
Centre for International
Governance Innovation

FINANCIAL STATEMENTS

JULY 31, 2024

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, 2024, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at July 31, 2024, 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 ("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.

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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 4, 2024

Chartered Professional Accountants
Licensed Public Accountants

Centre for International
Governance Innovation

Statement of Financial Position
As at July 31, 2024

	2024							2023	
	RESTRICTED FUNDS								
	Long Term Endowment	Capital Assets	Campus	Africa	J Holmes	Balsillie Family Foundation	Operating	Total	Total
ASSETS									
CURRENT									
Cash and cash equivalents	\$ 501,342	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 560,478	\$ 1,061,820	\$ 852,554
Portfolio investments (Note 3)	58,342,782	-	10,478,781	5,989,548	-	25,844,137	13,597,729	114,252,977	114,088,886
Amounts receivable (Note 10)	-	-	10,553	-	-	389,799	549,228	949,580	339,665
Prepaid expenses	-	-	105,936	-	10,356	62,211	312,490	490,993	766,571
	58,844,124	-	10,595,270	5,989,548	10,356	26,296,147	15,019,925	116,755,370	116,047,676
OTHER									
Property and equipment (Note 5)	-	2,577,113	43,296,490	-	-	-	-	45,873,603	47,761,253
Lease inducement	-	-	-	-	-	-	193,015	193,015	231,618
	-	2,577,113	43,296,490	-	-	-	193,015	46,066,618	47,992,871
TOTAL ASSETS	\$ 58,844,124	\$ 2,577,113	\$ 53,891,760	\$ 5,989,548	\$ 10,356	\$ 26,296,147	\$ 15,212,940	\$ 162,821,988	\$ 164,040,547

See accompanying notes to financial statements

Centre for International
Governance Innovation

Statement of Financial Position

As at July 31, 2024

	2024							2023	
	RESTRICTED FUNDS								
	Long Term Endowment	Capital Assets	Campus	Africa	J Holmes	Balsillie Family Foundation	Operating	Total	Total
LIABILITIES									
CURRENT									
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 589,027	\$ 589,027	\$ 961,727
Deferred revenue	-	-	-	-	-	-	863,229	863,229	961,429
Interfund loan (receivable)	-	-	-	-	-	723,187	(723,187)	-	-
TOTAL LIABILITIES	-	-	-	-	-	723,187	729,069	1,452,256	1,923,156
FUND BALANCES									
Invested in capital assets	-	2,577,113	43,296,490	-	-	-	-	45,873,603	47,761,254
Externally restricted	58,844,124	-	10,595,270	5,989,548	10,356	25,572,960	-	101,012,258	97,862,870
Internally restricted	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	14,483,871	14,483,871	16,493,267
TOTAL FUND BALANCES	58,844,124	2,577,113	53,891,760	5,989,548	10,356	25,572,960	14,483,871	161,369,732	162,117,391
	\$ 58,844,124	\$ 2,577,113	\$ 53,891,760	\$ 5,989,548	\$ 10,356	\$ 26,296,147	\$ 15,212,940	\$ 162,821,988	\$ 164,040,547

COMMITMENTS AND CONTINGENCIES (Note 9)

APPROVED AND AUTHORIZED FOR ISSUE BY THE ORGANIZATION'S BOARD OF DIRECTORS ON DECEMBER 4, 2024

Director

Director

See accompanying notes to financial statements

Centre for International
Governance Innovation

Statement of Operations and Changes in Fund Balances
Year Ended July 31, 2024

	2024							2023	
	RESTRICTED FUNDS								
	Long Term Endowment	Capital Assets	Campus	Africa	J Holmes	Balsillie Family Foundation	Operating	Total	Total
REVENUES									
Realized investment income (Note 10)	\$ -	\$ -	\$ 492,431	\$ 233,680	\$ -	\$ 1,078,550	\$ 2,749,509	\$ 4,554,170	\$ 3,438,483
Unrealized investment gains	-	-	360,307	140,532	-	1,050,640	2,796,053	4,347,532	2,334,706
Other (Note 10)	-	-	1,234,032	-	-	-	773,425	2,007,457	1,846,897
Government and other grants	-	-	-	-	-	-	885,163	885,163	562,931
Donations	-	-	-	-	-	-	48	48	-
	-	-	2,086,770	374,212	-	2,129,190	7,204,198	11,794,370	8,183,017
EXPENSES									
Research and conferences (Note 4)	-	-	200,083	90,298	22,612	1,163,751	5,093,306	6,570,050	4,768,357
Amortization	-	207,305	1,865,638	-	-	-	-	2,072,943	2,106,446
Administration	-	-	176,610	-	-	-	1,880,865	2,057,475	2,037,445
Facilities	-	-	1,068,377	-	-	-	18,342	1,086,719	1,155,319
Technical support	-	-	469,742	-	-	-	285,100	754,842	721,169
	-	207,305	3,780,450	90,298	22,612	1,163,751	7,277,613	12,542,029	10,788,736
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	-	(207,305)	(1,693,680)	283,914	(22,612)	965,439	(73,415)	(747,659)	(2,605,719)
FUND BALANCES - BEGINNING OF YEAR	57,266,437	2,707,594	55,086,713	5,615,335	12,057	24,935,988	16,493,267	162,117,391	164,723,110
	57,266,437	2,500,289	53,393,033	5,899,249	(10,555)	25,901,427	16,419,852	161,369,732	162,117,391
INTERFUND TRANSFERS (Note 13)	1,577,687	76,824	498,727	90,299	20,911	(328,467)	(1,935,981)	-	-
FUND BALANCES - END OF YEAR	\$ 58,844,124	\$ 2,577,113	\$ 53,891,760	\$ 5,989,548	\$ 10,356	\$ 25,572,960	\$ 14,483,871	\$ 161,369,732	\$ 162,117,391

See accompanying notes to financial statements

**Centre for International
Governance Innovation**

Statement of Cash Flows

For the Year Ended July 31, 2024

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of expenses over revenues	\$ (747,659)	\$ (2,605,719)
Items not affecting cash:		
Amortization	2,072,942	2,106,445
Unrealized investment gains	(4,347,532)	(2,334,706)
Losses (gains) on sale of portfolio investments	(312,721)	420,294
Amortization (initial recognition) of lease inducement	38,604	(231,618)
Unrealized foreign currency translation loss on cash	41,156	27,690
	<u>(3,255,210)</u>	<u>(2,617,614)</u>
Changes in non-cash working capital:		
Amounts receivable	(609,917)	885,449
Accounts payable and accrued liabilities	(398,165)	137,229
Deferred revenue	(98,200)	663,104
Prepaid expenses	301,041	(564,404)
	<u>(805,241)</u>	<u>1,121,378</u>
CASH FLOWS FROM OPERATING ACTIVITIES	<u>(4,060,451)</u>	<u>(1,496,236)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(185,292)	(278,040)
Purchase of portfolio investments	(10,333,819)	(68,862,771)
Proceeds on redemption and sale of portfolio investments	14,829,984	70,732,360
CASH FLOWS FROM INVESTING ACTIVITIES	<u>4,310,873</u>	<u>1,591,549</u>
OTHER CASH FLOW ITEMS		
Foreign currency translation loss on cash held in foreign currency	(41,156)	(27,690)
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	<u>209,266</u>	<u>67,623</u>
CASH - BEGINNING OF YEAR	<u>852,554</u>	<u>784,931</u>
CASH - END OF YEAR	<u>\$ 1,061,820</u>	<u>\$ 852,554</u>
CASH CONSISTS OF:		
Cash held in bank accounts	\$ 560,478	\$ 777,694
Cash held in investment broker accounts	501,342	74,860
	<u>\$ 1,061,820</u>	<u>\$ 852,554</u>

See accompanying 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 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 ("ASNFP") 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 fund graduate schools and programs including the Balsillie School of International Affairs. 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.

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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 lives 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
Motor vehicles	five years
Buildings - IT infrastructure	three years
Office equipment	three 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.

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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.

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

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions that are measured at either the exchange amount or the carrying amount. In subsequent periods, cash and the financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in excess of revenue over expenses (expenses over revenue). All other financial assets and financial liabilities are measured subsequently at amortized cost.

Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred except in case of instruments that will not be measured subsequently at fair value, in which case transaction costs are adjusted against the initial fair value of related instrument.

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down, if any, is recognized in the statement of operations and changes in fund balances. Reversals of impairment are recorded to the extent that the value has increased, up to 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 the statement of operations and changes in fund balances in the year the reversal occurs.

Foreign currency translation -

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets. Foreign currency translation gains and losses on monetary assets and liabilities are included in the determination of earnings.

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 fair value of portfolio investments, the determination of the useful life of property and equipment, accrued liabilities and impairment of financial assets.

3. PORTFOLIO INVESTMENTS

	<u>2024</u>	<u>2023</u>
Fixed income fund units	\$ 60,162,439	\$ 60,571,166
Equities and equity mutual fund units	41,878,728	38,273,906
Alternative strategy investments	11,508,964	10,648,300
Term deposits	702,846	4,595,514
	<u>\$ 114,252,977</u>	<u>\$ 114,088,886</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 and is a registered charity. The BSIA is not subject to income taxes. 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 benefit economically from the operations of the BSIA. During the year, the Organization expensed \$200,000 (2023 - \$197,367) in relation to the BSIA, which is included in research and conferences expense. In addition, \$89,753 (2023 - \$89,836) is recognized as a prepaid expense.

5. PROPERTY AND EQUIPMENT

	2024			2023
	Cost	Accumulated amortization	Net book value	Net book value
Buildings - interior	\$ 22,862,617	\$ 7,511,424	\$ 15,351,193	\$ 15,922,758
Buildings - mechanical	19,994,882	7,093,349	12,901,533	13,507,438
Buildings - exterior	17,267,054	5,673,023	11,594,031	12,025,707
Buildings - site and foundation	7,480,496	2,457,688	5,022,808	5,209,820
Building improvements	3,386,162	2,886,887	499,275	506,764
Land	294,345	-	294,345	294,345
Furniture and fixtures	889,895	789,504	100,391	153,941
Computer equipment	8,390,041	8,326,205	63,836	86,927
Computer software	353,607	312,416	41,191	48,553
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	-	-
	\$ 81,807,205	\$ 35,933,602	\$ 45,873,603	\$ 47,761,253

Included in buildings - interior, mechanical, exterior, site and foundation, building improvements and buildings - IT infrastructure are assets with a net book value of \$43,296,489 (2023 - \$45,053,659) relating to the Campus.

6. BANK INDEBTEDNESS

The Organization has an unsecured \$500,000 overdraft credit facility against which \$nil (2023 - \$nil) has been drawn as at July 31, 2024. 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, 2024, the Balsillie Family Foundation Fund owed the Operating Fund \$723,187 (2023 - \$278,017) 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, 2023 and 2024 the capital balance of this sub-fund is calculated to be \$50,650,903.

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 2022, the Organization signed an agreement with the International Development Research Centre ("IDRC") upon completion of its first agreement with the organization. The Organization is committed to expenditures of \$1,499,400 over the term of the new agreement which is set to expire January 1, 2026. IDRC is to provide funding over the milestones set out in the agreement to reimburse the Organization for such costs. As at July 31, 2024, the Organization has received \$958,000 from IDRC of which \$589,000 is deferred revenue. As at July 31, 2024, the Organization has incurred cumulative expenses in the amount of \$466,589, of which \$186,138 was incurred in the current year.

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. During the fiscal year 2024, the agreement was modified to provide CIGI with additional time to complete the purpose of the grant, and has changed the grant expiration date to November 30, 2024. 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, 2023, 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. As at July 31, 2024, the Organization has incurred cumulative expenditures in the amount of US\$270,882, of which US\$251,916 was incurred in the current year.

(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.

10. OTHER SUPPLEMENTAL INFORMATION

(a) **Rental income -**

For the year, the Organization recognized \$1,856,435 (2023 - \$1,690,567) of rental income included in other income.

(b) **Related party transactions -**

For the year, the Organization recognized \$10,233 (2023 - \$10,233) 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, 2024, \$nil (2023 - \$nil) of the total amounts receivable is due from this not-for-profit organization.

For the year, the Organization recognized \$69,098 (2023 - \$112,581) 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, 2024, \$3,799 (2023 - \$3,603) of the total amounts receivable is due from this not-for-profit organization.

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.

(c) **Realized investment income -**

Realized investment income is comprised as follows:

	<u>2024</u>	<u>2023</u>
Interest	\$ 3,759,347	\$ 3,185,567
Dividends	963,977	1,073,482
Foreign currency translation gain (loss)	348,871	234,603
Gain on long-term investment	-	3,894,631
Loss on sale of portfolio investments	(36,148)	(4,549,528)
Management fees	(481,877)	(400,272)
	<u>\$ 4,554,170</u>	<u>\$ 3,438,483</u>

For the year, the Organization realized a foreign currency translation loss of \$4,335 (2023 - \$9,595), which is grouped in administration expenses in the statement of revenues and expenditures.

For the year, the Organization received a distribution of \$nil (2023 - \$3,894,631) from a long-term investment that is considered a realized gain. The carrying value of the investment is \$nil (2023 - \$nil) as at July 31, 2024.

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, 2024 was \$259,910 (2023 - \$248,746).

12. FINANCIAL INSTRUMENTS

(a) **Financial assets -**

The carrying amount of financial assets measured at fair value is \$115,314,797 (2023 - \$114,941,440).

The carrying amount of financial assets measured at amortized cost is \$949,580 (2023 - \$339,665).

(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, 2024.

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, 2024, 82% (2023 - 57%) 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 \$139,925 (2023 - \$325,566) and portfolio investments of \$9,660,644 (2023 - \$8,703,864) 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. 53% of the portfolio investments are held in fixed income funds. The average terms of these investments vary and are subject to duration risk.

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, 47% (2023 - 43%) of the Organization's portfolio investments are in equities and alternative strategy investments and are subject to the other price risk.

(continues)

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.

Notes to Financial Statements

July 31, 2024

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)	\$ 1,577,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,577,687)
From the Operating Fund to the Capital Asset Fund (b)	-	76,824	-	-	-	-	(76,824)
From the Operating Fund to the Campus Fund (c)	-	-	498,727	-	-	-	(498,727)
From the Operating Fund to the Africa Fund (d)	-	-	-	90,299	-	-	(90,299)
From the J Holmes Fund to the Operating Fund (e)	-	-	-	-	20,911	-	(20,911)
From the Balsillie Family Foundation Fund to the Operating Fund (f)	-	-	-	-	-	(328,467)	328,467
	<u>\$ 1,577,687</u>	<u>\$ 76,824</u>	<u>\$ 498,727</u>	<u>\$ 90,299</u>	<u>\$ 20,911</u>	<u>\$ (328,467)</u>	<u>\$ (1,935,981)</u>

(a) The transfer from the Long Term Endowment Fund to the Operating Fund is to fund operations of the Organization through the realized investment income generated.

(b) The transfer from the Operating Fund to the Capital Asset Fund was made to cover property and equipment acquisitions and operating costs.

(c) The transfer from the Operating Fund to the Campus Fund was made to cover property and equipment acquisitions and operating costs.

(d) The transfer from the Operating Fund to the Africa Fund was made to cover operating cost shortfalls.

(e) The transfer from the J Holmes Fund to the Operating Fund was made to cover approved project expenditures in the Operating Fund.

(f) The transfer from the Balsillie Family Foundation Fund to the Operating Fund was made to cover approved project expenditures in the Operating Fund.