



Canadian International  
Development Agency

Agence canadienne de  
développement international

## Financial Statements 2010-2011

Canadian International Development Agency  
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**Canada**

## Statement of Management Responsibility Including Internal Control Over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2011, and all information contained in these statements rests with the management of the Canadian International Development Agency. These financial statements have been prepared by management in accordance with Treasury Board accounting policies, which are based on Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Agency's financial transactions. Financial information submitted in the preparation of the *Public Accounts of Canada*, and included in the Agency's *Departmental Performance Report*, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training, and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the Agency; and through conducting an annual assessment of the effectiveness of the system of internal control over financial reporting.

An assessment for the year ended March 31, 2011 was completed in accordance with the Policy on Internal Control and the results and action plans are summarized in the annex.

The system of internal control over financial reporting is designed to mitigate risks to a reasonable level based on an on-going process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

The effectiveness and adequacy of the Agency's system of internal control is also reviewed through the work of internal audit staff, who conduct periodic audits of different areas of the Agency's operations, and by the Departmental Audit Committee, which advises the President of the Canadian International Development Agency on maintaining adequate control systems and on the quality of financial reporting, and which ultimately recommends the approval of financial statements to the President.

The financial statements of the Canadian International Development Agency have not been audited.

(Original signed by Margaret Biggs on August 29, 2011)

(Original signed by Sue Stimpson on August 29, 2011)

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Margaret Biggs  
President

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Sue Stimpson  
Chief Financial Officer

Gatineau, Canada  
Date

**Canadian International Development Agency**  
**Statement of Financial Position (Unaudited)**  
**As at March 31**  
*(in thousands of dollars)*

	<b>2011</b>	<b>2010</b>
		<b>Restated (Note 18)</b>
<b>ASSETS</b>		
<b>Financial assets</b>		
Due from Consolidated Revenue Fund	\$ 716,238	\$ 1,046,665
Accounts receivable and advances (Note 4)	239,662	3,759
Loans to developing countries and International Financial Institutions (Note 5)	134,846	137,326
Investments and advances to International Financial Institutions (Note 6)	6,399,523	6,149,713
Allowance for valuation of investments and advances to International Financial Institutions (Note 6)	(6,399,523)	(6,149,713)
Canada Investment Fund for Africa (Note 7)	63,004	91,605
<b>Total financial assets</b>	<b>1,153,750</b>	<b>1,279,355</b>
<b>Non-financial assets</b>		
Prepaid expenses	210,207	181,702
Tangible capital assets (Note 8)	10,323	6,865
<b>Total non-financial assets</b>	<b>220,530</b>	<b>188,567</b>
	<b>\$ 1,374,280</b>	<b>\$ 1,467,922</b>
<b>LIABILITIES AND EQUITY OF CANADA</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 9)	\$ 650,675	\$ 865,394
Vacation pay and compensatory leave	9,082	7,921
Notes payable to International Financial Institutions (Note 10)	2,540	6,198
Accrued liability for matching funds programs (Note 11)	71,470	175,745
Employee future benefits (Note 12)	38,635	35,778
Other liabilities (Note 13)	2	1,088
	772,404	1,092,124
<b>Equity of Canada</b>	601,876	375,798
	<b>\$ 1,374,280</b>	<b>\$ 1,467,922</b>

Contingent liabilities (Note 14)  
Contractual obligations (Note 15)

The accompanying notes form an integral part of these financial statements.

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Margaret Biggs, President

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Sue Stimpson, Chief Financial Officer

Gatineau, Canada  
Date

**Canadian International Development Agency**  
**Statement of Operations (Unaudited)**  
**For the Year Ended March 31**  
*(in thousands of dollars)*

	<b>2011</b>	<b>2010</b>
<b>Expenses</b>		
Global engagement and strategic policy	\$ 1,138,294	\$ 1,398,554
Fragile countries and crisis-affected communities	857,924	1,014,713
Low-income countries	841,089	795,474
Middle-income countries	306,685	355,399
Canadian engagement	253,787	254,894
Internal services	121,681	90,361
<b>Total expenses</b>	<b>3,519,460</b>	<b>3,909,395</b>
<b>Revenues</b>		
Global engagement and strategic policy	259,357	170,299
Middle-income countries	16,108	16,476
Low-income countries	882	1,749
Canadian engagement	34	216
Internal services	5	4
Fragile countries and crisis-affected communities	3	20
<b>Total revenues</b>	<b>276,389</b>	<b>188,764</b>
<b>Net cost of operations</b>	<b>\$ 3,243,071</b>	<b>\$ 3,720,631</b>

Segmented information (note 17)

The accompanying notes form an integral part of these financial statements.

**Canadian International Development Agency**  
**Statement of Equity of Canada (Unaudited)**  
**For the Year Ended March 31**  
*(in thousands of dollars)*

	<b>2011</b>	<b>2010</b>
		Restated (Note 18)
<b>Equity of Canada, beginning of year</b>	<b>\$ 375,798</b>	<b>\$ 380,745</b>
Net cost of operations	(3,243,071)	(3,720,631)
Net cash provided by Government of Canada	3,775,676	3,237,828
Change in due from Consolidated Revenue Fund	(330,427)	454,919
Services provided without charge by other government departments (Note 16)	23,900	22,937
<b>Equity of Canada, end of year</b>	<b>\$ 601,876</b>	<b>\$ 375,798</b>

The accompanying notes form an integral part of these financial statements.

**Canadian International Development Agency**  
**Statement of Cash Flow (Unaudited)**  
**For the Year Ended March 31**  
*(in thousands of dollars)*

	<b>2011</b>	<b>2010</b>
<b>Operating activities</b>		
Net cost of operations	\$ 3,243,071	\$ 3,720,631
Non-cash items:		
Amortization of tangible capital assets	(1,005)	(854)
Services provided without charge by other government departments (note 16)	(23,900)	(22,937)
Variations in Statement of Financial Position :		
Increase (decrease) in accounts receivable and advances	235,903	(148)
Decrease in loans to developing countries and International Financial Institutions	(2,480)	(5,672)
Decrease (increase) in the Canada Investment Fund for Africa	(28,601)	1,206
Increase (decrease) in prepaid expenses	28,505	(8,091)
Decrease (increase) in accounts payable and accrued liabilities	214,719	(295,177)
Decrease (increase) in vacation pay and compensatory leave	(1,161)	465
Decrease in notes payable to International Financial Institutions	3,658	3,565
Decrease (increase) in accrued liability for matching funds programs	104,275	(162,551)
Decrease (increase) in employee future benefits	(2,857)	3,633
Decrease (increase) in other liabilities	1,086	(88)
<b>Cash used in operating activities</b>	<b>3,771,213</b>	<b>3,233,982</b>
<b>Capital investing activities</b>		
Acquisitions of tangible capital assets	4,463	3,846
<b>Cash used in capital investing activities</b>	<b>4,463</b>	<b>3,846</b>
<b>Net cash provided by Government of Canada</b>	<b>\$ 3,775,676</b>	<b>\$ 3,237,828</b>

The accompanying notes form an integral part of these financial statements.

**Canadian International Development Agency  
Notes to the Financial Statements (Unaudited)  
For the year ended March 31, 2011**

**1. Authority and Objectives**

The Canadian International Development Agency (CIDA) is designated as a department for the purposes of the *Financial Administration Act* by *Order-in-Council P.C. 1968-923* of May 8, 1968. The authority for the CIDA program and related purposes is found in the *Department of Foreign Affairs and International Trade Act*, in the *Annual Appropriations Act* and in the *International Development (Financial Institutions) Assistance Act*. CIDA is the lead government organization responsible for Canada's Official Development Assistance (ODA). In addition, the Official Development Assistance Accountability Act (ODAAA) came into force on June 28, 2008. The ODAAA imposes reporting obligations on the Government.

CIDA's mandate is to manage Canada's support and resources effectively and accountably to achieve meaningful, sustainable results, and engage in policy development in Canada and internationally, enabling Canada's efforts to realize its development objectives. CIDA fulfills its mandate through six main program activities:

- "Fragile countries and crisis-affected communities": This program activity seeks to address developmental issues in selected countries identified as fragile or crisis-affected. Fragile countries are defined as those that face particularly severe development challenges with complex national and regional contexts given weak institutional capacity, poor governance, political instability, and ongoing violence or a legacy of past conflict. Improving the situation in these countries is frequently considered critical in meeting Canada's foreign policy objectives. CIDA's programming in these countries seeks to enhance long-term development by improving the effectiveness of public institutions and society, fostering stability and security, as well as supporting the delivery of key services. This program activity also involves humanitarian assistance in response to man-made crises or natural disasters to ensure the delivery of and access to essential emergency services to crisis-affected populations. In both cases, various partnerships offer flexibility and expertise to provide the most effective response.
- "Low-income countries": This program activity focuses on addressing pervasive poverty in countries having an annual gross national income (GNI) per capita equivalent to \$995 US or less (2009 World Bank data). This requires engagement in long-term development assistance supporting the national priorities of a selected number of low-income countries, as well as programming with regional institutions addressing transboundary issues. CIDA's support aims to help these countries achieve their priority development goals that differ from country to country, and region to region. Programming aims at reducing poverty and increasing economic opportunities. It focuses on areas such as basic health and education, agriculture/food security, income generation, and the foundations for good governance.
- "Middle-income countries": This program activity focuses on addressing specific challenges in attaining self-reliance for countries having a GNI per capita equivalent to more than \$996 US but less than \$12,195 US (2009 World Bank data). It involves strategic assistance in a select number of middle-income countries, as well as programming with regional institutions addressing transboundary issues. These countries vary considerably in terms of their development needs. CIDA programming is tailored to respond to national priorities and development challenges to ensure basic services reach marginalized populations. Programming aims to build the foundation for sustainable and inclusive economic growth and accountable, democratic institutions.
- "Global engagement and strategic policy": This program activity shapes international development policy in Canada and globally in support of CIDA's strategic direction, and Canada's international assistance objectives and commitments. It also engages with

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Notes to the Financial Statements (Unaudited)  
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multilateral and global organizations for two main purposes: to contribute effectively to the achievement of development results, and to influence partners' policies, planning, strategic directions, and organizational governance for greater development results.

- "Canadian engagement": This program activity involves delivering development results by supporting the aid efforts of Canadian organizations, and increasing awareness of international development in Canada. CIDA does this by co-investing through various delivery mechanisms with a range of Canadian organizations. In turn, these organizations partner with developing-country counterparts to deliver programs and services in support of CIDA's strategic outcome. Public engagement in Canada is achieved through the education and outreach activities of Canadian organizations such as Canadian civil society, academic institutions, and professional associations, as well as through CIDA's own efforts to inform Canadians.
- "Internal services": This program activity provides support services to CIDA programming for the delivery of the Canadian aid program. It includes governance and management support, resources-management services, and asset-management services.

**2. Summary of significant accounting policies**

These financial statements have been prepared in accordance with the Treasury Board accounting policies stated below, which are based on Canadian generally accepted accounting principles for the public sector. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian generally accepted accounting principles.

Significant accounting policies are as follows:

**(a) Parliamentary authorities**

CIDA is financed by the Government of Canada through Parliamentary appropriations. Financial reporting of authorities provided to the department do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting.

**(b) Net cash provided by Government of Canada**

CIDA operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by CIDA is deposited to the CRF and all cash disbursements made by CIDA are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the Government.

**(c) Amounts due from the CRF**

Amounts due from the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that CIDA is entitled to draw from the CRF without further appropriations to discharge its liabilities.

**Canadian International Development Agency  
Notes to the Financial Statements (Unaudited)  
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**d) Revenues**

Revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place. CIDA's revenues mainly consist of foreign exchange gain on revaluation as well as interest and service fees on loans.

**(e) Expenses**

Expenses are recorded on the accrual basis. CIDA's expenses mainly consist of grants and contributions, operating transactions and foreign exchange loss on revaluation.

- Grants are recognized in the year in which the conditions for payment are met. In the case of grants which do not form part of an existing program, the expense is recognized when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements.
- Contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement, provided that the transfer is authorized and a reasonable estimate can be made.
- Vacation pay and compensatory leave are accrued as the benefits earned by employees under their respective terms of employment.
- Services provided without charge by other government departments for accommodation, employer contributions to the health and dental insurance plans, legal services and workers' compensation are recorded as operating expenses at their estimated cost.

**(f) Employee future benefits**

- (i) Pension benefits: Eligible employees participate in the Public Service Pension Plan a multiemployer pension plan administered by the Government. CIDA's contributions to the Plan are charged to expenses in the year incurred and represent the total obligation to the Plan. Current legislation does not require CIDA to make contributions for any actuarial deficiencies of the Plan.
- (ii) Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

**(g) Accounts receivable and advances**

Accounts receivable and advances are stated at the lower of cost and net recoverable value; a valuation allowance is recorded for receivables where recovery is considered uncertain.

**(h) Loans to developing countries and International Financial Institutions**

Loans to developing countries and International Financial Institutions (IFI) for international development assistance are recorded at cost and are adjusted to reflect the concessionary terms of those loans made on a long-term, low interest or interest-free basis. The discount determined at the date of the issuance is amortized to revenue using a straight-line amortization. Any interest or service fees revenue is recognized with the passage of time and according to the terms of the loan agreement. However, when specific loan balances are deemed uncollectible, interest and service fees revenue ceases to be accrued on these loans. No new loans have been recorded by CIDA since April 1, 1986.

An allowance for valuation is further used to reduce the carrying value of the loans to amounts that approximate their net realizable value. The allowance is determined based on the

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Notes to the Financial Statements (Unaudited)  
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Government's identification and evaluation of countries that have formally applied for debt relief, estimated probable losses that exist on the remaining portfolio, and changes in the economic conditions of sovereign debtors.

Any loans written off or forgiven are presented as an expense in the Statement of Operations under Transfer payments, in the fiscal year during which the required Parliamentary authority is obtained and the government of Canada writes off or forgives the loan amounts owing to CIDA. Should subsequent recoveries arise, they are presented in the revenue in the Statement of Operations in the fiscal year during which the monies are received.

**(i) Investments and advances to International Financial Institutions**

Investments and advances to International Financial Institutions are recorded at cost.

*Investments*

Investments consist of subscriptions to the share capital of a number of international financial institutions and are composed of both paid-in and callable capital. Subscriptions to international organizations do not provide a return on investment, but are repayable on termination of the organization or upon CIDA's withdrawal from the organization. Paid-in capital is made through a combination of cash payments and the issuance of non-interest bearing, non-negotiable notes payable to the organization. Callable share capital is composed of resources that are not paid to the banks but act as a guarantee to allow them to borrow on international capital markets to finance their lending program.

*Advances*

Advances are issued to International Financial Institutions that use these funds to issue loans to developing countries at concessionary terms.

For these investments and advances to International Financial Institutions, an allowance is established based on their estimated realizable value.

**(j) Prepaid expenses**

CIDA has the authority to make advance payments under CIDA's Terms and Conditions for contribution agreements before the expenditures are incurred. The portion of a payment which is intended to cover expenses to be incurred in a subsequent fiscal year is recorded as prepaid expenses.

**(k) Contingent liabilities**

Contingent liabilities are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

**(l) Foreign currency transactions**

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates of exchange in effect at the time of those transactions. Monetary assets and liabilities denominated in a foreign currency are translated into Canadian dollars using the rate of exchange in effect at year-end. Gains and losses resulting from foreign currency transactions are included in lines gain on foreign exchange and loss on foreign exchange on the Statement of Operations.

**Canadian International Development Agency  
Notes to the Financial Statements (Unaudited)  
For the year ended March 31, 2011**

**(m) Tangible capital assets**

All tangible capital assets having an initial cost of \$10,000 or more are recorded at their acquisition cost. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the tangible capital asset as follows:

<u>Asset Class</u>	<u>Amortization period</u>
Communication equipment	3 years
Informatics equipment	3-5 years
Computer Software	5 years
Other equipment	5 years
Vehicles	5 years

Assets under construction are recorded in the applicable capital asset class in the year that they become available for use and are not amortized until they become available for use.

**(n) Notes payable to International Financial Institutions**

Notes payable to International Financial Institutions represent non-interest bearing, non-negotiable demand notes for share capital subscriptions and advances that are later presented for encashment according to the terms of the agreement. Amounts pertaining to notes already issued and the related future encashment obligations are presented in the Statement of Financial Position under Notes payable to International Financial Institutions, while the amounts for notes payable that will be both issued and encashed under the terms of signed agreements are presented in Note 15 on contractual obligations.

**(o) Measurement uncertainty**

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are in determining the allowance for doubtful accounts, allowance for loans, the useful life of tangible capital assets, contingent liabilities and the liability for employee severance benefits. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

**Canadian International Development Agency  
Notes to the Financial Statements (Unaudited)  
For the year ended March 31, 2011**

**3. Parliamentary authorities**

CIDA receives its funding through annual Parliamentary appropriations. Items recognized in the Statement of Operations and the Statement of Financial Position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, CIDA has different net results of operations for the year on a government-funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

**(a) Reconciliation of net cost of operations to current year authorities used**

	<b>2011</b>	<b>2010</b>
	<i>(in thousands of dollars)</i>	
<b>Net cost of operations</b>	<b>\$ 3,243,071</b>	<b>\$ 3,720,631</b>
<b>Adjustments for items affecting net cost of operations but not affecting authorities:</b>		
Amortization of tangible capital assets	(1,005)	(854)
Bad debt expense	(28,266)	(1,087)
Services provided without charge by other government departments	(23,900)	(22,937)
Refunds of prior years' expenditures	17,222	14,152
Gain on foreign exchange	259,526	170,211
Other revenue	3,036	4,726
Discount and allowance related to loans	(16,642)	19,199
Variation in notes payables to International Financial Institutions	3,658	3,565
Accrued liability for matching funds programs	104,275	(162,551)
Vacation pay and compensatory leave	(1,161)	465
Employee future benefits	(2,857)	3,633
Other	-	(2,485)
	<b>3,556,957</b>	<b>3,746,668</b>
<b>Adjustments for items not affecting net cost of operations but affecting authorities:</b>		
Acquisitions of tangible capital assets	4,463	3,845
Increase in prepaid expenses	28,505	(8,091)
Advances / subscriptions to International Financial Institutions	280,972	268,097
Pakistan's debt forgiveness	48,791	16,148
	<b>362,731</b>	<b>279,999</b>
<b>Current year authorities used</b>	<b>\$ 3,919,688</b>	<b>\$ 4,026,667</b>

**Canadian International Development Agency  
Notes to the Financial Statements (Unaudited)  
For the year ended March 31, 2011**

**b) Authorities provided and used**

	<b>2011</b>	<b>2010</b>
	<i>(in thousands of dollars)</i>	
<b>Authorities provided</b>		
<b>Budgetary</b>		
Vote 20 - Operating expenditures	\$ 222,174	\$ 230,888
Vote 25 - Grants and contributions	3,045,537	3,065,331
Statutory amounts	762,255	915,443
<b>Total Budgetary</b>	<b>4,029,966</b>	<b>4,211,662</b>
<b>Non-Budgetary</b>		
Vote H168 - Issuance of note to the Fund Accounts	245,482	264,532
Statutory amounts	19,867,630	11,359,735
<b>Total Non-Budgetary</b>	<b>20,113,112</b>	<b>11,624,267</b>
<b>Total authorities provided</b>	<b>24,143,078</b>	<b>15,835,929</b>
<b>Less:</b>		
Authorities available for future years	(20,215,378)	(11,793,120)
Lapsed: Operating expenditures	(4,947)	(10,178)
Lapsed: Grants and contributions	(3,065)	(5,964)
<b>Current year authorities used</b>	<b>\$ 3,919,688</b>	<b>\$ 4,026,667</b>

**Canadian International Development Agency  
Notes to the Financial Statements (Unaudited)  
For the year ended March 31, 2011**

**4. Accounts receivable and advances**

Accounts receivable and advances for CIDA consist mainly of:

- Amounts to be recovered where the recipient has not complied with the terms and conditions of the contribution agreement for which a payment has been made.
- Salaries to be recovered for CIDA's employees on secondment to another department or a private organization.

However, in 2010-2011, the Government of Canada, as represented by the Canadian International Development Agency, acknowledged the decision by the Inter-American Development's Board of Governors to convert into U.S. dollars the Ordinary Capital equity subject to maintenance of value in those cases where the Bank had a payable balance pursuant to the Agreement Establishing the Inter-American Development Bank. The Government of Canada is in agreement with the Bank's assessment that the amount payable to Canada as at March 31, 2011 is \$227,300,000. Consequently, an account receivable has been recorded.

The following table presents details of accounts receivable and advances balances:

	<b>2011</b>	<b>2010</b>
	<i>(in thousands of dollars)</i>	
Receivable from Inter-American Development Bank	\$ 227,300	\$ -
Receivables from external parties	6,973	5,342
Receivables from other Federal Government departments and agencies	8,399	1,727
Interest and service fees on loans	570	571
Employee advances	50	32
	243,292	7,672
Less: Allowance for doubtful accounts on receivables from external parties, on interest and service fees on loans	(3,630)	(3,913)
<b>Total</b>	<b>\$ 239,662</b>	<b>\$ 3,759</b>

**Canadian International Development Agency  
Notes to the Financial Statements (Unaudited)  
For the year ended March 31, 2011**

**5. Loans to developing countries and International Financial Institutions**

The following table presents details of loans to developing countries and International Financial Institutions:

	<b>2011</b>	<b>2010</b>
	<i>(in thousands of dollars)</i>	
(a) 30 year term, 7 year grace period, unsecured, 3 percent interest per annum, with the final repayment in March 2005: Cuba	\$ 9,547	\$ 9,547
(b) 35 year term, 4 year grace period, unsecured, 5 percent interest per annum, semi-annual interest repayments with first principal repayment due January 2017 and final repayment in July 2026: Egypt	44,996	44,996
(c) 50 year term, 10 year grace period, unsecured, non-interest bearing, with final repayments between March 2015 and September 2035:		
African Development Bank	1,219	1,344
Algeria	5,321	5,748
Andean Development Corporation	1,563	1,688
Argentina	112	131
Bolivia	466	509
Brazil	167	188
Central American Bank for Economic Integration	497	574
Chile	638	735
Colombia	184	210
Dominican Republic	2,942	3,178
Ecuador	3,237	3,542
Guatemala	1,581	1,681
Indonesia	153,725	162,948
Malaysia	1,294	1,357
Malta	325	350
Mexico	17	19
Morocco	5,450	6,036
Myanmar (Burma)	8,306	8,306
Pakistan	382,569	431,360
Paraguay	110	130
Peru	26	30
Philippines	1,355	1,452
Sri Lanka	71,174	75,499
Thailand	15,398	16,245
Tunisia	41,993	45,289

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Notes to the Financial Statements (Unaudited)  
For the year ended March 31, 2011**

	<b>2011</b>	<b>2010</b>
	<i>(in thousands of dollars)</i>	
(d) 50 year term, 13 year grace period, unsecured, non-interest bearing, with the final repayment in March 2023: Algeria	14,941	16,186
<b>Subtotal</b>	<b>769,153</b>	<b>839,278</b>
<b>Less:</b>		
Unamortized discount	(486,862)	(533,783)
<b>Subtotal</b>	<b>282,291</b>	<b>305,495</b>
<b>Less:</b>		
Allowance for valuation	(147,445)	(168,169)
<b>Total</b>	<b>\$ 134,846</b>	<b>\$ 137,326</b>

The grace period refers to interval from date of issuance of the loan to first repayment of loan principal.

Final repayment on Cuba loan was due on March 2005. In default of payment, the country has been in arrears since that date. No repayment is anticipated. The allowance for valuation of loans is adjusted to reflect this situation.

The loan with the Philippines was issued in Canadian dollars. However, it is reimbursable in Philippine pesos in equivalent Canadian dollar semi-annual installments of \$48,580 until September 2024. The installments are converted to Philippine pesos using the foreign exchange rate in effect at the time of repayment.

In 2006-2007, the Government of Canada, as represented by the Canadian International Development Agency, entered into an agreement with the Government of Pakistan to forgive its outstanding \$447,500,000 loan. In order to expire its debt obligation, the Government of Pakistan will be required to make education sector investments over an estimated period of five years that are equivalent to the present value of its debt, at the date of the agreement, of \$132,600,000. According to the agreement, Pakistan's debt is to be written off proportionally by the Canadian International Development Agency as the investments are made. In 2010-2011, the Government of Pakistan invested in its education sector program and these investments permitted CIDA to forgive \$48,791,000 of the Government of Pakistan's debt. Since 2009-2010, the Government of Pakistan's debt has been reduced by a total amount of \$64,939,000.

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**6. Investments and advances to International Financial Institutions**

The following table presents details of investments and advances to International Financial Institutions:

	<u>2011</u>	<u>2010</u>
	<i>(in thousands of dollars)</i>	
<b>Investments</b>		
African Development Bank	\$ 106,892	\$ 108,977
Asian Development Bank	190,835	161,242
Caribbean Development Bank	19,404	20,031
Inter-American Development Bank	174,813	182,984
	<u>491,944</u>	<u>473,234</u>
<b>Advances</b>		
African Development Fund	2,213,525	2,116,190
Asian Development Bank-Special	27,027	27,027
Asian Development Fund	2,067,435	2,019,744
Caribbean Development Bank- Agricultural Development Fund	2,000	2,000
Caribbean Development Bank- Commonwealth Caribbean Regional	3,878	4,063
Caribbean Development Bank-Special	248,974	231,969
Global Environment Facility Trust Fund	562,070	505,320
Inter-American Development Bank- Fund for Special Operations	331,257	338,740
International Bank for Reconstruction and Development	19,392	20,316
International Fund for Agriculture Development	291,883	279,383
International Monetary Fund	10,636	11,143
Montreal Protocol Multilateral Fund	83,378	80,777
Multilateral Investment Fund	46,124	39,807
	<u>5,907,579</u>	<u>5,676,479</u>
<b>Subtotal investments and advances</b>	<b>6,399,523</b>	<b>6,149,713</b>
Less:		
Allowance for valuation	<u>(6,399,523)</u>	<u>(6,149,713)</u>
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>

The allowance for valuation reduces the net realizable value of the investments and advances to International Financial Institutions to zero, as it is not expected that CIDA will recover these investments and advances in the future.

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**7. Canada Investment Fund for Africa (CIFA)**

The CIFA is a joint public-private sector initiative designed to provide risk capital for private investments in Africa that generate growth. The CIFA is a direct response to the New Partnership for Africa's Development (NEPAD) and the G8 Africa Action Plan. The main objectives of the CIFA are to optimize public-private investment in the Fund, to confer a beneficial development impact on Africa by way of increased foreign direct investment and to optimize the beneficial impact of the Fund's activities on Canadian interests.

The Government of Canada is a limited partner in the CIFA and its commitment towards the Fund was subject to matching funds of other investors and was to be equal to the lesser of: (i) \$100 million or (ii) the aggregated commitments of all other limited partners of the partnership. The investment period in the CIFA ended January 1, 2009. From there on, and until the term of the partnership is reached on December 31, 2013, the Canadian International Development Agency will only receive income and returns of capital. Since its inception, the Canadian International Development Agency received capital reimbursement from CIFA amounting to \$13,212,000 and investment income of \$5,211,000.

The fair value of the CIFA has declined over the last four years. In accordance with Public Sector Accounting Standards, an allowance for valuation of \$28,000,000 was recorded in 2010-2011. The net residual value of the investment as of March 31, 2011, is \$63,004,000.

The following table presents details of the Canada Investment Fund for Africa. The CIFA is presented at cost.

	<u>2011</u>	<u>2010</u>
	<i>(in thousands of dollars)</i>	
CIFA opening balance	\$ 91,605	\$ 90,399
Returns of capital	(1,504)	(2,107)
Capitalized management fees	903	3,313
Less: Allowance for valuation	<u>(28,000)</u>	<u>-</u>
<b>CIFA closing balance</b>	<b><u>\$ 63,004</u></b>	<b><u>\$ 91,605</u></b>

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**8. Tangible capital assets**

*(in thousands of dollars)*

Capital asset class	Cost				Accumulated amortization				Net book value	
	Opening balance	Acquisitions	Disposals & write-offs	Closing balance	Opening balance	Amortization	Disposals & write-offs	Closing balance	2011	2010
Communication equipment	845	-	-	845	790	55	-	845	-	55
Informatic equipment	12,106	1,272	-	13,378	10,368	677	-	11,045	2,333	1,738
Computer software	192	1,168	-	1,360	51	242	-	293	1,067	141
Other equipment	1,586	-	-	1,586	1,514	28	-	1,542	44	72
Vehicles	179	-	-	179	104	25	-	129	50	75
Assets under construction	4,784	3,159	1,114	6,829	-	-	-	-	6,829	4,784
<b>Total</b>	<b>19,692</b>	<b>5,599</b>	<b>1,114</b>	<b>24,177</b>	<b>12,827</b>	<b>1,027</b>	<b>-</b>	<b>13,854</b>	<b>10,323</b>	<b>6,865</b>

Disposals of assets under construction represent assets that were put into use in the year and have been transferred to the other capital asset classes as applicable.

The amortization expense for the year ended on March 31, 2011 is \$1,005,000 (\$854,000 in 2010).

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**9. Accounts payable and accrued liabilities**

The following table presents details of accounts payable and accrued liabilities:

	<u>2011</u>	<u>2010</u>
	<i>(in thousands of dollars)</i>	
Accounts payable:		
Multilateral organizations	\$ 362,820	\$ 529,857
Non-government and private sector organizations	128,226	178,519
Foreign governments	124,725	103,496
Para-governmental organizations	6,037	16,408
Other government departments and agencies	3,369	5,162
Individuals	1,187	1,460
Employees	248	205
	<u>626,612</u>	<u>835,107</u>
Accrued liabilities	14,335	21,584
Contractors' holdback	9,117	8,671
Accrued salaries	611	32
	<u>24,063</u>	<u>30,287</u>
<b>Total</b>	<b><u>\$ 650,675</u></b>	<b><u>\$ 865,394</u></b>

**10. Notes payable to International Financial Institutions**

The following table presents details of notes payable to International Financial Institutions:

	<u>2011</u>	<u>2010</u>
	<i>(in thousands of dollars)</i>	
<b>Advances</b>		
Global Environment Facility Trust Fund	<u>2,540</u>	<u>6,198</u>
<b>Total</b>	<b><u>\$ 2,540</u></b>	<b><u>\$ 6,198</u></b>

During the year, note issuances amounted to \$245,476,000 (\$264,532,000 in 2010) and note encashment amounted to \$249,134,000 (\$268,097,000 in 2010) for a net decrease of notes payables of \$3,658,000.

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**11. Accrued liability for matching funds programs**

The matching funds programs are initiatives committed by the Government of Canada to match donations in support for humanitarian crisis. The following table presents details of matching funds by initiative:

	<u>2011</u>	<u>2010</u>
	<i>(in thousands of dollars)</i>	
Haïti	\$ 71,470	\$ 162,893
Tsunami	-	10,468
Pakistan	-	2,384
<b>Total</b>	<b><u>\$ 71,470</u></b>	<b><u>\$ 175,745</u></b>

**12. Employee future benefits**

**(a) Pension benefits:**

CIDA's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with the Canada/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Agency contribute to the cost of the Plan. The 2010-2011 expense amounts to \$19,010,000 (\$19,889,000 in 2009-2010), which represents approximately 1.9 times (1.9 in 2009-2010) the contributions by employees.

CIDA's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

**(b) Severance benefits:**

CIDA provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

	<u>2011</u>	<u>2010</u>
	<i>(in thousands of dollars)</i>	
Accrued benefit obligation, beginning of year	\$ 35,778	\$ 39,411
Expense for the year	5,632	(161)
Benefits paid during the year	(2,775)	(3,472)
<b>Accrued benefit obligation, end of year</b>	<b><u>\$ 38,635</u></b>	<b><u>\$ 35,778</u></b>

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**13. Other liabilities**

Other liabilities consist of funds received from external organizations to carry out specific aid projects and to be administered by CIDA on their behalf.

In 2010-2011, the liability represents contribution received from the Government of Denmark to support water management programs in Nicaragua and from the Governments of the United Kingdom and the Netherlands for various projects in the education sector in Malawi and in Nicaragua.

Information about the other liabilities, measured as at March 31, is as follows:

	<u>2011</u>	<u>2010</u>
	<i>(in thousands of dollars)</i>	
Other liabilities, beginning of year	\$ 1,088	\$ 1,000
Amounts received during the year	4,468	11,968
Amounts disbursed during the year	<u>(5,554)</u>	<u>(11,880)</u>
<b>Other liabilities, end of year</b>	<b><u>\$ 2</u></b>	<b><u>\$ 1,088</u></b>

**14. Contingent liabilities**

(a) Callable share capital:

CIDA is liable for callable share capital in certain international organizations that could require future payments to those organizations. Callable share capital is composed of resources that are not paid to the organizations but act as a guarantee to allow them to borrow on international capital markets to finance their lending program. Callable share capital would only be utilized in extreme circumstances to repay unrecoverable loans, should the organization's reserves not be sufficient. Callable share capital has never been drawn on by the organizations. For this reason, despite the difficult international economic environment, these contingent liabilities represent no additional risk to the Agency. During the year, CIDA has committed to subscribe to an additional 317,479 shares of the non-voting callable capital stock of the African Development Bank, an additional 355,365 shares of non-voting callable capital stock of the Asian Development Bank and an additional 12,170 shares of non-voting callable capital stock of the Caribbean Development Bank. These increases have been approved in accordance with the conditions established in the Resolution of the Board of Governors of these banks, which includes representation from Government of Canada. As at March 31, 2011, the callable share capital is valued at \$19.8 billion (\$11.4 billion in 2010) and no provision was recorded for this amount.

Also, different methods are used by CIDA and by the Asian Development Bank (ADB) to calculate the value of CIDA's callable shares for disclosure as a contingent liability. CIDA uses the US foreign exchange rate at the time of the investments and revalues its shares at the end of every fiscal year using the year-end US exchange rate. On the basis of this method, CIDA's valuation of its ADB callable shares is \$6,240,199,681 as at March 31, 2011 (\$2,154,411,000 in 2010). However, ADB decided to use the Special Drawing Right (SDR) for purposes of denominating its capital in lieu of the US dollar. The value of the SDR against the US and Canadian dollar exchange rates at the time of inception was used to establish the par value of SDR. This par value of CIDA's callable shares is then translated using the latest exchange rate of SDR against the US and Canadian dollar exchange rates. Valuation of these callable shares on this basis amounts to \$8,127,513,171 (\$2,654,030,000 in 2010) representing a difference of \$1,887,313,490 with CIDA's own valuation as at March 31, 2011 (\$499,619,000 in 2010).

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(b) Claims and litigation:

Claims have been made against CIDA in the normal course of operations. These claims include items with pleading amounts and other for which no amount is specified. Based on CIDA's assessment, legal proceedings for claims estimated at \$5,326,000 (\$1,026,000 in 2009-2010) were pending at March 31, 2011. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the financial statements.

**15. Contractual obligations**

The nature of CIDA's activities can result in some large multi-year contracts and obligations whereby CIDA will be obligated to make future payments in order to carry out its transfer payment programs or when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

*(in thousands of dollars)*

	2012	2013	2014	2015	2016 and thereafter	Total
Transfer payments	\$1,433,947	\$1,018,574	\$ 648,422	\$ 317,242	\$ 125,166	\$3,543,351
Professional services	7,637	2,325	39	-	-	10,001
Repairs and maintenance	1,514	283	37	29	29	1,892
Operating leases	237	180	83	69	23	592
Encashment of notes by International Financial Institutions	248,062	228,564	163,288	27,470	-	667,384
<b>Total</b>	<b>\$1,691,397</b>	<b>\$1,249,926</b>	<b>\$ 811,869</b>	<b>\$ 344,810</b>	<b>\$ 125,218</b>	<b>\$4,223,220</b>

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**16. Related party transactions**

CIDA is related as a result of common ownership to all Government of Canada departments, agencies and Crown corporations. CIDA enters into transactions with these entities in the normal course of business and on normal trade terms. Throughout the year, the Agency received services that were obtained without charge from other Government departments as presented in part (a).

**(a) Common services provided without charge by other government departments**

During the year, CIDA received services without charge from certain common service organizations, related to accommodation, legal services, the employer's contribution to the health and dental insurance plans and workers' compensation coverage. These services provided without charge have been recorded in CIDA's Statement of Operations as follows:

	<b>2011</b>	<b>2010</b>
	<i>(in thousands of dollars)</i>	
Employer's contribution to the health and dental insurance plans	\$ 13,730	\$ 13,513
Accommodation	9,440	8,736
Legal services	670	620
Workers' compensation	60	68
<b>Total</b>	<b>\$ 23,900</b>	<b>\$ 22,937</b>

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Works and Government Services Canada are not included in CIDA's Statement of Operations.

**(b) Other transactions with related parties**

	<b>2011</b>	<b>2010</b>
	<i>(in thousands of dollars)</i>	
Expenses - Other Government departments and agencies	\$ 147,629	\$ 157,119

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**17. Segmented information**

Presentation by segment is based on CIDA's program activity architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main program activities, by major object of expenses and by major type of revenues. The segment results for the period are as follows:

(in thousands of dollars)

	Global engagement and strategic policy	Fragile countries and crisis- affected communities	Low-income countries	Middle- income countries	Canadian engagement	Internal services	2011 Total	2010 Total
Transfer payments								
Other countries and international organizations	\$ 1,079,215	\$ 827,153	\$ 768,502	\$ 280,641	\$ 236,106	\$ -	\$ 3,191,617	\$ 3,473,864
Operating expenses								
Salaries and employee benefits	22,353	25,021	37,177	22,452	14,639	84,816	206,458	195,864
Loss on foreign exchange	32,027	-	-	-	-	-	32,027	170,260
Professional and special services	1,436	1,793	1,720	856	1,690	20,274	27,769	33,547
Travel	1,847	1,983	3,911	1,641	495	3,157	13,034	12,154
Rental and accommodation	1,036	1,483	1,752	1,052	682	6,231	12,236	12,080
Repair and maintenance	3	41	1	2	2	4,558	4,607	4,209
Communication	48	31	50	30	51	1,640	1,850	4,182
Amortization of tangible capital assets	-	-	-	-	-	1,005	1,005	854
Other	329	419	27,976	11	122	-	28,857	2,381
Total operating expenses	59,079	30,771	72,587	26,044	17,681	121,681	327,843	435,531
Total expenses	1,138,294	857,924	841,089	306,685	253,787	121,681	3,519,460	3,909,395
Revenues								
Gain on foreign exchange	259,318	-	-	-	-	-	259,318	170,211
Amortization of discount on loans	-	-	-	13,827	-	-	13,827	13,827
Miscellaneous revenues	39	3	882	2,281	34	5	3,244	4,726
Total revenues	259,357	3	882	16,108	34	5	276,389	188,764
Net cost from continuing operations	\$ 878,937	\$ 857,921	\$ 840,207	\$ 290,577	\$ 253,753	\$ 121,676	\$ 3,243,071	\$ 3,720,631

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**18. Adoption of new accounting policies**

During the year, CIDA adopted the revised Treasury Board accounting policy TBAS 1.2: Departmental and Agency Financial Statements which is effective for CIDA for the 2010-2011 fiscal year. The major change in the accounting policies of CIDA required by the adoption of the revised TBAS 1.2 is the recording of amounts due from Consolidated Revenue Fund as an asset on the Statement of Financial Position.

The adoption of the new Treasury Board accounting policies have been accounted for retroactively with the following impact on comparatives for 2009-2010:

	2010 As previously stated	Effect of changes		2010 Restated
(in thousands of dollars)				
Statement of Financial Position:				
Assets	\$ 421,257	\$ 1,046,665	\$	1,467,922
Equity of Canada	(670,867)	1,046,665		375,798

**19. Comparative information**

Comparative figures have been reclassified to conform to the current year's presentation.