

Canadian Institute of Resources Law

ANNUAL REPORT



2010-11

Board of Directors

The Board of Directors manages the Institute. Directors include members appointed by: the Faculty of Law at the University of Calgary; the president of the University of Calgary; the Benchers of the Law Society of Alberta; the president of the Canadian Energy Law Foundation; and the Dean of Law at the University of Alberta. These nominated directors elect additional members.

Joanne Alexander *

Vice-Chairman of the Board of Directors,
Precision Drilling Corporation, Calgary

Nigel Bankes

Professor of Law,
University of Calgary

Dr. James Frideres *

Professor, Department of Sociology,
Canadian Ethnic Studies Journal,
University of Calgary

Arlene Kwasniak

Associate Professor of Law,
University of Calgary

Alastair R. Lucas *

Dean of Law, University of Calgary

Richard Neufeld *

Chairman of the Board of Directors,
Fraser Milner Casgrain, Calgary

F. Van Penick

McInnes Cooper, Halifax

David R. Percy, Q.C. *

Professor of Law, University of Alberta,
Edmonton

J. Owen Saunders *

Executive Director of the Institute
and Adjunct Professor of Law,
University of Calgary

Alan Scott

ConocoPhillips Canada, Calgary

Jay Todesco

Nexen Inc., Calgary

Brian Wallace

Bull, Housser & Tupper,
Vancouver

* Member of the Executive Committee

THE INSTITUTE

The Canadian Institute of Resources Law was incorporated in September 1979 to undertake and promote research, education and publication on the law relating to Canada's renewable and non-renewable natural resources.

The Institute was incorporated on the basis of a proposal prepared by a study team convened by the Faculty of Law at the University of Calgary. The Institute continues to work in close association with the Faculty of Law; however, it is managed by its own national Board of Directors and has a separate affiliation agreement with the University of Calgary.

OBJECTIVES

- Contribute to a better understanding of how legal systems and laws deal with natural resources, to analyze whether such laws accomplish their policy objectives, and to propose reforms.
- Analyse the techniques by which resources policies are developed and implemented, to assess these techniques and to make appropriate recommendations.
- Disseminate the results of the Institute's research through education and publications.
- Provide a pool of expertise in resources law to existing legal education institutions.
- As well as contributing to the work of governments, universities, the legal profession and industry, the Institute assists the public by undertaking and disseminating studies which present balanced, well-researched views of the legal problems involved in the management of natural resources.

Board of Directors inside cover

Research Program.....2

Contract Research.....3

Outside Presentations4

Publications Program.....5

Sponsorship.....6

Institute Staff.....6

Financial Statements7



RESEARCH PROGRAM

The Institute is involved in a wide range of research projects. While resource law is the prime focus of the Institute, we undertake research activities that involve other disciplines. Highlights from 2010-11 projects are listed:

Alberta's Water for Life Strategy

The Institute received funding from the Alberta Law Foundation to undertake a project on "Alberta's Water for Life Strategy". The project conducted research and published papers on the fundamental legal rights and duties, and institutional relationships, which underlie Alberta's Water for Life Strategy. The project consisted of three modules and was undertaken by Michael Wenig, Monique Passelac-Ross and Nickie Vlavianos.

Legal and Policy Issues with Respect to Renewable Energy and Energy Efficiency in Alberta

The Institute received funding from the Alberta Law Foundation to undertake a project on "Legal and Policy Issues with Respect to Renewable Energy and Energy Efficiency in Alberta". The purpose of the project was to address the legal and non-legal policy framework for alternative energy in Alberta in order to provide a basis for ongoing considerations by, and dialogue among, the public, and government and industry officials, about what steps should be taken by government to promote alternative energy. The project was undertaken by Michael Wenig, Nickie Vlavianos and Julie Krivitsky.

Public Participation in Energy and Natural Resources Development in Alberta

The Institute received funding from the Alberta Law Foundation to undertake a project on "Public Participation in Energy and Natural Resources Development in Alberta". The project addresses legal and policy issues around public participation, the pressure points on government and regulatory tribunals, and the current approaches to public participation in energy and natural resources development. This project was conducted by Nickie Vlavianos, Monique Passelac-Ross and Jenette Yearsley.

Aboriginal Rights to Water: The Case of the Athabasca River Basin

The Institute received funding from the Alberta Law Foundation to undertake a project on "Aboriginal Rights to Water: The Case of the Athabasca River Basin". This project addressed the need to promote a better understanding among all concerned, Aboriginal communities, government, industry, and all water users, of the nature of the rights of Aboriginal peoples with respect to water. It applies the legal analysis to the particular case of the Athabasca River, which is affected by multiple resource development, including massive oil sands projects. This project was undertaken by Monique Passelac-Ross.

Aboriginal Rights to Water and Alberta's Water Management and Allocation System: Public Legal Education

The Institute received funding from the Alberta Law Foundation for a public legal education conference to discuss Aboriginal and treaty rights/responsibilities in relation to other water rights/responsibilities in order to enhance the capacity of all parties to participate meaningfully in the upcoming consultations on water management. This was undertaken by Monique Passelac-Ross.

CONTRACT RESEARCH

In 2010-11, the Institute received contracts from the following organizations:

Institute for Sustainable Energy, Environment and Economy

To conduct research on legal issues related to carbon capture and storage.

Natural Resources Canada

To conduct an analysis of the federal regulatory framework related to Alberta's Land Use Plan for the Lower Athabasca.

Office of the Auditor General of Canada

For Owen Saunders to serve on a committee of three experts to advise on the audit of the federal government's implementation of its policy mandate with respect to fresh water.

SENES Consultants Ltd.

To conduct research on the NWT Environmental Audit.

Walter and Duncan Gordon Foundation

To conduct research on the first phase of a multi-phase project on a model transboundary water agreement for Alberta and the Northwest Territories.

Faculty of Social Sciences, University of Calgary

To conduct research on Community Wellness in Fort Chipewyan.

Royal Ontario Museum

To participate in a panel on Water Exports.

Canadian Boreal Initiative and Athabasca Chipewyan First Nation

To organize and participate in a round table on Aboriginal Co-management.



OUTSIDE PRESENTATIONS

In 2010-11, staff members were active in various conference and seminar presentations:

Owen Saunders

- Participated in workshops for the Auditor General of Canada as part of his contract to act as one of three experts advising on the audit of the federal government's implementation of its policy mandate with respect to fresh water.
- Spoke at the Institute's conference on *Aboriginal Peoples and the Future of Water Management in Alberta* in June 2010 in Edmonton.
- Participated as a panellist at a forum entitled *Under New Management? Oil Sands Development as if the Environment Mattered*, held at the University of Toronto's Munk School of Global Affairs in April 2011.
- Spoke at a North American Energy-Water Nexus Roundtable in April 2011 at the University of Nevada, Las Vegas.
- Spoke at a Canadian Bar Association, National Environmental, Energy and Resources Law Section, Water Law Conference in Banff in April 2011.

Monique Passelac-Ross

- Organized and participated in the Institute's conference on *Aboriginal Peoples and the Future of Water Management in Alberta* in June 2010 in Edmonton.
- Organized and participated in a conference on *Public Participation in Alberta's Energy and Natural Resources Development: Is There Room for Improvement?*, held at the University of Calgary on November 19, 2010.
- Organized and participated in a Roundtable on Aboriginal Co-management held in Edmonton in February 2011.

PUBLICATIONS PROGRAM

The Institute publishes the results of its research and the proceedings of seminars and conferences it sponsors. In addition, the Institute produces two regular publications: the *Canada Energy Law Services* and *Resources*.

Canada Energy Law Service

Carswell publishes this loose-leaf service. It is a guide to the federal and provincial regulation of energy development in Canada.

The two-volume Federal service contains material pertaining to the National Energy Board. The one-volume Alberta service highlights the Alberta Energy Resources Conservation Board. Each service contains two main sections: *commentary* that contains a description and analysis of the tribunal's activities; and *legislation* that contains the statutes and regulations administered by the tribunal. The Federal service also contains excerpts from tribunal decisions and cases.

Resources

The Institute began the regular publication of *Resources*, its quarterly newsletter, in 1982. The newsletter contains articles on topical resource issues, case or legislative comments, and reports on Institute activities and publications. It is distributed free of charge. Effective with issue number 94 (Spring 2006), *Resources* is only available in electronic format by e-mail. It is also available on the Institute's website at www.cirl.ca. *Resources* is made possible through the generous support of Nexen Inc.

Articles published in 2010-11 included:

- "Public Participation in Alberta's Land-use Planning Process", by Monique Passelac-Ross.
- "Public Participation at the Alberta Energy Resources Conservation Board" by Shaun Fluker.
- "Environmental Assessment of Nuclear Power Plants in Alberta: Implications for Federal-Provincial Responsibilities" by Astrid Kalkbrenner.
- "Innovative But Controversial Municipal Bylaws Survive Challenges" by Arlene Kwasniak.
- "Mutatis Mutandis: The ERCB Speaks (in Latin) on the Subject of Carbon Capture and Storage" by Nigel Banks.
- "The Problem of Locus Standi at the Energy Resources Conservation Board: A Diceyan Solution" by Shaun Fluker.

Publications

- *Public Participation in Energy and Natural Resources Development: A Theory and Criteria for Evaluation* by Rebeca Macias, 2010, 52 pp.
- *Alberta's Water for Life and Recent Trends in International Law* by J. Owen Saunders and Nickie Vlavianos, 2010, 23 pp.
- *Institutional Relationships and Alberta's Water for Life Strategy* by J. Owen Saunders, 2010, 31 pp.
- *Solar Rights and Renewable Energy in Alberta* by Julie Krivitsky, 2010, 23 pp.
- *Wind Power and Renewable Energy in Alberta* by Julie Krivitsky, 2010, 28 pp.

A complete listing of publications is available on the Institute's website at www.cirl.ca.

To order or for more information please contact:

Canadian Institute of Resources Law
 MFH 3353, University of Calgary, Calgary, Alberta, Canada T2N 1N4
 Telephone: 403.220.3200 Facsimile: 403.282.6182 E-mail: cirl@ucalgary.ca

Outside Publications

- *Canada Energy Law Services: Federal and Alberta*
 The two Services may be purchased separately or as a set, and are updated regularly during the year.

This publication is available from:

Carswell, One Corporate Plaza,
 2075 Kennedy Road, Toronto, Ontario M1T 3V4
 or call Toronto/International: 416.609.3800 Toll Free Canada & US: 1.800.387.5164
 Facsimile: 416.298.5082 Website: www.carswell.com



INSTITUTE SPONSORS

In 1979, the Alberta Law Foundation provided a two-year grant to establish the Institute. In 2010-11, the Institute received continued support from governments, other foundations and the private sector. The University of Calgary provides the Institute with office accommodation and some support services.

The Institute would like to thank the following organizations for their support:

Alberta Law Foundation
Athabasca Chipewyan First Nation
Canadian Boreal Initiative
Institute for Sustainable Energy, Environment and Economy
Natural Resources Canada
Nexen Inc.
Office of the Auditor General of Canada
Royal Ontario Museum
SENES Consultants Ltd.
Walter and Duncan Gordon Foundation

INSTITUTE STAFF

Executive Director

J. Owen Saunders

Research Associates

Monique Passelac-Ross, Nickie Vlavianos, Jenette Yearsley

Director of Administration

Nancy Money

Information Resources Officer

Sue Parsons

Student Research Assistant 2010

Adam Zelmer

Student Research Assistant 2011

David Laidlaw

Visiting Chair of Natural Resources Law

The Chair of Natural Resources Law was established by the Faculty of Law at the University of Calgary to bring prominent scholars to the University to engage in teaching and research activities, and to interact closely with professionals in the field of natural resources law.

The Chair of Natural Resources Law is Professor Nigel Bankes of the University of Calgary, Faculty of Law. He was appointed in March 2008. Professor Bankes' research is focused mainly on resources law, aboriginal law and international environmental law.

FINANCIAL STATEMENTS

Auditor's Report

To the Members of the Canadian Institute of Resources Law

I have audited the accompanying financial statements of Canadian Institute of Resources Law, which comprise the statement of financial position as at March 31, 2011, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted auditing principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I concluded my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Institute of Resources Law as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta
June 21, 2011

Signed by "Louis A. Graham"
CHARTERED ACCOUNTANT



Statement of Financial Position

March 31, 2011

	General Fund	Endowment Fund	Total 2011	Total 2010
ASSETS				
CURRENT:				
Cash and cash equivalents	\$ 168,145	—	\$ 168,145	\$ 306,215
Accounts receivable	33,476	—	33,476	31,195
Inventory	11,548	—	11,548	12,173
	213,169	—	213,169	349,583
PROPERTY AND EQUIPMENT (Note 3)	3,448	—	3,448	4,310
INVESTMENT ASSET (Note 4)	—	202,393	202,393	191,794
	\$ 216,617	\$ 202,393	\$ 414,010	\$ 545,687
LIABILITIES				
CURRENT:				
Accounts payable	\$ 22,348	—	\$ 22,349	\$ 26,048
Deferred income (Note 5)	2,600	—	2,600	84,291
	24,949	—	24,949	110,339
NET ASSETS				
GENERAL FUND	(29,332)	—	(29,332)	22,554
INTERNALLY RESTRICTED FUNDS	221,000	—	221,000	221,000
ENDOWMENT FUND	—	202,393	202,393	191,794
	191,668	202,393	394,061	435,348
	\$ 216,617	\$ 202,393	\$ 419,010	\$ 545,687

Statement of Revenues and Expenditures

Year Ended March 31, 2011

	General Fund	Endowment Fund	Total 2011	Total 2010
REVENUE				
Alberta Law Foundation	\$ 463,151	\$ —	\$ 463,151	\$ 673,753
University of Calgary	6,614	—	6,614	6,156
Employment grants	3,430	—	3,430	3,430
Government of Canada	19,037	—	19,037	34,874
Contract services	55,040	—	55,040	14,900
Conference and seminars	35,800	—	35,800	18,650
Royalties	14,333	—	14,333	14,591
Publications	6,801	—	6,801	1,785
Other	66	3,247	3,313	3,548
	604,272	3,247	607,519	771,687
EXPENSES				
Promotion	8,039	—	8,039	8,319
Amortization	862	—	862	1,078
Meeting expenses	4,334	—	4,334	5,061
Office	15,812	—	15,812	12,988
Seminars and conferences	23,410	—	23,410	9,788
Staff training	4,171	—	4,171	4,057
Overhead	1,897	—	1,897	7,300
Postage and courier	1,332	—	1,332	611
Scholarships	—	7,500	7,500	5,000
Professional fees	7,030	—	7,030	7,905
Salaries and wages	581,843	—	581,843	696,745
Telephone	5,435	—	5,435	5,591
Travel	1,993	500	1,993	7,562
	656,158	8,000	664,158	772,005
DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS	(51,886)	(4,753)	(56,639)	(318)
OTHER INCOME				
Market value adjustment	—	15,352	15,352	31,899
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (51,886)	\$ 10,599	\$ (41,287)	\$ 31,581



Statement of Changes in Net Assets

Year Ended March 31, 2011

	General Fund	Endowment Fund	Internally Restricted Funds (Note 5)	2011	2010
NET ASSETS — BEGINNING OF YEAR	\$ 22,554	\$ 191,794	\$ 221,000	\$ 435,348	\$ 403,767
Excess of revenue over expenses	(51,886)	10,599	—	(41,287)	31,581
NET ASSETS — END OF YEAR	\$ (29,332)	\$ 202,393	\$ 221,000	\$ 394,061	\$ 435,348

Statement of Cash Flows

Year Ended March 31, 2011

	2011	2010
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (41,287)	\$ 31,581
Items not affecting cash:		
Amortization	862	1,078
Market value adjustment	(15,352)	(31,899)
	(55,777)	760
Changes in non-cash working capital:		
Accounts receivable	(2,281)	(6,817)
Inventory	625	1,311
Accounts payable	(3,699)	14,636
Deferred income	(81,691)	(34,432)
Prepaid expenses	—	1,250
	(87,046)	(24,052)
Cash flow used by operating activities	(142,823)	(23,292)
INVESTING ACTIVITY		
Net change in investment asset	4,753	8,040
DECREASE IN CASH FLOW	(138,070)	(15,252)
Cash – beginning of year	306,215	321,467
CASH – END OF YEAR	\$ 168,145	\$ 306,215
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	\$ —	\$ —



Notes to Financial Statements

Year Ended March 31, 2011

1. DESCRIPTION OF OPERATIONS

The Canadian Institute of Resources Law (the "Institute") was incorporated without share capital under Part II of the Canada Corporations Act on September 14, 1979. The "Institute" is also registered as a charitable organization with the Canada Revenue Agency and is exempt from Income Tax under provisions of Section 149.1(1) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions

The Institute follows the restricted fund method of accounting for contributions. The activities of the Institute are segregated into the following funds:

- The general fund reports the assets, liabilities, revenues and expenditures related to activities not subject to restrictions.
- The endowment fund reports the assets, liabilities, revenues and expenditures relating to activities in the endowment fund.
- The internally restricted fund reports funds internally restricted by the Board (see note 6).
- The majority of contributions are received from Alberta Law Foundation.

Cash and cash equivalents

Highly liquid investments with maturities of ninety days or less at date of purchase are considered to be cash equivalents.

Inventory

Inventory of publications is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Contributed property and equipment are recorded at fair value at the date of contribution. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	20% declining balance method
Furniture and fixtures	10% declining balance method

The Institute regularly reviews its property and equipment to eliminate obsolete items.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

Contributions, including operating grants, are included in revenue in the year in which they are received or receivable, with the exception that contributions to fund a specific future period's operating expenses are included in revenue in the later period.

Notes to Financial Statements, continued

Donated services

Due to the difficulty in determining the fair value of donated services, these financial statements do not account for the value of such services.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Changes in accounting policy

In September 2008, the CICA amended or introduced several of the Not-for-Profit sections of the Handbook, to more closely align the not-for-profit standards with other aspects of the CICA Handbook. These changes are outlined as follows:

- a) Section 4400 "Financial Statement Presentation by Not-for-Profit Organizations" has been amended to require not-for-profit entities to prepare cash flow statements in accordance with Section 1540 "Cash Flow Statements".
- b) Section 4430 "Capital Assets Held by Not-for-Profit Organizations" has been amended to require not-for-profit entities who capitalize their capital assets to follow all other relevant provisions of Section 3061 "Property, Plant and Equipment" and any other relevant sections of the CICA Handbook.
- c) Section 4460 "Disclosure of Related Party Transactions by Not-for-Profit Organizations" has been amended to enhance disclosure requirements.
- d) Section 4470 "Disclosure of Allocated Expenses by Not-for-Profit Organizations". This Section was introduced to require enhanced disclosures when an entity allocates expenses among functions.

These changes have no significant impact on the Institute's financial statements.

Future changes in accounting policies

The following accounting standards have been issued by the Canadian Institute of Chartered Accountants (CICA) but are not yet effective for the Institute. The Institute is currently evaluating the effect of adopting these standards, which it expects to do in fiscal year 2011.

The Accounting Standards Board will be implementing Part III of the CICA Handbook Accounting Standards for Not-for-Profit Organizations effective January 1, 2012. The Institute will be assessing the impact of the new standards on its financial statements over the next year. Early adoption is permitted for the new standards.



Notes to Financial Statements, continued

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
Computer equipment	\$ 165,985	\$ 162,537	\$ 3,448	\$ 4,310
Furniture and fixtures	33,085	33,085	—	—
	\$ 199,070	\$ 195,622	\$ 3,448	\$ 4,310

4. ENDOWMENT FUND

The Endowment Fund, held by the University of Calgary Trust, consists of specifically identified funds. The investment income is to be used to support the Institute's visiting scholar and speaker program as well as to support student attendance at Institute conferences, seminars and workshops. The endowment fund has a fair market value of \$202,393 (2009 — \$191,794) and a historical cost of \$203,770 (2009 — \$208,523).

Measurement of financial instruments depends on whether the financial instrument has been classified as held for trading, available for sale, held to maturity, loans or receivables or other financial liabilities. The Institute has classified its endowment fund as held for trading.

5. DEFERRED REVENUE

	2011	2010
Deferred Revenues	\$ 2,600	\$ 84,291

The deferred revenue represents the unearned portion of amounts that have been received by the Institute prior to March 31, 2011, for projects to be completed subsequent to March 31, 2011.

Notes to Financial Statements, continued

6. INTERNALLY RESTRICTED FUNDS

The Institute has internally restricted funds established by the board:

	2011	2010
Reserve for Project Development Fund		
Balance, beginning of the year	\$ 51,000	\$ 51,000
Less: transfer to operations	—	—
Balance, end of the year	51,000	51,000
Reserve for Stabilization Fund		
Balance, beginning of the year	\$ 170,000	\$ 170,000
Internally restricted funds	\$ 221,000	\$ 221,000

The Project Development fund was established by the board in order to provide funds to develop potential research projects for the Institute.

This Stabilization fund was established by the board in order to offset future deficits incurred by the Institute.

7. INCOME TAXES

The Institute is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

8. CAPITAL DISCLOSURES

The Institute defines capital as amounts included in fund balances.

The Institute's objectives when managing capital are: (i) to maintain a flexible capital structure, which optimises the cost of capital at acceptable risk; and (ii) to maintain stakeholder confidence to sustain the future development of the Institute.

The Institute manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of our underlying assets. The Institute considers its capital structure to include working capital. To maintain or adjust the capital structure, the Institute may from time to time adjust its capital spending to manage its current and projected working capital levels.



Notes to Financial Statements, continued

9. FINANCIAL INSTRUMENTS

The Institute has chosen to follow the disclosure requirements of CICA Handbook Section 3861 instead of the expanded rules set out in CICA Handbook Sections 3862 and 3863, in keeping with the options provided by CICA Handbook Sections 3862.43(a) and 3863.40(c).

The Institute's financial instruments consist of cash and cash equivalents, accounts receivable, investment assets and accounts payable.

All financial instruments must initially be recognized at fair value on the balance sheet. The Institute has classified each instruments into the following categories:

Category	Financial Instrument
Loans and receivables	Accounts receivable
Held for trading	Investment asset
Financial liabilities	Accounts payable

Subsequent measurement of the financial instruments is based on classification. Held for trading financial instruments are measured at fair value with unrealized gains/losses reported directly in the statement of operations. Financial loans and financial liabilities are measured at cost or amortized cost.

Credit Risk

Credit risk from customers arises from the potential that a counter party will fail to perform its obligations. The Institute is not exposed to credit risk from customers as all sales of publications are cash sales.

Fair Value

The Institute's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The fair values of endowment funds correspond approximately to their quoted market values.

Interest Rate

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Institute is not exposed to interest rate risk.





Canadian Institute of Resources Law

MFH 3353, University of Calgary, 2500 University Drive N.W., Calgary, Alberta T2N 1N4
Telephone: 403.220.3200 Facsimile: 403.282.6182 E-mail: cirl@ucalgary.ca Website: www.cirl.ca