THE VANIER INSTITUTE OF THE FAMILY

FINANCIAL STATEMENTS

DECEMBER 31, 2010

THE VANIER INSTITUTE OF THE FAMILY

INDEX TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

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INDEPENDENT AUDITORS' REPORT

To the Members of
The Vanier Institute of the Family

Report on the Financial Statements

We have audited the accompanying financial statements of The Vanier Institute of the Family, which comprise the balance sheet as at December 31, 2010, the statements of financial activities, fund balances and cash flows for the year then ended, 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 generally accepted accounting principles, 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit 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.

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INDEPENDENT AUDITORS' REPORT

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Institute derives revenue from the general public in the form of donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Institute and we were not able to determine whether any adjustments might be necessary to revenue from donations, net revenue for the year, current assets and fund balances - end of year.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Vanier Institute of the Family as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

McCay Duff LLP

McCay Duff LLP,
Licensed Public Accountants.

Ottawa, Ontario,
March 25, 2011.

THE VANIER INSTITUTE OF THE FAMILY

BALANCE SHEET

AS AT DECEMBER 31, 2010

	Operating Fund	Endowment Fund	2010 Total	2009 Total
NON-RESTRICTED ASSETS				
Cash	$ -	$ 3,511	$ 3,511	$ 189,516
Short-term investments	600,203	45,616	645,819	677,931
Accounts receivable	29,827	-	29,827	6,623
Prepaid expenses	2,105	-	2,105	-
Due to/from interfund	26,775	(26,775)	-	-
Marketable investments (notes 2 (e) and 5)	-	13,929,890	13,929,890	13,398,063
Capital assets (note 6)	35,441	-	35,441	18,850
Investment - Headquarters Property (note 7)	-	307,920	307,920	316,160
	694,351	14,260,162	14,954,513	14,607,143
Restricted assets - Special Projects	(467,010)	-	(467,010)	(519,603)
	227,341	14,260,162	14,487,503	14,087,540
RESTRICTED ASSETS				
Special Projects	467,010	-	467,010	519,603
	$ 694,351	$ 14,260,162	$ 14,954,513	$ 14,607,143
LIABILITIES				
Bank overdraft	$ 9,743	$ -	$ 9,743	$ -
Line of credit (note 10)	7,500	-	7,500	-
Accounts payable and accrued liabilities	53,824	-	53,824	54,500
Accrued benefit liability (note 9)	21,366	-	21,366	19,616
	92,433	-	92,433	74,116
FUND BALANCES				
Basic Support	99,467	13,962,512	14,061,979	13,697,024
Invested in Capital Assets	35,441	-	35,441	18,850
Endowment Fund Projects	-	196,325	196,325	196,225
Headquarters Property Improvement Fund (note 8)	-	101,325	101,325	101,325
	134,908	14,260,162	14,395,070	14,013,424
Special Projects	467,010	-	467,010	519,603
	601,918	14,260,162	14,862,080	14,533,027
	$ 694,351	$ 14,260,162	$ 14,954,513	$ 14,607,143

Approved on behalf of the Board:

____________________ Director

____________________ Director

THE VANIER INSTITUTE OF THE FAMILY

STATEMENT OF FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2010

	Operating Fund			Endowment Fund				
	Basic Support	Invested in Capital Assets	Special Projects	Basic Support	Endowment Fund Projects	Headquarters Property Improvement Fund	2010 Total	2009 Total
BALANCE - BEGINNING OF YEAR	$ 182,201	$ 18,850	$ 519,603	$ 13,514,823	$ 196,225	$ 101,325	$ 14,533,027	$ 13,183,892
Net revenue (expense) for the year	(66,043)	-	(52,593)	447,689	-	-	329,053	1,349,135
Purchase of capital assets	(28,048)	28,048	-	-	-	-	-	-
Amortization	11,457	(11,457)	-	-	-	-	-	-
	99,567	35,441	467,010	13,962,512	196,225	101,325	14,862,080	14,533,027
Interfund transfers								
Operating Fund								
- Basic	(100)	-	-	-	100	-	-	-
BALANCE - END OF YEAR	$ 99,467	$ 35,441	$ 467,010	$ 13,962,512	$ 196,325	$ 101,325	$ 14,862,080	$ 14,533,027

THE VANIER INSTITUTE OF THE FAMILY

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2010

	Operating Fund	Special Projects	Endowment Fund	2010 Total	2009 Total
REVENUE					
Bond and other interest	$ 9,412	$ -	$ 240,911	$ 250,323	$ 261,544
Dividends and income trust income	-	-	230,242	230,242	244,852
Donations - corporate and individual	16,283	-	-	16,283	16,018
Gain (loss) on foreign exchange and sale of marketable investments (note 5)	-	-	707,584	707,584	1,610,556
Membership fees	13,532	-	-	13,532	15,365
Miscellaneous	1,768	-	-	1,768	533
Publications - sales and royalties	2,395	18,934	-	21,329	6,080
Grants	-	5,000	-	5,000	9,450
	43,390	23,934	1,178,737	1,246,061	2,164,398
EXPENSES					
Program					
Projects	43,072	-	-	43,072	42,786
Professional services	5,785	9,925	-	15,710	39,722
Daniel Weinstock Lecture	-	-	-	-	15,000
Printing	15,081	11,397	-	26,478	14,888
Distribution	-	2,272	-	2,272	-
Library	824	-	-	824	704
Communication	-	22,878	-	22,878	-
Promotion	-	6,980	-	6,980	-
Travel - Program staff	2,294	-	-	2,294	4,662
Translation	9,836	26,174	-	36,010	14,762
Administration					
Amortization					
- capital assets	5,376	6,081	-	11,457	9,058
- headquarters property	-	-	8,240	8,240	8,240
Board governance	52,635	-	-	52,635	44,438
Investment management fees	78,439	-	-	78,439	74,276
Professional services	45,328	-	-	45,328	24,300
Computer training and maintenance	6,508	-	-	6,508	6,886
SUBTOTAL TO CARRY FORWARD	$ 265,178	$ 85,707	$ 8,240	$ 359,125	$ 299,722

THE VANIER INSTITUTE OF THE FAMILY

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2010

	Operating Fund	Special Projects	Endowment Fund	2010 Total	2009 Total
SUBTOTAL - CARRIED FORWARD	$ 265,178	$ 85,707	$ 8,240	$ 359,125	$ 299,722
General Administration					
Memberships	354	-	-	354	507
Postage and telephone	24,896	-	-	24,896	21,303
Building operation	41,905	-	-	41,905	37,384
Salaries and benefits	458,856	-	-	458,856	424,334
Employee future benefits (note 9)	1,750	-	-	1,750	1,741
Language training	4,074	-	-	4,074	9,107
Recruitment	816	-	-	816	-
Travel - administration staff	1,533	-	-	1,533	210
Stationery, supplies and office	23,699	-	-	23,699	20,955
	823,061	85,707	8,240	917,008	815,263
NET REVENUE (EXPENSE) BEFORE ALLOCATIONS	(779,671)	(61,773)	1,170,497	329,053	1,349,135
ALLOCATIONS					
Basic Support	713,628	-	(713,628)	-	-
Special Projects - Endowment Fund	-	9,180	(9,180)	-	-
	713,628	9,180	(722,808)	-	-
NET REVENUE (EXPENSE) FOR THE YEAR	$(66,043)	$(52,593)	$ 447,689	$ 329,053	$ 1,349,135

THE VANIER INSTITUTE OF THE FAMILY

STATEMENT OF FINANCIAL ACTIVITIES - SPECIAL PROJECTS

FOR THE YEAR ENDED DECEMBER 31, 2010

	Endowment Fund Projects	G.P.V. Fund	Families Count	50th Anniversary Fund	Keystone Projects	Fund Development	IT	Total
REVENUE								
Allocated revenue								
Endowment Fund	$ 9,180	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,180
Publications - sales	-	-	18,934	-	-	-	-	18,934
Grant	-	-	5,000	-	-	-	-	5,000
	9,180	-	23,934	-	-	-	-	33,114
EXPENSES								
Amortization	-	-	-	-	1,186	-	4,895	6,081
Printing	-	-	11,397	-	-	-	-	11,397
Communication	-	-	22,878	-	-	-	-	22,878
Distribution	-	-	2,272	-	-	-	-	2,272
Promotion	-	-	6,980	-	-	-	-	6,980
Professional services	-	-	9,925	-	-	-	-	9,925
Translation	-	-	26,174	-	-	-	-	26,174
	-	-	79,626	-	1,186	-	4,895	85,707
NET REVENUE (EXPENSES) FOR THE YEAR	9,180	-	(55,692)	-	(1,186)	-	(4,895)	(52,593)
BALANCE - BEGINNING OF YEAR	94,668	337,391	-	25,000	1,186	28,700	32,658	519,603
Transfer from G.P.V. Fund	-	(55,692)	55,692	-	-	-	-	-
BALANCE - END OF YEAR	$ 103,848	$ 281,699	$ -	$ 25,000	$ -	$ 28,700	$ 27,763 (Note 6)	$ 467,010

THE VANIER INSTITUTE OF THE FAMILY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net revenue for the year	$ 329,053	$ 1,349,135
Items not involving cash		
- amortization	19,697	17,298
- unrealized gain on marketable investments	(767,604)	(1,792,354)
	(747,907)	(1,775,056)
	(418,854)	(425,921)
Change in non-cash working capital		
- accounts receivable	(23,204)	4,101
- prepaid expenses	(2,105)	-
- accounts payable and accrued liabilities	(676)	(17,930)
- accrued benefit liability	1,750	(12,858)
	(24,235)	(26,687)
	(443,089)	(452,608)
INVESTING ACTIVITIES		
Change in marketable investments - net	235,777	41,192
Purchase of capital assets	(28,048)	(7,210)
	207,729	33,982
CHANGE IN CASH AND SHORT-TERM INVESTMENTS DURING THE YEAR	(235,360)	(418,626)
Cash and short-term investments - beginning of year	867,447	1,286,073
CASH AND SHORT-TERM INVESTMENTS - END OF YEAR	$ 632,087	$ 867,447
CASH AND SHORT-TERM INVESTMENTS - END OF YEAR		
Cash	$ 3,511	$ 189,516
Short-term investments	645,819	677,931
Bank overdraft	(9,743)	-
Line of credit	(7,500)	-
	$ 632,087	$ 867,447

THE VANIER INSTITUTE OF THE FAMILY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

1. PURPOSE OF THE ORGANIZATION

The primary purpose of The Vanier Institute of the Family, as stated in the Letters Patent, is:

To promote the spiritual and material well-being of Canadian families and in furtherance thereof and without limiting the generality of the foregoing, to study their social, physical, mental, moral and financial environment and characteristics; and in implementing the foregoing:

(a) to foster the creation of means designed to identify and provide for the needs and aspirations of the family;

(b) to encourage and promote the inherent capacity of families to help themselves;

(c) to work with and encourage co-operation among charitable, religious, education, welfare, cultural and other organizations; and

(d) to seek the support of the various faiths in Canada and to further their joint endeavours for family betterment.

The Institute is incorporated without share capital under the Canada Corporations Act and is exempt from tax as a registered charity under the Income Tax Act (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The Institute has adopted the fund accounting basis for reporting its activities.

(b) Accrual Basis of Accounting

Revenue and expenses are recorded on the accrual basis, whereby they are reflected in the accounts in the period in which they have been earned and incurred respectively, whether or not such transactions have been finally settled by the receipt or payment of money.

(c) Short-term Investments

Short-term investments, consisting of guaranteed investment certificates, classified as held for trading, are recorded at market value. Market value is determined by reference to published price quotations in an active market at year end.

(d) Foreign Currency Translation

Assets denominated in foreign currencies have been translated into Canadian dollars at the rate of exchange prevailing at the year end for cash and short-term investments and at the prevailing rate of exchange at the acquisition date for marketable investments.

(e) Marketable Investments

Marketable investments, classified as held-for-trading, are recorded at market value. Market value is determined by reference to public price quotations in an active market at year end.

THE VANIER INSTITUTE OF THE FAMILY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(f) Capital Assets and Amortization

(i) Capital Assets

The Institute follows the policy of recording capital assets at cost, less accumulated amortization. Amortization is provided on a straight line basis as follows:

Computer equipment	30%
Computer software	100%
Furniture and equipment	20%
Website	20%
Keystone Project	
Equipment	20%
Computer equipment	30%
IT Fund	
Computer equipment	30%

One-half of the above rates are used in the year of acquisition.

(ii) Investment - Headquarters Property

The investment in the Headquarters Property consists of land and building and is stated at cost, less accumulated amortization. The building, less its estimated residual value, is amortized on a straight line basis over 40 years.

(g) Special Project Contributions

Certain contributions received are subject to specific terms and conditions regarding the expenditure of the funds. The Institute's accounting records are subject to audit by the contributor to identify instances, if any, in which amounts charged against contributions have not complied with the agreed terms and conditions and which therefore would be refundable to the contributor.

(h) Special Project Comparative Figures

Special projects by their nature vary significantly from year to year and therefore Page 7 is not presented on a comparative basis.

(i) Employee Benefit Plans

The Institute has a defined contribution pension plan managed by a third party carrier. It also has a self funded defined retirement allowance plan. It accrues its obligation and the related costs under these plans.

(j) Inter-fund Transfers

The Board determines the allocation of undesignated donations of $1,000 or more, between the Endowment Fund and G.P.V. Fund, based on the nature of the request to the donor.

THE VANIER INSTITUTE OF THE FAMILY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

2. **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd.)

(k) Allocations

By Board policy, the annual allocation of revenue from the Endowment Fund to the Operating Fund is calculated on a five-year average of the market value of the Endowment Fund. Currently, the equivalent of 5% of the average market value is taken into the Operating Fund and that amount is distributed 98.73% to Basic Support and 1.27% to Endowment Fund Projects.

(l) 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 reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

(m) Revenue Recognition

Revenue includes dividend and interest income and realized and unrealized investment gains (losses). Unrealized gains and losses on held for trading financial assets are included in gain (loss) on foreign exchange and sale of marketable investments. Other revenues are recorded on the accrual basis.

3. **FINANCIAL INSTRUMENTS**

The Institute's financial instruments consist of cash, short-term investments, accounts receivable, marketable investments, bank overdraft, line of credit, accounts payable and accrued liabilities and accrued benefit liability. The fair values of these financial instruments approximate their carrying values, unless otherwise stated.

Interest Rate Risk

Interest rate risk is the exposure of the Institute's earnings that arises from fluctuations in interest rates. The Institute is exposed to interest rate risk on its short-term investments and marketable investments.

Market Risk

Market risk arises from the volatility inherent in the capital markets. The Institute is exposed to market risk through its investments in the capital markets, however, it limits the exposure through portfolio diversification. The Institute contracts with investment experts to monitor the investment portfolio and make adjustments as determined in an effort to balance the risk and the return on the marketable investments.

Credit Risk

It is management's opinion that the Institute is not exposed to significant credit risk arising from its financial instruments.

THE VANIER INSTITUTE OF THE FAMILY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

3. FINANCIAL INSTRUMENTS (Cont'd.)

Currency Risk

Currency risk is the exposure of the Institute's earnings that arises from fluctuations in foreign exchange rates. The Institute is exposed to currency risk on its marketable investments which are denominated in foreign currencies.

4. CAPITAL MANAGEMENT

The Institute considers its Capital to be the balances maintained in its short-term investments and the Endowment Fund. The primary objective of the Institute is to invest its Capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of the external portfolio managers, the Investment Committee and the Board of Directors of the Institute with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. The Institute is not subject to externally imposed requirements on its Capital other than certain contributions to the Endowment Fund Projects which are restricted to uses specified by the donor.

5. MARKETABLE INVESTMENTS

(a) Marketable investments consists of:

	2010	
	Market Value	Cost
Stocks and income trusts	$ 8,846,652	$ 7,537,236
Fixed income securities	5,083,238	4,799,587
	$ 13,929,890	$ 12,336,823

	2009	
	Market Value	Cost
Stocks and income trusts	$ 8,188,265	$ 7,571,916
Fixed income securities	5,209,798	5,000,684
	$ 13,398,063	$ 12,572,600

(b) The gain (loss) on foreign exchange and sale of marketable investments consists of:

	2010	2009
Gain (loss) on foreign exchange	$(5,573)	$(9,765)
Realized and unrealized gain on marketable investments	713,157	1,620,321
	$ 707,584	$ 1,610,556

THE VANIER INSTITUTE OF THE FAMILY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

6. CAPITAL ASSETS

	2010			2009
	Cost	Accumulated Amortization	Net	Net
Computer equipment	$ 77,612	$ 77,612	$ -	$ 339
Computer software	8,747	8,747	-	-
Furniture and equipment	19,121	11,766	7,355	8,352
Website	26,674	2,667	24,007	-
	132,154	100,792	31,362	8,691
Keystone Project				
Equipment	29,500	29,500	-	1,186
Computer equipment	4,454	4,454	-	-
	33,954	33,954	-	1,186
IT Fund				
Computer equipment	16,315	12,236	4,079	8,973
	$ 182,423	$ 146,982	$ 35,441	$ 18,850

The $27,763 reported in IT represents the unamortized balance of capital assets acquired by the fund of $4,079 and undisbursed funding of $23,684.

7. INVESTMENT - HEADQUARTERS PROPERTY

	2010	2009
Cost	$ 445,545	$ 445,545
Accumulated amortization	137,625	129,385
	$ 307,920	$ 316,160

8. HEADQUARTERS PROPERTY IMPROVEMENT FUND

Commencing in 1999, the Institute established a Headquarters Property Improvement Fund and determined that amounts equal to the rent revenue plus a proportionate share of revenue earned from marketable investments will be transferred to this Fund from the Endowment Fund - Basic Support.

In 2005, the Board approved to cap the Fund at $100,000. Effective in 2006 the monthly rent from the Operating Fund and the proportionate share of revenue earned was suspended. If the Fund should be used in the future and the Fund balance falls below $100,000, these payments to the Fund would resume.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

9. EMPLOYEE BENEFIT PLANS

The Institute has defined benefit plans providing pension and retirement benefits to its employees as follows:

Pension Plan

A defined contribution pension plan, which covers substantially all of its employees, providing pensions based on contributions. This plan requires contributions of 5% by the employee and 6% by the employer, calculated on the employee's monthly earnings. The employer's expense for 2010 of $24,620 (2009 - $22,084) is included in salaries and benefits.

Retirement Allowance Plan

A defined retirement allowance plan, where an employee will receive a retirement allowance determined by multiplying half of the employee's actual weekly rate of pay upon retirement by the number of completed years of continuous employment to a maximum of twenty-six weeks.

Information about the Institute's defined retirement allowance plan:

Accrued benefit liability - beginning of year	$ 19,616
Current service cost	1,750
Accrued benefit liability - end of year	$ 21,366

10. LINE OF CREDIT

The Institute has use of a line of credit for $75,000, which is secured by a short-term investment. As at December 31, 2010 $7,500 of this line of credit was utilized.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current financial statement presentation.