

The Macdonald-Laurier Institute



**Annual Report
December 31, 2010**

www.macdonaldlaurier.ca

True North in Public Policy

Table of Contents

Letter from the Chair.....	3
Letter from the Managing Director	4
Who we are	5
Annual Report.....	6
Awards and Distinction.....	6
Governance and Finance	6
Staffing.....	7
Fundraising	7
Canadian Century	7
True North Publications.....	8
Commentaries	9
National Security Strategy - Series	10
Canada’s Founding Ideas - Series	10
Policy Briefing Paper.....	11
Newsletter	11
Travel and Events	11
Monthly Newspaper Column	12
Other updates for 2010 and Thank you to our Funders	13
Audited Financial Statements	14

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Letter from the Chair

May 17, 2011

Dear Friends and Supporters

When I was first approached to join the Board of the Macdonald-Laurier Institute (MLI), I was honoured and excited. The concept of a truly non-partisan think tank situated in our nation's capital held great appeal to me and I could immediately see that the impact would be far-reaching.

Brian and his staff have put a tremendous amount of work into building MLI this past year. When I read through the Annual Report, I am amazed at this reminder of what has been done in so short a time – a best-selling and award-winning book (the Canadian Century), six major papers on topics of immediate national interest, a number of Commentaries on similar topics, and much attention by the media, policy-makers, and Canadians in general. We are, of course, extremely proud to have since been named one of the top 20 new think tanks in the world by the University of Pennsylvania (Think Tanks and Civil Societies Program).

This is the most dynamic new institute in Canada, showing enormous energy in generating highly topical and thoughtful reports, while our ideas are taken up by policy-makers of all political stripes. I know that I speak on behalf of all the Directors when I say it has been a privilege to work with MLI and to have played a role in its development over this first year. We are well on our way to becoming the go-to resource for balanced and well-researched national policy commentary.

Sincerely,



Rob Wildeboer
Chair, Macdonald-Laurier Institute

Letter from the Managing Director

Dear Friends,

MLI has had a tremendous year. We published six major papers and eight Commentaries. We wrote and published a best-selling book (The Canadian Century) which has since won the **Sir Antony Fisher International Memorial Award** recognizing excellence in public policy think tank publications (awarded by the Atlas Economic Research Foundation). We were named in the **top twenty go-to new think tanks by the University of Pennsylvania for 2010**. Representatives of MLI have been interviewed by various media including CBC, CPAC, CTV, the Globe and Mail, the Wall Street Journal, the National Post, and the Economist. Our articles have appeared in many of those same publications. According to our media tracking, our articles reached a readership of well over 2 million Canadians. We have been invited to speak to parliamentary committees and appeared as keynote speakers and panellists at numerous events and conferences across North America and abroad.

Typical of the reaction to our work was this comment from Jock Finlayson, Executive Vice President of Policy, Business Council of BC who said, **“The reports and studies coming out of MLI are making a difference, and the Institute is quickly emerging as a premier Canadian think tank.”** Our reputation is now established as an organization that is rigorously non-partisan whose aim is to improve the quality of government and public policy for all Canadians by bringing solidly-researched, thoughtful and bold ideas to the public policy table.

We could not have done any of this without the support of our supporters and funders. Special thanks to Rob Wildeboer and the rest of the Directors on the MLI Board for being our champions and lending us their strength to succeed. Many thanks as well to the members of the Advisory Council and the Research Advisory Board who ensure that our research is balanced and thorough and makes a major contribution to the cut and thrust of public policy debate in this country.

Of course, a team is only as strong as its members. I would like to thank the members of the MLI staff, past and present, all of who have been integral to our growth in the last year.

As with all non-profits, we absolutely could not exist without the generosity of our funders. We appreciate all the corporations, foundations and individuals who have shown that they understand and support the importance of our mandate and how we can affect the quality of public policy in the interests of all Canadians. Our funders are listed on page 13 of the following report.

We look forward to another year of vigorous growth as we continue to provide thoughtful alternatives to Canadians and our political leaders on national policy issues.

Sincerely,



Brian Lee Crowley
Managing Director

Who we are



THE MACDONALD-LAURIER INSTITUTE FOR PUBLIC POLICY

True North in Canadian Public Policy



Board of Directors

Chair: **Rob Wildeboer**, Chairman, Martinrea International Inc., Toronto

Managing Director: **Brian Lee Crowley**, former Clifford Clark Visiting Economist at Finance Canada

Secretary: **Lincoln Caylor**, Partner, Bennett Jones, Toronto

Treasurer: **Les Kom**, BMO Nesbitt Burns, Ottawa

Directors: **John Beck**, Chairman and CEO, Aecon Construction Ltd., Toronto; **Erin Chutter**, President and CEO, Puget Ventures Inc., Vancouver; **Navjeet (Bob) Dhillon**, CEO, Mainstreet Equity Corp., Calgary; **Keith Gillam**, former CEO of VanBot Construction Ltd., Toronto; **Wayne Gudbranson**, CEO, Branham Group, Ottawa; **Stanley Hartt**, Chair, Macquarie Capital Markets Canada; **Martin MacKinnon**, CFO, Black Bull Resources Inc., Halifax; **Rick Peterson**,

President, Peterson Capital, Vancouver; **Peter John Nicholson**, former President, Canadian Council of Academies, Ottawa; **Jacquelyn Thayer Scott**, past President & Professor, Cape Breton University, Sydney.

cabinet minister, now a partner at Fasken Martineau, Toronto; **Maurice B. Tobin**, the Tobin Foundation, Washington DC.

Advisory Council

Purdy Crawford, former CEO, Imasco, now Counsel at Osler Hoskins; **Jim Dinning**, former Treasurer of Alberta; **Don Drummond**, Economics Advisor to the TD Bank, Matthews Fellow in Global Policy and Distinguished Visiting Scholar at the School of Policy Studies at Queen's University; **Brian Fleming**, international lawyer, writer and policy advisor; **Robert Fulford**, former editor of *Saturday Night* magazine, columnist with the *National Post*, Toronto; **Calvin Helin**, Aboriginal author and entrepreneur, Vancouver; **Hon. Jim Peterson**, former federal

Research Advisory Board

Janet Ajzenstat, Professor Emeritus of Politics, McMaster University; **Brian Ferguson**, Professor, health care economics, University of Guelph; **Jack Granatstein**, historian and former head of the Canadian War Museum; **Patrick James**, Professor, University of Southern California; **Rainer Knopff**, Professor of Politics, University of Calgary; **Larry Martin**, George Morris Centre, University of Guelph; **Chris Sands**, Senior Fellow, Hudson Institute, Washington DC; **William Watson**, Associate Professor of Economics, McGill University.

THE MACDONALD-LAURIER INSTITUTE FOR PUBLIC POLICY EXISTS TO:

- **Initiate** and conduct research identifying current and emerging economic and public policy issues facing Canadians, including, but not limited to, research into defence and security, foreign policy, immigration, economic and fiscal policy, Canada-US relations, regulatory, regional development, social policy and Aboriginal affairs;
- **Investigate** and analyse the full range of options for public and private sector responses to the issues identified and to act as a catalyst for informed debate on those options;
- **Communicate** the conclusions of its research to a national audience in a clear, non-partisan way;
- **Sponsor** or organize conferences, meetings, seminars, lectures, training programs and publications using all media of communication (including, without restriction, the electronic media), for the purposes of achieving these objects;
- **Provide** research services on public policy issues, or other facilities, for institutions, corporations, agencies and individuals, including departments and agencies of Canadian governments at the federal, provincial, regional and municipal levels, on such terms as may be mutually agreed, provided that the research is in furtherance of these objects.



Annual Report

December 31, 2010

The Macdonald Laurier Institute opened its doors on March 15, 2010. Prior to that we completed the recruitment of our Board, Advisory Council, and Research Advisory Board, commissioned the early parts of the research and publications program, planned events, built our website, established a physical office, did early fundraising and a host of other practical administrative things.

In our first year, MLI has been methodically implanting its brand in the Ottawa public policy world as a rigorously non-partisan organization open to new ideas based on solid factual evidence. We have been projecting the image of an organization that worships no sacred cows in public policy. A good idea is not defined by its political or ideological origin, but rather, by the strength of evidence and fact upon which it is based. It is our intention to be “unpredictable” in the sense that we do not want to be pigeon-holed as being to the left or right on the political spectrum. We want to be correct, not politically correct.

Occupying this neutral ground allows us to talk as freely to the Prime Minister as to the Opposition Leader, as freely to NDPers as Green Party advocates and as freely to Conservatives as to Liberals. And it keeps open the doors and minds of senior public servants, who value their neutrality to the highest degree. It should be noted that MLI staff and authors have held meetings with people from all these organizations during our first year. Our scrupulous political and intellectual non-partisanship also positions MLI perfectly to be a respected and independent voice in front of Parliamentary Committees and other institutions of government in the Nation’s Capital. This is precisely why we initially decided to locate MLI in the city of Ottawa: so the Institute could be at the centre of public policy development and action in Canada.

Awards and Distinction

The Macdonald-Laurier Institute was selected one of the Top 20 “Best New Think Tanks (established in the last 18 months)” by the Think Tanks & Civil Societies Program of the University of Pennsylvania. This distinction is a part of the 2010 Global Go-To Think Tank Rankings, an annual review of think tanks worldwide.

MLI’s first book, *The Canadian Century: Moving out of America’s Shadow*, appeared on the best-seller list of the Montreal Gazette and was chosen one of the Hill Times 2010 Best Books of the Year in their annual review. *The Canadian Century* was also the recipient of the prestigious Sir Antony Fisher International Memorial Award for 2010 for excellence in Think Tank Publications, awarded by the Atlas Economic Research Foundation.

Governance and Finance

At its Board and Annual General Meeting held on November 10, 2010 the directors and members reviewed and approved the Annual Plan for 2011 as well as the financial statements, which included the Report from the Auditor (Year ending December 31, 2009).

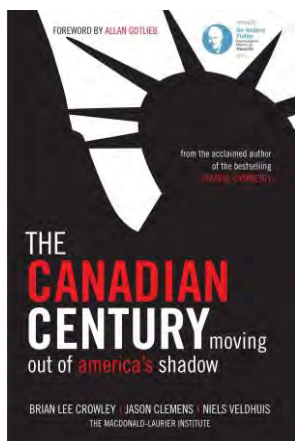
Staffing

At the end of our first year our staff team consisted of: Brian Lee Crowley, Managing Director; George Young, Director of Communications; John Robson, Managing Editor; Robin Bourke, Office Manager and Patricia Bouchard, Administrative Assistant.

Fundraising

We contracted, over a 3 month period, a fundraising consultant to develop a three-year fundraising and development plan for the Institute. This plan „The Donor Development Program“ was reviewed and accepted by the directors at the recent Board meeting on November 10, 2010. The consultant has been hired, on a 1 year contract, to implement „Year-One“ of the DDP.

Canadian Century



The Canadian Century: Moving out of America's Shadow, was published in May 2010 and continues to receive attention across Canada and in the United States, both in print and broadcast media. After it was published, we released op-eds, produced an infographic chart of the key themes and made various short videos involving interviews with the book's authors. The book, which was distributed through the publisher, Key Porter Books, is available at Amazon.ca, in bookstores throughout Canada and as a Kobo and Kindle download. It has been on bestseller lists, for example at the *Montreal Gazette*, and was one of the books highlighted by Chapters/Indigo in the run-up to the G7/G20 meetings in Toronto. Its message of fiscal discipline received added recognition in being named to the Hill Times list of Best Books 2010 in the Public Policy category. *The Canadian Century* was the recipient of the prestigious Sir Antony Fisher International Memorial Award for 2010 for excellence in Think Tank Publications, awarded by the Atlas Economic Research Foundation.

In August 2010, co-author Jason Clemens wrote an article for the Wall Street Journal called *Canada, Land of Smaller Government*, based on the themes of *The Canadian Century* in which he makes the case for Canadian fiscal actions as a guide for Americans. More recently the book served as the basis for a lengthy article also in the Wall Street Journal by its Canadian correspondent, Ms. Phred Dvorak. Titled *Emerging from the Shadow* the piece provided the large WSJ readership with both the key messages of the book and the fiscal challenge which it lays at the feet of our political leaders in North America. Since the publication of *The Canadian Century*, Brian Lee Crowley has been to Washington, D.C. twice making appearances at the Woodrow Wilson Institute, Johns Hopkins University and the Canadian Embassy. In addition, the Canadian Consulate in New York partnered with the State University of New York to stage an event focused on *The Canadian Century*.

The Canadian Century and its message have also been the topic of discussion for financial observers around the world. In October, David Hay of Evergreen Capital Management gave a lengthy and highly complimentary review of the book in his firm's Evergreen Virtual Advisor. That particular article was picked up and spread even more widely by the influential US financial expert and author, John Maudlin, in his Outside the Box newsletter. The review was also picked up by the Market Oracle in the UK, GaveKal Ad hoc Comment in the US and Hong Kong and Seeking Alpha in the US.

True North Publications

On Monday, March 15, 2010, we officially launched the Institute with the release of our first “True North” policy paper, *Free to Learn: Giving Aboriginal Youth Control over their Post-Secondary Education*. *Free to Learn* breaks new ground by proposing that Ottawa cut out the middleman and instead of giving post-secondary funding to chiefs and band councils, the federal government should give the money directly to young Aboriginals via the creation of individual accounts analogous to Registered Education Savings Plans.



In June, 2010, we released our second “True North” publication with the title *Citizen of One, Citizen of the Whole*, a vindication of Canadians’ economic liberty coauthored by Brian Lee Crowley, former senior internal trade negotiator Robert Knox and John Robson, who joined the Institute as Managing Editor that same month. *Citizen of One* called for the federal government to enact a Charter of Economic Rights and employ its clear, if neglected, constitutional authority to strike down a host of provincial protectionist measures that make us poorer, undermine the efforts of Canada’s founders and foster regional hostility and ill-will.

In October, 2010, our third “True North”, *From Rehabilitation to Recruitment*, provided an in-depth look at the problem of prison radicalization – the recruitment and indoctrination of future terrorists within prison populations by fellow inmates. Authored by MLI Fellow Alexandre Wilner, a Senior Researcher at the Center for Security Studies at the ETH Zurich, this publication is a timely look at how Canada can prepare to fight a problem that is already on the public policy agenda for our allies in the United States, Europe and beyond. *Rehabilitation to Recruitment* generated substantial coverage in national and local media at the time of its release. Furthermore, on December 13, 2010, author Alex Wilner was called as a witness to appear before the Senate Special Committee on Anti-terrorism to discuss the contents of the paper with Members of the Canadian Senate.



All of our True North publications garnered widespread media coverage in both print and broadcast. There were news reports in major newspapers like the *Globe and Mail*, *National Post* and Sun Media. In addition articles ran across the country in the likes of the *Vancouver Sun*, the *Saint John Telegraph-Journal*, the *Halifax Chronicle-Herald*, the *Moncton Times-Transcript*, the *Montreal Gazette*, the *Toronto Star* and many more. We enjoyed coverage on CTV and CBC in both news and all-news channel format, as well as on CPAC. Also, our authors and our Managing Director appeared many times on radio broadcasts on Ottawa CFRA, the Roy Green Show nationwide, CJAD in Montreal, CFX in Victoria, and the Dave Rutherford

Show out of Calgary, to name a few. We also had a number of op-ed pieces related to True North publications that appeared in the *Globe*, *National Post* and various cross-country daily newspapers.

Commentaries

MLI has published a number of Commentary articles that aim to be timely as well as sound in their policy content. For instance, in the lead up to Remembrance Week we published *Honouring Sacrifice*, a talk our Managing Director delivered to a workshop convened by the former Veterans Ombudsman, Col. Pat Stogran. This Commentary was complemented by the production of a video tribute by MLI Managing Director, Brian Lee Crowley that was published on our website.

On October 30, we released a *Report Card on the Government Response to Human Smuggling*. This was a follow up to our first Commentary, *The 'Sun Sea' Tamil Mass Refugee Claim: An Opportunity for Needed Reforms*, by the former Executive Director of the Canadian Police Association Scott Newark. That paper was published on August 19th, within a week of the arrival of the latest boatload of refugee-seekers. The Report Card showed how the government's response to the Sun Sea incident was largely inspired by policy recommendations MLI had made.

It was followed later in August by a Commentary authored by Dr. Robert Murray of the University of Alberta that looked at the devastating monsoons which hit Pakistan this past summer. *Why Aiding Pakistan Matters* cautioned Canadians that the aftermath of natural disasters presented challenges that are not easy, nor can we afford to overlook strategic considerations in shaping our response to the human tragedy being experienced by individual Pakistanis.

On October 27, we published a Commentary, *The Western Alliance: A Moral Superpower or Nothing*, by Brian Lee Crowley that looked at the waning trans-Atlantic partnership. It was based on his remarks at a conference in Brussels on The Future of the West – Trans-Atlantic Relations in a More Difficult Environment and argued that without a shared commitment to liberty the Western alliance that fought two World Wars and the Cold War cannot hold together. He was honoured to be one of only two Canadians invited to complete the third side of the North Atlantic Triangle at that conference and the Commentary was published shortly after his return.

This fall we also highlighted the Hon. Stéphane Dion in one of our Commentaries. Titled, *Stéphane Dion debating secession*, it is based on his speaking notes used in a debate at l'Université Laval in Quebec City on September 20, 2010. The topic of the debate, organized by the Jean-Talon Executive Council of the Parti Québécois, was The International Court of Justice Advisory Opinion on Kosovo's Declaration of Independence: What does it mean for Quebec's Sovereignist Movement? We were delighted to be able to make M. Dion's comments available to a broader cross-section of the Canadian public.

Previously, in October, we also published a Commentary based upon a talk Brian Lee Crowley gave to the Federal/Provincial and Territorial Ministers Responsible for Seniors. Titled, *Seniors, population ageing and the future of Canada*, the paper looks at the challenges and opportunities presented by shifting demographics. Subsequent to the Fredericton meeting, on October 4, 2010, in the House of Commons, the Minister Responsible for Seniors, the Hon. Diane Ablonczy, echoed many of the sentiments from that speech.

On October 15th we also published a Commentary that asked, “*Why is good policy toxic politics?*” based on a speech Brian Lee Crowley gave to the Economic Club of Canada that analyzed why it is that good policy – the HST in this case – so often falls prey to being absolutely toxic for politicians to pursue. The topic of this particular Commentary has become all the more resonant with the recent announced departure of Premier Campbell in BC and the approaching election in Ontario.

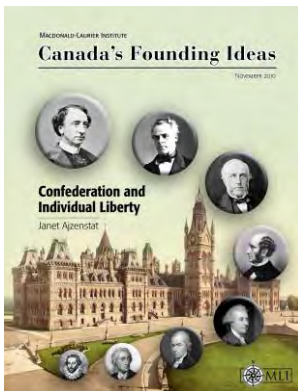
All the above mentioned commentaries are available in full on our website www.macdonaldlaurier.ca

National Security Strategy - Series

On November 29, 2010, we published the first of our series on national security. *To Stand On Guard: A National Security Strategy for Canadians* was written by Paul Chapin and in the paper he writes, “Canadians cannot take their security for granted, comfortably convinced that trouble in distant time zones matters little to us.” A veteran of Canada’s foreign service and a specialist in international security affairs during more than 25 years with the Department of Foreign Affairs and International Trade, Chapin took a systematic, tough and fair-minded look at the key external and internal threats to Canadians, our core values and what we can do to protect ourselves. We received extremely good media coverage of the paper with articles appearing in the *Vancouver Sun*, *Toronto Star*, *National Post*, the *Moncton Times & Transcript* and the *Ottawa Citizen*. Mr. Chapin also made appearances on a number of radio programs in the days following the release, including on Madely in the Morning and the Michael Harris Show on CFRA in Ottawa, the Tommy Schnurmacher Show on CJAD in Montreal, the Dave Dickson program on CFX in Victoria and the Rutherford Show on CHQR, Calgary. He also appeared on CTV’s flag ship political affairs program Power Play and on CPAC’s Prime Time Politics with Peter Van Dusen. Op Ed articles appeared under Chapin’s byline in the Charlottetown Guardian, the Owen Sound Sun Times and the Calgary Beacon and was featured on Troy Media services.



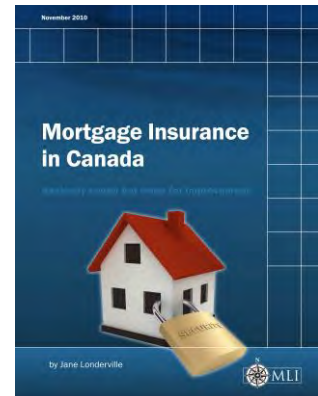
Canada’s Founding Ideas - Series



We published the first of a planned series of papers on Canada’s Founding Ideas in November. “*Confederation and Individual Liberty*”, by acclaimed Canadian scholar Janet Ajzenstat, celebrates the founding of Canada and those Founders who played key roles intellectually and in their actions. Ajzenstat makes a forceful, fact-based case that Canada stands on strong, deeply-rooted liberal democratic philosophical foundations. Using their own words she painted the picture of Founders far more steeped in a concern with liberty, than academic and popular tradition suggests. She proclaims, “We have every reason to be proud of those whose minds and energies gave us Canada, and of the system of Parliamentary self-government at its political core.”

Policy Briefing Paper

On November 18, 2010 we published a study titled, *Mortgage Insurance in Canada*, a paper by University of Guelph Associate Professor of Marketing and Consumer Studies Jane Londerville. The study highlights an important flaw in this country's otherwise solid system of mortgage insurance and explains how to fix it. A flaw that harms home buyers by tilting the playing field unfairly and inefficiently in favour of the publicly-owned Canada Mortgage and Housing Corporation (CMHC). The paper has been widely distributed and just recently the Canadian Taxpayers Federation sought our approval to make reference to the details of the study in their upcoming submission as part of the current pre-budget consultations by the Department of Finance.



Newsletter

Throughout the year, we published regular newsletters of which 7 have appeared. We currently have a mailing list approaching 3,000 names. Typically we receive many positive comments back from this type of communication and we have an exceptionally low "withdrawal" rate from our lists. We intend to enhance our two-way outreach in the coming months in various ways, including our recently updated web presence.

Travel and Events

Since the March 15 launch of the Institute, which coincided with the launch of our first True North Paper titled *Free to Learn*, MLI representatives have been doing extensive travel and the institute has held many events.

The previously mentioned publication of *Canadian Century* necessitated a cross-Canada book tour with launch events in Ottawa, Toronto, Montreal and Vancouver. We also did radio and television interviews during the launch effort across Canada. The event in Vancouver coincided with a very successful MLI dinner event where we hosted more than 200 British Columbians at An Evening with Crowley, Coyne and Hébert. The guests were treated to a lively discussion on contemporary politics between Brian Lee Crowley and noted Canadian journalists Andrew Coyne and Chantal Hébert.



In September, our Managing Director was invited by the Honourable Jason Kenney, Minister of Citizenship and Immigration to participate in a small roundtable discussion with a handful of policy experts to discuss the current immigration and integration policy. This day-long meeting involved discussions on general immigration policy, economic stream, family and humanitarian streams and security, integration, settlement and other issues.

Brian Lee Crowley also made several trips to fulfill speaking engagement requests. He was in Brussels, as previously mentioned, and also in Maine, Calgary, Montreal, Washington (on two occasions) and New York.

He also made trips to Toronto for meetings with Canada's pharmaceutical sector and an appearance at a symposium sponsored by the Canadian Employee Relocation Council and the McKinsey Group in the first week of December.

In October, MLI hosted a closed-door round table event featuring M. Marcel Coutu, CEO of Canadian Oil Sands, in discussion with key policy makers in Ottawa. The event provided a forum for discussion of the future of Canada's oil sands development in an atmosphere of genuine openness. A number of high profile individuals from inside and outside government took part – Deputy Ministers from key affected departments, representatives and Ambassadors from the US, the UK and China, and others – in a lively and off-the-record discussion. It is significant that a senior Canadian executive and their communications organisation would turn to MLI to pull together such an event. As part of the arrangement, MLI also conducted and taped an in-depth interview with M. Coutu, which is now available on our website.



In early November, MLI sponsored a book launch for author and MLI Advisory Council Member Calvin Helin's new title, *The Economic Dependency Trap*. This highly successful event was staged at Ottawa's historic Rideau Club and attracted a gathering that included Members of Parliament, Senators and senior public policy advocates from within and outside government. There was also a strong attendance from Ottawa's aboriginal community. The evening featured a welcome by MLI's Managing Director, along with introductory remarks by Grand Chief Morris Shannacappo and a speech by Calvin Helin that very effectively described his

mission to eradicate dependency in North American society. We also welcomed New Zealand Maori activist Te Taru White as a participant from afar for this event. As part of the evening, MLI also taped interviews with author Calvin Helin and Mr. White. All of the videotaped proceedings are now available on our website, along with a number of still photographs of others in attendance.

In early December, MLI once again played the role of intermediary in bringing an individual into contact with key public policy figures in Canada's capital. We hosted a breakfast round table event that featured the *Wall Street Journal's* Canadian correspondent, Phred Dvorak, as the guest. In an off-the-record environment the journalist for the largest circulation US daily newspaper was able to candidly explain the WSJ view of Canada and Canadian government and receive in return varied assessments as to the coming issues that will dominate in Ottawa and across Canada. This type of event is beneficial to all participants, as journalism and policy development are inextricably entwined. The 10 participants at this very frank discussion now have established the types of relationships that can prove their worth in the future when it comes to publicizing or explaining events in Canada to one of the most significant media organisations in the world. MLI was delighted to be able to play such a bridge-building role.

Monthly Newspaper Column

In November, Brian Lee Crowley began writing a monthly column in the *Hill Times*, a weekly Ottawa newspaper that is read widely by political leaders, public policy experts and bureaucrats. The monthly article will be under the banner True North and will cover the range of federal government responsibilities in keeping with the mandate of MLI. The first edition, published on November 29th, dealt with foreign policy and was titled, *High moral tone, meaning well, does not make foreign policy*. The topic and the content meshed nicely with the release of MLI's most recent study on the same day.



Other updates for 2010

In December we launched a revamped public website (see www.macdonaldlaurier.ca). The updates that have occurred will allow us to further expand the full range of social and electronic media tools that are at our disposal. The website, as of the end of November has welcomed more than 20,500 visitors who have looked at some 87,000 pages during their visits. We intend to expand our production of multimedia products such as the video/audio efforts noted in other parts of this report.

A contact management database has been developed to store the large volume of contacts and manage the relationships the Institute has made during its first months of operations. Currently a short term data entry person is on hand to input all existing contacts into a central location. Contacts are identified and entered into the database so that project-specific reports can be effectively created.

Thank you to our Funders

Our Institute would not exist without the financial support of foundations, corporations, and individuals who think, as we do, that we need better public policy in Canada. We would like to thank the following for their very generous support:

FOUNDATIONS: The John Dobson Foundation, Aurea Foundation, The Garfield Weston Foundation, Lotte & John Hecht Foundation, Donner Canadian Foundation, Atlas Economic Research Foundation

CORPORATE: CIBC Wood Gundy, Genworth Financial, Mainstreet Equity Corporation, Martinrea International Inc., Aecon Construction Ltd., Ensignt Canada, The Keg Restaurants, Ocean Capital Investments, Pfizer International, The Woodbridge Corporation, Interborder Holdings Ltd., Pfizer Canada Inc., CTV, Labatt Breweries, Rio Tinto Alcan, TD Bank Financial Group, Merck, BMO Financial Group – Corporate, RBC Financial Group

We would also like to thank the many individual donors who support our work so generously.



Independent auditor's report

To the directors of
Macdonald-Laurier Institute

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Halifax, NS
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We have audited the accompanying financial statements of Macdonald-Laurier Institute, which comprise the balance sheet as at December 31, 2010, and the statements of revenue and expenditures, changes in general fund equity, 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.

Auditor's 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 auditor's 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 auditor considers 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.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Macdonald-Laurier Institute as at December 31, 2010, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Halifax, Canada
July 13, 2011

A stylized, handwritten-style signature of "Grant Thornton LLP" in black ink.

Chartered Accountants

Macdonald-Laurier Institute
Balance sheet

December 31	2010	2009
Assets		
Current		
Cash and cash equivalents	\$ 658,267	\$ 585,629
Receivables	15,207	50,000
HST receivable	26,477	3,340
Prepays	<u>6,029</u>	<u>1,066</u>
	<u>\$ 705,980</u>	<u>\$ 640,035</u>
Liabilities		
Current		
Payables and accruals	\$ 26,814	\$ 22,855
Deferred revenue	<u>90,015</u>	<u>119,990</u>
	<u>116,829</u>	<u>142,845</u>
Fund balance		
General fund equity	<u>589,151</u>	<u>497,190</u>
	<u>\$ 705,980</u>	<u>\$ 640,035</u>

On behalf of the Directors



Director



Director

See accompanying notes to the financial statements.

Macdonald-Laurier Institute
Statement of revenue and expenditures

Year ended December 31	2010	2009
Revenue		
Donations		
Foundations	\$ 362,964	\$ 314,578
Corporate	359,090	257,410
Individual	11,273	7,035
In-kind	32,602	-
Event registration and sponsorship	78,150	2,200
Publication sales	11,837	930
	<u>855,916</u>	<u>582,153</u>
Expenditures		
Accounting and legal	21,441	\$ 11,311
Advertising and promotions	5,110	-
Bank charges	1,809	92
Contract fees	251,288	29,891
Editing and design	24,971	875
Event catering, supplies and promotion	50,793	2,140
Insurance	4,234	-
Office supplies	23,131	1,848
Printing	11,011	-
Publications	48,576	2,617
Research, writing, translation and reader fees	46,272	5,539
Rent	25,234	7,144
Salaries and benefits	172,412	6,717
Travel and accommodations	39,663	9,890
Video services	7,739	-
Web-site	30,271	6,899
	<u>763,955</u>	<u>84,963</u>
Excess of revenue over expenditures (note 4)	\$ <u>91,961</u>	\$ <u>497,190</u>

See accompanying notes to the financial statements.

Macdonald-Laurier Institute
Statement of changes in general fund equity

Year ended December 31	2010	2009
General fund equity, beginning of year	\$ 497,190	\$ -
Excess of revenue over expenditures	<u>91,961</u>	<u>497,190</u>
General fund equity, end of year	\$ <u>589,151</u>	\$ <u>497,190</u>

Macdonald-Laurier Institute
Statement of cash flows

December 31	2010	2009
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenue over expenditures	\$ 91,961	\$ 497,190
Change in non-cash operating working capital		
Receivables	34,793	(50,000)
HST receivable	(23,137)	(2,740)
Prepays	(4,963)	(1,066)
Payables and accruals	3,959	12,233
Deferred revenue	<u>(29,975)</u>	<u>(67,983)</u>
Net increase in cash and cash equivalents	<u>72,638</u>	<u>387,634</u>
Cash and cash equivalents		
Beginning of year	<u>585,629</u>	<u>197,995</u>
End of year	\$ <u>658,267</u>	\$ <u>585,629</u>

See accompanying notes to the financial statements.

Macdonald-Laurier Institute

Notes to the financial statements

December 31, 2010

1. General

The Institute was incorporated as a Not-For-Profit Corporation under Part II of the Canada Corporation's Act on March 12, 2007. The Institute was also granted registered charity status effective January 1, 2008.

2. Summary of significant accounting policies

a) Revenue recognition

The Institute follows the deferral method of accounting for donations. Restricted donations are recognized as revenue in the year in which the related expenses occur. Unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

b) Deferred revenue

Deferred revenue consists of that portion of unspent restricted donations as outlined in the revenue recognition policy above.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

d) Use of estimates

In preparing the Institute's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

e) Financial instruments

The Institute classifies all financial assets and liabilities as either held for trading, receivables or liabilities. Financial instruments classified as held for trading are measured at fair value with changes in fair value recognized in net income in the period in which they arise.

The Institute's financial instruments include cash and cash equivalents, receivables and payables and accruals. Unless otherwise noted, it is management's opinion that the Institute is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair value of these financial instruments approximate their carrying values.

f) Donated materials and services

The Institute records the value of donated material and services as in-kind revenue when the fair value can be reasonably estimated, and the Institute would have otherwise purchased the donated materials and services.

Macdonald-Laurier Institute

Notes to the financial statements

December 31, 2010

3. Commitments

The Institute has entered into a three leases for office space in Ottawa, Ontario. The leases expire in 2011 with total rental commitments in 2011 of \$13,750.50, including HST and operating costs.

4. Non-restricted operating grant surplus

The surplus for the years ended December 31, 2009 and 2010 are the result of receiving non-restricted operating grants for expenditures to be incurred in subsequent periods, which will result in the reporting of deficits in these subsequent periods.

5. Related party transactions

A Company owned by a director has been contracted to provide services to the Institute for the period November 1, 2009 to September 1, 2010 for a monthly retainer of \$11,146 and for the period October 1, 2010 to October 31, 2011 for a monthly retainer of \$11,480.

The total paid and included in contract fees for the year is \$190,995.

6. Capital management

The capital structure of the Institute consists of general fund equity. The primary objective of the Institute's capital management is to provide adequate funding to ensure sufficient funds are available to meet the Institute's current and long term commitments and to ensure the Institute adheres to the restrictions on unspent restricted donations recorded in deferred revenue.