

The CGOV Foundation

Financial Statements

December 31, 2009



Koster, Spinks & Koster LLP
Chartered | Accountants

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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, 2009 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, 2009 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

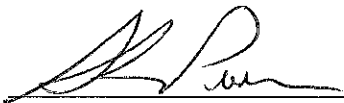
Toronto, Ontario
May 11, 2010

The CGOV Foundation

Statement of Financial Position December 31, 2009

	General Fund	Donor Advised Funds	2009	2008
Current assets				
Cash and cash equivalents	\$ 99,458	\$ 276,652	\$ 376,110	\$ 326,185
Investments (note 3)	1,027	5,279,054	5,280,081	4,733,346
	<u>\$ 100,485</u>	<u>\$ 5,555,706</u>	<u>\$ 5,656,191</u>	<u>\$ 5,059,531</u>
Current liabilities				
Accounts payable and accrued liabilities	\$ 10,000	\$ -	\$ 10,000	\$ 13,362
Due to CGOV Asset Management	28	6,284	6,312	6,258
	<u>10,028</u>	<u>6,284</u>	<u>16,312</u>	<u>19,620</u>
Fund balances	<u>90,457</u>	<u>5,549,422</u>	<u>5,639,879</u>	<u>5,039,911</u>
	<u>\$ 100,485</u>	<u>\$ 5,555,706</u>	<u>\$ 5,656,191</u>	<u>\$ 5,059,531</u>

Approved on behalf of the Board:



Director



Director

The CGOV Foundation
Statement of Fund Balances
For The Year Ended December 31, 2009

	General Fund	Donor Advised Funds	2009	2008
Fund balances, beginning of year	\$ 25,354	\$ 5,014,557	\$ 5,039,911	\$ 6,306,660
Excess (deficiency) of revenues over expenses	(19,501)	22,907	3,406	(133,796)
Unrealized gains (losses) on investments	2	596,560	596,562	(1,132,953)
Interfund transfer	84,602	(84,602)	-	-
Fund balances, end of year	\$ 90,457	\$ 5,549,422	\$ 5,639,879	\$ 5,039,911

The CGOV Foundation

Statement of Operations For The Year Ended December 31, 2009

	General Fund	Donor Advised Funds	2009	2008
Revenues				
Donations	\$ 249,646	\$ 68,988	\$ 318,634	\$ 1,141,038
Investment revenue	223	96,997	97,220	90,066
Donations from fundraising event	-	39,547	39,547	-
Administrative fees	7,582	-	7,582	6,715
Realized gains (losses) on investments	-	(25,027)	(25,027)	(44,708)
	257,451	180,505	437,956	1,193,111
Expenses				
Grants	272,383	112,743	385,126	1,273,150
CGOV management fees	107	24,563	24,670	20,847
Fundraising	-	12,710	12,710	-
Administrative fees	1,043	7,582	8,625	8,866
Audit and accounting	3,419	-	3,419	24,044
	276,952	157,598	434,550	1,326,907
Excess (deficiency) of revenues over expenses	\$ (19,501)	\$ 22,907	\$ 3,406	\$ (133,796)

The CGOV Foundation
Statement of Cash Flows
For The Year Ended December 31, 2009

	2009	2008
Cash provided by (used for):		
Operating activities		
Excess of revenues over expenses for the year	\$ 3,406	\$ (133,796)
Items not affecting cash:		
Donated investments	(192,933)	(710,712)
Realized (gains) losses on investments	25,027	44,708
Net changes in non-cash working capital	(3,308)	19,620
	(167,808)	(780,180)
Investing activities		
Purchase of CGOV Balanced Fund units	(50,000)	(972,559)
Proceeds from disposition of investments	204,208	725,049
Proceeds from disposition of treasury bills (net)	63,525	-
	217,733	(247,510)
Change in cash and cash equivalents during the year	49,925	(1,027,690)
Cash and cash equivalents, beginning of year	326,185	1,353,875
Cash and cash equivalents, end of year	\$ 376,110	\$ 326,185

The CGOV Foundation

Notes to Financial Statements
December 31, 2009

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, 2009

c) Investments

The Foundation classifies all of its investments as available-for-sale and the investments are recorded at their market value. The market value is based on the quoted market price. 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) New accounting standards

Effective January 1, 2009, the Foundation adopted Section 4470, Disclosure of Allocated Expenses by Not-for-Profit Organizations, which requires Not-for-Profit organizations to disclose in the notes to the financial statements their policy on the allocation of fundraising and general support expenses, the nature of the expenses being allocated, the basis on which such allocations have been made and the amounts that have been allocated. The adoption of this section has no effect on the statements of financial position, operations and changes in net assets of the Foundation for the current year.

g) Recent Canadian accounting pronouncement

The CICA issued Section 3862, *Financial Instruments - Disclosures* and Section 3863 *Financial Instruments - Presentation*, which were applicable to financial statements relating to fiscal years beginning on or after October 1, 2007. However, Not-for-Profit organizations may choose not to adopt these sections. Therefore, the Foundation will continue to apply Section 3861, *Financial Statements - Disclosure and Presentation* as applicable.

The CGOV Foundation

Notes to Financial Statements
December 31, 2009

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.

4. Agreements

Administrative Services Agreement

The Foundation has entered into an agreement with Cranston, Gaskin, O'Reilly & Vernon Asset Management ("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 a 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

a) Fair value

The carrying value of cash and cash equivalents, investments, accounts payable and accrued liabilities and due to CGOV Asset Management 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.

b) Concentration of credit risk

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist primarily of cash and cash held in brokerage account. To reduce risk, cash held in brokerage account are only held at major financial institutions.