

# 40 Years of Building Capacity



Canadian Executive Service Organization

Annual Report **2006-2007**



# CESO's Mission

(revised February 2007)

To build capacity in governance and economic development through the transfer of knowledge and skills by Volunteer Advisers.

## Cover photo (left):

CESO Volunteer Adviser Jacques Latulippe went on assignment to Burkina Faso where he worked with micro-credit clients. Pictured with Mr. Latulippe (second from the left) at a client's facility are Mrs. Élise (restaurateur and translator) and Mrs. Bata (restaurateur).

## Cover photo (right):

Pictured are Aboriginal Women for Tomorrow workshop participants from the Paq'tnkek First Nation located in Antigonish, Nova Scotia, with CESO Volunteer Adviser and workshop facilitator Suki Starnes (top row, second from the left).

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CESO Department of Communications  
June 2007

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(Fiscal 2006-2007)

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## Message from the Chair and President & CEO

We would like to thank our many funders and volunteers for supporting us for the past 40 years. The generosity of the Canadian International Development Agency and Indian and Northern Affairs Canada combined with the sharing of skills and expertise by the 3,100 Volunteer Advisers (VAs) on the CESO roster forms the cornerstone of our successful work in development. We are proud of the continuing confidence these partners have shown over the years, and feel fortunate to have their help as we build capacity in communities in Canada and abroad.



Keith MacDonald

We would also like to acknowledge that it is a privilege to contribute towards reaching the goals and aspirations of our many clients in Canada's Aboriginal communities, Eastern Europe, Africa, the Americas, and Asia. We are overwhelmed by the gratefulness of our partners for the work that our VAs have done to help build a better future.

During this fiscal year, through our committed employees and VAs, CESO delivered 1,422 assignments. Of those, 435 were International and 987 were National. Of the National assignments, 837 were under the Aboriginal program and another 150 were under our program aimed at strengthening the skills of young entrepreneurs.

Across all services our assignments focused on both governance and economic development. We concentrated on clients who actively participated in projects—those who were motivated and committed. We enjoyed growth in revenue in both National and International Services, a trend we will work hard to continue.

To ensure sustainability, CESO is expanding activities in both National and International Services. We are striving for continuous improvement within by implementing new Human Resources and Volunteer Services processes; continuing our Public Engagement program to involve more Canadians in international development and volunteerism; and embarking on an IT conversion project to upgrade our information database systems, improve our financial and program tracking and reporting, and enhance our roster of volunteer information. As well, we are emphasizing gender equality and environmental sustainability in all our projects.

This year, CESO's Board and management finalized and launched a new 2007-2010 Strategic Plan. Our new Mission Statement, which will guide our future direction, is as follows:

*To build capacity in governance and economic development through the transfer of knowledge and skills by Volunteer Advisers.*

CESO will continue to follow our funders' and clients' directions and will continue to focus on economic development, governance and environmental sustainability.



Paul van der Wel

our mandate: Aboriginal, Canadian, Southern and European partners; governments and their agencies; individuals and companies in the private sector, and other civil-society organizations. Please accept our sincere appreciation for your hard work, support, and dedication.

A handwritten signature in black ink that reads "K MacDonald".

Keith MacDonald, Chair

A handwritten signature in black ink that reads "P van der Wel".

Paul van der Wel, President & CEO  
March 31, 2007

## Message from the Vice-President, National Services

This past year has been a time of rebuilding and enhancing for CESO National Services. The focus has been on strengthening core services in our two strategic priority areas, governance and economic development; building the approach to institutional and individual capacity development; and establishing new partnerships.

These strategic priorities have been supported by improvements to our operational policies and procedures, most directly through the implementation of a results-based management (RBM) system that is multi-year, priority-driven and focused on the achievement and documentation of outcomes for our client communities.

Much of this was brought on by the mounting evidence worldwide that sound governance is a necessary condition for communities and nations to make progress towards improving the well-being of their citizens. A growing international consensus of the link between sound governance and sustainable socio-economic development has reinforced the focus on our two strategic priorities.



Two team meetings were held in 2006-2007 with all National Services staff and the participation of several key partners with the aim of identifying emerging needs, gaps, opportunities for future work, and potential strategic partnerships. Out of these meetings, we developed a five-year Strategic Plan that is aligned with CESO's current mandate and capacity, and that meets the broad needs of our client base.

We have also developed a Partnership Strategy that outlines our efforts to build on existing alliances and actively seek out new partnerships that will enhance our ability to respond to the expressed needs of clients. Over the course of the fiscal year, our team has invested strongly in several new partnerships, recognizing the great potential for mutual benefits from collaboration. These include the generation of new knowledge and understanding, enhanced reputations, improved reach, and ultimately, long-term improvements in the capacity of our clients.

One example of a successful collaboration has been a partnership with the Native Women's Association of Canada (NWAC) to expand delivery of the Aboriginal Women for Tomorrow Program across Canada. By incorporating the perspective and insight of NWAC, we have received consistently high praise from participants, and made substantial progress towards long-term, sustainable improvements in the lives of Aboriginal women.

This year has also focused on addressing the challenge of how to articulate and document the complex array of results stemming from our capacity-building activities. As part of our RBM approach, we have developed a set of key performance measures and implemented a standardized process to ensure that monitoring, evaluation and reporting is timely, credible, reliable, relevant and outcome-oriented. This approach will enable us to regularly improve service delivery and clearly demonstrate to our funders, partners and clients the positive impact of our work.

None of these achievements would have been possible without the dedication and professionalism of CESO staff and volunteers, as well as a strong relationship with, and the ongoing support of, our major partner, Indian and Northern Affairs Canada (INAC). This support permitted the delivery of 837 assignments in both governance and economic development in Aboriginal communities throughout the country. An additional 150 assignments were delivered under our young entrepreneurs mentoring program, totalling 987 for 2006-2007.

Guiding our strategy in the coming year is our overall aim of transferring knowledge and skills required to build self-reliant, learning organizations that are capable of achieving their own objectives. Through building capacity, our partners and clients will be able to design and manage their own development—a vital process in the move towards self-reliance and sustainability.

Bob Dickson  
March 31, 2007



CESO MBA team members from Memorial University on assignment to establish the Miawpukek Economic Development Corporation for the Miawpukek Band Reserve (Conne River), a vibrant and growing community located on the southeast coast of Newfoundland.

## PROGRAM BUILDING AND ENHANCING

**C**ESO National Services assists Aboriginal communities and organizations in closing the socio-economic gap with the rest of Canada through its capacity-building services aimed at good governance and sound economies. In 2006-2007 we directed our efforts to the following areas:

### Governance

Effective management, policy and organizational development, civic engagement, and strong and effective leadership.

### Economic Development

Individual engagement in the local economy, with new and established entrepreneurs, developing small and medium enterprises, and community economic development.

Particular initiatives worth highlighting include the following:

CESO National Services and the Native Women's Association of Canada, with the support of Indian and Northern Affairs Canada, delivered the **Aboriginal Women for Tomorrow** workshops aimed at building the capacity of Aboriginal women in areas related to personal, business, and leadership skills. The program reached Aboriginal women in various communities throughout Canada empowering them to be active participants in social transformation.

We also implemented an increased number of mentoring initiatives, working with youth and adults to build capacity and develop skills both in the private and public sectors. Part of this work included assistance to the **Government of Nunavut** to develop a strong and skilled public service that is representative of the population by improving Inuit participation in government employment in the Nunavut Settlement Area. We also mentored medium-risk Aboriginal youth entrepreneurs while **Aboriginal Business Canada (ABC)** facilitated their access to capital, two important elements of entrepreneurial success.

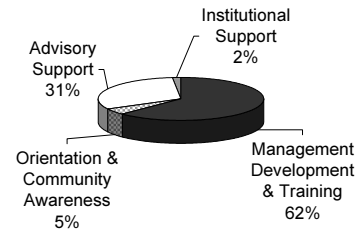
In reaching remote minority communities throughout Canada, CESO is partnering with the Department of Agriculture and Agri-food Canada's Rural Secretariat **Models for Rural Development and Community Capacity Building** program to provide mentoring to several rural community development models. To date, the mentoring has supported the development of evaluation frameworks, building relationships, accounting, program management, and roles of committees. We also work locally on the Island of Montreal, where veteran business people advise and mentor young entrepreneurs in small and medium enterprises (SMEs). Through this **SME-Youth** project, funded by Canada Economic Development, we build communities one business at a time.

Developed by CESO National Services and funded by the Canadian Imperial Bank of Commerce (CIBC), the **Financial Management** workshops were offered to Aboriginal communities across Canada to assist them with Understanding Basic Bookkeeping, and Aboriginal Financial Management.

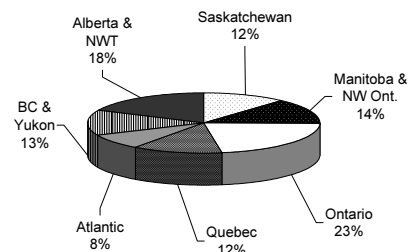
With support from the Royal Bank of Canada, we have innovated our approach to community development by creating a two-fold **MBA Experience Program** in which we bring Aboriginal communities together with MBA students, and provide an opportunity for tomorrow's business leaders to gain practical experience and cultural knowledge while building the capacity of Aboriginal communities and businesses. Since the program's inception in 1994, more than 400 students have participated and more than 100 CESO VAs have served as team members.

As part of CESO's strategy to diversify its funding sources, we finalized a Memorandum of Understanding with **TransCanada Pipeline**, to provide mentoring and capacity-building services to Aboriginal communities involved with, and identified by, TransCanada, primarily in Alberta. Identifying and building on new funding opportunities is a key component of the organization's strategy for the coming three years.

CESO Aboriginal Services  
Delivered Assignments  
(by Sector)  
Total of 897 assignments



CESO Aboriginal Services  
Delivered Assignments (by Region)



## Message from the Interim Vice-President, International Services

Fiscal 2006-2007 was a significant year for CESO International Services. There were important staff changes, an external mid-term evaluation, new programming initiatives, an improved approach to measuring the outcomes of CESO's interventions, and a refined and focused public engagement program. The recruitment of two new Coordinators, an Evaluator for francophone assignments, and a Program Manager, contributed to a heightened level of energy and added to the strength and expertise of the current team.

The external mid-term evaluation of CESO's "Europe - Countries in Transition" program was conducted by *Le Groupe-conseil baastel ltée* for the Canadian International Development Agency (CIDA) as a prerequisite to the potential expansion and extension of the current contract. It concluded that "CESO's 2004-2009 program has presented a high degree of relevance, as evidenced by the level of Client satisfaction with CESO support and Volunteer Adviser (VA) assistance, as well as with the appropriateness of the help provided to address the various organizational and individual needs of small and medium enterprises (SMEs) and non-governmental organizations (NGOs)."



Through new programming initiatives, International Services extended the scope of its work in a number of CIDA development partner countries, specifically Burkina Faso (in microfinance), Sri Lanka (a hospitality school and bakery training centre in the tsunami-stricken Hambantota District), and Senegal (in democracy and civil society engagement). These initiatives have resulted in a 20% increase in program activities, a greater presence in these countries, and a more comprehensive use of CESO's VA talent bank, particularly in areas of governance and democracy development.

Clustering, initially piloted in the Philippines and Colombia in 2005-2006, was replicated in other Partnership countries, and preliminary feedback has been positive. This business development model, which complements CESO's standard practice of providing responsive, problem-focused assistance to individual clients, increases the reach and scaling up of CESO services by grouping together clients who share common goals with similar needs. This approach has enhanced CESO's effectiveness in influencing changes that contribute to the creation of conditions that promote sustainable and equitable development.

With respect to Public Engagement, International Services built on last year's momentum and actively pursued the program's goals of informing VAs on major trends regarding international development, and mobilizing VAs across Canada to sensitize the Canadian public, thus increasing awareness around international development issues. In addition, Public Engagement focused on working with the media to heighten awareness of international development issues, and collaborated with the Volunteer Cooperation Agencies Coalition to build CESO's public engagement capacity thus involving more Canadians. Public Engagement highlights of the past year include a special training retreat which involved over 70 volunteer participants from nine volunteer cooperation agencies; a number of innovative approaches to foster training such as "phone" trainings, in which interested volunteers connected into phone training sessions led by expert speakers on subjects as diverse as trade, gender equality, and aid effectiveness; and presentations by VAs to Rotary and other service clubs, community organizations, Chambers of Commerce, and industry associations.

Our successful programs would not be possible without the support of CIDA. Through this 40-year partnership with CIDA (1967 to date) CESO VAs have proven they are the "unsung heroes" of the Canadian international development scene. VAs have and continue to provide their time and expertise unstintingly to assist small- and medium-sized companies, NGOs, associations, and government entities with the skills and mentoring needed to build stronger communities, create sustainable livelihoods, promote the development of democracy, and reduce poverty.

With the recent approval of four new initiatives, namely Burkina Faso (Microfinance Phase II), Cameroon (SME Youth Entrepreneurship), Honduras (Agricultural Development), and Philippines (E-Governance), the anticipated program expansion in Europe, a strong staff team, both in Canada and abroad, and committed VAs, the future bodes well for CESO International Services in 2007-2008.

Paul van der Wel  
March 31, 2007

## A YEAR IN REVIEW

CESO International Services has been partnering with clients for 40 years. Working in Africa, the Americas, Asia and Eastern Europe, CESO Volunteer Advisers (VAs) transfer their skills and knowledge to small- and medium-sized enterprises, governments, communities and others. The 2006-2007 fiscal year was one of change, expansion and success with 435 assignments completed.

A significant re-design of CESO's Monitoring and Evaluation process was undertaken to create a framework that would be participatory and provide the information needed to effectively manage and report on our programs to all stakeholders. The modification, a third evaluation at the six-month mark, in addition to the assignment evaluation and post-evaluation (12-18 months), will improve CESO's ability to track, assess and validate the achievement of outcomes re the client, country program and project levels; enhance CESO's decision-making capacity with the influx of more timely information; and improve the quality of CESO's reporting responsibilities vis-à-vis internal and external audiences.

CESO's Europe - Countries In Transition program completed ten per cent more assignments than anticipated this year, including seven virtual assignments. The virtual assignment is a cost-effective method of providing assistance via e-mail from an expert in Canada. The funds saved allowed CESO to provide needed assistance while freeing up space for the provision of other strategic assignments.

In Africa, CESO's program expanded with two special initiatives in Burkina Faso (microfinance) and Senegal (democracy development). In addition, Canada's nine Volunteer Cooperation Agencies received funding from CIDA for three joint initiatives: a shea nut butter promotion project; a local community development conference in Mali; and an HIV/AIDS workshop in Toronto that followed the AIDS 2006 Conference. CESO played an active role in the development of these initiatives, particularly with the shea nut butter project where we led a study on product packaging and design in Burkina Faso.

Some significant strides were made in 2006-2007 with CESO's Volunteer Cooperation Project (VCP) in Haiti due to improved safety conditions in Port-au-Prince. An increase in assignment completions and the first concrete reflection of program results were realized. CESO signed nine partnership agreements, two with ministries and seven with business associations, and co-operation among the program partners, CECI, WUSC, FPGL, and CESO, has strengthened.

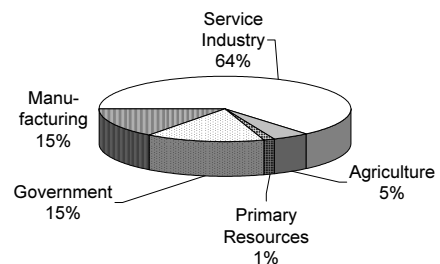
The Americas experienced a decline in activity, mostly due to perceived security concerns, political instability, and loss of confidence in the business community. However, conditions have improved, particularly in Colombia, and are favourable for an increased CESO presence in 2007-2008.

In 2003, as one of the components of the CIDA-supported Business Advisory Project in the Philippines (CESO-BAP), CESO partnered with Philippine Business for Social Progress (PBSP) and launched Corporate Volunteers for Enterprise Development (CVED), a Filipino resourced, financed, and managed volunteer-sending program, designed to be CESO's and CIDA's legacy in the Philippines after CESO-BAP ends in 2008. To date, over 150 micro and small enterprises have benefited from CVED, making it the premier provider of business advisory services in the Philippines through Filipino Experts. Furthermore, there is the strong possibility of replicating this business model in other countries, such as Sri Lanka, where negotiations are currently underway with the Federation of Chambers of Commerce and Industry in Sri Lanka. PSBP-CVED is playing an active role in this venture—a true indicator of international co-operation in action.

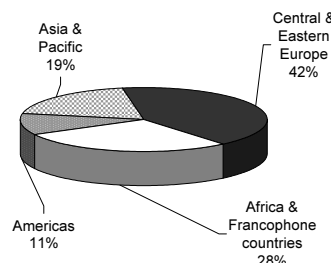


VA Mark Smith, addressing members of the Tuguegarao Technology and Livelihood Development Cluster, in Tuguegarao City, Philippines. (Photo by VA Barbara Schejbal.)

### CESO International Services Delivered Assignments (by Sector) Total of 435 assignments



### CESO International Services Delivered Assignments (by Region)



# Celebrating 40 years of service: CESO clients and volunteers share their thoughts

Working as a Volunteer Adviser with committed First Nations people who are working hard to build an economic base for their people has been rewarding.

I have been impressed and encouraged by their efforts and inspired to continue to grow professionally in order to better serve. The experiences of living in the homes of people in one developing nation provided me with friends, experiences, and a level of understanding of the challenges of economic development that has affected how I perceive the news of this global village in which we live.

There is much more CESO can be and do in the next decade. I look forward to the challenges!

*VA Mary Reeves*

**ECONOMIC  
DEVELOPMENT**

**GOVERNANCE**

**ENVIRONMENTAL  
SUSTAINABILITY**

My three assignments have been with First Nations people and I have learned so much about the problems they face. I feel strongly that CESO can provide much help in enabling them to develop greater capability in business, education, and governance. I am sure that I have learned more from them than they have from me in the work we have done together.

*VA Cyril Allan*

I would like to thank you for having provided us with the assistance we needed over the past year to develop a series of policies, including one on human resources management and another on the creation of a salary policy. This is in addition to the previous two years when you provided assistance in the development of electoral and membership codes. All the management tools that you provided to us over the past 10 years have contributed in large part to improving our governance and making our community a model that today is the envy of many.

We hope that CESO continues to enjoy the support and the necessary resources to be able to pursue its mission and thus continue to respond to the needs of our community and those of Aboriginal communities in general in the areas of governance and capacity building.

*Client: Conseil de la Première Nation des Innus Essipit.*

## **CESO CANADIAN OFFICES**

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418-660-9640 x286

**Atlantic Region**  
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*CESO clients in rural and urban areas request the services of our volunteers who offer their advice and expertise based on knowledge gained through a lifetime of experience.*

CESO has given me the opportunity to enrich the lives of many. That's the rarest and most valuable accomplishment in anyone's life. Thanks CESO!

*VA George Katsarov, P.Eng.*

Utilizing my lifetime of business skills to help clients in Russia and Serbia as a Canadian CESO volunteer has provided personal satisfaction, knowing I have made a difference.

*VA Tom Sander*

My world is richer, bigger and changed. Contact with clients in San Fernando, Philippines has created new friendships and never-to-be-forgotten knowledge.

*VA Shirley Wong*

Mr. Beuk's experience showed through in the way he interacted with the kitchen staff and restaurant employees. Thanks to Mr. Beuk's help we created a superb international menu making our restaurant more competitive in Belgrade. He also advised us to move the restaurant to a new location, which should increase the number of customers leading to increased profits.

*Client: Hotel Moskva a.d., Belgrade, Serbia*

The whole (CESO assignment) process was more than educative and helpful, it was directional. The (new marketing) plan covers all the existing markets and trading partners we have ... so we will not lose sight of trees in the forest in our continuing work. Mr. Bill Whiteside (VA) has put forward very valuable recommendations which will guide us in our continuing marketing undertaking and in improving our systems, management and strategy.

*Client: Southern Partners and Fair Trade Corporation (SPFTC) - Cebu, Philippines*

**CESO  
OVERSEAS**

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Yerevan

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Country Representative)

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La Paz

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Ouagadougou

**Cameroon**  
Douala

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**Sri Lanka**  
Colombo

**Ukraine**  
Kyiv

## Aeroplan Beyond Miles, and CESO

**A**eroplan and CESO entered into a new and exciting partnership called Beyond Miles on May 17, 2006. With this innovative online donation program, donors are able to give their Miles to CESO and six other nonprofit organizations to help with travel expenses. Aeroplan Miles help CESO offset assignment and administrative costs allowing even more people to be helped.

“The Aeroplan Beyond Miles program has been very important to our cost-effective program delivery. We are happy to be able to benefit from this valuable opportunity,” said Paul van der Wel, President and CEO, CESO.

Although donors are not eligible for any form of a tax receipt, almost 1,000,000 Miles have been donated via the Aeroplan on-line portal. A further 2,000,000 Miles were donated through other sources.

“Aeroplan is delighted that the Beyond Miles program has brought meaningful support to CESO. We know that many CESO volunteers are also Aeroplan members and they feel a synergy between their contributions and Aeroplan’s donation program. We admire the dedication of everyone involved with CESO,” said Rupert Duchesne, President and CEO, Aeroplan.

In the 2006-07 fiscal year, Aeroplan Miles were used to book 26 overseas flights for CESO Volunteer Advisers (VAs) going on assignment to Eastern Europe.

- VA Blair MacKenzie from Victoria, BC, travelled to Georgia to assist a foundation with strategic planning and fundraising.
- VA Harry Bosschaart from Montreal, QC, travelled to Georgia. He helped a restaurant and hotel management improve their operations.
- VA Albert Heckel from Miramichi, NB, travelled to Armenia to assist a Cultural Centre with strategic planning.
- VA Ron Butler from Oshawa, ON, travelled to Serbia to advise a well-established hair salon on how to develop a franchise.

Donating Aeroplan Miles to CESO online is easy.

- Simply go to [www.aeroplan.com/donate](http://www.aeroplan.com/donate)
- Click on CESO
- Click on Donate Now
- Log on and donate



## Rural Green Tourism Development aided by CESO



Using donated Aeroplan Miles, VA Al MacPherson from Lindsay, Ontario, travelled to Ukraine to help a nonprofit organization with rural green tourism development.

# YOUR DONATION MAKES A DIFFERENCE



CESO gratefully acknowledges the financial contribution of the Canadian International Development Agency (CIDA) and Indian and Northern Affairs Canada (INAC) towards its programs.

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CESO sincerely thanks the following individual and family sustaining members who have made contributions of \$100 or more in the past year, ending March 31, 2007.

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José Ayala  
Ray Batrie\*  
Betty Bergin  
Caspar Beuk\*  
John Blanchard  
Auguste Bolté  
Terry Brackenridge\*  
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Robert Scott  
Bill Sears  
Bill Smiljanic  
Dick Stackhouse\*  
Maria Stebelsky\*  
Robert St-Germain  
Dean Struble  
Don Stuart\*  
Maril Swan\*  
Raymond Tan\*  
Robert Tennant  
Micheline Tessier Pelletier  
Harlyn Thompson\*  
Chris Trump\*  
Marvin Ungerman  
George Van Dyk\*  
Peter Veldhuis  
Leslie Venturino  
Gefu Wang-Pruski  
Elaine Ward  
Rosemary Webber\*  
Sandra White  
Bill Whiteside  
John Wiebe  
Dave Willis  
Dorothy Wilson  
Ira Withler\*  
Shirley Wong  
Wanda Wuttunee  
Levon Yazejian

### Family

Anonymous  
Audrey Ahenakew\*  
Amirali & Mehurnissa Ajani  
Gaston Allard & Jeanne Duval\*  
Mario Begin  
Charles & Mary Anna Beer\*  
Jeff & Diana Brown\*  
Michael & Linda Carter  
Jean-Louis Castonguay & Dawn Duquet\*  
Marie-Helene Chomienne  
Bill & Susan Copland  
Robert Dale\*  
Jake & Helene Dick  
Bob & Catharina Dickson\*  
Maxine & Bill Draper\*  
Keith & Irene Eady  
Ginette Gagné-Koch & Edmond Koch\*  
Scott & Krystyne Griffin\*  
Robert & Christine Guay\*  
Robert & Betty Harris  
Robbert Hartog\*  
John Hickey  
Stan & Barbara Hiseler\*  
Eugenia Humchack\*  
Helen & Douglas Johnson\*  
Pierre Jones & Nicole Marcil  
Maurice Joubert & Louise Desjardins\*  
Peter Kendall  
Yves Lacourcière  
Jacques & Michèle Latulippe\*  
Michel & Francine Levrero  
Aruna Li & Li Bichun\*  
Norm & Patricia Lorenz\*  
Keith MacDonald & Donna Dowell  
Don & Christina MacLeod\*  
Stan & Olga MacLellan\*  
Perry Man  
Vimla & Ramesh Mehra  
Joanne Miller\*  
Gary & Vivian Norton  
Gunter & Ann Otto\*  
France Poulin  
Kevin & Susan Quinn  
Johanne Ratz\*  
Timothy Reid\*  
Enid Robins-Holm & Finn Holm  
Jake & Frieda Sawatzky\*  
Norman & Hilah Simmons\*  
John & Karen Skelton  
Mary Slavik & Steven Peters\*  
Margaret Smith  
Soren & Lis Sondergaard  
Neal & Nora Stoskopf  
Andrew & Dorothy Tapajna\*  
Antoine & Sheila Terjanian  
John & Ruby Van Esch\*  
Vic & Wendy Walls\*  
Walter Wells & Margaret Carson  
Paul & Marjolyn van der Wel  
Tony & Sharon Wood\*

\*Indicates Gift in-Kind

\*Donors who have contributed for 5 or more years.

# 2006-2007 Financial Statements

STATEMENT OF FINANCIAL POSITION (AS AT MARCH 31, 2007)

	2007	2006
<b>ASSETS</b>		
<b>CURRENT</b>		
CASH AND OPERATING ACCOUNTS (NOTE 3)	\$ 2,071,338	\$ 657,162
CASH & SHORT-TERM INVESTMENTS		
- DESIGNATED (NOTE 4)	10,068	568,810
SHORT-TERM INVESTMENTS	-	55,500
OPERATING ADVANCES TO REPRESENTATIVES	299,716	163,759
ACCOUNTS RECEIVABLE	417,704	398,384
PREPAID EXPENSES	123,920	55,110
	<u>2,922,746</u>	<u>\$1,898,725</u>
<b>LONG-TERM INVESTMENTS</b>		
- DESIGNATED (NOTE 4)	1,390,465	\$1,097,875
<b>PROPERTY &amp; EQUIPMENT (NOTE 5)</b>		
	<u>289,832</u>	<u>266,190</u>
	<u>4,603,043</u>	<u>\$3,262,790</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
ACCOUNTS PAYABLE AND ACCRUED		
LIABILITIES	301,964	\$ 353,211
DEFERRED REVENUE (NOTE 6)	2,308,269	962,774
	<u>2,610,233</u>	<u>\$1,315,985</u>
<b>PROVISION FOR EMPLOYEE RETIREMENT ALLOWANCES (NOTE 7)</b>		
	131,850	\$ 153,943
<b>RENT EQUALIZATION (NOTE 8)</b>		
	<u>121,023</u>	<u>153,296</u>
	<u>2,863,106</u>	<u>\$1,623,224</u>
<b>NET ASSETS</b>		
GENERAL FUND	(123,942)	\$(363,896)
FUNDS INVESTED IN PROPERTY & EQUIPMENT	249,832	266,190
DESIGNATED FUNDS (NOTE 9)	1,614,047	1,737,272
	<u>1,739,937</u>	<u>1,639,566</u>
	<u>\$4,603,043</u>	<u>\$3,262,790</u>

APPROVED ON BEHALF OF THE BOARD:

*Q Newhouse*

, Director

*K MacDonald*

, Director

STATEMENT OF OPERATIONS (FOR THE YEAR ENDED MARCH 31, 2007)

	2007	2006
<b>REVENUES</b>		
VALUE OF VOLUNTEER SERVICES AT		
ASSIGNMENT SITES (NOTE 10)	\$ 3,176,180	\$ 3,143,875
VALUE OF SUBSISTENCE PAID BY CLIENTS (NOTE 10)	837,977	595,320
CIDA	5,349,794	5,184,149
INAC	2,094,627	1,883,993
PRIVATE SECTOR, CLIENTS AND OTHER	<u>1,312,759</u>	<u>1,134,532</u>
	<u>12,771,337</u>	<u>\$11,941,869</u>
<b>OPERATING FUND EXPENSES</b>		
VALUE OF VOLUNTEER SERVICES/VALUE		
OF CLIENT PAID SUBSISTENCE (NOTE 10)	4,014,157	3,739,195
INTERNATIONAL ASSIGNMENT COSTS (NOTE 10)	4,283,806	4,097,463
NATIONAL ASSIGNMENT COSTS (NOTE 11)	2,493,509	2,229,304
ADMINISTRATION	916,146	902,159
CORPORATE	500,889	645,992
COMMUNICATIONS	144,784	174,682
DEVELOPMENT	99,666	118,823
AMORTIZATION	<u>94,784</u>	<u>75,882</u>
	<u>12,547,741</u>	<u>\$11,983,500</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER OPERATING FUND EXPENSES</b>		
	<u>\$ 223,596</u>	<u>\$ (41,631)</u>
DESIGNATED FUND REVENUE (NOTE 9)	86,168	110,677
DESIGNATED FUND EXPENSES (NOTE 9)	<u>209,393</u>	<u>16,744</u>
NET DESIGNATED FUNDS	<u>(123,225)</u>	<u>93,933</u>
EXCESS OF REVENUES OVER EXPENSES	<u>100,371</u>	<u>\$ 52,302</u>

## Auditors' Report

To the Members of  
Canadian Executive Service Organization

We have audited the statement of financial position of Canadian Executive Service Organization as at March 31, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization'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 organization as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the previous year.

KRIENS-LAROSE, LLP

*Kriens-Larose, LLP*

Chartered Accountants  
Licensed Public Accountants

Toronto, Ontario  
May 2, 2007

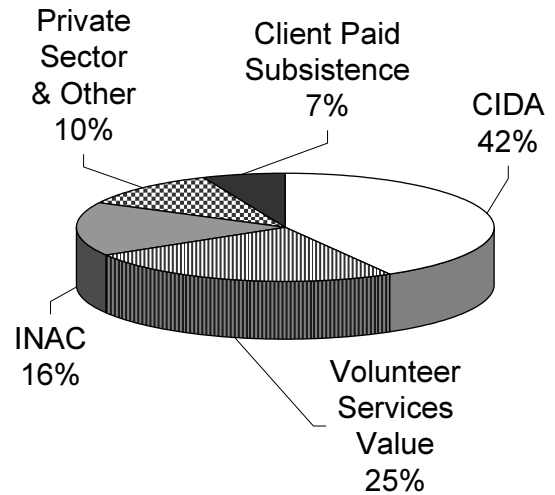
**STATEMENT OF CHANGES IN NET ASSETS** (FOR THE YEAR ENDED MARCH 31, 2007)

	General Funds	Fund invested in Property & Equipment	Designated Funds (Note 9)	2007 Total	2006 Total
	\$	\$	\$	\$	\$
<b>BALANCE, BEGINNING OF YEAR</b>	(363,896)	266,190	1,737,272	1,639,566	1,587,264
<b>EXCESS(DEFICIENCY) OF REVENUES OVER EXPENSES</b>	318,380	(94,784)	(123,225)	100,371	52,302
<b>PURCHASE OF PROPERTY &amp; EQUIPMENT</b>	(118,426)	118,426	-	-	-
<b>DEFERRED FUNDING USED FOR THE PURCHASE OF PROPERTY</b>	<u>40,000</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>BALANCE, END OF YEAR</b>	(123,942)	249,832	1,614,047	1,739,937	1,639,566

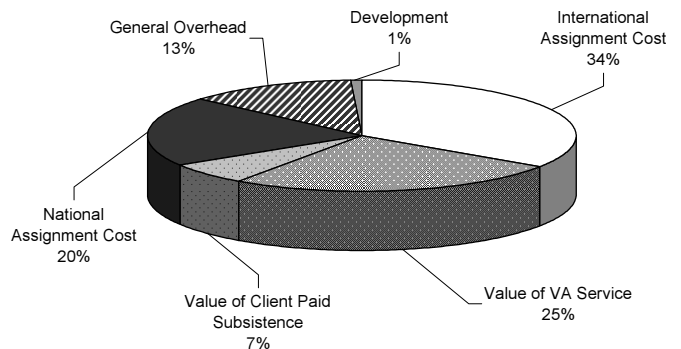
**STATEMENT OF CASH FLOWS** (FOR THE YEAR ENDED MARCH 31, 2007)

	2007	2006
<b>CASH WAS PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
EXCESS OF REVENUES OVER EXPENSES	\$ 100,371	\$ 52,302
CHARGES TO INCOME NOT INVOLVING CASH:		
AMORTIZATION	94,784	75,882
	195,155	128,184
CHANGES IN NON-CASH WORKING CAPITAL BALANCES:		
OPERATING ADVANCES TO REPRESENTATIVES	(135,957)	28,937
ACCOUNTS RECEIVABLE	(19,320)	(92,534)
PREPAID EXPENSES	(68,810)	688
PROVISION FOR EMPLOYEE RETIREMENT ALLOWANCES	(22,093)	(5,533)
RENT EQUALIZATION	(32,273)	(6,488)
DEFERRED REVENUE	1,345,495	(236,249)
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	(51,247)	23,605
	1,015,795	(287,574)
	1,210,950	(159,390)
<b>INVESTING ACTIVITIES</b>		
PURCHASE OF PROPERTY & EQUIPMENT	(118,426)	(24,495)
CHANGE IN LONG-TERM INVESTMENTS - DESIGNATED	(292,590)	247,485
	(411,016)	222,990
CHANGE IN CASH AND EQUIVALENTS	799,934	63,600
<b>CASH &amp; EQUIVALENTS, BEGINNING OF YEAR</b>	1,281,472	1,217,872
<b>CASH &amp; EQUIVALENTS, END OF YEAR</b>	2,081,406	1,281,472
CASH AND EQUIVALENTS CONSIST OF THE FOLLOWING:		
CASH AND OPERATING ACCOUNTS	2,071,338	657,162
CASH AND SHORT-TERM INVESTMENTS - DESIGNATED	10,068	568,810
SHORT-TERM INVESTMENTS	-	55,500
	2,081,406	\$1,281,472

**Revenues 2006-2007**



**Expenses 2006-2007**



## 1. PURPOSE OF THE ORGANIZATION

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Canadian Executive Service Organization's (CESO) purpose is to promote economic growth and governance of the Aboriginal and Non-Aboriginal peoples in Canada, developing nations and emerging market economies, through the transfer of knowledge by Volunteer Advisers. CESO is a registered charity under the Income Tax Act and, as such, is exempt from the payment of income taxes and is able to issue tax-deductible receipts to donors.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The accounting policies of the organization are in accordance with Canadian generally accepted accounting principles and their basis of application are consistent with those of the previous year. The organization uses the restricted method of accounting for sponsored programs in which contributions are recognized as revenue in the year in which the related expenses are incurred. Outlined below are those policies considered particularly significant.

### Investments:

Short-term and long-term investments are recorded at cost plus accumulated income earned. The investments are adjusted to quoted market value when there is evidence of a permanent change from their recorded value.

### Property & Equipment and Amortization:

Property & equipment is recorded at acquisition cost. Amortization on computer equipment is provided on the straight-line basis over the expected useful life of five years. Leasehold improvements are amortized on the straight-line basis over the term of the lease.

### Tenant Improvements:

Tenant improvements incurred are deferred and amortized on a straight-line basis over the term of the lease.

### Revenue Recognition:

CESO follows the deferral method of accounting for contributions. Contributions externally restricted are deferred and recognized as revenue in the year in which the related expenses are recognized. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from governments and other sources applicable to the financing of the various programs is recorded on the accrual basis. Expenses of operations are recorded on the same basis. Under the terms of operating funds advanced by Canadian

International Development Agency (CIDA) it is a requirement that CESO return any unspent funds.

Revenue from private sector donations is recorded when received.

Investment income earned on the designated funds is recognized as revenue when received or receivable as the designated funds are not externally restricted.

Expenses of the designated funds are recognized when paid or payable as the designated funds are not externally restricted.

### Donated Services:

The fair value of donated services at assignment sites is reflected as revenue and as an expense in the statement of operations. (Note 10).

### Defined Contribution Pension Plan:

CESO has a defined contribution pension plan available to all employees (after a certain probation period of employment). The pension benefits are determined by the employee and CESO contributions and the performance of the plan.

### Use of Estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

## 3. CASH AND OPERATING ACCOUNTS

---

CESO has arranged with the Royal Bank of Canada for various credit facilities including: a \$300,000 revolving line of credit at Royal Bank prime payable on demand and; a \$1,500,000 revolving demand facility by way of Letters of Guarantee. These facilities are secured by the investment portfolio held by RBC Dominion Securities and supported by a general security agreement constituting a first ranking security interest in securities held.

There is no outstanding balance on either of the above facilities at March 31, 2007.

#### 4. INVESTMENTS - DESIGNATED

The designated investments are summarized as follows:

	2007	2006
	\$	\$
Cash and guaranteed investment certificates	261,333	250,074
Bonds	687,309	1,006,851
Equities	451,891	409,760
	1,400,533	1,666,685
Less: Current investments	10,068	568,810
	1,390,465	1,097,875

The bonds earn interest at rates ranging from 4.23% to 11.45% (2006: 3.46% to 11.45%) and mature at dates within 2008 and 2010 (2006: 2007 to 2010). The fair market value of the investments as at March 31, 2007 is \$1,404,383 (2006: \$1,670,944).

#### 5. PROPERTY & EQUIPMENT

	Cost	Accumulated Amortization	Net 2007	Net 2006
	\$	\$	\$	\$
Computer equipment	376,667	256,869	119,798	50,813
Leasehold improvements	468,539	298,505	170,034	215,377
	845,206	555,374	289,832	266,190

#### 6. DEFERRED REVENUE

The deferred revenue represents funding received during the year from the Canadian International Development Agency and other sponsors for expenses to be incurred in the next fiscal year.

#### 7. PROVISION FOR EMPLOYEE RETIRING ALLOWANCES

The provision for employee retiring allowances represents CESO's obligation to its employees upon their departure. CESO's obligation to provide any future retiring allowances ceased in March, 2000. The March 31, 2007 obligation represents CESO's obligation as at March, 2000 less retiring allowances paid to March 31, 2007.

#### 8. RENT EQUALIZATION

During the 2001 fiscal year, CESO entered into a ten year and four month lease agreement for its current office premises. As an inducement to enter into the lease agreement, the landlord agreed to a reduced rental payment for the first five years of the lease and an increased rental payment for the last five years and four months of the lease. The lease payments for the full term of the lease have been aggregated and are being expensed over the term of the lease on a straight-line basis.

The rent equalization balance as at March 31, 2007 represents the rent which would be payable on the straight-line basis less the rent paid to date by CESO. The liability for the rent equalization will be satisfied by December 31, 2010.

#### 9. DESIGNATED FUNDS

CESO receives/received donations for use on specific assignments as determined by the Board of Directors. These designated funds are held for the purpose of funding programs.

The designated funds are internally restricted and therefore income earned on the designated funds is recognized as revenue when received or receivable and expenses of the designated funds are recognized when paid or payable.

The accumulated investment income earned less expenditures from the funds to March 31, 2007 is \$195,320 (2006: an excess of \$312,790).

Opening Balance	Contributions	Interest Income	Expenditures	Closing Balance
\$	\$	\$	\$	\$
1,737,272	-	86,168	(209,393)	1,614,047

#### 10. DONATED SERVICES

The value of donated services at assignment sites has been determined as follows:

Volunteer services - the fair value of services donated by CESO Volunteer Advisers has been determined using a consulting rate of \$350 per diem which has been acknowledged by CIDA as being an acceptable rate.

Client paid subsistence - the fair value of subsistence paid by the overseas assignment organizations has been determined based on client supplied information. In the absence of client supplied

information an estimate is used based on the monthly subsistence rates provided by the International Civil Service Commission of the United Nations.

### 11. ASSIGNMENT COSTS

Assignment costs includes the value of volunteer services at assignment sites and subsistence paid by clients as recorded in revenue. In addition to the value of volunteer services (which represents the time spent in the field by CESO Volunteer Advisers), there were many thousands of hours of services given by CESO Volunteer Advisers in CESO offices to assist with recruiting, evaluations, fundraising, the spousal program and other areas. The value of these services has not been reflected as revenue and expense in the statement of operations.

### 12. LEASE COMMITMENT

The premises lease commitment for the Operations Centre in Toronto, expires in December 2010 and is payable as follows:

March 31, 2008	134,082
March 31, 2009	134,082
March 31, 2010	134,082
March 31, 2011	100,562

The organization is also responsible for common area and operating costs, which were \$275,250 in 2007 (2006: \$280,000)

The premises lease commitments for the Regional offices, expires between March 31, 2008 to October 31, 2011 and are payable as follows:

March 31, 2008	71,330
March 31, 2009	38,870
March 31, 2010	15,956
March 31, 2011	13,740
March 31, 2012	8,015

### 13. FINANCIAL INSTRUMENTS

#### Credit Risk

CESO is exposed to credit risk in the account receivable from sponsors and members. In order to reduce its credit risk, the organization has adopted credit policies that include the regular review of outstanding accounts receivable. The organization does not have any significant exposure to individual sponsors or members.

#### Fair Value

The carrying amounts of cash, short-term investments, operating advances to representatives, accounts receivable, accounts payable and accrued liabilities and deferred revenue approximate their fair values because of the short-term nature of these assets and liabilities.



For 40 years, CESO volunteers have been making a difference in Canada and around the world.