



Canada *West*  
F O U N D A T I O N

2003 Annual Report

**Building a Stronger Canada**

# History of the Canada West Foundation

The Canada West Foundation grew as a result of a conference held in Lethbridge in 1970. The One Prairie Province Conference, sponsored by the University of Lethbridge and the Lethbridge Herald, received considerable attention from citizens and community leaders concerned about the state of the West in relation to the wider context of Canada. The consensus at that time was that research on the West should be expanded and disseminated by an independent organization. In 1971 the Canada West Foundation was born.

Since then, the Canada West Foundation has established itself as one of Canada's premier research institutes and has earned itself a reputation with decision-makers as being rational, relevant and objective. Commonly known as a think tank, the Foundation's primary focus is to engage in public policy research that significantly impacts western Canadians in particular and all Canadians in general. Non-partisan and accessible research and active citizen engagement are its hallmarks.

The Canada West Foundation's mission is rooted in the belief that a strong West makes for a strong Canada. Headquartered in Calgary, Alberta, the Canada West Foundation Board is made up of community leaders from across the four western provinces. The Foundation's research staff numbers eleven – a Director of Research, a Chief Economist, three senior policy analysts, three policy analysts, and three interns. The staff is headed by President and CEO Dr. Roger Gibbins, FRSC, who is a noted authority on Canadian issues.

The Canada West Foundation is a Canadian non-profit charitable organization and although it receives some monies from government contracts, foundations and a modest endowment, it is heavily reliant on its own fund-raising efforts to maintain a strong and independent voice of value for all western Canadians.



*Canada West Foundation staff.*

*(Back row from the left):  
Gary Slywchuk, Dr. Loleen Berdahl, Todd Hirsch, Dr. Roger Gibbins, Jason Azmier, Casey Vander Ploeg and Ben Brunnen.*

*(Front row from the left):  
Gladys Wonnick, Lori Zaremba, Vien Huynh, Robert Roach, Darlene McBeth, Kristina Molin, Lison McCullough.*

*(Missing):  
Preston Manning, Barry Worbets and Karen Wilkie.*

## Mission Statement

The Canada West Foundation is an independent, non-partisan, non-profit public policy research institute dedicated to introducing western perspectives into current Canadian policy debates through:

The production and dissemination of objective research to serve as a catalyst for informed public debate and initiatives for active citizen education and engagement in the Canadian public policy process.

SINCE 1971, CANADA WEST FOUNDATION HAS PROVIDED CITIZENS AND POLICY MAKERS WITH NON-PARTISAN, NON-IDEOLOGICAL RESEARCH ON A WIDE RANGE OF ISSUES OF CRITICAL IMPORTANCE TO WESTERN CANADIANS.

## Message from the Chairman of the Board: *Mr. James K. Gray*

As the Chairman of Canada West Foundation, one of Canada's most established public policy research institutes, I am often asked what it is that "think tanks" do to benefit society. After all, unlike other charities, think tanks are not actively providing programs to assist the needy, putting on live theatre productions, or saving habitats. Why is it, then, that the Canada West Foundation is able to attract individual, corporate and project funding support, and to engage such high quality volunteers on its Board and advisory committees?

The answer lies in the role of the Canada West Foundation and other think tanks in defining problems and bringing issues to public debate. In a recent report from the Canadian Policy Research Networks, researcher Caroline Pestieau states, "Part of the 'enlightenment' function of research is getting people to see new problems or to see old ones in new ways." It is through agenda setting that the Canada West Foundation plays such a valuable role to Canadian society.

The Canada West Foundation serves as a catalyst for public debate, bringing critical western Canadian policy issues to the attention of policymakers, business and community leaders, and the general public. To achieve this, it is critical that a policy research institute place considerable emphasis on communications and the dissemination of ideas. One step that the Canada West Foundation has taken in this regard was the addition in 2003 of a fulltime Communications Officer in-house to ensure that all of the Foundation's media and public communications needs are managed in an efficient and effective manner. This has resulted in a considerable increase in Canada West Foundation media and electronic communications. Rarely does a day pass in which the Canada West Foundation is not mentioned in at least one Canadian news outlet. The Foundation has also established a highly popular electronic update service, which allows those of us interested in public policy research to subscribe to free email updates. The Canada West Foundation communications have been highly successful.

Of course, communications are only effective if an organization has a message of value to put forward. On this regard, the Canada West Foundation's reputation is particularly strong. Policymakers, opinion leaders and the general public look to the Canada West Foundation as a source of unbiased, high quality and accessible information. Indeed, the Looking West 2003 public opinion survey found that thirty percent of western Canadians are familiar with the Canada West Foundation and its work - a remarkably high number for such a small nonprofit organization! Credit for this is owed to the high standards of the Canada West Foundation staff, and to the many experts and practitioners who volunteer for the advisory committees that inform the research projects.

In 2003, Canada West Foundation was particularly effective in provoking and framing debate in western Canada on issues of urban water management, urban infrastructure and the rural West. In addition, Canada West Foundation's West in Canada project called upon the federal government to take pro-active steps to address western discontent, and the Foundation's research on human capital explored how Aboriginal western Canadians can be more positively engaged in the western Canadian labour market.

The year 2003 also saw important changes at the Board level. Long-standing members Allan Warrack and David Elton stepped down from the Board after years of dedicated service, as did Arthur Hara. Their expertise and wisdom over the years has been invaluable, and we are all grateful for their contributions. Brian Felesky assumed the position of Vice-Chair of the Board, and has already made a significant mark in this role. Other changes in the Board include the addition of Murray Edwards and Rod Love in 2003, and of Jock Finlayson, Jim Dinning, David Barnard, and Doug Allen in 2004. I continue to be impressed at the extremely high quality of individuals who volunteer for the Canada West Board, and would like to express my gratitude to all past and current Board members for your service.

I thank Roger and his staff for a superb job in 2003. On behalf of the Canada West Board and the staff, I would like to extend our sincere thanks to you – our many Friends, donors and contributors. It is through your belief in the importance of objective western Canadian public policy research and incredible generosity that we are able to continue to play a role in influencing change in Canada. We look forward to your continuing support in 2004 and in the years to come.



*James K. Gray*

A handwritten signature in blue ink, appearing to read "James K. Gray".

## Message from the President and CEO: *Dr. Roger Gibbins*



*Dr. Roger Gibbins*

If there's a universal mantra for today's world, it's "so much to do, so little time." For a public policy think tank, this is the stark reality we face day in and day out. The potential range of public policy projects is seemingly infinite, and yet organizational resources are emphatically finite. How, then, do we pick and choose? In "*The Gambler*," Kenny Rogers makes it sound easy:

You have to know when to hold them,  
Know when to fold them;  
Know when to walk away,  
Know when to run.

In fact, however, these are difficult decisions to make. Knowing what to hold and when to fold is a complex and uncertain process. Part of the Foundation's approach to this dilemma has been to focus on issues of unquestionable staying power. For example, the importance of urban issues will not be a flash in the public policy pan. Urbanization will increasingly characterize western Canadian economic, political and social life, and how we handle the "urban file" will be an important determinant of both regional prosperity and our quality of life.

An issue of similar staying power relates to the public policy frameworks surrounding the management of natural resources in the West, including the natural capital associated with land and water. How we manage the natural environment in the West, one of our greatest assets, will only grow in importance in the years ahead. The same can be said for human capital issues in the West. The demographic challenges are relatively immutable – despite our best efforts, we will not stop aging, nor can we go back and increase the number of children born in the 1970s and 1980s. Yet while the major demographic drivers are set, how we work the public policy margins of the demographic puzzle is still critically important - how we handle, for example, immigration recruitment and retention, and how we manage more successfully the full incorporation of Aboriginal individuals and communities into the regional labour force.

Another example comes from the Canadian-American relationship. Although our relationship with the United States may blow hot and cold depending on who is in office in both Ottawa and Washington, there is no escaping the reality that western Canadian economic prosperity is inextricably tied to American markets. The Canadian-American relationship is one that we ignore at our peril.

Finally, and unfortunately, tensions between the West and the national government are unlikely to disappear. At the very least, there will always be a need for the strong and effective articulation of regional interests and aspirations in the national political process, and here the Canada West Foundation will continue, indeed must continue, to play a role.

These, then, are the hands we will hold. The more difficult organizational decisions relate to the hands we might fold. Should the Foundation be involved in transportation policy? In democratic and institutional reform? In education or health policy? Given that we cannot do everything (or at least everything well), how do we determine the potential projects that should be pursued, and the ones that should be turned away? The fact is that the Foundation will be shaped and characterized as much by what it does not do as by what it does do.

Finally, I should note how difficult it is to know when to walk away, much less to run. One of the ongoing challenges is designing an effective exit strategy for projects that have come to a close either because the funding has been exhausted or staff resources are needed elsewhere. The problem in the public policy world is that a report released in year one might not come fully into play until year two or three, but when the attention picks up, our collective and individual minds may be elsewhere. It can be intensely frustrating to come up to speed in an issue area, to build up staff expertise, and then to abruptly shift gears.

In making all of these decisions - holding, folding and walking away - I depend heavily on the thoughtful advice provided by the Foundation's Board of Directors. Indeed, it is the quality and regional character of the Board that fosters both organizational staying power and creativity. I also depend on advice from the community - from our Friends and supporters, and from those who follow our research and share our policy concerns. If at any time, therefore, you have thoughts on how to crack the Kenny Rogers puzzle, be sure to let me know. Any input need not be in verse!

A handwritten signature in blue ink, appearing to read "R. Gibbins". The signature is fluid and cursive, with a long horizontal stroke at the end.

# Current Foundation Projects

## Building the New West Project

Western Canadians stand on the cusp of dramatic change in both their region and the global environment. Internally, the West is being reshaped by urbanization, demographic shifts, increased social complexity, and technological change. Externally, the global economy offers expanding trade but also increased competition. This intersection of internal and external transformations poses a complex mix of challenges and opportunities. It is also a call for thoughtful action by governments, by the for-profit and non-profit sectors, and by individuals across the West.

The choices we make today will have a decisive impact on the prosperity of the West for generations to come. With this in mind, the Canada West Foundation launched *Building the New West* in September 2000. *Building the New West* is a multi-year research and public consultation project designed to explore the strategic positioning of western Canada within the global economy. The project will serve as a catalyst for informed public debate about the future of western Canada.

The reason for undertaking the project is straightforward – strong regions make for a strong Canada. Hence, a prosperous West is good not only for western Canadians, but for all Canadians.



The goal of the project is to identify the determinants of long-term regional economic prosperity within the opportunities presented by the national community and global economy.

### INITIATIVES UNDER BUILDING THE NEW WEST

- HUMAN CAPITAL
- TRANSPORTATION
- ECONOMIC DIVERSIFICATION
- COMPETITIVE CITIES
- REGIONAL COORDINATION



## Western Cities Project

The *Western Cities Project* identifies the policy challenges facing western Canada's largest cities, and best practices in resolving such policy challenges. In so doing, the research under this project considers the role of Canadian cities in the 21st century, assesses the appropriate place and powers of municipal governments in Canadian federalism, and places the growing importance of Canadian cities within the context of globalization.

Clearly, the past of the "prairie West" is being replaced by the modern reality of increased urbanization, complete with vibrant urban economies and strong citizen identification with their local communities. Through the *Western Cities Project*, CWF is playing an important role in drawing attention to Canadian urban policy issues. Through the Canada West Foundation's emphasis on citizen engagement, the *Western Cities Project* is promoting public awareness of the growing importance of cities to the economic, social and cultural lives of western Canadians.

### INITIATIVES UNDER WESTERN CITIES

- URBAN FINANCE AND ECONOMY
- URBAN SOCIAL FABRIC
- URBAN GOVERNANCE
- MUNICIPAL SERVICES

## The West in Canada

Since its creation over 30 years ago, Canada West Foundation has been conducting research on the West, its role in Canada, and how to ensure the voices of western Canadians are heard - and listened to - in Ottawa. In keeping with this tradition, and with the Chrétien era coming to an end, the Canada West launched a bold new initiative in September 2003 called *The West in Canada*.

The initiative was launched to address the chronic lack of adequate western Canadian representation within the federal government and the regional discontent it generates. Indeed, there is a deep-seated belief among western Canadians that when it comes to their interests and aspirations, the Government of Canada doesn't listen, doesn't understand, and doesn't care. As a consequence, the relationship is marked by suspicion and acrimony, and by national policies that often fail to account for the unique characteristics of western Canada and western Canadians. It is a relationship that has to be fixed.



Western Canadians, however, do not want special treatment. They want a federal government that understands rather than ignores them. They want structural reform that will ensure all regions are treated fairly. It is this desire to make Canada work better - not just for the West and westerners, but for all regions and for all Canadians - that drives the *West in Canada* initiative.

As a first step toward achieving this important goal, the Foundation released a report in the fall of 2003 entitled *The West in Canada: An Action Plan to Address Western Discontent* and began a vigorous communications campaign designed to generate debate about how to move forward on the thorny problems that choke the full expression of regional diversity in Canada.

The action plan outlines ten easy-to-do, practical changes to how the federal government operates. These first steps include reducing party discipline in the House of Commons, holding an annual First Ministers' Conference, appointing provincial nominees to the Senate, and strengthening the federal government's regional policy capacity. Thus, the action plan is designed to kick start change rather than serve as a comprehensive blueprint of the structural changes needed to make western Canada a full partner in the federation. Exploring the full array of necessary reforms and how to implement them will be a major component of *The West in Canada* initiative as it moves forward in 2004 and 2005.

By the end of 2003, *The West in Canada* initiative achieved its main goal by sparking a great deal of sustained debate about the West's place in Canada and how to address regional discontent. Through media coverage, timely commentary, informal meetings, presentations, and ongoing research, the initiative was instrumental in raising the profile of western concerns both in Ottawa and across the country. Additional research and reports as well as a continuation of the communications campaign in 2004 will build on the substantial momentum generated by *The West in Canada* initiative in 2003.

## Natural Capital Project

The *Natural Capital Project* explores two of western Canada's key natural assets - land and water. These forms of "natural capital" are vitally important to the past, present and future of western Canada. Unfortunately, public policy agendas in recent years have not paid sufficient attention to the West's natural Capital.

Natural capital includes all of the landscapes that western Canadians cherish and rely on, whether that be working landscapes, such as our forests, our farms and our ranchlands, urban landscapes such as our cities' skylines, our river valleys and our parks, and wild landscapes, such as the Rocky Mountains, Lake Winnipeg and Cyprus Hills.

The *Natural Capital Project* will build a framework to find ways to protect western Canada's working, urban and wild landscapes while pursuing economic growth and harmonizing the long-term growth of the



resource sector with more traditional land uses and landscape values that western Canadians cherish. Western Canada is blessed with a wealth of natural capital. But because of our economic dependence on our natural resources, we must take a serious look at how we manage and develop our natural capital.

# Board of Directors

## Board Executive

### JAMES GRAY: *Chairman and Alberta Representative*

In 1973, Mr. Gray co-founded Canadian Hunter Exploration Ltd., one of Canada's larger natural gas producers. Over the 28 years of his involvement with Canadian Hunter, he served in the position of Executive Vice President, President and CEO, and Chairman until 2001.

### BRIAN FELESKY: *Vice-Chairman*

Mr. Felesky is a senior partner in his law firm, Felesky Flynn. He is a member of the Alberta Government Business Tax Committee and Personal Tax Committee; Director of the Calgary Stampede Foundation; Co-chair of 2002 United Way campaign; Past Chair of the University Technologies International, Inc; a member of the Board of Governors of the Council for Canadian Unity; Director of the Modern Arts Centre; and a Director of various corporations including TransCanada Power LP and Suncor Energy Inc.

### Dr. ROGER GIBBINS: *President and CEO*

Dr. Gibbins joined the Canada West Foundation as President and CEO in 1998. He was elected as a Fellow of the Royal Society of Canada in 1998, and served as President of the Canadian Political Science Association (1999-2000).

### R.H. (DICK) PINDER: *Treasurer*

Dick Pinder, CA is President of Kingsmere Corporate Finance Ltd., a private advisory and investment company. Mr. Pinder also participates in corporate governance of public and private companies.

### ALICE BROWN: *Secretary*

Ms. Brown served as Director of Federated Cooperatives Ltd. and the Calgary Cooperative Association Ltd., where she served as Chair of the Board of Directors in 1998-1999, and CEO in 1999.

### DAVID FARLINGER: *Manitoba Representative*

Mr. Farlinger is a Professional Engineer and Principal of Energy Consultants International Inc., a Winnipeg based consulting firm. Mr. Farlinger has been active in CWF affairs for a number of years.

### ROY LLOYD: *Saskatchewan Representative*

Mr. Lloyd is an independent management consultant. He was President and Chief Executive Officer of the Saskatchewan Mining and Development Corporation (predecessor of Cameco) from 1979 to 1988, and Vice Chairman of Cameco from July 1988 to February of 1989.

### J. PETER MEEKISON: *British Columbia Representative*

Dr. Meekison serves on the boards of Canadian Policy Research Network Inc. and the Advisory Council of the Institute of Intergovernmental Relations at Queen's University. From 1984-1991 he served as Academic Vice-President, University of Alberta, and from 1974-1984 with Alberta Federal and Intergovernmental Affairs (seven and a half of these years as Deputy Minister). Dr. Meekison is an Officer of the Order of Canada.

## Board of Directors

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Partner  
Sage Group Management  
Consultants  
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Director  
CanWest Global Communications  
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### ALICE BROWN

Kathryn, Alberta

### JAMES CARR

President and CEO  
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Executive Vice-President  
Transalta Utilities  
Calgary, Alberta

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Business Council of British Columbia  
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### JAMES HUME

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Calgary, Alberta

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Kelowna, British Columbia

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Roslyn Kunin & Associates  
Vancouver, British Columbia

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Saskatoon, Saskatchewan

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Calgary, Alberta

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Partnership  
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### Rt. Hon. EDWARD SCHREYER

Winnipeg, Manitoba

# Canada West Foundation Staff

## Management Team



Dr. Roger GIBBINS  
President and CEO



Dr. Loleen BERDAHL  
Director of Research



Lori ZAREMBA  
Director of Finance & Administration



Jason AZMIER  
Senior Policy Analyst

## Research Team

### Research Team (Continued)



Todd HIRSCH  
Chief Economist



Robert ROACH  
Senior Policy Analyst



Casey VANDER PLOEG  
Senior Policy Analyst



Ben BRUNNEN  
Policy Analyst

### Research Team (Continued)



Vien HUYNH  
Policy Analyst



Karen WILKIE  
Policy Analyst



Preston MANNING  
Arthur J.E. Child Fellow



Barry WORBETS  
Senior Fellow

## Senior Fellows

## Administrative and Support Team



Darlene McBETH  
Administrative Assistant



Gladys WONNICK  
Executive Assistant



Gary SLYWCHUK  
Communications Officer

## CWF Interns

Sarah DOBSON *Western Cities Project and BNW*

Alan FERRIER *Building the New West*

Lisa FOX *Building the New West*

Carolyn HOLBROW *Building the New West*

Lisa LOZANSKI *Building the New West*

Erik NILSON *Western Cities Project*

John ROSLINSKI *Building the New West*

Liam STONE *Western Cities Project*

# Canada West Foundation Friends and Project Supporters

Alberta Aboriginal Affairs and Northern Development  
Alberta Agriculture, Food & Rural Development  
Alberta Municipal Affairs  
Alberta Real Estate Foundation  
Alberta Roadbuilders & Heavy Construction Association  
Alberta Transportation  
Alberta Urban Municipalities Association  
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Osler, Mr. Jock

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Walter and Duncan Gordon Foundation  
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Westbury, Dr. Robert C.P.  
Western Economic Diversification  
Worbets, Mr. Barry  
Wright, Ms. Jennifer

Zaremba, Ms. Lori

# Canada West Foundation Advisors, 2003

To ensure that Canada West Foundation research is both informed and helpful to public and private decision-makers, all projects are guided by the knowledge and expertise of many volunteer advisors. CWF Advisory Committees are comprised of academic experts, practitioners, and representatives from government and the private and non-profit sectors.

## BUILDING THE NEW WEST (BNW) PROJECT

### PROJECT WORKING GROUP

Raymond Blake, Saskatchewan Institute of Public Policy  
Jim Carr, Business Council of Manitoba  
Brent Cotter, Saskatchewan Intergovernmental and Aboriginal Affairs  
John Courtney, University of Saskatchewan (Political Studies)  
Jim Edwards, University of Alberta, Board of Governors  
Jim Eldridge, Manitoba Executive Council  
David Elton, Max Bell Foundation  
Herb Emery, University of Calgary (Economics)  
Patrick Fafard, Privy Council Office  
Jock Finlayson, Business Council of British Columbia  
Don Haney, BC Intergovernmental Relations Secretariat  
Wayne Helgason, Social Planning Council of Winnipeg  
Roslyn Kunin, Roslyn Kunin and Associates Inc.  
Peter Meekison, University of Alberta (Political Science)  
Dennis Mulvihill, RBC Dominion Securities  
Barry Prentice, Transport Institute, University of Manitoba  
Brant Popp, Western Diversification  
Bruce Tait, Alberta International and Intergovernmental Affairs

### ABORIGINAL HUMAN CAPITAL STRATEGIES INITIATIVE

Paul Bercier, Metis National Council  
Jim Carr, Business Council of Manitoba  
Tara Gilbert, Aboriginal Community Career Employment Services Society  
Wayne Helgason, Social Planning Council of Winnipeg  
Roberta Hewson, Partners for Careers  
Eric Howe, University of Saskatchewan (Economics)  
Carlos James, Manitoba Advanced Education and Training  
John Kozij, Human Resources and Development Canada  
Gerry Kushlyk, Alberta Aboriginal and Northern Development  
Kelly Lendsay, Aboriginal Human Resource Development Council of Canada  
Allan MacDonald, Privy Council Office  
Ray McKay, Kitsaki Management Partnership Ltd.  
Bill McLaughlin, Northlands College  
Lisa Nye, BC Community, Aboriginal and Women's Services  
John Richards, Simon Fraser University (Business Administration)  
Noel Starblanket, Assembly of First Nations  
Ian Taylor, Congress of Aboriginal Peoples

### INTERPROVINCIAL COOPERATION INITIATIVE

Brent Cotter, Saskatchewan Intergovernmental and Aboriginal Affairs  
John Courtney, University of Saskatchewan (Political Studies)  
Jim Eldridge, Manitoba Executive Council  
Don Haney, BC Intergovernmental Relations Secretariat  
Peter Meekison, University of Alberta (Political Science)  
Brant Popp, Western Diversification  
Bruce Tait, Alberta International and Intergovernmental Affairs

### RURAL WEST INITIATIVE

Peter Apedaile, University of Alberta (Rural Economy)  
Ray Bollman, Statistics Canada  
Greg Halseth, University of Northern British Columbia (Geography)

Richard Rounds, Brandon University (Rural Development)  
Candice Vanin, Agriculture and Agri-Food Canada  
Glen Werner, Alberta Agriculture, Food and Rural Development

### TRANSPORTATION INITIATIVE

David Gardiner, Western Transportation Advisory Council (WESTAC)  
Chris Lorenc, Manitoba Heavy Construction  
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Carl Negggers, Saskatchewan Highways and Transportation  
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Peter Wallis, Van Horne Institute

## WESTERN CITIES PROJECT

### PROJECT WORKING GROUP

David Cohen, Federation of Canadian Municipalities  
Diane Devonshire, City of Calgary  
Bruce Duncan, City of Edmonton  
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Phil Richards, City of Saskatoon  
Connie Walker, City of Winnipeg

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### URBAN WATER MANAGEMENT

Mark Bennett, Bow River Basin Council  
Allen Bleich, Winnipeg Water Watch  
David Calam, City of Regina  
Allan Davies, Epcor Water Services  
Dianne Draper, University of Calgary (Geography)  
David Elton, Max Bell Foundation  
Emdad Haque, Natural Resources Institute  
Vern Hart, City of Calgary  
Bill Hewitt, City of Saskatoon  
John Hodgson, City of Edmonton  
Eric Knudtson, City of Calgary  
Susan Lamb, Meewasin Valley Authority  
John Lilley, Canadian Water Resources Association  
Barry MacBride, City of Winnipeg  
Harold Taylor, Red River Basin Commission  
Sharon Willianen, North Saskatchewan Watershed Alliance



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## AUDITORS' REPORT TO THE MEMBERS

We have audited the statement of financial position of Canaca West Foundation as at December 31, 2003 and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Calgary, Canada  
March 12, 2004



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**CANADA WEST FOUNDATION** Statement of Financial Position, December 31, 2003, with comparative figures for 2002

		2003	2002
<b>Assets</b>	Current assets:		
	Cash	\$ 100,546	\$ 23,184
	Accounts receivable	236,756	194,643
	Other investments (note 2)	285,410	233,626
		622,712	451,453
	Endowment (note 2)	3,101,250	3,101,250
	Other investments (note 2)	292,018	236,191
	Capital assets (note 3)	62,867	79,684
		<b>\$ 4,078,847</b>	<b>\$ 3,868,578</b>
	<b>Liabilities and Net Assets</b>	Current liabilities:	
Accounts payable and accrued liabilities		\$ 53,271	\$ 76,435
Deferred contributions (note 4)		255,000	119,050
		308,271	195,485
Net assets:			
Invested in capital assets		62,867	79,684
Restricted for endowment purposes (note 2)		3,101,250	3,101,250
Internally restricted (note 2)		292,018	236,191
Unrestricted		314,441	255,968
		3,770,576	3,673,093
Commitments (note 6)			
	<b>\$ 4,078,847</b>	<b>\$ 3,868,578</b>	

**CANADA WEST FOUNDATION** Statement of Revenues and Expenses, Year ended December 31, 2003, with comparative figures for 2002

		2003	2002
<b>Revenue</b>	Special projects and corporate donations	\$ 1,684,868	\$ 1,318,251
	Investment and other income (note 2)	159,109	186,868
	Net realized capital gains (note 2)	55,827	47,614
	Friends and subscribers	43,105	31,775
	Publication sales	8,472	7,763
		<b>\$ 1,951,381</b>	<b>\$ 1,592,271</b>
<b>Expenses</b>	Research programs and special projects	\$ 1,554,992	\$ 1,197,738
	General and administrative	273,750	243,256
	Depreciation	25,156	22,507
	<b>\$ 1,853,898</b>	<b>\$ 1,463,501</b>	
<b>Excess of revenues over expenses</b>	<b>\$ 97,483</b>	<b>\$ 128,770</b>	

**CANADA WEST FOUNDATION** Statement of Changes in Net Assets, Year ended December 31, 2003, with comparative figures for 2002

	Invested in Capital Assets	Restricted for Endowment Purposes	Internally Restricted	Unrestricted	Total 2003	Total 2002
<b>Balance, beginning of year</b>	\$ 79,684	\$ 3,101,250	\$ 236,191	\$ 255,968	\$ 3,673,093	\$ 3,544,323
Excess of revenues over expenses	(25,156)	-	-	122,639	97,483	128,770
Investment in capital assets	8,339	-	-	(8,339)	-	-
Internally imposed restrictions (note 2)	-	-	55,827	(55,827)	-	-
<b>Balance, end of year</b>	<b>\$ 62,867</b>	<b>\$ 3,101,250</b>	<b>\$ 292,018</b>	<b>\$ 314,441</b>	<b>\$ 3,770,576</b>	<b>\$ 3,673,093</b>

See accompanying notes to financial statements.

<b>Cash provided by (used in):</b>		<b>2003</b>	<b>2002</b>
Operations:	Excess of revenues over expenses	\$ 97,483	\$ 128,770
	Item not involving cash (depreciation)	25,156	22,507
		122,639	151,277
Changes in non-cash operating working capital accounts:	Accounts receivable	(42,113)	(106,944)
	Accounts payable	(23,164)	33,969
		57,362	78,302
Financing and investing activities:	Deferred contributions	135,950	(263,958)
	Other investments and endowment	(107,611)	172,855
	Purchase of capital assets	(8,339)	(60,525)
		20,000	(151,628)
Increase (decrease) in cash		77,362	(73,326)
Cash, beginning of year		23,184	96,510
Cash, end of year		<b>\$ 100,546</b>	<b>\$ 23,184</b>
Supplemental Information:	Interest received	\$ 138,595	\$ 169,127
	Dividends received	20,514	17,741

**CANADA WEST FOUNDATION** Notes to Financial Statements, Year ended December 31, 2003

Canada West Foundation (the "Foundation") was formed to engage in research and education in the area of economic, social, and public policy. The Foundation is a not-for-profit organization under Section 149(1) of the Income Tax Act and accordingly is not taxable on the revenues it receives and earns from operations.

**1. Significant accounting policies:**
**(a) Capital assets:**

The computer equipment, phone system and furniture are recorded at cost. Depreciation is provided on a declining balance basis at an annual rate of 30%.

**(b) Revenue recognition:**

The Foundation follows the deferral method of accounting for contributions. Deferred contributions are revenues received in the current year that are used for projects in the upcoming years. Special projects, corporate donations and Friends revenues are recognized when payments are received or committed. Donations received in kind are recorded at fair market value, determined at the date the donation is made. Endowment contributions are recognized as direct increases in net assets.

**(c) Investments:**

Short-term investments are recorded at the lower of cost or market value. Endowment and other investments are recorded at cost and are written down only when such decline is considered permanent in nature.

**(d) Use of estimates and assumptions:**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results may differ from these estimates.

**2. Endowment and other investments:**

The endowment and other investments are invested as follows:

	<b>Cost (2003)</b>	<b>Market Value (2003)</b>	<b>Cost (2002)</b>	<b>Market Value (2002)</b>
Common stocks	\$ 1,325,344	\$ 1,737,966	\$ 1,166,434	\$ 1,369,155
Government and corporate bonds	2,326,118	2,425,219	2,316,496	2,417,450
Cash	27,216	27,216	88,137	88,137
	<b>\$ 3,678,678</b>	<b>\$ 4,190,401</b>	<b>\$ 3,571,067</b>	<b>\$ 3,874,742</b>

**2. Endowment and other investments (continued):**

The invested capital is allocated as follows:

	2003	2002
Endowment	\$ 3,101,250	\$ 3,101,250
Unrestricted current other investments	285,410	233,626
Internally restricted long-term other investments	292,018	236,191
	\$ 3,678,678	\$ 3,571,067

No distribution of endowment capital is permitted. The accumulated interest and dividends earned are available for general purposes and are classified as current other investments. During the year interest and dividend income of \$159,007 (2002-\$186,811) was earned on the invested capital. The use of realized net capital gains on the fund is internally restricted in that they will only be used for operating purposes subject to Board approval. The accumulating realized net capital gains are classified as long-term other investments.

Interest rate risk:

The Foundation is exposed to interest rate risk relating to the income earned on its interest bearing investments as most of these investments have a fixed interest rate for a specified period of time.

Market risk:

Investments are subject to volatility and market conditions which cannot be controlled by the Foundation.

Foreign exchange risk:

The Foundation is exposed to foreign currency fluctuations in relation to its holding in foreign equities and the income earned on these equities.

Credit risk:

Credit risk arises from the potential for an investee to fail or for a counter-party to default on its contractual obligations to the Foundation. Credit risk is managed by the Foundation's fund managers and is governed by the statement of investment policy approved by the Foundation's Board of Directors.

**3. Capital Assets:**

	Cost	Accumulated Depreciation	Net Book Value 2003	Net Book Value 2002
Computer equipment	\$ 116,696	\$ 84,491	\$ 32,205	\$ 35,882
Phone system	16,250	6,581	9,669	13,812
Furniture	44,981	23,988	20,993	29,990
	\$ 177,927	\$ 115,060	\$ 62,867	\$ 79,684

**4. Deferred Contributions**

	2003	2002
Balance, beginning of year	\$ 119,050	\$ 383,008
Contributions received	319,334	4,050
Recognized as revenue	(183,384)	(268,008)
	\$ 255,000	\$ 119,050

Contributions received are recognized as revenue on special projects.

**5. Bank loan:**

The Foundation has access to a \$100,000 revolving operating facility due on demand and bearing interest at bank's prime rate plus 1.0%. The facility is secured by a general security agreement and business loan insurance in the amount of \$100,000. As at December 31, 2003 no funds have been drawn on this facility.

**6. Commitments:**

The Foundation has entered into certain operating lease commitments for office space and equipment with future payments as follows: 2004-\$123,534; 2005-\$115,327; 2006-\$75,281.

**7. Financial Instruments:**

The carrying value of the Foundation's financial assets and liabilities, other than investments, approximates their fair value at December 31, 2003 due to their short term nature.



## **CANADA WEST FOUNDATION**

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