

Contents

1. Introduction | 2
2. Mission | 2
3. Progress toward Results 2010 | 2
4. Summary of Results 2010 | 8
5. Project List 2010 | 9
6. Fund Management | 10
7. Performance Assessment | 12
8. Priorities 2011 | 13

APPENDICES

- A. Board of Directors | 14
- B. Audit Report 2010 | 18

1. Introduction

The Global Centre for Pluralism and the Government of Canada signed a Funding Agreement on 25 October 2006 to support the development and work of the Global Centre for Pluralism as an international repository and resource for the study, policy and practice of pluralism. The Agreement requires the Centre to report annually to the responsible Minister on the activities of the Centre and on its management of the Fund. Guided by Section 7.3 of the Agreement, this annual report presents an overview of the institutional, programmatic and financial development of the Global Centre for Pluralism in 2010, highlighting in particular the key directions given to the Centre's start-up by its inaugural Board of Directors.

2. Mission

The mission of the Global Centre for Pluralism is to advance global understanding of pluralism as an ethic of respect that values diversity as a public good and seeks to enable every person – irrespective of ethno-cultural differences – to realize his or her full potential as a citizen. Through applied research and education, dialogue and exchange, the Centre will work with partners worldwide to generate, collate and share knowledge and know-how about pluralism and about the structures, mechanisms and relationships that build and sustain pluralist societies.

Pluralist societies are not accidents of history. They are products of decision and public investment characterized by good governance, strong civic institutions, and sound public policy choices that promote respect for diversity, whereby diversity itself becomes a public good and citizens are enabled to realize their rights as well as their obligations. Pluralist societies foster the equal participation of all citizens in the political, economic and socio-cultural life of the nation – enabling individuals as well groups to express their cultural, linguistic and religious identities within a framework of shared citizenship. Through these means, pluralism – which is a set of practices and outcomes as well as a set of intentions – can foster a more equitable and peaceful human development.

3. Progress toward Results 2010

The appointment in May 2010 of the Centre's Board of Directors – a group of accomplished Canadian and international stewards under the Chairmanship of His Highness the Aga Khan – marked a significant turning point in the Centre's intellectual and institutional development. With the Board's appointment the Centre's full governance structure was activated and some key decisions concerning executive

recruitment, strategic planning, facilities development and communications were taken, laying the foundation for an active year of work and development in 2011.

Annual Meeting of Members

At their annual general meeting in Ottawa on 27 May 2010 the Members unanimously elected the Board of Directors. His Highness the Aga Khan, in his capacity of Chairman, afterward extended formal invitations to the candidates, all of whom accepted. The Members are expected to fill one remaining Board seat at their annual general meeting in 2011.

The Members also reviewed plans and priorities for 330 Sussex Drive and appointed Ernst & Young as the Centre's auditors for 2010.

Introducing the Board of Directors

The Board of Directors brings together a group of eminent individuals with diverse backgrounds and experiences in the fields of journalism, law, academia, civil society, business, and public service. Several Directors have been recognized nationally and internationally with honorary degrees and prizes of different kinds. The Centre is especially honoured to include among its guiding stewards a former Secretary-General of the United Nations and a former Governor-General of Canada.

- His Highness the Aga Khan (Chairman)
- Princess Zahra Aga Khan (France)
- Kofi Annan (Ghana)
- Iain Benson (Canada)
- The Rt. Hon. Adrienne Clarkson, PC, CC, CMM, COM, CD (Canada)
- Yash Ghai (Kenya)
- Rudyard Griffiths (Canada)
- Huguette Labelle (Canada)
- Azim Nanji (Canada)
- Margaret Ogilvie (Canada)
- Khalil Shariff (Canada)

Brief bio-data for each Director are located in Appendix A.

Setting Strategic Directions

The Board of Directors met for the first time on October 7 and 8 in Ottawa. The program included a tour of 330 Sussex Drive – the Centre’s future headquarters – as well as dinner hosted by Canada’s Governor General at Rideau Hall. Overall the first Board of Directors meeting yielded a number of important decisions. This section summarizes the directions of the Board related to governance, leadership, programming, facilities development, and communications.

Governance

The Directors agreed that they should function as a strategic rather than an operational board. As a strategic board the Directors will illuminate the Centre’s strategic direction and provide on-going guidance and advice to the executive, but will rely on the Centre’s executive and staff to lead the Centre’s development and implement its work. To ensure prudent and timely oversight, the Board of Directors activated its three mandated sub-committees and elected their members as follows:

<i>Executive</i>	<i>Audit</i>	<i>Investment Management</i>
<ul style="list-style-type: none">• The Rt. Hon. Adrienne Clarkson (chair)• Iain Benson• Rudyard Griffiths• Khalil Shariff	<ul style="list-style-type: none">• Huguette Labelle (chair)• Azim Nanji• Khalil Shariff	<ul style="list-style-type: none">• Margaret Ogilvie (chair)• Iain Benson• Rudyard Griffiths

Leadership

The Board identified executive recruitment as the Centre’s top priority going forward. Drawing on the work undertaken in 2010 by the recruitment firm Odgers Berndtson, including the preparation of executive briefs, job descriptions, and preliminary candidate lists for the Secretary General and the Deputy Secretary General, the Board reviewed and amended the draft job descriptions.

The Board elected to advertise the Secretary-General and Deputy Secretary-General positions in tandem. After the Board meeting, the Executive Committee approved abbreviated position descriptions for use in advertisements as follows:

As the inaugural *Secretary General*, you will build the Centre's institutional and intellectual capacities as a global knowledge hub and leading centre of excellence, drawing on your energy, creativity, and entrepreneurship to stimulate dialogue and engage a wide range of partners. You are an accomplished leader with exceptional communication and presentation skills, a broad network of contacts and a record of accomplishment in the international arena. You possess the political acuity and executive judgment to lead a complex start-up initiative as well as the intellectual depth to engage renowned scholars, practitioners and world leaders on complex issues of cultural, social, economic, legal and historic concern. Your ethic of leadership reveals a strong commitment to the ideal and practices of pluralism.

As the Centre's *Deputy Secretary General*, you will work with the Secretary General to conceive, actualize and manage the Centre's programs and staff, translating ideas into practice. You possess a track record in organizational learning and partnership development and a broad understanding of program design, applied research and knowledge exchange. Your engaging and diplomatic management style along with your high level of academic achievement in a subject area pertinent to pluralism will be critical to helping the Centre establish a global record of success.

Under the direction of the Executive Committee, in November ads were placed in the *Globe and Mail*, *The Economist* (global edition), *University Affairs* (Canada), the *Chronicle of Higher Education* (USA) and the *Times Higher Education Supplement* (United Kingdom). Odgers Berndtson and the Centre also showcased the ads on their respective websites. As of December 31, Odgers had presented a preliminary analysis of candidates to the Executive Committee and a work plan for a preliminary round of interviews early in 2011.

Programming

Programming in 2010 remained focused on the Centre's strategic development, with the preparation of Board meeting materials and the on-going production of country and thematic studies to support Board strategic direction setting. The Board of Directors reached several key decisions concerning the Centre's strategic directions.

- The Board reviewed and adopted the proposed mission statement and endorsed a supplementary definition of pluralism (see page 1). The mission statement will serve as the Centre's touchstone. The extent to which the Centre achieves this mission will define its success. In its formative years, the Centre must review clearly its successes and failures in order to build on a strong foundation.

- Following review of a proposed three-year start-up plan, the Board agreed that further program delineation must await the leadership of the Secretary General. The Board nonetheless endorsed the importance of research, education, dialogue, knowledge exchange and partnerships to the achievement of the Centre's mission.
- The Board identified two areas of particular concern for the Centre: conflict prevention and conflict prediction. How, and to what extent, these areas will intersect with the Centre's mission and mandate requires further study.
- Developing a strategic plan is the first priority of the Secretary General in 2011. This plan will be reviewed by and discussed with the Board to ensure a close alignment of the proposed strategic priorities and the Centre's overall objectives.
- The Board approved a 2011 budget of up to CAD\$1.5 million, with the proviso that the Secretary General will present a revised plan and budget for 2011 once appointed.

Facilities Development

In December 2007, the Centre leased the federal heritage building at 330 Sussex Drive from the National Capital Commission for use as its international headquarters. Built between 1905 and 1926, and located prominently on Canada's ceremonial route through the National Capital Region, the building is a particularly auspicious location for a new global institution dedicated to the evolution of peaceful and pluralist civil societies. The building embodies the Centre's inspiration in Canada.

330 Sussex Drive requires extensive rehabilitation, including the removal of asbestos. The renovation of the building will take several years. Building on discussions with the National Gallery of Canada, the Royal Canadian Mint and the National Capital Commission, planning commenced to assess the viability of a master plan to guide development across the three properties along Sussex Drive.

While in Ottawa, the Board of Directors toured the interior and exterior of 330 Sussex Drive, gaining a sense of the tremendous challenge the building and site represent as well as its tremendous opportunities. After reviewing and endorsing activities to date, the Directors agreed that:

- A joint approach to precinct planning is desirable even if it slows the project; the final results – a rehabilitated riverfront and streetscape as well as a revitalized building – would more than repay the additional time and effort.
- Aga Khan Foundation Canada, which has developed experience in managing development of property for public and institutional use, should be requested to oversee the renovation of 330 Sussex Drive on the Centre's behalf, to allow the

incoming Centre executive team to focus on institutional development. As per the Funding Agreement, His Highness will fund the initial rehabilitation directly (to an amount not less than \$20 million). Communication about the building project will remain the Centre's responsibility, and the project will continue to benefit from the Board's oversight.

- The Centre should begin work in temporary premises until 330 Sussex Drive is ready for occupation. Various options should be explored including leasing space at the Delegation of the Ismaili Imam.

Following the Board meeting, an initial team of consultants were engaged to prepare two preliminary studies as follows:

- A scoping study to examine options for revitalizing the Sussex Drive precinct encompassed by the Gallery, the Centre and the Mint, with a particular focus on options for rehabilitating the properties' shared riverfront.
- A study of the state of the building's current structural soundness as an input for developing a project terms of reference.

Communications

In June 2010, the Centre launched a new edition of its website – pluralism.ca – updating both design and content. As the Centre begins work, this version of the website will provide a platform for communicating both news and program results. Over time, as the Centre's activities expand the website will continue to grow and evolve, adding both capacity and content, to become a global gateway for thinking and practice in support of pluralism.

4. Summary of Results 2010

	Objectives	Results
Governance	Members appoint Board of Directors	Members appointed the Board in May
	Board of Directors meets	Directors met on October 7 th -8 th
	Board of Directors activates mandated committees	Board appointed Executive, Audit and Investment Management Committees
Leadership	Board authorizes and enables executive search	Board approved executive search strategy and materials; appointed Executive Committee to manage search
	Executive search commences	SG and DSG positions were advertized; shortlist preparation now underway
Programs	Research to support institutional development continues	Overview analyses of pluralism drivers completed and endorsed by the Board
	Board meets to discuss Centre's strategic direction	Board papers drafted on governance, strategic planning, executive recruitment, facilities development
	Board initiates programming	Board endorsed major Centre functions, and directed SG, once appointed to refine into strategic plan
Facilities	Precinct planning starts	Board engaged consultants to carry out precinct and building structure studies
	Management of building renovation established	Board approved AKFC as renovation project manager
	Temporary office requirements defined	Board expressed preference to house Centre at the Delegation building
Communications	Website redevelop	Website launched in June 2010

5. Project List 2010

Projects

Governance

Appointment of Board of Directors

In May 2010, the Members of the Corporation appointed the Centre's inaugural Board of Directors under the Chairmanship of His Highness the Aga Khan.

Inaugural Board meeting

In October 2010, the Board of Directors met and reviewed the Centre's progress-to-date and plans.

Board Committees Activated

The Board's three sub-committees were appointed and began work.

Leadership

Executive recruitment

The Board reviewed a recruitment strategy, materials and initial candidate lists and authorized the Executive Committee to commence the Secretary General search.

Programs

Research Program

Country case studies and overview analyses to identify pluralism drivers to support Board strategic direction setting.

Facilities

Precinct Planning

Architect engaged to undertake a scoping study for the precinct plan and stakeholders re-engaged.

Building Rehabilitation Study

Architect engaged to undertake a study of the building's current status to inform a terms of reference for moving forward.

Communications

Website Launch

The Centre's website was redesigned and relaunched in June.

6. Fund Management

The 2006 Funding Agreement between the Government of Canada and the Global Centre for Pluralism created a CAD\$40 million dollar endowment fund. Since receiving the funds in 2007, in the absence of a Board-mandated Statement of Investment Policy, the Centre has pursued a conservative approach to Fund management as required by the Funding Agreement. This policy continued in 2010.

The Board's appointment of Audit and Investment Management Committees, as well as an Executive Committee, activated fully the Centre's oversight structure. The Audit and Investment Management Committees will meet in 2011 to delineate the policies and practices to ensure effective Board stewardship of the Fund.

Financial Statements 2010

The Centre uses the calendar year as its fiscal year. The Centre's audited 2010 Financial Statements are located in Appendix B. The Centre's auditors are Ernst & Young. As per the Centre's Bylaws, these statements have been reviewed by the Audit Committee and approved by the full Board of Directors.

Investment Policies, Standards and Procedures

In October 2010 the Board of Directors constituted, from its members, an Investment Management Committee to oversee management of the Fund. This committee did not meet in 2010 but has plans to convene early in 2011 when it will review a draft investment policy prepared for the Board and review plans to engage a professional Investment Advisor.

Until these policies and capabilities are in place, the Centre will continue a conservative approach to fund stewardship, with the Fund placed in low-risk, secure and Canadian-denominated investments. The table on page 14 presents a statement of the Centre's investments.

Global Centre for Pluralism / Centre mondial du pluralisme

SUMMARY OF INVESTMENTS

EFFECTIVE FROM JANUARY 01, 2007 TO DECEMBER 31, 2010

BANK	TYPE	PURCHASE DATE	MATURITY DATE	# OF DAYS OF INVESTMENT	RATE	ORIGINAL PRINCIPAL	MATURITY AMOUNT	INTEREST ON MATURITY/ REALIZED TO DATE
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	05-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	365	0.950%	21,371,971	21,575,005	203,034
RBCDS	GIC	25-Feb-09	25-Feb-10	365	1.050%	21,371,971	21,596,377	224,406
RBCDS	BA	25-Feb-10	17-Aug-10	173	0.350%	999,338	1,001,000	1,662
RBCDS	BA	17-Aug-10	29-Oct-10	73	0.836%	1,001,325	1,003,000	1,675
RBCDS	GIC	25-Feb-10	25-Feb-11	310	0.850%	5,623,127	5,663,721	40,594
RBCDS	GIC	25-Feb-10	25-Feb-11	310	0.750%	5,623,127	5,658,946	35,819
RBCDS	GIC	25-Feb-10	25-Feb-11	310	0.750%	5,623,127	5,658,946	35,819
RBCDS	GIC	25-Feb-10	25-Feb-11	310	1.070%	25,302,000	25,531,936	229,936
RBCDS	GIC	29-Oct-10	31-Oct-11	64	1.250%	853,000	854,870	1,870
		TOTAL						3,671,727

RBC is Royal Bank of Canada and RBCDS is Royal Bank Dominion Securities. GIC is Guaranteed Investment Certificates and BA is Banker's Acceptance

Risk Assessment

The Audit Committee will manage development of a risk assessment framework for the Centre, assisted by the Secretary General and guided by the Board of Directors. In the interim, the following actions were taken in 2010 to mitigate risks:

- Prior to the Board's appointment, key decisions affecting the Centre's development were reviewed by the Members of the Corporation.
- The Board of Directors was appointed following the processes and procedures outlined in the Centre's Bylaws and confirmed in Section 4.0 of the 2006 Funding Agreement.
- The Directors individually and collectively meet the citizenship requirements and other qualifications specified by the Funding Agreement for Board membership.
- The Board has identified the recruitment of the Secretary General as its first priority to expedite the Centre's full operationalization.
- Steps to foster public transparency – through the redesign of the website – have been taken.
- The Fund has been invested conservatively to preserve principal in advance of the appointment of the Board Investment Management Committee. This policy will continue until the Investment Management Committee can establish appropriate long-term policies and capacities.

7. Performance Assessment

The Board of Directors highlighted the question of performance assessment. How will the Centre define and measure “success”? Until a formal performance framework is developed, the Board concluded that the Centre's mission statement would serve as the principal yardstick of the institution's early success and failure. A comprehensive Performance Monitoring Framework will be developed in concert with the strategic planning process to be undertaken by the Secretary General in collaboration with the Board of Directors.

8. Priorities 2011

The Global Centre for Pluralism submitted its 2011 Corporate Plan to Citizenship and Immigration Canada in October. The table below summarizes the Centre's 2011 priorities as highlighted in that document.

Expected Outcomes	Progress Indicators
<i>Board stewardship begins</i>	<ul style="list-style-type: none"> o Members appoint auditors o The Board institutes regular meetings o Board sub-committees begin work o Board approves results of executive search
<i>Executive team takes office</i>	<ul style="list-style-type: none"> o Secretary General recruited and takes office o Key staff recruited
<i>Temporary office opens</i>	<ul style="list-style-type: none"> o Secretary General and start-up staff establish and occupy temporary office
<i>Redesign of building begins</i>	<ul style="list-style-type: none"> o Scoping for precinct planning concludes and next steps determined o Renovation needs and programmatic agenda for the building refined
<i>Strategic planning begins</i>	<ul style="list-style-type: none"> o Secretary General undertakes consultative strategic planning process o Board approves an initial 5-year strategic plan o Risk and performance monitoring strategies identified in context of strategic visioning o Planning for Government 5-year evaluation and audit
<i>Communication strategy articulated</i>	<ul style="list-style-type: none"> o Corporate identity developed o Website content and functionalities expand o Communication strategy defined and implemented o Key stakeholders globally defined
<i>Program implementation begins</i>	<ul style="list-style-type: none"> o The Centre launches activities and projects related to research, education, dialogue, knowledge dissemination and/or partnerships that advance its mission

APPENDIX A | Board of Directors

HIS HIGHNESS THE AGA KHAN



His Highness the Aga Khan is the 49th hereditary spiritual leader (Imam) of the Ismaili Muslims, and founder and Chairman of the Aga Khan Development Network (AKDN). Over the past 40 years the AKDN has grown to encompass development agencies, institutions and programs with mandates ranging from health and education to economic development and the revitalization of cultural heritage. All AKDN programs are conducted without regard

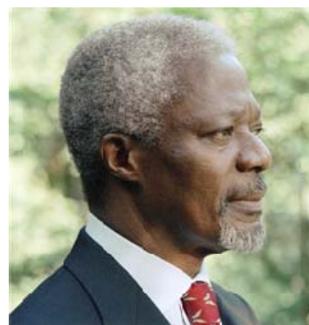
to the faith, origin or gender of the people they serve. The Aga Khan has emphasized the view of Islam as a thinking spiritual faith, one that teaches compassion and tolerance and that is inherently pluralistic.

PRINCESS ZAHRA AGA KHAN | France



Princess Zahra, the eldest child of His Highness the Aga Khan, heads the Social Welfare Department (SWD) located within the French Delegation of the Aga Khan Development Network. She has policy and management responsibility for the health, education, and planning and building services companies of the Aga Khan Development Network (AKDN). She also plays a key role in policy and strategy matters relating to the other social development institutions of the Network. She is a member of the Board of Trustees of the Aga Khan University and works with institutions supported by the Ismaili Muslim community in the areas of social welfare, women's activities and youth programs.

KOFI ANNAN | Ghana



Kofi A. Annan was the seventh Secretary-General of the United Nations, serving from 1997 to 2006. While at the UN Mr. Annan established the Peacebuilding Commission and played a central role in the creation of the Global Fund to fight AIDS, tuberculosis and malaria. He championed responsibility of states to protect people from genocide, war crimes, ethnic cleansing and crimes against humanity. Mr. Annan was awarded the 2001 Nobel Prize for Peace jointly with the United Nations. Since leaving the UN, Mr. Annan has continued to advocate for better policies to meet the needs of the poorest, particularly in Africa. Mr. Annan is the Chairman of the Kofi Annan Foundation.

IAIN BENSON | Canada



Iain T. Benson is a lawyer, writer, lecturer and consultant. He is a Senior Associate Counsel for Miller Thomson LLP and is Professor Extraordinary in the Department of Constitutional Law and Philosophy of Law, University of the Free State, Bloemfontein, South Africa. His writing on the nature of the “secular” and “secularism” has been cited with approval by the Supreme Court of Canada and the Constitutional Court of South Africa. For several years he has been one of eight members of a Continuation Committee to create the South African Charter of Religious Rights and Freedoms.

THE RT. HON. ADRIENNE CLARKSON | Canada



The Rt. Hon. Adrienne Clarkson, PC, CC, CMM, COM, CD, was Canada’s 26th Governor-General from 1999-2005. She was the first visible minority Canadian to occupy the position. Originally born in Hong Kong, Mme. Clarkson and her family settled in Canada as refugees in 1942. She has had an impressive career in the arts as a journalist, novelist, publisher, public servant and television personality, and has received numerous honorary degrees. Her interest in Canada’s North framed much of her tenure as Governor-General as she attempted to forge stronger ties between Canada and northern aboriginal people. Since her time in office she has published an autobiography, *Heart Matters* and founded the Institute for Canadian Citizenship (ICC) with her husband, the author and scholar John Ralston Saul.

YASH GHAI | Kenya



Yash Ghai is the head of the UNDP Constitution Advisory Support Unit in Nepal. Formerly he was the UN Secretary-General’s Special Representative for Human Rights in Cambodia. Mr. Ghai has had an international academic career as a professor of law and as a constitutional expert, beginning with the establishment of East Africa’s first law school in Dar es Salaam, Tanzania. In 1989, he was appointed Professor of Public Law at the University of Hong Kong. He has advised many countries on draft constitutions, including Afghanistan, Iraq and his home country Kenya, where he was chairman of the Constitution of Kenya Review Commission from 2000-2004.

RUDYARD GRIFFITHS | Canada



Rudyard Griffiths is the Executive Director of the Centre for Civic Engagement, as well as the director of the Munk Debates and the Grano Speakers Series. He is a co-founder of the Historical-Dominion Institute, and sits on numerous boards including the Canadian Institute for Citizenship. In 2008, he was appointed Honorary Lieutenant-Colonel of the Canadian Forces College. He is the author of *Who We Are: A Citizen's Manifesto*, and the editor of numerous books on Canadian history, politics and international affairs. Mr. Griffiths is a columnist with the *National Post* and co-host of the daily Business News Network show *Squeeze Play*.

HUGUETTE LABELLE | Canada



Appointed Chancellor of the University of Ottawa in 1994, Dr. Huguette Labelle holds a doctor of philosophy degree from the University of Ottawa, and has honorary degrees from a number of Canadian universities. Dr. Labelle was president of the Canadian International Development Agency from 1993 to 1999. From 1973 to 1993 she held several senior positions within government. Among other activities, she chairs the board of Transparency International, is an external advisor to the Implementation of the World Bank Governance and Anti-Corruption Strategy and sits on the World Health Organization's Migration Technical Working Group. Dr. Labelle has been awarded the Companion to the Order of Canada for her work.

AZIM NANJI | Canada



Dr. Azim Nanji is the Senior Associate Director of the Abbasi Program in Islamic Studies at Stanford University. Previously he served as Director of the Institute of Ismaili Studies (1998-2008) in London. He has held a number of academic and administrative appointments at various American and Canadian universities, and has been the recipient of awards from the Rockefeller Foundation, the Canada Council, and the National Endowment for Humanities. Dr. Nanji has served as Co-Chair of the Islam section at the American Academy of Religion. He is currently preparing the *Historical Dictionary of Islam* to be published by Penguin Press.

MARGARET OGILVIE | Canada



Professor Margaret Ogilvie is Professor of Law and Chancellor's Professor at Carleton University, Ottawa. Dr. Ogilvie is a Fellow of the Royal Society of Canada (1993) and a recipient of the David W. Mundell Medal (1996) for legal scholarship, the Law Society Medal (2001) from the Law Society of Upper Canada, and two honorary doctorates in recognition of her contributions to the legal profession, both in Canada and abroad. She has served on several boards in the not-for-profit sector in Canada. In 2008 she was invested into the Order of Ontario in recognition of her lifelong achievements as an educator and legal scholar.

KHALIL SHARIFF | Canada



Khalil Shariff is Chief Executive Officer of Aga Khan Foundation Canada (AKFC). Prior to joining AKFC, Mr. Shariff was a consultant with McKinsey & Company, where he advised governments, financial institutions, and health care providers on strategy, organization, and operational improvement. Mr. Shariff served on AKFC's National Committee for five years. He is a graduate, J.D. *magna cum laude*, of the Harvard Law School, where he cultivated his interest in international development and conflict resolution issues as Deputy Editor-in-Chief, Harvard Negotiation Law Review, and Policy Co-ordinator and Research Associate, Harvard Program on Humanitarian Policy and Conflict Research.

APPENDIX B | Audit Report 2010

Financial Statements

Global Centre for Pluralism

December 31, 2010

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Global Centre for Pluralism

We have audited the accompanying financial statements of the **Global Centre for Pluralism**, which comprise the balance sheet as at December 31, 2010 and the statements of operations, changes in equity 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.

Auditors' 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 auditors' 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 auditors 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 audit 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 **Global Centre for Pluralism** as at December 31, 2010 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,
May 30, 2011.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Global Centre for Pluralism

BALANCE SHEET

As at December 31

	2010	2009
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	209,754	90,101
Other receivables and prepaids	7,251	—
Investments <i>[note 3]</i>	43,367,286	43,105,802
	<u>43,584,291</u>	<u>43,195,903</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	<u>56,001</u>	13,309
Equity		
Endowment Fund <i>[note 2]</i>	40,000,000	40,000,000
Unrestricted Fund	3,528,290	3,182,594
Total Equity	<u>43,528,290</u>	<u>43,182,594</u>
	<u>43,584,291</u>	<u>43,195,903</u>

See accompanying notes

Global Centre for Pluralism

STATEMENT OF OPERATIONS

Year ended December 31

	2010	2009
	\$	\$
REVENUE		
Investment income	411,843	456,324
	<u>411,843</u>	<u>456,324</u>
EXPENDITURES		
Administration and other expenses <i>[note 4]</i>	66,147	16,613
	<u>66,147</u>	<u>16,613</u>
Excess of revenue over expenditures for the year	<u>345,696</u>	<u>439,711</u>

See accompanying notes

Global Centre for Pluralism

STATEMENT OF CASH FLOWS

Year ended December 31

	2010	2009
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year	345,696	439,711
Net change in non-cash working capital balances related to operations	35,441	2,009
Cash provided by operating activities	<u>381,137</u>	<u>441,720</u>
INVESTING ACTIVITIES		
Net increase in investments	(261,484)	(457,266)
Cash used in investing activities	<u>(261,484)</u>	<u>(457,266)</u>
Net increase (decrease) in cash and cash equivalents during the year	119,653	(15,546)
Cash and cash equivalents, beginning of year	90,101	105,647
Cash and cash equivalent, end of year	<u>209,754</u>	<u>90,101</u>

See accompanying notes

Global Centre for Pluralism

STATEMENT OF CHANGES IN EQUITY

Year ended December 31

	<u>2010</u>			<u>2009</u>
	<u>Endowment fund</u>	<u>Unrestricted fund</u>	<u>Total</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balance, beginning of year	40,000,000	3,182,594	43,182,594	42,742,883
Excess of revenue over expenditures for the year	—	345,696	345,696	439,711
Balance, end of year	40,000,000	3,528,290	43,528,290	43,182,594

See accompanying notes

Global Centre for Pluralism

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

1. THE CENTRE

The Global Centre for Pluralism [the "Centre"], located in Ottawa, Canada, was created by letters 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 His Highness the Aga Khan 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 the Aga Khan has also committed no less than \$20 million toward the rehabilitation of 330 Sussex Drive, Ottawa, a federal heritage structure which the Government 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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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 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 His Highness the Aga Khan, 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.

3. INVESTMENTS

As endorsed by the Board of Directors and required by the Funding Agreement, the fund has been invested in a portfolio until such time as the Board of Directors and its Investment Management Committee have developed and approved an investment policy. Investments consist of Guaranteed Investment Certificates, which are for terms varying from 73 to 365 days [2009 - 91 to 365 days]. The investments are recorded at fair value and earn interest at rates varying from 0.35% to 1.25% [2009 - 0.95% to 2.11%] and the effective weighted average rate is 0.87% [2009 - 1.67%].

4. CONTRIBUTED PROPERTY

In 2007, the Centre and the National Capital Commission 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.

Global Centre for Pluralism

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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.

	2010	2009
	\$	\$
Operating and maintenance expenditures	483,139	556,084
Recovery of operating and maintenance expenditures	(483,139)	(556,084)
	—	—

5. CAPITAL MANAGEMENT

The Centre's objective 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 the requirements of the Funding Agreement.