

Global Centre for Pluralism

Annual Report 2009

Prepared for Citizenship and Immigration Canada

April 2010



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1.0 INTRODUCTION

The funding agreement signed on October 25, 2006 between the Global Centre for Pluralism and the Government of Canada requires the Centre to submit an annual report to the responsible Minister.

The Global Centre for Pluralism achieved progress toward planned results on several fronts in 2009. After receiving specific input from the Government, a final slate for the Centre's international Board of Directors was agreed and selected candidates approached. The groundwork for a comprehensive executive search – job and candidate profiles for three leadership roles, position briefs and preliminary candidate lists – was laid with the assistance of an executive recruitment firm. Due diligence assessments were completed on the architects under shortlisted to lead the multimillion dollar renovation of 330 Sussex Drive, and a conversation was opened with the National Capital Commission, the National Gallery of Canada and the Royal Canadian Mint about a possible joint approach to site and riverfront rehabilitation. Research to support program development and strategic visioning by the Board of Directors was ongoing.

Following the guidelines established in Section 7.3 of the funding agreement, this annual report presents an overview of the financial, programmatic and institutional development of the Global Centre for Pluralism in 2009.

2.0 MISSION AND MANDATE

Pluralism is a basic human value and a route to peace, stability and development. Advancing global understanding about pluralism through research for education is the mission of the Global Centre for Pluralism. Working with partners in government and civil society worldwide, the Centre will undertake education and research to generate, collate and share knowledge and know-how about pluralism in a variety of settings, and to further global understanding of the structures, mechanisms and relationships that sustain pluralist societies.

To support its educational mission, the Centre will undertake research in respect to:

- Pluralism in Canada and around the world, including its institutionalization.
- Global efforts to develop and put into practice constitutional, judicial, institutional, political and other structures and mechanisms that promote and protect the functioning of pluralism.
- The relationships, resources (human, intellectual and financial) and governmental, non-governmental, corporate and multilateral institutions that foster and support global efforts to strengthen pluralism.
- The constituencies in Canada and around the world that actively support pluralism, as individuals or through institutions, chapters, networks or other forms of organization.

- The pluralist policies and practices of governments, national and multinational institutions, civil society organizations, and other communities of practice.

To ensure access to Centre research for education activities and results, the Centre will also disseminate knowledge and know-how about pluralism by:

- Publishing studies and providing on-going and systematic access to research results and information on pluralism.
- Developing, delivering and supporting formal and non-formal education initiatives, as well as continuing education opportunities and programs in Canada and around the world.

3.0 FINANCIAL STATEMENTS AND AUDITOR'S REPORT, FY 2009

The Global Centre for Pluralism uses the calendar year as its fiscal year. This section of the annual report presents the following five financial statements:

- (1) balance sheet;
- (2) statement of operations;
- (3) statement of cash flows;
- (4) statement of change in equity; and
- (5) statement of investments.

The Auditor's Report for the period January 1 to December 31, 2009 inclusive – prepared by Ernst & Young – is included in **Appendix A**.

Global Centre for Pluralism / Centre mondial du pluralisme

BALANCE SHEET

As at December 31

	Audited	Audited
	2009	2008
	\$	\$
	<hr/>	<hr/>
ASSETS		
Current		
Cash & cash equivalents	90,101	105,646
Investments [note 3]	43,105,802	42,648,536
	<hr/>	<hr/>
	43,195,903	42,754,183
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES & EQUITY		
Current		
Accounts payable & accrued Liabilities	13,309	11,300
	<hr/>	<hr/>
Equity		
Endowment Fund [note 2]	40,000,000	40,000,000
Unrestricted Fund	3,182,594	2,742,883
	<hr/>	<hr/>
	43,182,594	42,742,883
	<hr/>	<hr/>
	43,195,903	42,754,183
	<hr/> <hr/>	<hr/> <hr/>

Global Centre for Pluralism / Centre mondial du pluralisme

STATEMENT OF OPERATIONS

Year ended December 31

	Audited	Audited
	2009	2008
	\$	\$
REVENUE		
Investment Income	456,324	1,434,993
	456,324	1,434,993
EXPENDITURES		
Programs and projects		43,406
Administration and other expenses [note 4]	16,613	12,907
	16,613	56,313
Excess of revenue over expenditures for the year	439,711	1,378,680

Global Centre for Pluralism / Centre mondial du pluralisme

STATEMENT OF CASH FLOWS

Year ended December 31

	Audited 2009 \$	Audited 2008 \$
OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	439,711	1,378,680
Increase in accounts payable and accrued liabilities	2,009	5,650
Cash provided by operating activities	441,720	1,384,330
INVESTING AND FINANCING ACTIVITIES		
Net increase in investments	-457,266	-1,413,107
Cash used in investing and financing activities	-457,266	-1,413,107
Net Increase (decrease) in cash and cash equivalents during the year	-15,546	-28,777
Cash and cash equivalents beginning of year	105,647	134,424
Cash and cash equivalent, end of year	90,101	105,647

Global Centre for Pluralism / Centre mondial du pluralisme
STATEMENT OF CHANGES IN EQUITY

Year ended December 31

	Unaudited 2009			Audited 2008
	Endowment Fund	Unrestricted Fund	Total	Total
	\$	\$	\$	\$
Balance, beginning of Year	40,000,000	2,742,883	42,742,883	41,364,203
Excess of revenue over expenditures for the year		439,711	439,711	1,378,680
Balance, end of year	40,000,000	3,182,594	43,182,594	42,742,883

Global Centre for Pluralism / Centre mondial du pluralisme
2007-2009 SUMMARY OF INVESTMENTS
EFFECTIVE FROM JANUARY 01, 2007 TO DECEMBER 31 2009

BANK	TYPE	PURCHASE DATE	MATURITY DATE	# OF DAYS OF INVESTMENT	RATE	ORIGINAL PRINCIPAL	MATURITY AMOUNT	INTEREST ON MATURITY
RBC	GIC	23-Jan-07	23-Jan-08	365	4.000%	2,999,500	3,122,500	123,000
RBC	GIC	23-Jan-07	23-Jan-08	365	4.000%	3,500,000	3,643,524	143,524
RBC	GIC	23-Jan-07	23-Jan-08	365	4.000%	3,500,000	3,643,524	143,524
RBC	GIC	28-Mar-07	29-Mar-07	1	4.000%	29,950,000	29,953,282	3,282
RBC	GIC	29-Mar-07	27-Jun-07	90	4.120%	29,945,000	30,249,208	304,208
RBC	GIC	27-Jun-07	23-Jan-08	210	4.350%	30,175,000	30,930,202	755,202
RBC	GIC	23-Jan-08	25-Feb-08	33	3.750%	41,255,000	41,394,871	139,871
RBC	GIC	5-Feb-08	25-Feb-08	20	3.100%	215,000	215,365	365
RBCDS	GIC	25-Feb-08	29-May-08	94	3.820%	41,539,426	41,948,000	408,574
RBCDS	BA	29-May-08	27-Aug-08	90	3.070%	41,948,582	42,266,000	317,418
RBCDS	GIC	27-Aug-08	28-Aug-08	1	2.950%	8,999,000	8,999,727	727
RBCDS	GIC	27-Aug-08	26-Nov-08	91	3.180%	33,226,434	33,490,000	263,566
RBCDS	GIC	28-Aug-08	25-Nov-08	89	3.170%	8,999,441	9,069,000	69,559
RBCDS	GIC	25-Nov-08	25-Feb-09	92	2.110%	9,028,983	9,077,002	48,019
RBCDS	GIC	26-Nov-08	25-Feb-09	91	2.110%	33,425,267	33,600,999	175,732
RBCDS	GIC	26-Nov-08	25-Feb-09	91	2.110%	64,660	65,000	340
RBCDS	GIC	25-Feb-09	25-Feb-10	310	0.950%	21,371,971	21,544,411	172,440
RBCDS	GIC	25-Feb-09	25-Feb-10	310	1.050%	21,371,971	21,562,562	190,591
		TOTAL			3.102%			3,259,944

RBC is Royal Bank of Canada and RBCDS is Royal Bank Dominion Securities. GIC is Guaranteed Investment Certificates.

4.0 STATEMENT OF OBJECTIVES, FY 2010

As outlined in the *Corporate Plan 2010* already submitted to Citizenship and Immigration Canada, in fiscal year 2010 the Centre will focus on the following five key objectives:

4.1 Activate and enable Board of Directors

The Members will appoint the Board of Directors. As outlined in Section 4.0 of the funding agreement, the Board selection process has been guided by the Members of the Corporation, a body composed of representatives of the Ismaili Imamat, Aga Khan Trust for Culture and Aga Khan Foundation Canada (founding members) and the Government of Canada, the International Development Research Centre, and the Association of Universities and Colleges of Canada. The Government of Canada, through the Minister of Citizenship and Immigration Canada, offered significant additional input. With the appointment of the Board, a number of critical activities will commence, including executive recruitment, organizational design, facilities planning and renovation, and program planning.

4.2 Launch executive and staff recruitment

Recruiting the Centre's Secretary-General and other members of the executive team will be the Board of Director's first priority in 2010. Pending Board approval the executive team will consist of a Secretary-General, Deputy Secretary-General and Director of Finance and Administration. Once the executive team is in place a limited recruitment for additional staff will take place.

4.3 Launch precinct planning and facilities redesign

In 2010 the Board of Directors will appoint the architects selected to guide the rehabilitation of 330 Sussex Drive. As well as proposing a design for the building, the architects will lead the development of a precinct plan – a joint approach to site and riverfront redevelopment for the Global Centre for Pluralism, the National Gallery of Canada, and the Royal Canadian Mint with input from the National Capital Commission. This exciting joint venture will add time to the renovation process but will enhance its overall results. While the building and site are under renovation – a process expected to consume two to three years – the Centre will occupy temporary leased space in an office tower.

4.4 Develop the Centre's programmatic capacity

Once operational, the Global Centre for Pluralism will serve the global community as an international centre of excellence for the study, practice and teaching of pluralism. The Centre's programs will bring together change enablers and opinion-makers of all kinds, from different countries and sectors to share their expertise and learn from others. Work to build the Centre's programmatic capacity will continue in 2010 with support from AKFC's Pluralism Initiative team. In 2010 a number of thematic overviews will be prepared and research will continue on selected country case studies.

4.5 Build the Centre's outreach and communications strategy

To achieve its mission and mandate on both a local and global scale, the Global Centre for Pluralism will require a comprehensive communications strategy and outreach capacity. It is anticipated that the Board of Directors will review outreach and communication planning as a key element of the program planning, although the design and implementation of a communication strategy will await the appointment of the Secretary-General.

5.0 OBJECTIVES AND RESULTS, FY 2009

Fiscal year 2009 was another critical building year for the Global Centre for Pluralism, focused on the incremental activation of the Centre's institutional, programmatic and physical infrastructures. Several key results were achieved in 2009 toward governance, leadership, facilities development, and programming. Section 5.1 summarizes the objectives highlighted in the 2009 Corporate Plan. Section 5.2 reviews progress toward results. Section 5.3 presents a summary of the objectives and results in tabular form.

5.1 Objectives FY 2009

Governance

- Board of Directors appointment process is completed.
- Inaugural meeting of the Board of Directors is held.
- Programming and institutional visioning is reviewed and initiated by the Board.
- Executive recruitment process is approved and initiated by the Board.

Leadership

- An interim Executive Director is to be considered by the Board.
- Executive recruitment process is completed.

Building Acquisition and Facilities Development

- Provide temporary office space for the Centre.
- Move forward with the rehabilitation project for 330 Sussex Drive.

Programmatic Support for the Start-up Phase

- Create a series of thematic papers to explore possible programmatic directions and priorities for the Centre as well as support possible thematic based Board Advisory groups.
- Propose a possible workshop to support Board deliberations for the first Board meeting.
- Research as directed by the Board of Directors to support the Board's strategic visioning.

5.2 Results FY 2009

The board appointment process did not conclude in 2009 as anticipated. Although additional inputs from the Government of Canada prolonged discussions, the process produced a strengthened Board slate. The delay in appointing the Board created consequent delays in the Centre's other key areas of work.

Governance

Following the federal election in November 2008, the Government of Canada moved responsibility for Global Centre for Pluralism file from Canadian Heritage to Citizenship and Immigration Canada. This move resulted in a transition of communication between the Centre and the Government at an operational level, which has since been completed.

At the same time the Centre's non-founding Members were renewed as the Association of Universities and Colleges of Canada welcomed a new President and the Government of Canada appointed two new representatives, one from the Privy Council Office and the other a private citizen. A series of individual meetings followed to orient and update new Members.

Although not fully concluded, the Board of Directors recruitment process proceeded steadily throughout the year. A Board slate was agreed with the Government of Canada and reviewed by Members. Informal approaches to the candidates ensued to verify interest. At the close of 2009 almost all candidates had been confirmed. Planning for the inaugural Board meeting continued.

Leadership

At their first meeting, the Members agreed that Board and executive recruitment must proceed sequentially. At its second meeting in November 2008 the Members instructed staff to lay the groundwork for a speedy recruitment process. To this end, in 2009 a recruitment firm was engaged to develop materials, profiles and candidate lists for review by the Board at their first meeting. A full recruitment process will be launched by the Board of Directors following their first meeting.

Facilities Development

Pending the appointment of the Board, work continued in 2009 toward the selection of a well-qualified architectural firm to lead the rehabilitation of 330 Sussex. Due-diligence reviews were undertaken for two shortlisted firms. This process included extensive interviews with each firm's principal architect, visits to past projects and interviews with past clients. The aim at all times was to ascertain fit between the vision, experience and capacities of each firm and the needs of the Global Centre for Pluralism.

This process was undertaken in parallel to a series of conversations, launched early in 2009, with the Centre's adjacent neighbours – the National Gallery of Canada and the Royal Canadian Mint – and the National Capital Commission about a possible shared approach to precinct planning for the three properties along Sussex Drive, which share a spectacular but poorly

utilized Ottawa River aspect. Following individual meetings with the chief executive of each organization, the Centre hosted a high-level meeting of the four key stakeholders on October 30, 2009. At the meeting, the stakeholders authorized the GCP to take the lead in proposing a joint design and planning process for a precinct plan focused on redeveloping the riverfront and along Sussex Drive.

Programmatic Support for the Start-up Phase

In advance of the Board's appointment, several research and studies have been undertaken to support the Centre's programmatic development as instructed by the Members at their November 2008 meeting. At the request of His Highness the Aga Khan, the results of this work will be used both to inform and orient the inaugural Board of Directors and to suggest a possible early direction for the Centre's work. In 2009, the research program therefore focused on two main undertakings: Pluralism Themes and a Kenya Study.

Pluralism is a new area of interdisciplinary research that crosses and encompasses many and diverse fields of education, inquiry and practice. To further the Board's understanding of pluralism as an idea and practice, the Members instructed the AKFC Pluralism Initiative team to develop a series of analytic overviews of key issues or themes in pluralism. As well as informing possible program directions, the thematic papers might – with Board approval – also serve as the basis for a number of “thematic advisory groups” constituted to advise the Board and bring additional international perspectives to the Centre's work. Accordingly in 2009, five initial thematic papers were drafted: education, media, religion, knowledge exchange, and immigration and integration.

The Kenya Study originated in a desire, first, to understand – one year later – the origins, meaning and impact of Kenya's post-election crisis of 2007-08, and, second, to imagine how an institution such as the Global Centre for Pluralism might engage with a multi-ethnic country experiencing a failure of pluralism. Although not technically an initiative of the Centre, the study – which was funded by AKFC – was authorized by the Members as a possible input for Board decision making. The study unfolded in a series of stages. Building on documentary analysis undertaken in 2008, a three-person study team spent most of January 2009 in Nairobi speaking with Kenyan and international stakeholders about the post-crisis implementation of the internationally-brokered reconciliation accord. A series of further interviews were undertaken in February and March 2009. Following the conclusion of the field research, a 140-page report was prepared that considers the origins of inter-ethnic tensions in Kenya as well as the country's prospects for peace. This report will be shared with the Board of Directors when it is constituted. To provide a regional framework for understanding the Kenya case, documentary research projects focused on Uganda and Tanzania were launched in 2009.

5.3 Summary of Objectives and Results, FY 2009

The following table summarizes the objectives and results presented in Section 5 of this report.

Summary of Key Objectives and Results, FY 2009

	Objectives	Results
Governance	Board of Directors selection process is completed	Several prospective Board members approached; appointment process expected to conclude in second quarter 2010
	Inaugural Board of Directors meeting is held	Preparations for the inaugural Board meeting continued; the inaugural Board meeting is expected to occur in fourth quarter 2010
	Programming and institutional development is reviewed and initiated by the Board	Programming and institutional development continued in 2009
Leadership	Executive team recruited	Executive recruiter engaged to develop strategy and supporting materials for Board review and action
Building	Lease temporary office space for the Centre	No action taken in 2009 in the absence of a Board and executive team; pending for 2010
	Commence rehabilitation of 330 Sussex Drive	Due-diligence reviews of two shortlisted architecture firms undertaken. Agreement secured from key stakeholders (National Gallery, Royal Canadian Mint, National Capital Commission) to develop a precinct plan to guide joint redevelopment of the riverfront and Sussex Drive
Programming	Undertake thematic research on pluralism to support program development and possible Board advisory groups	Five thematic papers drafted; work ongoing in 2010
	Propose activities to support Board decision making and visioning	Kenya Study undertaken in 2009 as a possible country case study template; regional case study of East Africa begun
	Conduct research as directed by the Board of Directors to support the Board's strategic visioning	In the absence of the Board the Centre's work has been has been guided by the Members and supported by AKFC's Pluralism Initiative

6.0 INVESTMENT POLICIES, STANDARDS AND PROCEDURES

The funding agreement requires the development of a *Statement of Investment Policy* by a sub-committee of the Board of Directors to be known as the Investment Committee. In advance of the appointment of the Board of Directors and the formation of this committee, a conservative approach to fund stewardship has been adopted, with the fund placed in low-risk, secure investments. For a statement of the investment portfolio, please see section 3.0 of this report.

7.0 PROJECT LIST

FY 2009 was another important building year for the Global Centre for Pluralism, with a focus on Board activation and activities to facilitate the Board's initial round of decision-making.

- *Board of Directors selection and recruitment.* The Members and the Government of Canada developed a mutually acceptable slate of Board candidates in 2009. A majority of Board candidates were approached and accepted by the end of the year. Three seats await confirmation in 2010.
- *Executive recruitment.* A recruitment strategy as well as job descriptions, briefing materials and initial candidate lists were prepared by Odgers Berndtson for review by the Board of Directors.
- *Architect selection.* The architect selection process wound to a conclusion in 2009 with the near completion of due-diligence reviews of the two short-listed firms.
- *Precinct planning.* A joint approach to precinct planning along Sussex Drive and the Ottawa River was agreed in principle by the Global Centre for Pluralism, the National Gallery of Canada, the Royal Canadian Mint, and the National Capital Commission.
- *Kenya Study.* The Kenya Study, launched in November 2008, was completed in 2009. Additional studies of Uganda and Tanzania to provide a regional frame for the Kenya work were initiated in 2009.
- *Thematic Studies.* Several thematic studies to orient and inform the Board of Directors were drafted in 2009. Work in this area will continue in 2010.

8.0 PROGRAM EVALUATIONS AND/OR PERFORMANCE AUDIT

Not applicable in 2009.

APPENDIX A

AUDITOR'S REPORT 2009

Financial Statements

Global Centre for Pluralism

December 31, 2009

AUDITORS' REPORT

To the Board of Directors of the
Global Centre for Pluralism

We have audited the balance sheet of the **Global Centre for Pluralism** as at December 31, 2009 and the statements of operations, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

Ottawa, Canada,
April 15, 2010.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Global Centre for Pluralism

BALANCE SHEET

As at December 31

	2009	2008
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	90,101	105,647
Investments <i>[note 3]</i>	43,105,802	42,648,536
	43,195,903	42,754,183
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	13,309	11,300
Equity		
Endowment Fund <i>[note 2]</i>	40,000,000	40,000,000
Unrestricted Fund	3,182,594	2,742,883
	43,182,594	42,742,883
	43,195,903	42,754,183

See accompanying notes

Global Centre for Pluralism

STATEMENT OF OPERATIONS

Year ended December 31

	2009	2008
	\$	\$
REVENUE		
Investment income	456,324	1,434,993
	456,324	1,434,993
EXPENDITURES		
Programs and projects	—	43,406
Administration and other expenses <i>[note 4]</i>	16,613	12,907
	16,613	56,313
Excess of revenue over expenditures for the year	439,711	1,378,680

See accompanying notes

Global Centre for Pluralism

STATEMENT OF CASH FLOWS

Year ended December 31

	2009	2008
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year	439,711	1,378,680
Change in non-cash working capital balances related to operations	2,009	5,650
Cash provided by operating activities	441,720	1,384,330
INVESTING ACTIVITIES		
Net increase in investments	(457,266)	(1,413,107)
Cash used in investing activities	(457,266)	(1,413,107)
Net decrease in cash and cash equivalents during the year	(15,546)	(28,777)
Cash and cash equivalents, beginning of year	105,647	134,424
Cash and cash equivalent, end of year	90,101	105,647

See accompanying notes

Global Centre for Pluralism

STATEMENT OF CHANGES IN EQUITY

Year ended December 31

	2009			2008
	Endowment fund	Unrestricted fund	Total	Total
	\$	\$	\$	\$
Balance, beginning of year	40,000,000	2,742,883	42,742,883	41,364,203
Excess of revenue over expenditures for the year	—	439,711	439,711	1,378,680
Balance, end of year	40,000,000	3,182,594	43,182,594	42,742,883

See accompanying notes

Global Centre for Pluralism

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

1. THE CENTRE

The Global Centre for Pluralism [the “Centre”], located in Ottawa, Canada, was created by letters of patent on March 8, 2004. The Centre is an international initiative of His Highness the Aga Khan, 49th hereditary Imam of Ismaili Muslims, and the Aga Khan Development Network. Conceived as an international centre for the study, practice and teaching of pluralism, its core functions will include research, education, professional development, dialogue, governance reform and cultural exchange.

In 2006, the Government of Canada and the Ismaili Imamat entered into a Funding Agreement to support the Centre. Pursuant to that agreement, the Centre took receipt of two major grants in 2007: a grant of \$30 million received from the Government of Canada and a donation of \$10 million received from His Highness the Aga Khan. His Highness has also committed no less than \$20 million toward the rehabilitation of the former War Museum (330 Sussex Drive, Ottawa), which the Government of Canada has made available as the Centre’s global headquarters.

The Centre is mandated to undertake activities which will fulfill its role as a global repository and source for knowledge and know-how about fostering pluralistic values, policies and practices in a variety of settings. In 2008, the Centre undertook research-related activities, including a roundtable on Canada’s experiences with pluralism, to build its knowledge base, expand its network of potential stakeholders, and develop its programmatic capacities. Work to establish the permanent governance structure of the Centre, through the constitution of the Board of Directors, and to develop its institutional capabilities, were ongoing in 2009.

Activities to support the renovation of 330 Sussex Drive, the leasehold for which was acquired from the National Capital Commission in December 2007, are funded directly by His Highness the Aga Khan and are not reflected in these financial statements, which report exclusively on the Endowment Fund [the “Fund”].

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are prepared by management in accordance with Canadian generally accepted accounting principles [“GAAP”], the more significant of which are outlined below:

Global Centre for Pluralism

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Financial instruments

The Centre's investments have been classified as held-for-trading and are recorded at fair value. Unrealized gains and losses on held-for-trading financial assets are included in excess of revenue over expenditures in the period in which they arise.

The carrying amount of accounts payable and accrued liabilities approximates their fair values because of the short-term nature of these instruments.

Additionally, the Centre was not exposed to any significant credit liquidity or market risks associated with its financial instruments.

Cash and cash equivalents

All highly liquid investments with original maturities of three months or less are classified as cash and cash equivalents. The fair value of cash and cash equivalents approximates the amount shown in the financial statements.

Donations and contributions

The Centre follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures 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. Donations are recorded when received.

Endowment fund

The Fund has been established in accordance with the guidelines set out in the funding agreement with the Government of Canada. The agreement acknowledges that the contributions of both the Government of Canada and the Ismaili Imamat must be capitalized in perpetuity, and only the revenue of the Fund is to be disbursed and used for the purposes of the Fund. Contributions to the Fund are recognized as a direct increase to net assets. Investment income related to the Fund is unrestricted and is recognized as revenue when earned.

Global Centre for Pluralism

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

3. INVESTMENTS

As endorsed by the Members of the Centre, the Fund has been invested in a conservative portfolio until such time as the Board of Directors and its Investment Committee have developed and approved an investment policy. Investments consist of Guaranteed Investment Certificates, which are for terms varying from 91 to 365 days [2008 – 91 to 210 days]. The investments are recorded at fair value and earn interest at rates varying from 0.95% to 2.11% [2008 – 2.11% to 4.35%] and the weighted average rate is 1.67% [2008 – 3.29%].

4. CONTRIBUTED PROPERTY

In 2007, the Centre and the National Capital Commission [NCC] entered into a 99-year lease agreement for 330 Sussex Drive, Ottawa, for a nominal amount of \$1. The lease specifies that all costs related to the building including renovation costs, operating costs, and taxes are to be borne by the lessee. Given the unique nature of the property and the consequent difficulties in assessing its fair market value, the lease has been valued at a nominal amount of \$1.

Pursuant to a Funding Agreement signed between His Highness the Aga Khan and the Minister for Canadian Heritage in October 2006, His Highness the Aga Khan has committed to providing permanent institutional facilities for the Centre, and has agreed for that commitment to be realized through his support for the rehabilitation of the leased premises. The following table outlines the operating and maintenance expenditures incurred for the property for the years ended December 31, which have been funded separately through the Aga Khan Development Network.

	2009	2008
	\$	\$
Operating and maintenance expenditures	556,084	644,527
Recovery of operating and maintenance expenditures	(556,084)	(644,527)
	<u>—</u>	<u>—</u>

5. CAPITAL MANAGEMENT

The Centre's objectives when managing capital is to safeguard its ability to continue as an independent not-for-profit organization in an effort to carry out its mandate. Through the Fund established by a grant from the Government of Canada and a donation from His Highness the Aga Khan, the interest earned on the Fund provides the Centre with a significant portion of its capital resources. The Centre monitors its capital by reviewing periodically various financial metrics, including interest income. The Centre has complied with all of its imposed restrictions on the Fund.