

## Annual Report 2012

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[www.pluralism.ca](http://www.pluralism.ca) | [www.pluralisme.ca](http://www.pluralisme.ca)

Submitted to Citizenship and Immigration Canada, June 2013

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# 1 | Secretary General's Message

2012 marked the Global Centre for Pluralism's first full operational year, with the Board of Directors and a core staff in place, major policies and plans established, an initial set of programs launched, and foundations laid for future growth.

An external evaluation conducted in 2012 confirmed the Centre's steady progress. Arpent Consultants found that the institution is well positioned to achieve its objectives. The results of this evaluation are available on our website.

Framing the Centre's strategic direction was a major focus of 2012. In October, the Board of Directors approved a three-year strategic program for 2013 to 2015 that identifies *leadership for pluralism* – through knowledge exchange, global outreach, and dialogue – as the Centre's foundational aim.



Panellists and a member of the audience in dialogue at the first Pluralism Forum, April 2012 (see page 5)

The Centre also made significant progress toward its other planned results for 2012.

- A new event program and a series of international consultations expanded awareness about the Centre.
- New publications and a growing video library featuring global pluralism experts broadened the Centre's knowledge platforms.
- Planning advanced for the Centre's future home at 330 Sussex Drive, including both building rehabilitation and an area plan.

Our results in 2012 build on the careful work of previous years. In turn, the activities and programs described in this annual report will contribute to the Centre's continued development and growth.

John McNee  
Secretary General

## 2 | Introduction

Founded by His Highness the Aga Khan in partnership with the Government of Canada, the Global Centre for Pluralism is a new international research and education centre located in Ottawa. This annual report is submitted to Citizenship and Immigration Canada in partial fulfillment of reporting requirements under the 2006 Funding Agreement between the Centre and the Government of Canada. As well as summarizing key results in 2012, the report provides an update on Fund management and presents audited financial statements for the 2012 fiscal year.

Overall, the Global Centre for Pluralism made good progress toward its major priorities in 2012, its first fully operational year. It defined a strategic direction for 2013-15, expanded global awareness about its work, broadened its knowledge platforms, advanced planning for 330 Sussex Drive, and continued to develop its institutional infrastructure.

## 3 | Mission

The Global Centre for Pluralism is an independent, not-for-profit international research and education centre located in Ottawa, Canada. Inspired by the example of Canada's inclusive approach to citizenship, the Centre works to advance respect for diversity worldwide, believing that openness and understanding toward the cultures, social structures, values and faiths of other peoples are essential to the survival of an interdependent world. Our core work is knowledge exchange.

*“It is my hope that the Global Centre for Pluralism will serve the global community as a destination for dialogue and comparative exchange about the institutions, policies and practices that foster respect for diversity, cultivate shared citizenship, and ultimately build inclusive societies.”*

His Highness the Aga Khan  
Global Centre for Pluralism  
28 May 2012

## 4 | Formative Evaluation, 2007-2012

In accordance with the Funding Agreement, in 2012, the Centre commissioned an external five-year formative evaluation of its activities and results between March 2007, when the Fund was constituted, and the autumn of 2012. The evaluation was conducted by Arpent Associates over several months in the summer of 2012. The final report, which covered every aspect of the Centre's work and development, was very favourable: "Based on the progress the Centre has made in strategic planning, governance, investment management, programs and activities, facilities, human resources, management and administration, and accountability, it is well positioned to achieve its objectives." The Board adopted the report in October and afterwards submitted a copy to the Minister of Citizenship and Immigration.

## 5 | Progress towards Results 2012

In 2012, the Centre continued to build on the achievements of its initial years of development. In the 2012 Corporate Plan submitted to Citizenship and Immigration Canada in December 2011, the Centre identified four priorities for 2012: (1) frame the Centre's strategic direction for 2013 to 2015; (2) expand awareness about the Centre; (3) broaden the Centre's knowledge platforms; and (4) advance planning for 330 Sussex Drive. As this section shows, significant progress was made toward results in each of these areas, supplemented by continued work to develop the operational infrastructure of the institution.

### Result 1 | Strategic direction for 2013 to 2015 framed

**International consultation program completed as planned:** In 2012, the Secretary General and Centre staff undertook an extensive process of consultation with a wide range of organizations and individuals in Canada and internationally to inform development of the Centre's strategic direction. The objective of these consultations was to raise awareness about the Centre, assess the interest and demand for the mandate of the Centre and gather insights for strategic planning. In Canada, the Centre met with a range of ambassadors, various federal government departments, academics and university administrators, civil society organizations and foundations, and other key stakeholders. Internationally, the Centre met with a similar range of individuals and organizations in the United Kingdom, Belgium, Washington, DC, Switzerland, Kenya, and Kyrgyzstan.

**Strategic planning research program and process completed as planned:** In support of the strategic planning process, the Centre engaged two strategic planning consultants – one based in Ottawa with extensive government experience and one based in Washington, DC with extensive international development experience – who provided valuable insights and guidance on specific issues concerning the Centre’s organizational development and strategic choices in the short, medium and long-term. Several think pieces that explored key aspects of the Centre’s work were also commissioned.

**Strategic Program 2013-15 drafted and approved by Board of Directors:** In October, the Board of Directors approved a three-year strategic program to achieve *leadership for pluralism*. In 2013-15, the Centre will develop three main program areas – knowledge exchange (place-specific and comparative research about the drivers of pluralism success and failure informing country engagement strategies), global outreach (awareness-raising through events, an award and an expanding web presence), and dialogue (structured engagement of Canadian and global change makers in learning and exchange) – supported by an expanding institutional base. A summary of the Strategic Program 2013-15 is located in Appendix A.

## **Result 2 | Awareness about the Centre expanded**

**Event program launched:** In 2012, the Centre launched two new event series– the Pluralism Forum and the Annual Pluralism Lecture.



The **Pluralism Forum** features discussions with leading international authorities about the policies and practices that support pluralism in different contexts. Audience dialogues are an integral component of each Forum. In 2012 the Centre hosted two Forums. Video presentations of each Forum and associated documentation are available on the Centre’s website.

In April, the first Forum (pictured above) examined Europe’s “multiculturalism debate” and featured Will Kymlicka and Keith Banting of Queen’s University and Tariq Modood of the University of Bristol. The panel argued that, despite political rhetoric about the death of multiculturalism in Europe, in practice many European states are moving closer to

Canadian and Australian approaches to inclusion through citizenship. Susan Harada, of Carleton University, moderated the audience dialogue.



Pluralism Forum December 2012: John McNee (left), audience members (middle), Vasu Gounden, David Petrasek, Rita Abrahamsen (right)

In December, the second Forum examined the sources of exclusion and violence in postcolonial African states. This Forum featured Vasu Gounden, founder and executive director of the African Centre for the Constructive Resolution of Disputes (ACCORD) in Durban, South Africa, in conversation with Rita Abrahamsen and David Petrasek, of the University of Ottawa, and the audience. The significance of economic exclusion, the politicization of ethnicity for partisan ends, the role of leaders, and the challenge of creating civic cohesion in “states-nations” were emphasized. Whether good governance is a prerequisite for inclusion or inclusion produces good governance emerged as the salient theme.

The Ottawa audiences for both Forums featured a cross-section of individuals from Canadian government departments and agencies, civil society organizations, university faculty and students, the private sector, and interested individuals. Over all, the two Forums and their associated Roundtables attracted just over 200 participants.



In May, Her Excellency Roza Otunbayeva (pictured left, with His Highness the Aga Khan) inaugurated the Centre’s **Annual Pluralism Lecture** series. A diplomat and academic, Otunbayeva became President of Kyrgyzstan in July 2010 following a period of intense inter-ethnic violence in June 2010. An audience of over 150 people listened as she recounted the “darkest days and nights” of the 2010 uprising that precipitated Kyrgyzstan’s recent and remarkable democratic transition. “We allowed hate to take root in our hearts,” she said, adding that all citizens of Kyrgyzstan must accept blame for the country’s recent history of inter-ethnic violence. President Otunbayeva welcomed the foundation of the Global Centre for



Pluralism, stating, “It is especially imperative that the Centre offers its guiding light for those of us, who in the effort to liberate their countries from one man dictatorships, risk creating new systems of oppression, this time – of the few by the many.”

**Communications planning:** Progress was made toward the development of the Centre’s visual identity. Translating the concept of pluralism visually is a challenging undertaking. Following a by-invitation selection process with four branding firms, the Toronto office of Interbrand, a leading branding company with offices around the world, was selected. A shortlist of four designs produced a recommended direction for presentation to the Board in May 2013. Media interest in the Centre increased with a feature article in *Embassy* in November.

**Website redevelopment:** The Centre launched the first edition of its website in October 2006. The second edition – redesigned with new content and presented in English and in French – was launched in June 2010. Prior to the first Pluralism Forum in April 2012, this edition was reorganized to accommodate new event and resources sections. In 2012, the limitations of this website as a platform for growth became apparent. For example, the site did not employ responsive design – a significant liability for an organization seeking to reach a global audience, much of which accesses the web through mobile devices. Planning to develop a new website that is mobile device ready and able to support the Centre’s continued growth over the next five years commenced in 2012, with a projected launch date of May 2013.

### **Result 3 | Centre’s knowledge platforms expanded**

**Research content expanded on website:** In January, the Centre published its first Pluralism Paper – an initial exploration of the drivers of pluralism success (situations where social diversity is valued) and failure or deficit (situations where diversity is feared or debased). The publication was presented in both English and French. Plans for a Russian version of the paper are underway for 2013. As part of the reorganization of the website in April 2012, the Centre expanded the substantive content, adding new papers about the Canadian experience to the site.





#### **New video content developed to expand global reach:**

Making knowledge about the ethnic and practices of pluralism in diverse societies is a major component of the Centre’s mission as an applied knowledge organization. To this end, the Centre has launched a new series of video interviews with event speakers and research partner, including Will Kymlicka (left), a featured panellist in the April Pluralism Forum. Events at the Centre are also filmed and presented on the website in both English and French to ensure Ottawa-based activities reach a wider audience.

#### **Result 4 | Planning for 330 Sussex Drive advanced**

**Building rehabilitation planning:** The Centre continues to reside on a temporary basis at the Delegation of the Ismaili Imamat pending renovation of its international headquarters at 330 Sussex Drive. A further round of studies to assess the condition of the building revealed more extensive work will be required to bring the structure up to code and make it usable for the Centre. The cost of the project is therefore expected to be higher than originally estimated. The building project will go forward independent of the proposed area plan.



**Proposed area plan endorsed in principle by partners:** As the Centre considers how best to bring its landmark facility on Sussex Drive back to life, it is also exploring options for enlivening the Sussex and Ottawa River corridors in front and behind the site in concert with the building’s two adjacent neighbours – the Royal Canadian Mint and the National Gallery of Canada – and the National Capital Commission. In 2012, following completion of a feasibility study, the partners agreed in principle to review options for a joint approach to area planning.

## Result 5 | Operational infrastructure further developed

**Governance:** The Board of Directors met twice, in May 2012 and in October 2012, and the three sub-committees continued to function as per their Board-approved terms of reference. The Members of the Corporation met as required. The Members appointed the auditors, renewed the terms of the inaugural Directors, and approved the appointment of a new Director from Latin America as of May 1, 2013. One Director – Yash Ghai – was unable to renew for a second term. An annual report and corporate plan were provided to the Government of Canada as required by the 2006 Funding Agreement. The Board commissioned a five-year external evaluation of the Centre’s formative development for the period up to and including 2012, which concluded that the Centre “is well positioned to achieve its objectives.”

**Fund Management:** With the appointment of a complete professional team, including an Investment Advisor, a Portfolio Manager and a Custodian, and the approval by the Board of a Statement of Spending Policy and a Statement of Investment Policy, the Fund was fully invested in the market in September 2012 in accordance with the principles articulated in the 2006 Funding Agreement.

## 6 | Key Activities 2012: Summary

Priorities 2012	Progress toward Results
Frame the Centre's strategic direction for 2013 to 2015	<p><i>International consultation program</i> Key constituents consulted in North America, Europe and Africa</p> <p><i>Strategic planning research program and process</i> Research to support strategic planning process commissioned</p> <p><i>Strategic direction approved by Board</i> Strategic Program 2013-15 approved in October</p>
Expand awareness of the Centre	<p><i>Event program launched</i> Two new event series increased global outreach</p> <p><i>Communications planning</i> Visual identity development continued and media outreach</p> <p><i>Website development</i> A new edition of the website launched in April 2012 to accommodate growing content</p>
Broaden the Centre's knowledge platforms	<p><i>Research content expanded on website</i> New content added to the site on pluralism and the Canadian experience</p> <p><i>Video content developed</i> Video interviews and event videos diversified website content</p>
Advance planning for 330 Sussex Drive	<p><i>Building rehabilitation planning</i> Condition studies revealed the building rehabilitation project is more extensive and costly than originally expected</p> <p><i>Proposed area plan endorsed in principle by partners</i> Planning to enliven the corridor between the Ottawa River and Sussex Drive continued</p>
Further develop the Centre's operational infrastructure	<p><i>Governance</i> The Board and its sub-committees and the Members of the Corporation met and functioned as required</p> <p><i>Fund Management</i> A full professional advisory team was put in place and the Fund invested in the market as per investment and spending policies</p>

## 7 | Fund Management

The 2006 Funding Agreement between the Government of Canada and the Global Centre for Pluralism created a CAD\$40 million endowment fund. In the absence of a Board or Board-mandated Statement of Investment Policy, on receipt of the Funds in March 2007, the Centre pursued a conservative approach to Fund management as required by the Funding Agreement. Since the appointment of the Board of Directors in May 2010 and the constitution of its mandated sub-committees, high priority has been given to establishing the infrastructure of Centre policy and professional oversight necessary to fulfill the Centre's obligations under the Funding Agreement in respect to Fund management and to meet the requirements of good corporate stewardship.

In May 2011, following a careful recruitment process, the Board of Directors appointed Proteus as its professional investment advisor. With its assistance, the Investment Management Committee led the development of the Centre's Statement of Investment Policy (SIP) and Statement of Spending Policy (SSP), which the Board of Directors approved in November 2011. In 2012, Lincluden Investment Management and CIBC Mellon were appointed portfolio manager and custodian respectively.

With the appointment of a complete professional team, the Fund was fully invested in the market in September 2012 in accordance with the principles articulated in the 2006 Funding Agreement. The Centre is therefore pleased to report that it has fully met its obligations under the 2006 Funding Agreement in respect to establishing policies and procedures for effective Fund management.

### **Financial Statements 2012**

The Centre uses the calendar year as its fiscal year. In 2012, the Centre received another clean audit from Ernst & Young – the auditors appointed by the Members and supervised by the Audit Committee of the Board of Directors. As per the Centre's Bylaws, these statements have been reviewed by the Audit Committee, approved by the full Board of Directors, and duly received by the Members of the Corporation. The audited financial statements for 2012 are included in this report as Appendix B.

## 8 | Priorities 2013

The Strategic Program approved by the Board of Directors for 2013-15 defines a program to support institutional growth. In 2013, the Centre will give priority to developing its Knowledge Exchange and Global Outreach programs and to building its institutional systems. The aim is a strong foundation on which to build the capacities of a truly global organization that can meet the world's evolving needs and expectations.

Priority	Progress Indicators
<p><b>Knowledge Exchange</b></p> <p>In-depth studies of Kenya and Kyrgyzstan</p> <p>Research to support global situation analysis and “pluralism lens” development</p>	<ul style="list-style-type: none"> <li>• Flagship Country Report series designed and launched with 2 reports</li> <li>• Initial Country Engagement Strategies developed for Kenya and Kyrgyzstan</li> <li>• Initial network development (international and in-country)</li> <li>• Small international advisory team formed</li> <li>• Prototype for crisis monitoring developed for internal use and analysis</li> <li>• Country Report template developed</li> <li>• Global networks expanded</li> <li>• Initial set of pluralism drivers given further definition</li> </ul>
<p><b>Global Outreach</b></p> <p>Continue to develop event series</p> <p>Expand local and global audiences</p> <p>Develop concept for award</p>	<ul style="list-style-type: none"> <li>• Kofi Annan delivers second Annual Pluralism Lecture</li> <li>• Redevelop website to support mobile device access</li> <li>• Develop terms of reference (aims, structure, timeline) for internal review</li> </ul>

# **APPENDIX A**

## **Strategic Program 2013-15: Summary**

## Strategic Program 2013-2015

KNOWLEDGE EXCHANGE		GLOBAL OUTREACH	DIALOGUE
Country + thematic studies to deepen analysis, identify core constituencies, and develop initial signature products		Expand global audiences + raise awareness about pluralism	Engage Canadian and global change leaders
<p><b>Pluralism Drivers Research</b> Applied research to generate selected country studies and thematic type cases leading to <i>country engagement strategies</i> and <i>tools</i> such as indicators</p> <p><b>Constitutions for Diverse Societies</b> Multi-faceted program to generate perspective and resources on constitutions for multiethnic states and states grappling with other forms of difference</p>	<p><b>Research Networks</b> Engage selected academics and research institutions with GCP to found a research constituency</p> <p><b>Country Networks</b> Identify and begin to engage <i>potential change leaders</i> in selected countries</p> <p><b>Global Situation Analysis</b> Develop and begin to implement a systematic approach to monitoring pluralism success and failure on a global basis</p>	<p><b>Events</b> Semi-annual Pluralism Forum, annual lecture leading to first pluralism award by 2015</p> <p><b>Award Development</b> Establish aims, criteria, and partners; link with annual lecture for added profile</p> <p><b>Virtual Centre</b> Develop comprehensive ICT strategy for developing online presence and engaging diverse audiences and establishing 330 Sussex Drive as a virtual destination for dialogue</p>	<p><b>Canadian Leadership Roundtable</b> Engage/learn from authors of Canadian pluralism in civil society and government institutions; identify potential linkages with country leaders</p> <p><b>Country Leaders Roundtable</b> Equip/inspire change leaders in selected countries to analyze their own national experiences using Canadian pluralism as a comparative lens &gt; participants identified through <i>Pluralism Drivers Research</i></p>
INSTITUTION BUILDING			
<b>Partnerships + resource generation</b> Grow the operational budget	<b>Corporate communications</b> Establish + manage identity	<b>Monitoring and evaluation</b> Develop learning systems	<b>330 Sussex Drive</b> Expanded program planning



# **APPENDIX B**

## **Audited Financial Statements 2012**

Financial Statements

**Global Centre for Pluralism**

December 31, 2012

# 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 sheets as at December 31, 2012 and 2011, and January 1, 2011 and the statements of operations, changes in net assets and cash flows for the years ended December 31, 2012 and 2011, 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 audits is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Global Centre for Pluralism** as at December 31, 2012 and 2011, and January 1, 2011 and the results of its operations and its cash flows for the years ended December 31, 2012 and 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

*Ernst & Young LLP*

Ottawa, Canada,  
May 23, 2013.

Chartered Accountants  
Licensed Public Accountants

## Global Centre for Pluralism

### BALANCE SHEETS

As at

	December 31, 2012	December 31, 2011	January 1, 2011
	\$	\$	\$
<b>ASSETS</b>			
Cash and cash equivalents	445,090	829,499	209,754
Other receivables and prepaid expenses	122,414	15,393	7,251
Investments <i>[note 3]</i>	44,649,571	42,977,410	43,367,286
Furniture and equipment	4,250	—	—
	<b>45,221,325</b>	43,822,302	43,584,291
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	121,716	41,085	56,001
<b>Net assets</b>			
Endowment fund <i>[note 2]</i>	40,000,000	40,000,000	40,000,000
Unrestricted fund	5,099,609	3,781,217	3,528,290
<b>Total net assets</b>	<b>45,099,609</b>	43,781,217	43,528,290
	<b>45,221,325</b>	43,822,302	43,584,291

*See accompanying notes*

On behalf of the Board:

Director

Director

## Global Centre for Pluralism

### STATEMENTS OF OPERATIONS

Years ended December 31

	2012	2011
	\$	\$
<b>REVENUE</b>		
Investment income	<u>2,520,929</u>	<u>524,320</u>
<b>EXPENSES [note 5]</b>		
Programs and projects	686,161	—
Administration and other expenses	<u>516,376</u>	<u>271,393</u>
<b>Excess of revenue over expenses for the year</b>	<u>1,318,392</u>	<u>252,927</u>

*See accompanying notes*

## Global Centre for Pluralism

### STATEMENTS OF CHANGES IN NET ASSETS

Years ended December 31

	2012		2011	
	Endowment Fund	Unrestricted Fund	Total	Total
	\$	\$	\$	\$
<b>Balance, beginning of year</b>	<b>40,000,000</b>	<b>3,781,217</b>	<b>43,781,217</b>	43,528,290
Excess of revenue over expenses for the year	—	<b>1,318,392</b>	<b>1,318,392</b>	252,927
<b>Balance, end of year</b>	<b>40,000,000</b>	<b>5,099,609</b>	<b>45,099,609</b>	43,781,217

*See accompanying notes*



## Global Centre for Pluralism

### STATEMENTS OF CASH FLOWS

Years ended December 31

	2012	2011
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	1,318,392	252,927
Net change in non-cash working capital balances related to operations <i>[note 4]</i>	<u>(26,390)</u>	<u>(23,058)</u>
<b>Cash provided by operating activities</b>	<u>1,292,002</u>	<u>229,869</u>
<b>INVESTING ACTIVITIES</b>		
Net decrease (increase) in investments	(1,672,161)	389,876
Additions to furniture and equipment	<u>(4,250)</u>	<u>—</u>
<b>Cash provided by (used in) investing activities</b>	<u>(1,676,411)</u>	<u>389,876</u>
<b>Net increase (decrease) in cash and cash equivalents during the year</b>	<b>(384,409)</b>	619,745
Cash and cash equivalents, beginning of year	<u>829,499</u>	<u>209,754</u>
<b>Cash and cash equivalent, end of year</b>	<u>445,090</u>	<u>829,499</u>

*See accompanying notes*

## **Global Centre for Pluralism**

# **NOTES TO FINANCIAL STATEMENTS**

December 31, 2012

### **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 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.

### **2. SIGNIFICANT ACCOUNTING POLICIES AND FIRST-TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS**

#### **A. SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Presentation**

These financial statements have been prepared by the Centre in Canadian dollars and in accordance with Part III of the Canadian Institute of Chartered Accountants [“CICA”] Accounting *Handbook* – Accounting Standards for Not-For-Profit Organizations, which sets out generally accepted accounting principles for non-publicly accountable enterprises in Canada [“GAAP”] and includes the significant accounting policies hereafter.

##### **Donations and contributions**

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

## **Global Centre for Pluralism**

# **NOTES TO FINANCIAL STATEMENTS**

December 31, 2012

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.

### **Cash and cash equivalents**

Cash and cash equivalents consist of cash on deposit and short-term investments with a short maturity of approximately three months or less from the date of purchase unless they are held for investment rather than liquidity purposes, in which case they are classified as investments.

### **Investments and investment income**

Investments are recorded at fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Investment income, which consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses, is recorded in the statements of operations.

### **Program and project expenses**

The Centre's expenses on programs and projects are recognized as incurred.

### **Amortization**

Amortization of furniture and equipment is calculated using the straight-line method over a period of three years.

### **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.

## **NOTES TO FINANCIAL STATEMENTS**

December 31, 2012

### **B. FIRST-TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS**

These financial statements are the first financial statements which the Centre has prepared in accordance with Part III of the Canadian Institute of Chartered Accountants Accounting *Handbook* – Accounting Standards for Not-For-Profit Organizations, which sets out generally accepted accounting principles for non-publicly accountable enterprises in Canada. In preparing its opening balance sheet as at January 1, 2011 [the “Transition Date”], the Centre has applied Section 1501, First-time adoption for Not-For-Profit Organizations, retrospectively [other than the permitted exemptions noted hereafter] using the following four principles such that it has:

- Recognized all assets and liabilities whose recognition is required by GAAP;
- Not recognized items as assets or liabilities if GAAP does not permit such recognition;
- Reclassified items recognized previously as one type of asset, liability or component of net assets, but are now recognized as a different type of asset, liability or component of net assets; and
- Applied GAAP in measuring all recognized assets and liabilities.

The accounting policies that the Centre has used in the preparation of its opening balance sheet through the application of these principles has resulted in no adjustments to balances which were presented in the balance sheet prepared in accordance with Part V of the CICA Handbook – Pre-changeover accounting standards. There were no adjustments at the Transition Date.

### **3. INVESTMENTS**

As endorsed by the Board of Directors [the “Board”] and required by the Funding Agreement, the Fund had been invested in low-risk, liquid short-term securities denominated in Canadian dollars until such time as the Board approved the Fund’s Statement of Investment Policy and appointed an investment advisor for the Fund. The Board approved a Statement of Investment Policy and the appointment of an investment advisor in November 2011. The Board approved the appointment of a portfolio manager and a custodian in May 2012. The Fund was transferred to the custodian in July 2012 and the Fund was invested by the portfolio manager in accordance with the Statement of Investment Policy by September 2012.

**Global Centre for Pluralism**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2012

Investments classified as long-term in 2012, at market value, consist of the following:

	<b>December 31, 2012</b>	<b>December 31, 2011</b>	<b>January 1, 2011</b>
	\$	\$	\$
<b>Cash and cash equivalents</b>	<b>1,534,484</b>	—	—
<b>Other fixed income</b>			
Term deposits	—	42,977,410	43,367,286
Investment in pooled fund	<b>19,838,803</b>	—	—
	<b>21,373,287</b>	42,977,410	43,367,286
<b>Equities</b>			
Canadian	<b>12,692,157</b>	—	—
US	<b>5,783,089</b>	—	—
Other international	<b>4,801,038</b>	—	—
	<b>23,276,284</b>	—	—
	<b>44,649,571</b>	42,977,410	43,367,286

**4. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES  
RELATED TO OPERATIONS**

The net change in non-cash working capital balances related to operations is comprised of the following:

	<b>2012</b>	<b>2011</b>
	\$	\$
Other receivables and prepaid expenses	<b>(107,021)</b>	(8,142)
Accounts payable and accrued liabilities	<b>80,631</b>	(14,916)
	<b>(26,390)</b>	(23,058)

## Global Centre for Pluralism

### NOTES TO FINANCIAL STATEMENTS

December 31, 2012

#### 5. 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.

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, precinct master plan and other related expenses incurred for the property at 330 Sussex Drive for the years ended December 31, 2012 and 2011, which have been funded separately through the Aga Khan Development Network.

	2012	2011
	\$	\$
Building operating and maintenance, precinct master plan and other related expenses	797,549	764,243
Amount funded by the Aga Khan Development Network	(797,549)	(764,243)
	—	—

#### 6. FINANCIAL INSTRUMENTS

The Centre is exposed to various financial risks through transactions in financial instruments. The Centre manages these risks through compliance with the Statement of Investment Policy approved by the Board. The Centre also monitors and mitigates its financial risks by reviewing periodically various financial and investment metrics.

##### Foreign currency risk

The Centre is exposed to foreign currency risk with respect to its investments denominated in foreign currencies, including the underlying investments of its pooled funds denominated in foreign currencies, because of fluctuations in the relative value of foreign currencies against the Canadian dollar.

**NOTES TO FINANCIAL STATEMENTS**

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**Credit risk**

The Centre is exposed to credit risk in connection with its short-term and fixed income investments because of the risk that one party to the financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

**Interest rate risk**

The Centre is exposed to interest rate risk with respect to its investments in fixed income investments and a pooled fund which holds fixed income securities, the values of which will fluctuate with changes in market interest rates.

**Other price risk**

The Centre is exposed to other price risk through changes in market prices [other than changes arising from interest rate or currency risks] in connection with its investments in equity securities and pooled funds.



