



Canadian Defence
& Foreign Affairs
Institute

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2011 Annual Report

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Background

CDFAI is a charitable organization, founded in 2001, based in Calgary. CDFAI develops and disseminates materials and carries out activities to promote understanding by the Canadian public of national defence and foreign affairs issues. CDFAI has developed a body of knowledge that is being used for Canadian policy development, media analysis and educational support. Our Fellows, a group of highly experienced and talented individuals, support CDFAI by authoring research papers and essays, responding to media queries, participating in conferences and developing outreach and education projects.

Mission Statement

To be a catalyst for innovative Canadian global engagement.

Goal/Aim

CDFAI was created to address the ongoing discrepancy between what Canadians need to know about foreign affairs and defence policy and what they do know. Historically, Canadians tend to think of foreign policy as a matter of trade and markets. They are unaware of the importance of Canada engaging diplomatically, militarily, and with international aid to the ongoing struggle to maintain a world that is friendly to the legitimate free flow of goods, services, people and ideas across borders and the promotion of human rights. Many Canadians do not realize the connection between a prosperous and free Canada and a world of globalization and liberal internationalism. CDFAI is dedicated to educating Canadians, particularly those who play leadership roles in shaping Canadian international policy, to the importance of Canada participating actively and consistently in world affairs with tangible diplomatic, military and aid assets.

2011 Overview

In 2011, CDFAI continued its trend of bringing topical, thought provoking, work to the public. Our media coverage has increased exponentially as we continue to raise our profile both through our Ottawa office, headed by Vice President Colin Robertson, and via a record-breaking number of publications. Our online presence continued to grow thanks to our Blog as well as our Twitter, Facebook and LinkedIn pages. We produced two ground-breaking Research Papers and eight Policy Papers. Our readership has continued to grow through the publication of our quarterly review, "The Dispatch", with each issue containing short articles written by our Senior Research and Research Fellows. Each month J.L. Granatstein wrote an opinion piece that was picked up by media outlets across the country and our Policy Update series continues to expand. We were pleased to run both the English and French Military Journalism Courses with both providing vital information and training to young journalists. CDFAI was commissioned to prepare country studies on Serbia, Romania, Turkey and the Philippines, and to provide the Department of Public Safety a report on Security in the Americas. CDFAI continued to partner with the Canadian International Council to advance the work of the Strategic Studies Working Group producing six papers. Our Speaker Series also expanded to include two partnered events with the Canadian International Council. The completion of the Calgary-based Canada & the World: China series was hailed as a success and thus a new four-part series on Canada & the World: The Middle East and North Africa was launched. Calgary also held several more speaker events throughout the year. Finally, we also held a symposium with the help of Carleton University on the media and the military. Further details on these items are listed in this report. All articles and most papers are available on the CDFAI website. Thank you for your interest in, and support of, the Canadian Defence & Foreign Affairs Institute.



Robert Gibson
CDFAI Chair,
Board of Directors



Robert S. Millar
CDFAI,
President



Colin Robertson
CDFAI,
Vice President



David Bercuson
CDFAI,
Director of
Programs

CDFAI Senior Research Fellows

David Bercuson (Calgary) - Canadian Defence Policy, Canadian Forces
Derek Burney (Ottawa) - Canada-U.S. Relations
J.L. Granatstein (Toronto) - Canadian Defence/Foreign Policy
Frank Harvey (Halifax) - Canada-U.S. Foreign/Security Policy, Terrorism
Michael Jeffery (Ottawa) - Defence Policy, Canadian Forces/Army
David Pratt (Ottawa) - Conflict Prevention, International Humanitarian Law, Reserves
Colin Robertson (Ottawa) - NAFTA, Foreign Policy, Canada-U.S. Relations
Hugh Segal (Ottawa) - Foreign & Defence Policy, Geopolitical Strategic Integrity, Politics of Defence Policy
Elinor Sloan (Ottawa) - Defence Transformation, NATO, NORAD
Gordon Smith (Victoria) - Globalization, Foreign/Security Policy
Denis Stairs (Halifax) - Foreign/Defence Policy, Canada-U.S. Relations

CDFAI Research Fellows

Bob Bergen (Calgary) - Media-Military Relations, Canadian Parliament
Gavin Cameron (Calgary) - International Relations, Strategic Studies, Terrorism
Aurélié Campana (Québec City) - Ethnic Conflict, Terrorism
David Carment (Ottawa) - Ethnic Conflict, Peacekeeping, Conflict Prevention
Barry Cooper (Calgary) - International Terrorism, Canadian Security/Defence Policy
Mark Entwistle (Ottawa) - Cuba, Canadian Foreign Affairs, Diplomacy
James Fergusson (Winnipeg) - Canada-U.S. Defence Relations, BMD, Aerospace
John Ferris (Calgary) - Intelligence, Strategy, International Relations
Brian Flemming (Halifax) - Airport Security, International Law, War on Terror
Andrew Godefroy (Kingston) - Procurement, Force Development, Defence Policy
Hrach Gregorian (Virginia) - Middle East-U.S. Relations, Security & International Cooperation, Conflict Mediation
Sharon Hobson (Ottawa) - Defence Policy, Media-Military Relations
Rob Huebert (Calgary) - Arctic Security and Sovereignty, Maritime Security
Anne Irwin (Sooke) - Military Anthropology, Defence Research
Whitney Lackenbauer (Waterloo) - Arctic Security, Circumpolar Affairs
Eric Lerhe (Halifax) - Naval Affairs, Interoperability, Defence Policy
George Macdonald (Ottawa) - Defence Capabilities, NORAD, BMD
Sarah Jane Meharg (Ottawa) - Post-Conflict Reconstruction, Genocide
Alexander Moens (Vancouver) - NATO Policy, Diplomacy, Europe
Roland Paris (Ottawa) - International Governance, International Security
Stephen Randall (Calgary) - U.S. Foreign Policy, U.S. and Canada-Latin America Relations
Cameron Ross (Victoria) - Canadian Military Affairs, Security
Stéphane Roussel (Montreal) - Québec Society and Security Issues, Arctic Security
Ron Wallace (Calgary) - Arctic Security, Environment
David Wright (Calgary) - China, Military/Diplomatic History
Marie-Joëlle Zahar (Montréal) - Conflict Resolution, Peacekeeping

CDFAI Board of Directors

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Mark Smith
Stella Thompson
Riley Waite
John Watson

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2011 Program Summary

Research Papers

- ✦ Sharon Hobson, "Operations Security and the Public's Need to Know" (March)
- ✦ David Bercuson and J.L. Granatstein, "Lessons Learned? What Canada Should Learn from Afghanistan" (October)

Policy Papers

- ✦ David C. Wright, "The Panda Bear Readies to Meet the Polar Bear: China and Canada's Arctic Sovereignty Challenge" (February)
- ✦ Michael Bell, "Marshall Plan Needed for Middle East" (March)
- ✦ David Carment, "The New Terrorism: Understanding Yemen" (March)
- ✦ Derek Burney, "Foreign Policy in the Election" (April)
- ✦ Brian MacDonald, "Budget 2011: Restraining Growth in Defence Spending" (August)
- ✦ Brian Flemming, "Farewell to the GWOT: What We Learned from the Global War on Terror" (September)
- ✦ Brian Bow, "Getting Past the Bilateral-Trilateral Debate: A Pragmatic Functionalist Approach" (December)

SSWG Papers

- ✦ Colin Robertson, "'Now for the Hard Part': A User's Guide to Renewing the Canadian-American Partnership" (February)
- ✦ David Pratt, "Canada's Citizen Soldiers: A Discussion Paper" (March)
- ✦ J.Y. Forcier, "The Canadian Navy and the Canadian Coast Guard: Cooperating Sea Services of Co-Existing Federal Fleets" (June)
- ✦ Jack English, "The Role of the Militia in Today's Canadian Forces" (September)
- ✦ Alan Stephenson, "Securing the Continent: Where is NORAD Today?" (November)
- ✦ Martha Hall Findlay, "Will R2P Survive Libya and Syria?" (November)

Country Studies

- ✦ Peter Sutherland, "Philippines" (November)
- ✦ Popa Dragos, "Romania" (November)
- ✦ Hrach Gregorian, "Serbia" (November)
- ✦ Aliye and Laura Çelik, "Turkey" (November)

The Dispatch

Spring Edition (March Release)

Bob Bergen, "Debate Over Canadian Stealth Fighters Ought to Include Strategic Needs and Sovereignty Issues"
David Carment, "Afghanistan and the Regional Blindspot Hampering Mission Success"
Barry Cooper, "Wikileaks and the Dreams of Transparency"
J.L. Granatstein, "No Need to Apologize"
Whitney Lackenbauer, "Arctic Security, Public Opinion, and the Canadian Agenda"
Sarah Jane Meharg, "The Missing Link in Humanitarian Effectiveness"
Hugh Segal, "Legislative Oversight: Enhanced National Security"
Elinor Sloan, "The Rise of China: Military Implications for Canada"

Summer Edition (June Release)

Derek Burney, "Libya: A Time for Others in the Region"
Andrew Godefroy, "Libya, Canada's First Hybrid War?"
Sharon Hobson, "Operations Security and the Public's Right to Know"
Rob Huebert, "Is the Arctic Being Militarized or Securitized? And What Does it Matter?"
George Macdonald, "The F-35 Hullabaloo"
Alexander Moens, "Obama's Foreign Policy: Goodwill Without Direction"
David Pratt, "In Praise of Defence and Foreign Policy Reviews"
Stephen Randall, "International Weapons Sales to Latin America"
Stéphane Roussel, "The Bad Guy of the Arctic"

Fall Edition (October Release)

James Fergusson, "On the Future of Canadian Military Intervention"
Brian Flemming, "The Harperization of Canadian Foreign Policy"
Hrach Gregorian, "Right v. Might v. Iran"
Frank Harvey, "U.S. Homeland Security Ten Years after 9/11: Lessons for Canadian 'Beyond the Border' Negotiators"
Anne Irwin, "Remembering Task Force Orion"
Mike Jeffery, "The CF's Growing Capability Challenge"
Eric Lerhe, "Libya, the F-35 Debate and Some Other New Trends"
Colin Robertson, "The Art of Alliancemanship"

Winter Edition (December Release)

Gavin Cameron, "Terrorism and Canada: An Assessment Ten Years After 9/11"
Aurélien Campana, "The Terrorist Threat Ten Years After 9/11"
John Ferris, "The Decline of the American Empire?"
Roland Paris, "Libya: A Victory with Asterisks"
Cameron Ross, "The Return of the Ottoman Empire à la Erdoğan?"
Gordon Smith, "'Crowdsourcing' Policy Development"
Denis Stairs, "Limited War in Support of Unlimited Aspirations: A New Variant of a Forgotten Controversy"
David Wright, "Thinking Creatively about Taiwan"
Marie-Joëlle Zahar, "Much Ado about Nothing? The 2011 Uprisings and Relations Between the West and the Arab World"

J. L. Granatstein Monthly Column

- ✦ January: "The Yanks and Us"
- ✦ February: "Canada and Cairo: What Influence?"
- ✦ March: "Has Obama Failed?"
- ✦ April: "What if Gadhafi Survives?"
- ✦ May: "Ignatieff and Peacekeeping"
- ✦ June: "The Bugles Blow Over These Rich Dead"
- ✦ July: "Tommy This and Tommy That"
- ✦ August: "Where's NATO Going?"
- ✦ September: "An Alberta Foreign Policy?"
- ✦ October: "Watching our Friends Flounder"
- ✦ November: "NATO's Defence Spending Cuts"
- ✦ December: "The Militarization of Canada?"

Policy Updates

- ✦ David Carment and Yiagadeesen Samy, "The Social Underpinnings of the Current Unrest in North Africa and the Middle East" (February)
- ✦ Thomas d'Aquino, "Security and Prosperity in the Canada-United States Relationship Two Sides of the Same Coin" (March)
- ✦ Derek Burney, "Libya: A Time for Others in the Region" (March)
- ✦ Derek Burney, "Libya: Why Are We Involved" (March)
- ✦ Denis Stairs, "Being Rejected in the United Nations: The Causes and Implications of Canada's Failure to Win a Seat in the UN Security Council" (March)
- ✦ J.L. Granatstein, "Can Canada Have a Grand Strategy?" (April)
- ✦ Mikayel Bagratuni, "Russia and the 2010 NATO Strategic Concept" (April)
- ✦ Barry Carin, "Reinventing CIDA - One Year Later" (June)
- ✦ Nathaniel Lowbeer-Lewis, "Fertilizing the Arab Spring" (August)

Military Journalism Courses

- ✦ The English Military Journalism Course was taught by Dr. Bob Bergen at the University of Calgary, CFB Wainwright and CFB Edmonton from 2-10, May. Twelve students successfully completed this course.
- ✦ The French Military Journalism Course was taught by Dr. Jocelyn Coulon at Université de Montréal from 2-11, May. Six students successfully completed this course.

Speaker Series

- ✦ David C. Wright, "China's Arctic Ambitions". The third lecture in the speaker series on "Canada & the World: China" at the Calgary Golf & Country Club, 9 February.
- ✦ Margaret Cornish, "China's Role in Canada's Global Energy Leadership". The fourth and final lecture in the speaker series on "Canada & the World: China" at the Calgary Golf & Country Club, 9 March.
- ✦ David Malone, "The Future of India and its Relationship with Canada" at the Ranchmen's Club, 2 June.
- ✦ Rob Huebert, "Canada, U.S., and the Arctic" at the Westin Hotel, 21 September.
- ✦ Brigadier-General Richard Giguère, CD, "The End of the Combat Mission and the Way Ahead in Afghanistan" at the Ranchmen's Club, 13 October.
- ✦ Michael Bell, "The Arab Revolt: The Consequences for Them, the Impact for Us". The first lecture in the speaker series on "Canada & the World: Middle East & North Africa (MENA)" at the Calgary Golf & Country Club, 20 October.
- ✦ David Pratt, "Reflections on Where We've Been and the Way Forward for a Canadian Foreign & Defence Policy" at the Ranchmen's Club, 28 October.
- ✦ Richard Cohen, "Making Conservative Defence Policy" at the Westin Hotel, 4 November.
- ✦ Paul Nelson, "Security Challenges of Doing Business in Yemen: A Canadian Oil & Gas Perspective". The second lecture in the speaker series on "Canada & the World: MENA" at the Calgary Golf & Country Club, 14 November.

Other Projects

- ✦ "Differentiating Canada: The Future of the Canada-US Relationship". Held in Ottawa in collaboration with CIC and SPP. (February)
- ✦ "Media and the Military Symposium - Operations Security and the Public's Right to Know". Held in Ottawa in collaboration with Carleton University. (March)
- ✦ "The 3D's, Diplomacy, Defence and Development, Pillars of Foreign Policy: Time for Adjustments". Held in Ottawa in collaboration with CIC. (April)
- ✦ "Canada's International Role: Learning from the Past and Looking into the Future". Held in Ottawa in collaboration with CIC. (June)
- ✦ "In My Time: A Personal & Political Memoir with Vice President Dick Cheney". CDFAI was the Author Sponsor for this dinner event held in Calgary. (September)
- ✦ "Policing the Police: Formal and Informal Police Oversight Mechanism in the Americas". A paper written by Stephen Randall for Public Safety Canada. (November)

Ross Munro Media Award

Ms. Rosie DiManno of the Toronto Star was chosen as the 2011 Ross Munro Media Award recipient.

INDEPENDENT AUDITORS' REPORT

To the Members

We have audited the accompanying financial statements of the Canadian Defence and Foreign Affairs Institute, which comprise the statements of financial position as at December 31, 2011 and 2010, the statements of operations, changes in net assets, and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Defence and Foreign Affairs Institute as at December 31, 2011 and 2010, and its results of operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.


Chartered Accountants

Calgary, Canada
April 23, 2012

CANADIAN DEFENCE AND FOREIGN AFFAIRS INSTITUTE

Statements of Financial Position
Years Ended December 31, 2011 and 2010

	2011	2010
ASSETS		
Current Assets		
Cash	\$ 177,959	\$ 244,376
Accounts receivable	87,633	25,252
Prepays	<u>2,762</u>	<u>3,275</u>
	268,506	277,491
Capital assets (note 2)	<u>3,152</u>	<u>4,588</u>
	<u>\$ 271,506</u>	<u>\$ 277,491</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 38,355	\$ 65,708
Deferred revenue (note 4)	<u>104,459</u>	<u>85,000</u>
	142,814	150,708
Net Assets	<u>128,692</u>	<u>126,783</u>
	<u>\$ 271,506</u>	<u>\$ 277,491</u>

The accompanying notes are an integral part of these financial statements

On behalf of the Board:

 Director
 Director

Statements of Operations
Years ended December 31, 2011 and 2010

	2011	2010
Revenue		
Donations	\$ 620,407	\$ 680,527
Events	13,200	54,752
Grants and project funding	<u>176,850</u>	<u>87,000</u>
	810,457	822,279
Expenses		
Projects and communications (note 5)	702,545	717,299
Fundraising (note 5)	58,167	44,900
Professional (note 5)	22,509	22,071
Salaries and consultants (note 5)	17,697	20,054
Office (note 5)	6,194	7,496
Amortization	<u>1,436</u>	<u>208</u>
	808,548	812,028
Excess of revenue over expenses	<u>\$ 1,909</u>	<u>\$ 10,251</u>

The accompanying notes are an integral part of these financial statements

Statements of Cash Flows
Years Ended December 31, 2011 and 2010

	2011	2010
Operating		
Excess of revenue over expenses	\$ 1,909	\$ 10,251
Amortization	1,436	208
Change in non-cash working capital	<u>(69,762)</u>	<u>81,088</u>
	(66,417)	91,547
Investing		
Purchase of capital assets	<u>-</u>	<u>(3,890)</u>
Change in cash	<u>(66,417)</u>	<u>87,657</u>
Cash, beginning of year	<u>244,376</u>	<u>156,719</u>
Cash, end of year	<u>\$ 177,959</u>	<u>\$ 244,376</u>

The accompanying notes are an integral part of these financial statements

Statements of Changes in Net Assets
Years ended December 31, 2011 and 2010

	2011	2010
Balance, beginning of year	\$ 126,783	\$ 116,532
Excess of revenue over expenses	<u>1,909</u>	<u>10,251</u>
Balance, end of year	<u>\$ 128,692</u>	<u>\$ 126,783</u>

The accompanying notes are an integral part of these financial statements

Organization

The Canadian Defence and Foreign Affairs Institute (the "Institute") was incorporated under the Canada Corporations Act and obtained status from the Canadian Charities directorate as a registered charity under the Income Tax Act on August 3, 2001. The Institute is exempt from income taxes. The Institute is dedicated to enhancing Canada's role in the world by helping to stimulate awareness and debate amongst Canadians about their nation's defence and foreign policies and the instruments that serve them.

The preparation of these financial statements requires the use of estimates and assumptions that have been made using careful judgement. In the opinion of management, these financial statements have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

1. Significant Accounting Policies:

Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items include valuation of accounts receivable, useful life of capital assets and accrued liabilities. Actual results could differ from those estimates.

Financial instruments

All financial instruments must be initially recognized at fair value on the balance sheet date. The Institute has classified each financial instrument into the following categories; held-for-trading financial assets and liabilities, loans or receivables and other financial liabilities. Subsequent measurement of the financial instruments is based on their classification.

Unrealized gains and losses on held-for-trading financial instruments are recognized in earnings. Gains and losses on available-for-sale financial assets are recognized in other comprehensive income and transferred to earnings when the assets are derecognized. The other categories of financial instruments are recognized at amortized cost using the effective interest rate method.

Upon adoption and with any new financial instrument, an irrevocable election is available that allows entities to classify any financial asset or financial liability as held-for-trading. There were no transitional adjustments on adoption of these standards.

The Institute has not elected to classify any financial assets or financial liabilities as held-for-trading unless they meet the held-for-trading criteria. A held for trading financial instrument is not a loan or receivable and includes one of the following criteria:

- it is a derivative, except for those derivatives that have been designated as effective hedging instruments;
- it has been acquired or incurred principally for the purpose of selling or repurchasing in the near future; or
- it is part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

There are no financial assets on the balance sheet designated as available-for-sale or held-to-maturity. Cash is classified as held-for-trading. All other financial assets are classified as loans or receivables and are accounted for on an amortized cost basis. All financial liabilities are classified as other financial liabilities and are accounted for on an amortized cost basis.

(a) Credit risk:

The Institute is exposed to credit risk on its accounts receivable from its clients; however, management believes there is no significant concentration of credit risk.

(b) Interest rate risk:

The Institute is not exposed to significant interest rate risk.

Capital disclosures

The Institute's objective when managing capital is to maintain sufficient levels of funds, in order to support projects and services as defined by its mandate. Management defines capital as the Institute's cash.

The Institute manages capital using annual budgeting and cash forecasting plans. Budgeted expenditures are undertaken by management once adequate contributions are received.

The Institute's Board of Directors does not establish quantitative return on capital criteria for management. The Institute is not subject to any externally imposed capital requirements. There were no changes in the Institute's approach to capital management from the previous year.

Revenue recognition

The Institute follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related restricted purpose expenses are incurred. Contributions receivable will be recorded if the amount to be received can be reasonably estimated and the collection is reasonably assured.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

The Institute reports revenues and expenses at their gross amounts in the statement of operations when it is the principal in the transactions involved. The Institute acted as the principal in all of its 2011 and 2010 transactions and therefore, all revenues and expenses are reported at their gross amounts.

2. Capital assets

Capital assets are recorded at cost. Furniture and equipment are amortized on a declining balance basis at 20%. Computer equipment is amortized on a straight-line basis over 3 years.

	2011		2010	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	\$ 3,888	\$ (3,329)	\$ 559	\$ 698
Computer equipment	11,850	(9,257)	2,593	3,890
Total	\$ 15,738	\$ (12,586)	\$ 3,152	\$ 4,588

Significant accounting policies (continued)

3. Related party transactions

During the year ended December 31, 2011, the Institute paid administrative fees of \$126,487 (2010 - \$108,564) to a group of companies controlled by a Member. The Institute conducts business with a law firm in which one of the Directors of the Institute is a partner. These transactions are initiated by management. The net cost of these services in 2011 was \$5,125 (2010 - \$5,125) of which \$2,625 (2010 - \$2,565) was payable at December 31, 2011. During the year ended December 31, 2011, the Institute received a donation and revenue from this law firm in the amount of \$25,000 (2010 - \$nil). During the year ended December 31, 2011, the Institute recognized donations of \$nil (2010 - \$80,000) from a company controlled by a Member. During the year ended December 31, 2011, the Institute recognized donations of \$nil (2010 - \$70,000) from a private foundation. A Member of the Institute is the Patron and a Member of this private foundation. During the year ended December 31, 2011, the Institute recognized donations and revenue from Directors and Members in the amount of \$25,060 (2010 - \$nil). At the year ended December 31, 2011, the Institute had payables in the amount of \$8,394 (2010 - \$8,957) owing to companies controlled by a Member. All related party transactions are provided in the normal course of business and recorded at the exchange amount being the amount agreed to by the parties.

4. Deferred revenue

Deferred revenue relates to contributions for various donor funded projects which, if the projects are not completed, will be returned to the donors.

5. Allocated expenses

The Institute allocates to projects expense certain of its general support expenses by identifying the appropriate basis of allocating each component expense and applies that basis consistently each year. The following general support expenses are allocated:

	Projects and communication expense	Salaries and consultants	Fundraising	Professional	Office	Basis of allocation
Salary and contract expenses:						
Program coordinator salary	100%					budgeted hours
Student wages	100%					budgeted hours
President's contract	60%	24%	16%			actual hours
Vice President Research contract	95%		5%			actual hours
Vice President contract	90%		10%			actual hours
Professional	70%		14%	16%		historical resource utilization
Other general support expense:						
Business meals club memberships education Powerpeople software travel & auto advertising annual report communications office insurance rent and business tax	80%		10%		10%	historical resource utilization

Salary and contract expenses of \$210,177 (2010 - \$233,943) have been allocated as follows:

	2011	2010
Project and communications expense	168,067	190,914
Salaries and consultants	17,697	20,054
Fundraising	26,413	22,975
	<u>210,177</u>	<u>233,943</u>

Other general support expenses of \$196,862 (2010 - \$186,585) have been allocated as follows:

	2011	2010
Projects and communications expense	142,635	135,093
Professional fees	22,509	22,071
Fundraising	25,524	21,925
Office	6,194	7,496
	<u>196,862</u>	<u>186,585</u>

6. Comparative figures

Certain 2010 comparative figures have been reclassified to conform with the financial presentation adopted in the current year.

7. Future accounting pronouncements

In December 2010, the Accounting Standards Board ("AcSB") released the accounting standards impacting the future financial reporting framework for not-for-profit organizations. The AcSB proposes that not-for-profit organizations select one of the two following alternatives for financial reporting:

- Accounting Standards for Not-for-Profit Organizations along with Accounting Standards for Private Enterprises, or
- International Financial Reporting Standards

These available standards are applicable to fiscal years beginning on or after January 1, 2012. Adoption of these standards is being evaluated and the impact on future financial statements is not known or reasonably estimated at this time.

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