



Financial Statements

The Canadian Institute for Advanced Research -
L'Institut Canadien de Recherches Avancées

June 30, 2011

**THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH -
L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES**
2011 Financial Statements

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Independent Auditor's Report

**To the Board of Directors of
The Canadian Institute for Advanced Research -
L'Institut Canadien de Recherches Avancées**

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We have audited the accompanying financial statements of The Canadian Institute for Advanced Research - L'Institut Canadien de Recherches Avancées, which comprise the statement of financial position as at June 30, 2011, and the statements of operations, changes in net assets and cash flows for the year then ended, and 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.

Auditor's responsibility

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 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 the auditor's 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, the auditor considers 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 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 Institute for Advanced Research - L'Institut Canadien de Recherches Avancées, as at June 30, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other matter

The financial statements of The Canadian Institute for Advanced Research - L'Institut Canadien de Recherches Avancées for the year ended June 30, 2010, were audited by another auditor, PKF Hill LLP ("PKF Hill"), who expressed an unqualified opinion on those statements on August 12, 2010. The partners and staff of PKF Hill joined Grant Thornton LLP effective October 1, 2010.

Grant Thornton LLP

Chartered Accountants, Licensed Public Accountants
Toronto, Canada
September 20, 2011

**THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH -
L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES**

Statement of Financial Position
As at June 30

	2011	2010
ASSETS		
Current assets		
Cash and short-term deposits	\$ 1,999,443	\$ 3,623,429
Investments (note 5)	6,824,951	10,787,000
Accounts receivable	1,794,824	1,378,542
Prepaid expenses	95,997	158,936
	10,715,215	15,947,907
Investments (note 5)	17,888,923	18,519,080
Equipment and leasehold improvements (note 6)	176,674	198,351
Total assets	\$ 28,780,812	\$ 34,665,338
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,664,520	\$ 3,220,349
Deferred income (note 7)	1,777,602	2,380,278
	4,442,122	5,600,627
Deferred income (note 7)	-	1,364,114
Total liabilities	4,442,122	6,964,741
Net assets		
Invested in equipment and leasehold improvements See Far Fund (note 8)	176,674	198,351
Externally restricted for endowment	465,403	474,000
Internally restricted	18,946,753	18,781,094
Unrestricted	4,749,860	8,247,152
Total net assets	24,338,690	27,700,597
Total liabilities and net assets	\$ 28,780,812	\$ 34,665,338

See accompanying notes

On behalf of the Board:

Director

Director

**THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH -
L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES**

**Statement of Operations
Year ended June 30**

	2011	2010
Income		
Program contributions		
Private sector		
Corporations	\$ 958,316	\$ 803,558
Foundations	991,150	1,116,600
Individuals	642,283	750,080
	<hr/> 2,591,749	<hr/> 2,670,238
Government funding		
Federal	5,000,000	5,000,000
Provincial	4,600,000	6,555,000
	<hr/> 9,600,000	<hr/> 11,555,000
Other contributions		
Capital campaign	487,000	-
Sponsorship	-	206,000
	<hr/> 487,000	<hr/> 206,000
Investment income (loss) (note 5(d))	799,272	(781,866)
Total income	<hr/> 13,478,021	<hr/> 13,649,372
Expenses		
Program expenses (note 9(a))		
Active programs, direct	10,741,103	9,937,987
Active programs, support	2,689,622	2,545,099
Other	-	58,775
	<hr/> 13,430,725	<hr/> 12,541,861
Total program expenses		
Non-program expenses (note 9(b))	3,130,845	3,196,079
	<hr/> 16,561,570	<hr/> 15,737,940
Total expenses	<hr/> 16,561,570	<hr/> 15,737,940
Deficiency of income over expenses	<hr/> \$ (3,083,549)	<hr/> \$ (2,088,568)
Allocated to:		
Invested in equipment and leasehold improvements	\$ (121,829)	\$ (102,543)
See Far Fund		
Externally restricted for endowment	-	(101,400)
Internally restricted	-	(1,490,500)
Unrestricted	(2,961,720)	(394,125)
	<hr/> \$ (3,083,549)	<hr/> \$ (2,088,568)

See accompanying notes

**THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH -
L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES**

Statement of Changes in Net Assets

Year ended June 30

	<u>2011</u>				<u>2010</u>	
	<u>See Far Fund (note 8)</u>					
	Invested in Equipment and Leasehold Improvements	Externally Restricted for Endowment	Internally Restricted	Unrestricted	Total	Total
Balance, beginning of year	\$ 198,351	\$ 474,000	\$ 18,781,094	\$ 8,247,152	\$ 27,700,597	\$ 27,686,906
Deficiency of income over expenses	(121,829)	-	-	(2,961,720)	(3,083,549)	(2,088,568)
Allocation of prior year unrealized loss recognized on available-for-sale investments sold during the year	-	-	-	-	-	2,332,600
Endowment bequests	-	-	-	-	-	75,000
Unrealized gain (loss) on investments	-	(1,535)	(25,019)	(251,804)	(278,358)	(305,341)
Investment in equipment and leasehold improvements	100,152	-	-	(100,152)	-	-
Interfund transfers	-	(7,062)	190,678	(183,616)	-	-
Balance, end of year	\$ 176,674	\$ 465,403	\$ 18,946,753	\$ 4,749,860	\$ 24,338,690	\$ 27,700,597

See accompanying notes

**THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH -
L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES**

**Statement of Cash Flows
Year ended June 30**

	2011	2010
Operating activities		
Deficiency of income over expenses	\$ (3,083,549)	\$ (2,088,568)
Add items not involving cash		
Amortization of equipment and leasehold improvements	121,829	102,543
Realized loss on investments (note 5(d))	-	1,591,900
Amortization of deferred income (including long-term portion)	(2,075,139)	(3,465,072)
	(5,036,859)	(3,859,197)
Changes in non-cash working capital		
Accounts receivable	(416,282)	(84,814)
Prepaid expenses	62,939	(6,996)
Accounts payable and accrued liabilities	(555,829)	306,409
Deferred income (including long-term portion)	108,349	196,871
	(800,823)	411,470
Cash flows from operating activities	(5,837,682)	(3,447,727)
Financing activity		
Endowment contribution and cash flows from financing activity	-	75,000
Investing activities		
Redemptions of investments, net	4,313,848	2,825,138
Investment in equipment and leasehold improvements	(100,152)	(22,930)
Cash flows from investing activities	4,213,696	2,802,208
Net change in cash and short-term deposits during the year	(1,623,986)	(570,519)
Cash and short-term deposits, beginning of year	3,623,429	4,193,948
Cash and short-term deposits, end of year	\$ 1,999,443	\$ 3,623,429
Cash and short-term deposits is represented by:		
Cash	\$ (38,714)	\$ 653,665
Short-term deposits	2,038,157	2,969,764
	\$ 1,999,443	\$ 3,623,429

See accompanying notes

THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH - L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES

Notes to Financial Statements
Year ended June 30, 2011

1. Nature of operations and basis of financial statements

The Canadian Institute for Advanced Research - L'Institut Canadien de Recherches Avancées (the "Institute") is incorporated under the Canada Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act (Canada). The primary objective of the Institute is to bring leading researchers together to work on major collaborative advanced-research projects that address scientific, economic and social questions that are of importance to the future of Canada and the world. The Institute funds multi-year projects that bridge institutional, regional, cultural and national boundaries. The funding provided by the Institute contributes to research support and salaries of program members.

In common with other not-for-profit organizations, the Institute is economically dependent on the continued financial support of federal and provincial governments and the private sector to meet its ongoing commitments.

2. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

Financial instruments

The Institute's financial instruments are comprised of cash and short-term deposits, investments, accounts receivable and accounts payable.

Cash and short-term deposits, accounts receivable and accounts payable

Cash and short-term deposits, accounts receivable and accounts payable are recorded at their carrying value which approximates their fair value due to their short-term maturities.

Short-term deposits consist of highly liquid, interest bearing instruments with original maturities of three months or less or which can be liquidated without significant penalty.

Investments

Investments deferred for future years (note 5) represent unspent funding received (which at June 30, 2011 and 2010 represents funding received from the Province of British Columbia). These investments are comprised of bond portfolios with maturities approximating the timing of the intended use of the funds. As the Institute has the intention and ability to hold these investments to maturity, the investments have been classified as held-to-maturity investments and as such, are measured at amortized cost using the effective interest method.

Investments in the See Far Fund (note 5) are comprised of cash and cash equivalents, investments in bond portfolios, and investments in an equity portfolio. Cash and cash equivalents are recorded at their carrying value which approximates fair value. As the Institute has the intention and ability to hold the bond portfolio to maturity, the bond portfolio has been classified as held-to-maturity investments and as such, is measured at amortized cost using the effective interest method. The equity portfolio has been designated as an available-for-sale investment and as such is measured at fair value based on active market quoted rates, using the monthly closing price. Unrealized gains or losses (except impairment losses) on the equity portfolio are recorded in the statement of changes in net assets until the investment is derecognized, at which time the cumulative gain or loss previously recorded is transferred to the statement of operations and netted against the realized gain or loss.

THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH - L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES

Notes to Financial Statements
Year ended June 30, 2011

2. Summary of significant accounting policies - continued

Investments - continued

The unrestricted investments (note 5) are held in US and Canadian dollar denominated bond portfolios and have been designated as available-for-sale investments. As such, these investments are measured at fair value with unrealized gains or losses, except impairment losses, recorded in the statement of changes in net assets until the investment is derecognized, at which time the cumulative gain or loss previously recorded is transferred to the statement of operations and netted against the related realized gain or loss. Fair value determination is based on active market quoted rates, using the monthly closing price.

Choice for financial instruments

The Canadian Institute of Chartered Accountants ("CICA") provides a choice for financial instruments disclosure and presentation and the Institute has chose to continue to apply Financial Instruments - Disclosure and Presentation, Section 3861 in place of Financial Instruments - Disclosure, Section 3862 and Financial Instruments - Presentation, Section 3863. Had the Institute adopted the new standards, there would have been increased emphasis on risk disclosures including both qualitative and quantitative information about the exposure to the Institute.

Equipment and leasehold improvements

Equipment and leasehold improvements are recorded at cost and are amortized over their estimated useful lives as follows:

Office equipment	20% declining balance
Computer equipment	33% straight-line
Leasehold improvements	20% straight-line

Net assets externally restricted for endowment

Net assets externally restricted for endowment represent restricted contributions subject to externally imposed restrictions specifying that the resources contributed are to be maintained permanently and are subject to the Institute's preservation of capital policy unless otherwise specified by the donor. The Institute's preservation of capital policy allows for the encroachment of capital to cover realized or unrealized losses and disbursements in excess of investment income on the basis that the capital will be replenished by future net investment income. When disbursements are in excess of investment income, the encroachment of capital is reflected as a transfer from net assets externally restricted for endowment to unrestricted net assets. Investment income realized on these funds is unrestricted unless otherwise restricted by the donor.

Net assets internally restricted

Net assets internally restricted represent net assets restricted by the Board of Directors for specific purposes. These amounts are not available for other purposes without the prior approval of the Board of Directors. Investment income realized on these funds is unrestricted. Transfers are determined based on the Institute's objectives, policies and processes for managing capital (note 3).

Contributions

Endowment contributions are recognized as direct increases in net assets in the year in which they are received.

Restricted contributions received are recognized as income in the year in which the related expenses are incurred or in the year they are designated to.

Unrestricted contributions are recognized as income when received or receivable.

THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH - L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES

Notes to Financial Statements
Year ended June 30, 2011

2. Summary of significant accounting policies - continued

Foreign currency translation

The Institute translates domestic transactions denominated in foreign currencies at the exchange rates at the date of the statement of financial position for monetary assets and liabilities, and the average exchange rates during the year for revenue and expenses. Unrealized translation gains and losses are recognized in the statement of operations except for those financial instruments designated as available-for-sale, in which case, the transaction gains and losses are recognized in the statement of changes in net assets until realized.

Allocation of expenses

The Institute allocates personnel and overhead expenses to the departments on the following basis:

- i) President's office personnel expenses - based on the proportion of time the President's office personnel spend overseeing each department
- ii) Rent and overhead expenditures - based upon usage by department

Pension plan

Eligible employees of the Institute are members of the University of Toronto's pension plan. Accordingly, the information that would normally be required to be disclosed is not available. As a result, disclosure is limited to disclosing contributions to the plan. Pension expense and cash contributions made during the year were \$250,000 (2010 - \$215,000).

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. Objectives, policies and processes for managing capital

The Institute's capital is comprised of net assets invested in equipment and leasehold improvements, net assets externally restricted for endowment, net assets internally restricted and unrestricted net assets.

The Institute invests in equipment and leasehold improvements to ensure that the Institute has administrative facilities suitable for staff to administer its research programs.

Externally restricted funds for endowment are set aside in accordance with the terms agreed to by the Institute and the contributors.

Internally restricted funds are set aside by a Board of Director's resolution for the purpose of investing funds for future needs.

The Institute maintains an unrestricted fund balance sufficient to meet or exceed the annual working capital requirements.

THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH - L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES

Notes to Financial Statements
Year ended June 30, 2011

3. Objectives, policies and processes for managing capital - continued

The majority of the Institute's capital is held in its working capital and long-term investments. Management prepares budgets and long-term projections annually. The budgets and long-term projections form the basis for the estimated working capital requirements and long-term funding requirements of the Institute. Budgets are reviewed, approved and monitored by the Board of Directors. Investments are made based upon the estimated timing of funding requirements and in accordance with approved investment policies. The Board of Directors appoints an investment committee annually which is responsible for determining investment policies for recommendation to the Board of Directors for approval. All material long-term investment decisions are approved by the Board of Directors on the recommendation of the investment committee.

The Institute is not subject to any external capital requirements.

4. Government funding

(a) Government of Canada

Effective April 1, 2007, the Institute entered into a five-year, \$25 million funding agreement with the Government of Canada. The funds are to be received in instalments of \$5 million in each of the government's fiscal years 2007-08 through 2011-12. During the year, the Institute recognized income of \$5 million related to this agreement. The \$1.25 million related to the period April 1 to June 30 has been accrued at year end. In accordance with the funding agreement, the Institute is committed to seek additional financial contributions of \$25 million from non-federal sources over the term of the agreement. As at June 30, 2011, the Institute has met this commitment.

(b) Government of British Columbia

In March 2007, the Government of British Columbia contributed \$10 million to the Institute to be utilized over a five year period. The Institute purchased a portfolio of bonds which mature annually at \$2 million per annum. During the year, the Institute recognized income of \$2 million related to this agreement. The unspent funds of \$1,472,463 are recorded as deferred income.

(c) Government of Alberta

In March 2010, the Institute entered into a three-year, \$1.8 million funding agreement with the Government of Alberta. The funds are to be received in instalments of \$600,000 in each of the calendar years 2010, 2011, and 2012. During the year, the Institute recognized income of \$600,000 related to this agreement. The unspent funds of \$300,000 are recorded as deferred income.

(d) Government of Ontario

In October 2010, the Institute entered into a two-year, \$4 million funding agreement with the Government of Ontario. The funds are to be received in instalments of \$2 million in each of the government's fiscal years 2010-11 and 2011-12. During the year, the Institute recognized income of \$2 million related to this agreement.

**THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH -
L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES**

Notes to Financial Statements

Year ended June 30, 2011

5. Investments

	2011					2010
	Deferred For Future Years	See Far Fund (note 8)		Unrestricted	Total	Total
		Externally Restricted for Endowment	Internally Restricted			
Cash and cash equivalents	\$ -	\$ 35,318	\$ 2,066,054	\$ -	\$ 2,101,372	\$ 11,422,922
Bond portfolios	1,472,463	-	9,863,416	3,829,255	15,165,134	17,883,158
Long-term equity portfolio	-	430,085	7,017,283	-	7,447,368	-
	1,472,463	465,403	18,946,753	3,829,255	24,713,874	29,306,080
Less: current portion	1,472,463	-	4,074,000	1,278,488	6,824,951	10,787,000
	\$ -	\$ 465,403	\$ 14,872,753	\$ 2,550,767	\$ 17,888,923	\$ 18,519,080

- (a) The investments deferred for future years represent the bond portfolio for funds received from the Province of British Columbia (note 7). The portfolio relating to the agreement is comprised of bonds which provide a cash flow of \$1.5 million to March 2012, and have a yield to maturity of 4.7%. All of the bond portfolio relating to the agreement has been classified as current.
- (b) The See Far Fund represents externally and internally restricted amounts (note 8). Of the total amount invested, the Institute holds \$2,101,372 in cash (2010 - \$11,422,922), \$9,863,416, including unamortized bond premiums and discounts, in a portfolio of bonds (2010 - \$7,832,172) and \$7,447,368 in an equity portfolio (2010 - \$Nil). The portfolio of bonds has a yield to maturity of 2.9% scheduled to mature in 2012 (\$2,500,000), 2013 (\$3,688,000), 2014 (\$1,330,000), 2015 (\$800,000), and 2016 (\$1,250,000). Investment income (loss) realized on the equity portfolio of \$125,931 (2010 - (\$1,591,900)) has been included in investment income for the year. Unrealized losses, including foreign exchange losses, of \$26,554 (2010 - \$Nil) have been included in the statement of changes in net assets.
- (c) The Institute holds its unrestricted net assets in a bond portfolio comprised of Canadian and US dollar denominated bonds. The bond portfolio balance above includes unamortized bond premiums and discounts. The bonds, with a yield to maturity of 5%, are scheduled to mature in 2012 (\$1,278,488) and 2013 (\$2,400,000).
- (d) Investment income (loss) of \$799,272 (2010 - (\$781,866)) recorded in the statement of operations consists of income related to investments held for endowment of \$7,739 (2010 - \$400) and income of \$791,553 (2010 - \$809,634) on investments other than those held for endowment. In 2010, the Institute realized a loss on the divestiture of assets managed by the University of Toronto and held in the Long-term Capital Appreciation Pool of (\$1,591,900).

**THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH -
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Notes to Financial Statements

Year ended June 30, 2011

6. Equipment and leasehold improvements

	2011			2010
	Cost	Accumulated Amortization	Net	Net
Office equipment	\$ 481,127	\$ 405,779	\$ 75,348	\$ 86,922
Computer equipment	277,367	210,538	66,829	44,295
Leasehold improvements	420,833	386,336	34,497	67,134
	<u>\$ 1,179,327</u>	<u>\$ 1,002,653</u>	<u>\$ 176,674</u>	<u>\$ 198,351</u>

7. Deferred income

	Deferred Income, Beginning of Year	Received During Year	Interest Earned	Recognized as Income	Deferred Income, End of Year	Less: Current Portion	Deferred Income Long-term
2011							
Government of British Columbia	\$ 3,364,114	\$ -	\$ 108,349	\$ (2,000,000)	\$ 1,472,463	\$ (1,472,463)	\$ -
Government of Alberta	300,000	600,000	-	(600,000)	300,000	(300,000)	-
Government of Ontario	-	2,000,000	-	(2,000,000)	-	-	-
Total provincial income	3,664,114	2,600,000	108,349	(4,600,000)	1,772,463	(1,772,463)	-
Private sector	80,278	-	-	(75,139)	5,139	(5,139)	-
	<u>\$ 3,744,392</u>	<u>\$ 2,600,000</u>	<u>\$ 108,349</u>	<u>\$ (4,675,139)</u>	<u>\$ 1,777,602</u>	<u>\$ (1,777,602)</u>	<u>\$ -</u>
2010	<u>\$ 7,012,593</u>	<u>\$ 3,170,000</u>	<u>\$ 196,871</u>	<u>\$ (6,635,072)</u>	<u>\$ 3,744,392</u>	<u>\$ (2,380,278)</u>	<u>\$ 1,364,114</u>

**THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH -
L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES**

Notes to Financial Statements
Year ended June 30, 2011

8. See Far Fund

The See Far Fund represents externally and internally restricted amounts. Externally restricted amounts refer to gifts which have been specifically directed for endowment purposes by the donor. Internally restricted amounts are unrestricted funds which have been transferred to the See Far Fund by the Board of Directors for the purpose of investing funds for future needs.

9. Expenses

	2011	2010
(a) Program expenses		
Active programs, direct		
Cosmology and Gravity	\$ 1,119,695	\$ 1,152,714
Earth System Evolution	663,598	618,203
Experience-based Brain and Biological Development	641,954	640,583
Genetic Networks	433,167	528,230
Institutions, Organizations and Growth	785,053	691,590
Integrated Microbial Biodiversity	780,482	585,143
Nanoelectronics	935,989	1,012,768
Neural Computation and Adaptive Perception	498,018	509,745
Quantum Information Processing	845,825	833,608
Quantum Materials	1,028,983	989,613
Social Interactions, Identity and Well Being	633,739	604,084
Successful Societies	847,657	821,253
Junior Fellow Academy	1,526,943	950,453
	<hr/> 10,741,103	<hr/> 9,937,987
Active programs, support		
Program Development and Assessment	2,295,386	2,007,229
Program Reviews and Research Council	83,949	4,303
Research Portfolio Review & Baseline Project	83,216	-
Literature Related Discovery	34,850	33,825
Knowledge Transfer	35,934	46,612
International Reach	17,319	38,816
Interdisciplinary Study	-	55,033
Explorations	138,968	359,281
	<hr/> 2,689,622	<hr/> 2,545,099
Other		
Special events	-	58,775
	<hr/> \$ 13,430,725	<hr/> \$ 12,541,861
(b) Non-program expenses		
Advancement	\$ 1,344,772	\$ 1,598,442
Communications	905,856	378,110
Governance and administration	878,460	804,038
Special events	542	257,657
Other	1,215	157,832
	<hr/> \$ 3,130,845	<hr/> \$ 3,196,079

**THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH -
L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES**

Notes to Financial Statements
Year ended June 30, 2011

10. Allocation of expenses

President's office personnel and rent and overhead expenses of \$599,635 (2010 - \$578,509) and \$1,171,699 (2010 - \$930,630) respectively have been allocated as follows:

	President's office personnel		Rent and overhead	
	2011	2010	2011	2010
Program development and assessment	\$ 299,818	\$ 289,255	\$ 585,849	\$ 465,315
Advancement	119,927	115,712	234,340	186,125
Communications	89,945	86,766	175,755	139,595
Governance and administration	89,945	86,776	175,755	139,595
	<u>\$ 599,635</u>	<u>\$ 578,509</u>	<u>\$ 1,171,699</u>	<u>\$ 930,630</u>

11. Commitments

The Institute is committed to the rental of office premises until 2012 and the minimum annual rental payment is \$154,193.

12. Financial instruments

Currency, interest rate and market risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Institute's Investment Policy governs the investment decisions and is intended to mitigate currency, interest rate and market risk.

Credit risk

Credit risk is the risk that a debtor to the Institute will not be able to discharge its obligations to the Institute. As the Institute's primary debtor is the Government of Canada, it is management's opinion that the Institute is not exposed to significant credit risk.

13. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2011 financial statements.