

**THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH -  
L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES**

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2007 Summarized Financial Statements

## **Auditors' Report 2007 Summarized Financial Statements**

**To the Board of Directors of  
The Canadian Institute for Advanced Research -  
L'Institut Canadien de Recherches Avancées**

The accompanying summarized statement of financial position and summarized statements of operations, changes in net assets and cash flows are derived from the complete financial statements of **The Canadian Institute for Advanced Research - L'Institut Canadien de Recherches Avancées** as at June 30, 2007 and for the year then ended on which we expressed an opinion without reservation in our report dated August 21, 2007. The fair summarization of the complete financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of The Canadian Institute of Chartered Accountants, is to report on the summarized financial statements.

In our opinion, the accompanying financial statements fairly summarize, in all material respects, the related complete financial statements in accordance with the criteria described in the Guideline referred to above.

These summarized financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the entity's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.

*PKF Hill LLP*

Chartered Accountants, Licensed Public Accountants  
August 21, 2007

**THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH -  
L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES**

Summarized Statement of Financial Position as at June 30

	<b>2007</b>	<b>2006</b>
<b>ASSETS</b>		
Cash and short-term deposits	\$ 3,644,696	\$ 4,783,962
Accounts receivable	1,407,619	159,912
	5,052,315	4,943,874
Investments, including current portion	29,380,660	13,993,287
Equipment and leasehold improvements, at net book value	161,079	250,077
<b>Total assets</b>	<b>\$ 34,594,054</b>	<b>\$ 19,187,238</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued liabilities	\$ 2,647,338	\$ 2,453,689
Deferred income, including current portion	9,782,275	4,663,860
<b>Total liabilities</b>	<b>12,429,613</b>	<b>7,117,549</b>
Net assets		
Invested in equipment and leasehold improvements	161,079	250,077
Internally restricted for program commitments	-	915,000
Internally restricted for long-term investment	-	5,501,237
Internally restricted for See Far Fund (note 3)	16,375,400	-
Unrestricted	5,627,962	5,403,375
<b>Total net assets</b>	<b>22,164,441</b>	<b>12,069,689</b>
<b>Total liabilities and net assets</b>	<b>\$ 34,594,054</b>	<b>\$ 19,187,238</b>

**See accompanying notes**

**THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH -  
L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES**

Summarized Statement of Operations  
Year Ended June 30

	2007	2006
<b>Income</b>		
Program contributions		
Private sector	\$ 2,912,473	\$ 2,732,359
Federal	5,000,000	5,048,225
Provincial	13,090,000	2,665,000
Other contributions	261,887	31,060
Investment income	705,486	353,049
<b>Total income</b>	<b>21,969,846</b>	<b>10,829,693</b>
<b>Expenses</b>		
Program expenses		
Active programs, direct		
Cosmology and Gravity	1,350,386	1,200,703
Earth System Evolution	552,534	712,398
Evolutionary Biology	564,631	455,675
Experience-based Brain and Biological Development	522,887	519,271
Genetic Networks	363,826	60,527
Institutions, Organizations and Growth	775,440	755,306
Integrated Microbial Biodiversity	41,000	-
Nanoelectronics	1,043,742	1,009,267
Neural Computation and Adaptive Perception	402,358	291,830
Quantum Information Processing	720,075	662,430
Quantum Materials/Superconductivity	1,009,988	824,716
Social Interactions, Identity & Well Being	381,687	143,775
Successful Societies	799,357	586,118
	<b>8,527,911</b>	<b>7,222,016</b>
Active programs, support		
Program Development and Assessment	1,131,420	1,101,475
Program Reviews and Research Council	299,402	80,066
Knowledge Transfer	28,428	-
New Investigators Network	726	11,095
New Program Development	484,786	467,508
	<b>1,944,762</b>	<b>1,660,144</b>
Other	<b>355,527</b>	<b>292,303</b>
<b>Total program expenses</b>	<b>10,828,200</b>	<b>9,174,463</b>
Advancement and communications	1,304,580	1,099,372
Governance and administration	561,977	477,368
Other	-	39,860
<b>Total expenses</b>	<b>12,694,757</b>	<b>10,791,063</b>
<b>Excess of income over expenses</b>	<b>\$ 9,275,089</b>	<b>\$ 38,630</b>
<b>Allocated to:</b>		
Invested in equipment and leasehold improvements	\$ (88,998)	\$ (76,639)
Internally restricted for See Far Fund (note 3)	9,139,500	-
Unrestricted	224,587	115,269
	<b>\$ 9,275,089</b>	<b>\$ 38,630</b>

See accompanying notes

**THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH -  
L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES**

Summarized Statement of Changes in Net Assets  
Year Ended June 30

	<b>2007</b>	<b>2006</b>
Balance, beginning of year	\$ 12,069,689	\$ 11,805,430
Excess of income over expenses	9,275,089	38,630
Unrealized gain on investments	819,663	225,629
<b>Balance, end of year</b>	<b>\$ 22,164,441</b>	<b>\$ 12,069,689</b>

**THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH -  
L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES**

Summarized Statement of Cash Flows  
Year Ended June 30

	<b>2007</b>	<b>2006</b>
Operating activities		
Excess of income over expenses	\$ 9,275,089	\$ 38,630
Unrealized loss on investments	44,413	138,960
Amortization of equipment and leasehold improvements	118,600	114,792
Changes in non-cash working capital	(1,054,058)	1,035,439
<b>Cash flows from operating activities</b>	<b>8,384,044</b>	<b>1,327,821</b>
Investing activities		
Investments	(14,612,123)	5,253,842
Equipment and leasehold improvements	(29,602)	(38,153)
Deferred income	5,118,415	(5,472,565)
<b>Cash flows from investing activities</b>	<b>(9,523,310)</b>	<b>(256,876)</b>
Net increase (decrease) in cash position during the year	(1,139,266)	1,070,945
Cash and short-term deposits, beginning of year	4,783,962	3,713,017
<b>Cash and short-term deposits, end of year</b>	<b>\$ 3,644,696</b>	<b>\$ 4,783,962</b>

See accompanying notes

# THE CANADIAN INSTITUTE FOR ADVANCED RESEARCH - L'INSTITUT CANADIEN DE RECHERCHES AVANCÉES

Notes to Summarized Financial Statements  
Year Ended June 30, 2007

## 1. Nature of Operations and Basis of Financial Statements

The Canadian Institute for Advanced Research - L'Institut Canadien de Recherches Avancées (the "Institute") is incorporated under the Canada Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act (Canada). The primary objective of the Institute is to bring leading researchers together to work on major collaborative advanced-research projects that address scientific, economic and social questions that are of importance to the future of Canada and the world. The Institute funds multi-year projects that bridge institutional, regional, cultural and national boundaries. The funding provided by the Institute contributes to research support and salaries of program members.

In common with other not-for-profit organizations, the Institute is economically dependent on the continued financial support of federal and provincial governments and the private sector to meet its ongoing commitments.

## 2. Accounting Policy for Multi-year Contributions Paid in Advance

The Institute receives significant funding from Canadian federal and provincial government sources. Periodically, these sources prepay planned contributions to the Institute to be disbursed over a future period greater than one year. These funds are recognized as contribution income over the term of the contribution.

## 3. See Far Fund

During the year, the Board approved the establishment of the See Far Fund for the purpose of investing funds for future needs. The Board approved the following transfers to the See Far Fund:

	2007	2006
Internally restricted for program commitments	\$ 915,000	\$ -
Internally restricted for long-term investment	6,320,900	-
Unrestricted net assets	9,139,500	-
	<hr/>	
	\$ 16,375,400	\$ -