximately 10% (2008 - 26%) of portfolio investments are invested in fixed income securities and are subject to interest rate risk.

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.

15. 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	School Fund	Musagetes Fund	Africa Fund	John Holmes Fund	Decade Fund	Program Fund	Operating Fund	
From Operating Fund to Endowment Fund (a)	\$ 1,341,461	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,341,461)
From Operating to School Fund Fund (b)	-	-	171,811	-	-	-	-	-	-	(171,811)
From Operating Fund to Capital Asset Fund (c)	-	147,875	-	-	-	-	-	-	-	(147,875)
From Operating Fund to Musagetes Fund (d)	-	-	-	13	-	-	-	-	-	(13)
From Operating Fund to Program Fund (e)	-	-	-	-	-	-	-	347,017	-	(347,017)
From Decade Fund to Operating Fund (f)	-	-	-	-	-	-	(1,760,492)	-	-	1,760,492
From Africa Fund to Operating Fund (g)	-	-	-	-	(22,700)	-	-	-	-	22,700
From John Holmes Fund to Operating Fund (h)	-	-	-	-	-	(4,203)	-	-	-	4,203
	\$ 1,341,461	\$ 147,875	\$ 171,811	\$ 13	\$ (22,700)	\$ (4,203)	\$ (1,760,492)	\$ 347,017	\$	\$ (220,782)

- (a) The transfer from the Operating Fund to the Endowment Fund was to fund shortfalls in revenue.
- (b) The transfer from the Operating Fund to the School Fund was made to fund outlays for property and equipment acquisitions net of financing received.
- (c) The transfer from the Operating Fund to the Capital Asset Fund was made to fund outlays for property and equipment acquisitions and repayment of the amount payable due in the current period.
- (d) The transfer from the Operating Fund to the Musagetes Fund was made to fund shortfalls in revenue.
- (e) The transfer from the Operating Fund to the Program Fund was made to fund shortfalls in revenue.
- (f) The transfer from the Decade Fund to the Operating Fund was made to fund shortfalls in revenue.
- (g) The transfer from the Africa Fund to the Operating Fund was to fund shortfalls in revenue.
- (h) The transfer from the John Holmes Fund to the Operating Fund was to fund shortfalls in revenue.

16. RELATED PARTY TRANSACTIONS**(a) Legal fees -**

During the year, the Organization incurred professional fees of \$nil (2008 - \$177,804) with a partnership in which a member of the Board of Directors was a partner. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(b) Donations -

There were no shares donated by Directors to the Organization during the year (2008 - \$12,798,000). Donated share transactions are recorded at the fair market value on the date of donation which is also the exchange amount and the amount agreed to by the related parties.