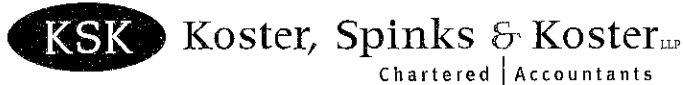


The CGOV Foundation

Financial Statements

December 31, 2008



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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, 2008 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, 2008 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

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
May 19, 2009


The CGOV Foundation

Statement of Financial Position

December 31, 2008

	General Fund	Donor Advised Funds	2008	2007
Current assets				
Cash and cash equivalents	\$ 44,974	\$ 281,211	\$ 326,185	\$ 1,353,875
Investments (note 3)	-	4,733,346	4,733,346	4,952,785
	<u>\$ 44,974</u>	<u>\$ 5,014,557</u>	<u>\$ 5,059,531</u>	<u>\$ 6,306,660</u>
Current liabilities				
Accounts payable and accrued liabilities	\$ 13,362	\$ -	\$ 13,362	\$ -
Due to CGOV Investment Counsel	6,258	-	6,258	-
	<u>19,620</u>	<u>-</u>	<u>19,620</u>	<u>-</u>
Fund balances	<u>25,354</u>	<u>5,014,557</u>	<u>5,039,911</u>	<u>6,306,660</u>
	<u>\$ 44,974</u>	<u>\$ 5,014,557</u>	<u>\$ 5,059,531</u>	<u>\$ 6,306,660</u>

Approved on behalf of the Board:

 Director

 Director



The CGOV Foundation

Statement of Fund Balances
For The Year Ended December 31, 2008

	General Fund	Donor Advised Funds	2008	2007
Fund balances, beginning of year	\$ 1,281,688	\$ 5,024,972	\$ 6,306,660	\$ 2,192,288
Excess (deficiency) of revenues over expenses	(101,220)	(32,576)	(133,796)	4,177,558
Unrealized gains (losses) on investments	-	(1,132,953)	(1,132,953)	(63,186)
Interfund transfer	(1,155,114)	1,155,114	-	-
Fund balances, end of year	\$ 25,354	\$ 5,014,557	\$ 5,039,911	\$ 6,306,660

The CGOV Foundation

Statement of Operations
For The Year Ended December 31, 2008

	General Fund	Donor Advised Funds	2008	2007
Revenues				
Donations	\$ 236,401	\$ 904,637	\$ 1,141,038	\$ 4,618,260
Investment revenue	7,212	82,854	90,066	185,295
Realized gains (losses) on investments	(2,520)	(42,188)	(44,708)	9,276
Administrative fees	6,715	-	6,715	-
	<u>247,808</u>	<u>945,303</u>	<u>1,193,111</u>	<u>4,812,831</u>
Expenses				
Grants	322,650	950,500	1,273,150	631,296
Audit and accounting	24,044	-	24,044	-
CGOV management fees	183	20,664	20,847	-
Administrative fees	2,151	6,715	8,866	3,977
	<u>349,028</u>	<u>977,879</u>	<u>1,326,907</u>	<u>635,273</u>
Excess (deficiency) of revenues over expenses	<u>\$ (101,220)</u>	<u>\$ (32,576)</u>	<u>\$ (133,796)</u>	<u>\$ 4,177,558</u>

The CGOV Foundation

Statement of Cash Flows For The Year Ended December 31, 2008

	2008	2007
Cash provided by (used for):		
Operating activities		
Excess of revenues over expenses for the year	\$ (133,796)	\$ 4,177,558
Items not affecting cash:		
Donated investments	(710,712)	(4,322,115)
Realized (gains) losses on investments	44,708	(9,276)
Net changes in non-cash working capital	19,620	-
	<u>(780,180)</u>	<u>(153,833)</u>
Investing activities		
Purchase of CGOV Balanced Fund units	(972,559)	(3,219,411)
Proceeds from disposition of investments	725,049	4,630,280
	<u>(247,510)</u>	<u>1,410,869</u>
Change in cash and cash equivalents during the year	(1,027,690)	1,257,036
Cash and cash equivalents, beginning of year	1,353,875	96,839
Cash and cash equivalents, end of year	<u>\$ 326,185</u>	<u>\$ 1,353,875</u>



The CGOV Foundation

Notes to Financial Statements
December 31, 2008

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, 2008

c) Investments

The Foundation classifies all of its investments as available-for-sale and the investments are recorded at their market value. The unrealized gains or losses are recorded in the fund balances until the investment is sold, at which time the cumulative gain or loss is recognized in the statement of operations. Realized gains (losses) are calculated using the average cost of the securities on disposition. 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.

f) Future accounting pronouncements

CICA Handbook Section 3862, *Financial Instruments - Disclosure*, increases the disclosures required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. CICA Handbook Section 3863, *Financial Instruments - Presentation*, replaces the existing requirements on the presentation of financial instruments, which have been carried forward unchanged. These standards are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The Foundation is assessing the impact of the new standards on its financial statements.

3. Investments

The Foundation's funds are invested in pooled funds that hold short-term investments, bonds and Canadian and foreign equities. These investments are subject to market value fluctuations and the Foundation records these investments at market value. Accordingly, the year-end market values include unrealized gains and losses on the pooled funds.

The CGOV Foundation

Notes to Financial Statements
December 31, 2008

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. For 2008, CGOV agreed to suspend its administrative charge to the Foundation.

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.

5. Financial instruments

Fair value

The carrying value of cash and cash equivalents, investments, accounts payable and accrued liabilities and due to CGOV Investment Counsel approximate their fair values unless otherwise noted. The Foundation is subject to market risk, foreign currency risk and interest rate risk with respect to its investments. These risks are managed by establishing a mix of investment types designed to achieve the optimal return within reasonable risk tolerances.