

The CGOV Foundation

Financial Statements

December 31, 2007



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Auditors' Report

To the Directors of
The CGOV Foundation

We have audited the statement of financial position of The CGOV Foundation as at December 31, 2007 and the statements of operations, fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Foundation'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 CGOV Foundation as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Koster, Spinks & Koster LLP

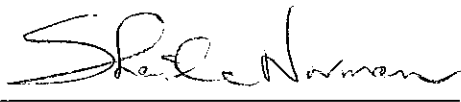
Licensed Public Accountants

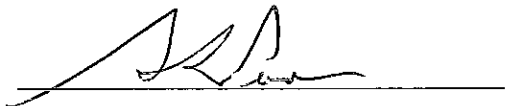
Toronto, Ontario
March 18, 2008

The CGOV Foundation
Statement of Financial Position
December 31, 2007

| | General Fund | Donor Advised Funds | 2007 | 2006 |
|---------------------------|-------------------------|--------------------------------|---------------------|---------------------|
| Current assets | | | | |
| Cash and cash equivalents | \$ 1,281,688 | \$ 72,187 | \$ 1,353,875 | \$ 96,839 |
| Investments (note 3) | - | 4,952,785 | 4,952,785 | 2,095,449 |
| | <u>1,281,688</u> | <u>5,024,972</u> | <u>6,306,660</u> | <u>2,192,288</u> |
| Fund balances | <u>\$ 1,281,688</u> | <u>\$ 5,024,972</u> | <u>\$ 6,306,660</u> | <u>\$ 2,192,288</u> |

Approved on behalf of the Board:

 Director

 Director

The CGOV Foundation
Statement of Fund Balances
For The Year Ended December 31, 2007

| | General Fund | Donor Advised Funds | 2007 | 2006 |
|---|-------------------------|--------------------------------|---------------------|---------------------|
| Fund balances, beginning of year | \$ 264,209 | \$ 1,928,079 | \$ 2,192,288 | \$ - |
| Excess of revenues over expenses | 1,017,479 | 3,160,079 | 4,177,558 | 2,194,008 |
| Unrealized gains (losses) on investments | - | (63,186) | (63,186) | (1,720) |
| Fund balances, end of year | \$ 1,281,688 | \$ 5,024,972 | \$ 6,306,660 | \$ 2,192,288 |

The CGOV Foundation

Statement of Operations For The Year Ended December 31, 2007

| | General Fund | Donor Advised Funds | 2007 | 2006 |
|---|-------------------------|--------------------------------|---------------------|---------------------|
| Revenues | | | | |
| Donations | \$ 1,613,835 | \$ 3,004,425 | \$ 4,618,260 | \$ 2,224,761 |
| Investment revenue | 6,484 | 178,811 | 185,295 | - |
| Realized gains (losses) on investments | 6,415 | 2,861 | 9,276 | (4,328) |
| | <u>1,626,734</u> | <u>3,186,097</u> | <u>4,812,831</u> | <u>2,220,433</u> |
| Expenses | | | | |
| Grants | 609,255 | 22,041 | 631,296 | 26,425 |
| Administrative fees | - | 3,977 | 3,977 | - |
| | <u>609,255</u> | <u>26,018</u> | <u>635,273</u> | <u>26,425</u> |
| Excess of revenues over expenses | <u>\$ 1,017,479</u> | <u>\$ 3,160,079</u> | <u>\$ 4,177,558</u> | <u>\$ 2,194,008</u> |

The CGOV Foundation

Statement of Cash Flows For The Year Ended December 31, 2007

| | <u>2007</u> | <u>2006</u> |
|---|---------------------|------------------|
| Cash provided by (used for): | | |
| Operating activities | | |
| Excess of revenues over expenses for the year | \$ 4,177,558 | \$ 2,194,008 |
| Items not affecting cash: | | |
| Donated investments | (4,322,115) | (2,224,501) |
| Realized (gains) losses on investments | (9,276) | 4,328 |
| | <u>(153,833)</u> | <u>(26,165)</u> |
| Investing activities | | |
| Purchase of CGOV Balanced Fund units | (3,219,411) | (1,800,000) |
| Proceeds from disposition of investments | 4,630,280 | 1,923,004 |
| | <u>1,410,869</u> | <u>123,004</u> |
| Change in cash and cash equivalents during the year | 1,257,036 | 96,839 |
| Cash and cash equivalents, beginning of year | 96,839 | - |
| Cash and cash equivalents, end of year | <u>\$ 1,353,875</u> | <u>\$ 96,839</u> |

The CGOV Foundation

Notes to Financial Statements
December 31, 2007

1. Organization

The mandate of The CGOV Foundation (the "Foundation") is to support qualifying charities in Canada by means of creating a philanthropic vehicle that allows for the pooling of resources for the ultimate betterment of our community as a whole.

The Foundation is a registered charity and is classified as a public foundation under Section 149.1(1) of the Income Tax Act (Canada) [the "Act"]. As such, it is exempt from income taxes and able to issue donation receipts for income tax purposes. In order to maintain its status as a public foundation registered under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

2. Significant accounting policies

These statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

a) Fund accounting

The Foundation follows the restricted fund method of accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they are provided.

General Fund

These funds mainly represent donations to the Foundation from which disbursements are made to qualified donees as determined by the Foundation's Board of Directors, taking into account the recommendations of the donors. The remaining portion of these funds are disbursed at the discretion of the Directors based on needs of the community and for the Foundation's general fundraising and administrative activities.

Donor Advised Funds

These funds represent donations made to the Foundation that have been segregated into stand-alone funds within the Foundation from which disbursements are made to qualified donees as determined by the Foundation's Board of Directors, taking into account the recommendations of the donors.

b) Cash and cash equivalents

Cash equivalents are highly liquid investments which are readily convertible into a known amount of cash, are subject to an insignificant risk of changes in value and have a maturity date of three months or less from the date of purchase.

The CGOV Foundation

Notes to Financial Statements
December 31, 2007

c) Investments

Investments are recorded at their market value. The difference between this amount and cost is shown as unrealized gains or losses. Realized gains (losses) are calculated using the average cost of the securities on disposition and are recorded in the year the investments are sold. Short-term cash and cash equivalents are valued at amortized cost, which approximates fair value.

d) Revenue recognition

Donations to the Foundation that are recorded in the General Fund or the Donor Advised Funds, as the case may be, are recognized as revenue of the particular Fund in the year received.

Revenue from investments represents dividends, interest and realized gains and losses. Investment income earned in respect of Donor Advised Funds is recognized as revenue of such Funds.

e) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the recognition, measurement and disclosure of amounts reported in the financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned course of action. Actual results will differ from those estimates.

3. Investments

The Foundation's funds are invested in pooled funds that hold short-term investments, bonds and Canadian and foreign equities.

The market values of the investments are summarized below:

| | 2007 | 2006 |
|--------------------|---------------------|---------------------|
| CGOV Balanced Fund | \$ 4,952,785 | \$ 1,798,280 |
| Global Mutual Fund | - | 108,886 |
| Canadian equities | - | 188,283 |
| | <u>\$ 4,952,785</u> | <u>\$ 2,095,449</u> |

The CGOV Foundation

Notes to Financial Statements
December 31, 2007

The Canadian equities and units in a global mutual fund represent investments donated in December 2006 that were sold in January 2007. The proceeds from the disposition of the Canadian equities were used to make grants. The proceeds from the disposition of the units in the global mutual fund were reinvested in the CGOV Balanced Fund.

4. Agreements

Administrative Services Agreement

The Foundation has entered into an agreement with Cranston, Gaskin, O'Reilly & Vernon Investment Counsel ("CGOV") to perform administration duties on its behalf for a fee up to 0.25% per annum of the market value of the assets.

Investment Management Agreement

The Foundation has entered into an agreement with CGOV to perform investment management services for a fee of up to 1.0% per annum of the market value of the assets held in the CGOV Balanced Fund.

Donation Agreements

The Foundation has entered into donation agreement with each donor who established a Donor Advised Fund. Investment management services for these funds will be billed up to 1.0% per annum of the market value of each fund. Administrative services for each fund will be billed up to 0.25% per annum of the market value of the assets.

The legal and accounting fees incurred by the Foundation in 2007 have been borne by CGOV.

5. Financial instruments

Fair value

The carrying value of the Foundation's financial instruments approximate their fair values unless otherwise noted. The Foundation is subject to market, interest rate and foreign currency risks with respect to its investments.