

2005 Canadian Defence & Foreign Affairs Institute (CDFAI) Annual Report



#### Revitalizing our great country

Our security, our prosperity and our quality of life, are dependent upon the success with which Canadians strengthen Canada's international role.

Our challenge is to examine pressing and outstanding defence issues, to analyze existing foreign policies and to develop critical thinking on how to implement Canadian policy direction.

In 2005, CDFAI garnered national attention with the release of five research papers including:

- Confusing the Innocent with Numbers and Categories: The International Policy Statement and the Concentration of Development Assistance
- In the Canadian Interest? Assessing Canada's International Policy Statement
- The Special Commission on the Restructuring of the Reserves, 1995: Ten Years Later
- Effective Defence Policy for Responding to Failed and Failing States
- Two Solitudes: Quebecers' Attitudes Regarding Canadian Security and Defence Policy

CDFAI hosted a successful Speakers' Series engaging Canadians in debate on our role on the international stage. Speakers included Special Ambassador to the Canadian Red Cross, David Pratt, historian and author Jack Granatstein, Canada's former Ambassador to the U.S., Derek Burney, and the Chief of the Air Staff, Steve Lucas.

In May, CDFAI sponsored journalism students from across the country at an eleven-day military/media course.

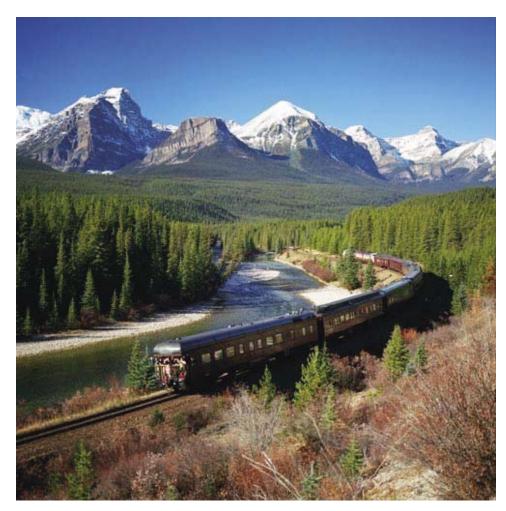
In October, CDFAI hosted an Annual Conference in Ottawa focused on the impact of Canada's changing demographic make-up on Canadian foreign policy.

Our goal is to educate and inform Canadians, particularly those who play a leadership role in shaping Canadian defence and foreign policy.

Robert S. Millar,

President,

Canadian Defence & Foreign Affairs Institute (CDFAI)

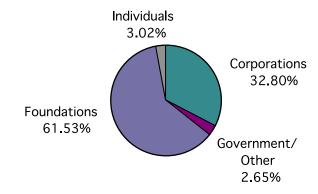


"CDFAI makes a unique contribution to foreign and defence policy debates in Canada providing stimulating views from a diverse range of expertise and experience."

Derek Burney, Chairman of the Board of Directors of New Brunswick Power Corp., Visiting Professor and Senior Distinguished Fellow at Carleton University and Canada's Ambassador to the United States, 1989-1993

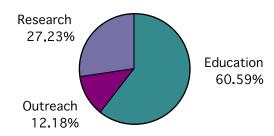
#### Bringing together the best minds in Canadian defence, diplomacy and international development

#### 2005 Revenues



CDFAI is a "think tank" pursuing authoritative research and new ideas aimed at ensuring Canada has a respected and influential voice in the international arena. Founded in 2001, the charitable organization has revenues of \$1 million. Revenues are generated from corporations, foundations, individuals and government.

#### 2005 Programs



CDFAI has three streams of programming: research, education and outreach. Each activity within these streams has been designed and developed to promote understanding by the Canadian public of national defence and foreign affairs issues. The core expertise comes from 30 Fellows from across Canada.



"The Military Journalism Course has broadened my understanding of our Canadian Forces. As a result, I'm now a stronger journalist and better able to report to Canadians on military issues."

Brian Adeba, Military Journalism Course Class of 2005, Embassy Newspaper

DND Photo

#### Meeting Canada's international potential

With your ongoing support, CDFAI is able to bring attention to pressing defence and foreign policy issues through a number of successful projects.

Minor Research Papers – four papers are released each year on current, relevant themes related to defence, diplomacy and international development.

Major Research Paper – one or two major papers are released each year providing a critical examination on current issues or analyzing existing policy.

Quarterly Newsletter – educates Canadians on timely topics related to Canada's role on the international stage.

<u>Electronic Journal</u> - in partnership with the University of Calgary, a quarterly refereed journal (jmss.org) is produced to permit scholars an opportunity to publish their research.

Reaching Out to Canadians – a bi-weekly column raises the level of public debate on defence and foreign affairs issues.

<u>Speakers' Series</u> – corporate and other leaders are invited to expand their knowledge of international relations through the experience and expertise shared by knowledgeable speakers.

Editorial Board – a group of highly respected academics ensure authoritative social science integrity in all of CDFAI's formal publications.

Annual Ottawa Conference – a joint project with Carleton, Laval, the Regis (McGill Université de Montréal), Queen's Universities, The Dominion Institute and the Woodrow Wilson Center for Scholars is held annually to address a topical issue.

Other Conferences – as appropriate opportunities arise, CDFAI partners with like-minded organizations to focus on subjects of mutual interest.

National Polls – public opinion polls are commissioned to demonstrate Canadian current thinking on significant international issues.

Military Journalism Course – an annual eleven-day military/media course is run where 12 Canadian journalism students learn about dealing with the Canadian Forces.

Ross Munro Media Award – annually, CDFAI and a partner recognize one Canadian journalist who has made a significant contribution to public understanding of defence and security issues.

<u>Graduate Student Symposium</u> – annually, a national graduate student forum is co-hosted on security and defence issues attended by academics, policy makers and experts in the field.

These projects have been developed to educate Canadians and to inform Canada's policy makers.

David Bercuson

CDFAI, Director of Programs

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"Essentially what CDFAI does is bring together the brightest minds to generate the best ideas to revitalize Canada's international policy. This is good news for Canadian trade."

Stephen Letwin, Group Vice President, Gas Strategy and Corporate Development, Enbridge Inc.

#### Making an impact as an international partner

CDFAI is grateful for the many donors who continue to support our people and programs. These donations were instrumental in helping the institute to develop valuable research which assisted in progressing positive change in defence and foreign policy for this country.



#### 2005 CDFAI Donors

#### **Corporations**

Alsten Holdings Ltd.
ATCO Group
Bennett Jones
Caldwell Securities Ltd.
Enbridge Inc.
General Dynamics Canada
General Dynamics Land Systems
Hurry Hydrocarbons
Raytheon Canada Limited
Sabre Energy Ltd./R. Jack Pirie Family
Shell Canada Limited
SMART Technologies Inc.
Anonymous

#### **Foundations**

The Calgary Foundation, Vigilance Fund Donner Canadian Foundation Woodrow Wilson International Center for Scholars Anonymous

#### Individuals

David Bissett
C.E. Cooke
J.L. Granatstein
Gerald J. Maier
R.S. Millar
Neil Murphy
Leighton Pullen
Michele Stanners
Hank Swartout
Anonymous

#### **Government**

Alberta Gaming Foreign Affairs Canada

#### Universities

Queen's University McGill University/Université de Montréal Université Laval University of Calgary **CANADIAN DEFENCE AND FOREIGN AFFAIRS INSTITUTE** 

Financial Statements
December 31, 2005 and 2004

#### **AUDITORS' REPORT TO THE MEMBERS**

We have audited the statements of financial position of **Canadian Defence and Foreign Affairs Institute** (the "Institute") as at December 31, 2005 and 2004 and the statements of operations, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Institute's management. 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 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 Institute as at December 31, 2005 and 2004 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

**Chartered Accountants** 

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Calgary, Canada March 3, 2006

# CANADIAN DEFENCE AND FOREIGN AFFAIRS INSTITUTE Statements of Financial Position

December 31, 2005 and 2004

		2005		2004	
ASSETS					
Current Assets					
Cash and term deposits		\$	74,121	\$	52,366
Accounts receivable			32,701		15,509
Deposits		want.	-		119
			106,822		67,994
Fixed assets	(note 2)		8,296		15,787
		\$	115,118	\$	83,781
LIABILITIES & NET ASSETS					
Current Liabilities		\$	60.570	\$	48,010
Accounts payable and accrued liabilities  Deferred revenue		Ф	69,572 -	Φ	10,000
Deletted teveride			69,572	\$	58,010
Net Assets					
1			45,546		25,771
On bepélf of fle Board:		\$	115,118	\$	83,781
, Director					
, Director					

# CANADIAN DEFENCE AND FOREIGN AFFAIRS INSTITUTE Statements of Operations

Years ended December 31, 2005 and 2004

	2005		2004	
Revenue				
Donations	\$	921,023	\$	413,215
Grants and project funding		87,376		38,312
Interest	-			3,247
		1,008,399		454,774
Expenses				
Projects and communications		822,567		730,740
Professional		50,421		76,760
Salaries and consultants		80,873		66,114
Office		18,939		12,506
Donations to qualified donees		2,500		-
Advertising and communications		2,448		11,841
Memberships and education		1,747		633
Fundraising		1,638		1,242
Depreciation		7,491		8,404
		988,624		908,240
Excess (deficiency) of revenue over expenses	\$	19,775	\$	(453,466)

# CANADIAN DEFENCE AND FOREIGN AFFAIRS INSTITUTE Statements of Changes in Net Assets

Years ended December 31, 2005 and 2004

	in	vested capital assets	Unrestricted 2005		2004	
Balance, beginning of year	\$	15,787	\$	9,984	\$ 25,771	\$ 479,237
Excess (deficiency) of revenue over expenses	<u> </u>	(7,491)	<u> </u>	27,266	 19,775	 (453,466)
Balance, end of year	\$	8,296	\$	37,250	\$ 45,546	\$ 25,771

# CANADIAN DEFENCE AND FOREIGN AFFAIRS INSTITUTE Statements of Cash Flows Years ended December 31, 2005 and 2004

	2005		2004	
Operating				
Excess (deficiency) of revenue over expenses	\$	19,775	\$	(453,466)
Depreciation		7,491		8,404
Change in non-cash working capital	***************************************	(5,511)		27,060
		21,755		(418,002)
Change in cash		21,755		(418,002)
Cash, beginning of year		52,366		470,368
Cash, end of year	\$	74,121	\$	52,366

#### CANADIAN DEFENCE AND FOREIGN AFFAIRS INSTITUTE

**Notes to Financial Statements** 

**December 31, 2005 and 2004** 

#### Organization

Canadian Defence and Foreign Affairs Institute (the "Institute") is a registered charity under the Income Tax Act and 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.

#### 1. Significant Accounting Policies:

#### Revenue recognition

The Company follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

### Depreciation

Computer equipment is depreciated on a straight-line basis over 3 years. Furniture and equipment are depreciated on a declining balance basis at 20% per year. Leasehold improvements are depreciated on a straight-line basis over the period of the related lease.

#### **Comparative figures**

Certain comparative figures have been reclassified to conform to the current financial statement presentation.

#### CANADIAN DEFENCE AND FOREIGN AFFAIRS INSTITUTE

**Notes to Financial Statements** 

**December 31, 2005 and 2004** 

#### 2. Fixed Assets

	•	2004		
La carlo III tamana anta	Cost	Amortization		Net
Leasehold improvements	\$ 17,330	\$ 11,627	\$ 5,703	\$10,972
Furniture and equipment	11,248		2,593	4,815
	<b>\$</b> 28,578	\$ 20,282	\$ 8,296	<u>\$ 15,787</u>

### 3. Related Party Transaction

During the year ended December 31, 2005 the Institute paid administrative fees of \$56,475 (2004 - \$58,146) to a group of companies controlled by the patron and member in good standing. During the year ended December 31, 2005 the Institute received donations of \$222,000 from a company controlled by the patron and member in good standing.

#### 4. Financial Instruments

The carrying value of cash and term deposits, accounts receivable, accounts payable and accrued liabilities and deferred revenue held at December 31, 2005 approximate their fair value due to the relatively short periods to maturity.



"I consider CDFAI one of the premiere platforms for the discussion of essential Canadian foreign and defence policy questions. It is at the forefront of many of the critical issues we face today."

David Pratt, Advisor and Special Ambassador, Canadian Red Cross

DND Photo

#### More than 40 dedicated Canadians serve as CDFAI's Board of Directors, Advisory Council and Fellows

#### **CDFAI Board of Directors**

**Chair** Robert J.S. Gibson Calgary Highlanders/Entrepreneur

Robert Booth Bennett Jones LLP

Brian Flemming Advisory Council on National Security

J.L. Granatstein Author, Historian

#### **CDFAI Advisory Council**

Jocelyn Coulon International Strategic Studies

J.L. Granatstein Author, Historian

Paul Manson Canadian Forces (Ret'd)

Bob Nicolay Business Executive Rudyard Griffiths The Dominion Institute

Reford MacDougall
MacDougall McConnell Communications

R. Michael Mears Retired Businessman

Robert S. Millar CDFAI President

Gordon Smith

University of Victoria

Denis Stairs

Dalhousie University

Margaret Wente The Globe and Mail

#### **CDFAI Fellows**

David Bercuson, Bob Bergen, Derek Burney, David Carment, Ray Crabbe, Mark Entwistle, James Ferguson, John Ferris, Richard Gimblett, J.L. Granatstein, Frank Harvey, George Haynal, Sharon Hobson, Rob Huebert, Anne Irwin, Tami Jacoby, Mike Jeffery, Eric Lerhe, George Macdonald, Nelson Michaud, Alexander Moens, Reid Morden, David Pratt, Andrew Richter, Jean-Sébastien Rioux, Scot Robertson, Cameron Ross, Stéphane Roussel, Elinor Sloan, Gordon Smith, Denis Stairs

CDFAI is structured in a format that provides for a minimum of permanent staff. The intent is to operate in a manner that allows for maximum funding to be available for research activities.

#### **CDFAI Staff**

Robert Millar President

David J. Bercuson Director of Programs

Janice Andersson External Relations Manager

Jo-Anne Ring Executive Assistant

## For more information, contact:

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