

**Return of Organization Exempt From Income Tax**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

**2002**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

**A** For the 2002 calendar year, or tax year beginning JANUARY 1, 2002, and ending DECEMBER 31, 2002

**B** Check if applicable:  
 Address change  
 Name change  
 Initial return  
 Final return  
 Amended return  
 Application pending

**C** Name of organization: THE FRASER INSTITUTE  
 Number and street (or P O box if mail is not delivered to street address): 1770 BURBANK ST.  
 City or town, state or country and ZIP + 4: VANCOUVER BC CANADA V6S 3G7

**D** Employer identification number: 98 0032427

**E** Telephone number: (604) 714 4585

**F** Accounting method:  Cash  Accrual  
 Other (specify) ▶

**G** Web site: FRASERINSTITUTE.CA

**J** Organization type (check only one) ▶  501(c) ( 3 ) ◀ (insert no)  4947(a)(1) or  527

**K** Check here  if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail it should file a return without financial data. Some states require a complete return.

**L** Gross receipts. Add lines 6b, 8b, 9b, and 10b to line 12 ▶

**H and I are not applicable to section 527 organizations**  
**H(a)** Is this a group return for affiliates?  Yes  No  
**H(b)** If "Yes" enter number of affiliates ▶  
**H(c)** Are all affiliates included?  Yes  No (If "No," attach a list. See instructions.)  
**H(d)** Is this a separate return filed by an organization covered by a group ruling?  Yes  No  
**I** Enter 4-digit GEN ▶

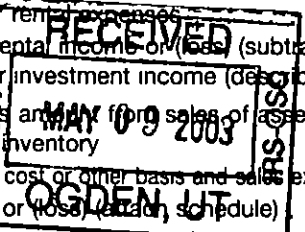
**M** Check  if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF)

**Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances** (See page 17 of the instructions)

Revenue	1	Contributions, gifts, grants, and similar amounts received			
	a	Direct public support	1a	4711835	
	b	Indirect public support	1b		
	c	Government contributions (grants)	1c		
	d	Total (add lines 1a through 1c) (cash \$ <u>4711835</u> noncash \$ <u>0</u> )	1d		4711835
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2		
	3	Membership dues and assessments	3		55944
	4	Interest on savings and temporary cash investments	4		137832
	5	Dividends and interest from securities	5		
	6a	Gross rents	6a		
	b	Less: rental expenses	6b		
	c	Net rental income or (loss) (subtract line 6b from line 6a)	6c		
7	Other investment income (describe ▶ <u>BUILDING CO-OWNERSHIP</u> )	7		116911	
8a	Gross gain or (loss) from sales of assets other than inventory	(A) Securities	8a		
b	Less cost or other basis and sales expenses	(B) Other	8b		
c	Gain or (loss) (attach schedule)	8c			
d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8d			
9	Special events and activities (attach schedule) <u>SCHED 1A</u>				
a	Gross revenue (not including \$ <u>407896</u> of contributions reported on line 1a)	9a	243480		
b	Less direct expenses other than fundraising expenses	9b	(416199)		
c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c		(172719)	
10a	Gross sales of inventory, less returns and allowances	10a	44888		
b	Less cost of goods sold <u>SCHED 1 NOTE 3</u>	10b	(44888)		
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c		0	
11	Other revenue (from Part VII, line 103)	11		18391	
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		4868194	
13	Program services (from line 44, column (B))	13		3340904	
14	Management and general (from line 44, column (C))	14		1013723	
15	Fundraising (from line 44, column (D))	15		473944	
16	Payments to affiliates (attach schedule)	16		0	
17	Total expenses (add lines 16 and 44, column (A))	17		4828373	
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18		39622	
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		4826081	
20	Other changes in net assets or fund balances (attach explanation) <u>SCHED 1 NOTE 6</u>	20		45963	
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		4911666	

SEE ENCL 6

ANNEXED MAY 28 2003



**Part II Statement of Functional Expenses**

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others (See page 21 of the instructions)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____)	22	See SCHEDULE 2		
23	Specific assistance to individuals (attach schedule)	23			
24	Benefits paid to or for members (attach schedule)	24			
25	Compensation of officers, directors, etc	25			
26	Other salaries and wages	26			
27	Pension plan contributions	27			
28	Other employee benefits	28			
29	Payroll taxes	29			
30	Professional fundraising fees	30			
31	Accounting fees	31			
32	Legal fees	32			
33	Supplies	33			
34	Telephone	34			
35	Postage and shipping	35			
36	Occupancy	36			
37	Equipment rental and maintenance	37			
38	Printing and publications	38			
39	Travel	39			
40	Conferences, conventions, and meetings	40			
41	Interest	41			
42	Depreciation, depletion, etc (attach schedule)	42			
43	Other expenses not covered above (itemize) a	43a			
	b	43b			
	c	43c			
	d	43d			
	e	43e			
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	44			

**Joint Costs.** Check  if you are following SOP 98-2

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  Yes  No  
 If "Yes," enter (i) the aggregate amount of these joint costs \$ \_\_\_\_\_, (ii) the amount allocated to Program services \$ \_\_\_\_\_, (iii) the amount allocated to Management and general \$ \_\_\_\_\_, and (iv) the amount allocated to Fundraising \$ \_\_\_\_\_

**Part III Statement of Program Service Accomplishments (See page 24 of the instructions)**

What is the organization's primary exempt purpose? <i>RESEARCH AND EDUCATION</i>	Program Service Expenses (Required for 501(c)(3) and (4) orgs and 4947(a)(1) trusts but optional for others)
a <i>See SCHEDULE 1 - NOTE 4. AND ANNUAL REPORT (ATTACHED)</i> (Grants and allocations \$ _____)	3340904
b (Grants and allocations \$ _____)	
c (Grants and allocations \$ _____)	
d (Grants and allocations \$ _____)	
e Other program services (attach schedule) (Grants and allocations \$ _____)	
<b>f Total of Program Service Expenses</b> (should equal line 44, column (B), Program services)	3340904

**Part IV Balance Sheets** (See page 24 of the instructions)

Note		Where required, attached schedules and amounts within the description column should be for end-of-year amounts only		(A) Beginning of year		(B) End of year		
Assets	45	Cash—non-interest-bearing		1736	45	\$10		
	46	Savings and temporary cash investments		2736697	46	3194068		
	47a	47a	Accounts receivable	58617	47c	58617		
	b	47b	Less allowance for doubtful accounts	0				
	48a	48a	Pledges receivable	127365	48c	127365		
	b	48b	Less allowance for doubtful accounts	0				
	49	Grants receivable			49			
	50	Receivables from officers, directors, trustees, and key employees (attach schedule)			50			
	51a	Other notes and loans receivable (attach schedule)			51c			
	b	51b	Less allowance for doubtful accounts					
	52	Inventories for sale or use		31879	52	83651		
	53	Prepaid expenses and deferred charges		99164	53	53684		
	54	Investments—securities (attach schedule) <input type="checkbox"/> Cost <input type="checkbox"/> FMV			54			
	55a	Investments—land, buildings, and equipment basis			55c			
b	55b	Less accumulated depreciation (attach schedule)						
56	Investments—other (attach schedule) <u>SCHEDULE 1 - Note 5</u>		2894245	56	3454531			
57a	Land, buildings, and equipment basis		1120299	57c	817485			
b	57b	Less accumulated depreciation (attach schedule)	304814					
58	Other assets (describe <u>SCHEDULE 1 - Note 2</u> )		1565141	58	1392052			
59	<b>Total assets</b> (add lines 45 through 58) (must equal line 74)		9732368	59	8523943			
Liabilities	60	Accounts payable and accrued expenses		977483	60	1088951		
	61	Grants payable			61			
	62	Deferred revenue		1928804	62	2523326		
	63	Loans from officers, directors, trustees, and key employees (attach schedule)			63			
	64a	Tax-exempt bond liabilities (attach schedule)			64a			
	b	Mortgages and other notes payable (attach schedule)			64b			
	65	Other liabilities (describe _____)			65			
66	<b>Total liabilities</b> (add lines 60 through 65)		2906287	66	3612277			
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74			70				
	67	Unrestricted						
	68	Temporarily restricted						
	69	Permanently restricted			69			
	Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 70 through 74			70				
	70	Capital stock, trust principal, or current funds						
	71	Paid-in or capital surplus, or land, building, and equipment fund				1369059	71	1375059
	72	Retained earnings, endowment, accumulated income, or other funds				3457082	72	3536607
73	<b>Total net assets or fund balances</b> (add lines 67 through 69 or lines 70 through 72, column (A) must equal line 19, column (B) must equal line 21)		4826081	73	4911666			
74	<b>Total liabilities and net assets / fund balances</b> (add lines 66 and 73)		7732368	74	8523943			

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

**Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return** (See page 26 of the instructions)

a	Total revenue, gains, and other support per audited financial statements	a	5209806
b	Amounts included on line a but not on line 12, Form 990	b	(461087)
(1)	Net unrealized gains on investments		
(2)	Donated services and use of facilities		
(3)	Recoveries of prior year grants		
(4)	Other (specify) EXCHG. LOSSES Line 9B INVENTORY Line 10B		
	Add amounts on lines (1) through (4)	b	(461087)
c	Line a minus line b	c	
d	Amounts included on line 12, Form 990 but not on line a:	d	19475
(1)	Investment expenses not included on line 6b, Form 990		
(2)	Other (specify) FOREIGN EXCHANGE 2564 COTRIBUTION \$ 116911		
	Add amounts on lines (1) and (2)	d	19475
e	Total revenue per line 12, Form 990 (line c plus line d)	e	4868194

**Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return**

a	Total expenses and losses per audited financial statements	a	5889659
b	Amounts included on line a but not on line 17, Form 990	b	(461087)
(1)	Donated services and use of facilities		
(2)	Prior year adjustments reported on line 20, Form 990		
(3)	Losses reported on line 20, Form 990		
(4)	Other (specify)		
	Add amounts on lines (1) through (4)	b	(461087)
c	Line a minus line b	c	
d	Amounts included on line 17, Form 990 but not on line a:	d	
(1)	Investment expenses not included on line 6b, Form 990		
(2)	Other (specify)		
	Add amounts on lines (1) and (2)	d	
e	Total expenses per line 17, Form 990 (line c plus line d)	e	4828572

**Part V List of Officers, Directors, Trustees, and Key Employees** (List each one even if not compensated, see page 26 of the instructions)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
SCHEDULES 5 AND 5A, 5B				
Re: Key Employees, Directors + OFFICERS, TRUSTEES				
NOTE: TRUSTEES Receive No Compensation				

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations?  Yes  No  
If "Yes," attach schedule—see page 26 of the instructions

**Part VI Other Information** (See page 27 of the instructions)

		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes" attach a detailed description of each activity		<input checked="" type="checkbox"/>
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes		<input checked="" type="checkbox"/>
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		<input checked="" type="checkbox"/>
78b	If "Yes," has it filed a tax return on <b>Form 990-T</b> for this year?		
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement		<input checked="" type="checkbox"/>
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?		<input checked="" type="checkbox"/>
81a	If "Yes," enter the name of the organization <input type="checkbox"/> and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81a	Enter direct or indirect political expenditures See line 81 instructions	81a	
81b	Did the organization file <b>Form 1120-POL</b> for this year?	81b	<input checked="" type="checkbox"/>
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	<input checked="" type="checkbox"/>
82b	If "Yes," you may indicate the value of these items here Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)	82b	
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	<input checked="" type="checkbox"/>
83b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	<input checked="" type="checkbox"/>
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	<input checked="" type="checkbox"/>
84b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	
85a	<b>501(c)(4), (5), or (6) organizations</b> a Were substantially all dues nondeductible by members?	85a	
85b	b Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year	85b	
85c	c Dues, assessments, and similar amounts from members	85c	
85d	d Section 162(e) lobbying and political expenditures	85d	
85e	e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	
85f	f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	
85g	g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	
85h	h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	
86a	<b>501(c)(7) orgs</b> Enter a Initiation fees and capital contributions included on line 12	86a	
86b	b Gross receipts, included on line 12, for public use of club facilities	86b	
87a	<b>501(c)(12) orgs</b> Enter a Gross income from members or shareholders	87a	
87b	b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b	
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88	<input checked="" type="checkbox"/>
89a	<b>501(c)(3) organizations</b> Enter Amount of tax imposed on the organization during the year under section 4911 <input type="checkbox"/> , section 4912 <input type="checkbox"/> , section 4955 <input type="checkbox"/>		
89b	b <b>501(c)(3) and 501(c)(4) orgs</b> Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	
	c Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		
	d Enter Amount of tax on line 89c, above, reimbursed by the organization		
90a	List the states with which a copy of this return is filed <input type="checkbox"/> <u>UTAH</u>		
90b	b Number of employees employed in the pay period that includes March 12, 2002 (See instructions)	90b	
91	The books are in care of <input type="checkbox"/> <u>THE FRASER INSTITUTE</u> Telephone no <input type="checkbox"/> <u>(604) 714 4585</u> Located at <input type="checkbox"/> <u>1770 BURRARD ST VANCOUVER BC</u> ZIP + 4 <input type="checkbox"/> <u>V6J 3G7</u>		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year <input type="checkbox"/> <u>92</u>		

**Part VII Analysis of Income-Producing Activities** (See page 31 of the instructions)

Note: Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by section 512 513 or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a _____					
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue a _____					
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))					
105 Total (add line 104, columns (B), (D), and (E))					

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I

**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes** (See page 32 of the instructions)

Line No	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
▼	

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See page 32 of the instructions)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
566487 B.C. LIMITED	%			
305-1788 WEST 5TH AVE	50	PROPERTY OWNER	1,088,188	6,665,741
VANCOUVER B.C. CANADA	%			
V6Z 3B7	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts** (See page 33 of the instructions)

(a) Did the organization, during the year, receive any funds, directly or indirectly, from a personal benefit contract?  Yes  No

(b) Did the organization, during the year, pay premiums, directly or indirectly, from a personal benefit contract?  Yes  No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions)

Under penalties of perjury, I declare that I have examined this return, and believe it is true, correct, and complete. Declaration of preparer (other than the taxpayer) is based on all information of which preparer has any knowledge.

Please Sign Here

Signature of officer: *[Signature]*

Type or print name and title: MICHAEL HOPKINS, DIRECTOR

Paid Preparer's Use Only

Preparer's signature: \_\_\_\_\_

Firm's name (or yours if self-employed), address, and ZIP + 4: \_\_\_\_\_

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

**Organization Exempt Under Section 501(c)(3)**

(Except Private Foundation) and Section 501(a), 501(f), 501(k),  
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

**Supplementary Information—(See separate instructions.)**

OMB No 1545 0047

**2002**

Department of the Treasury  
Internal Revenue Service

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization

*The ERASE Institute*

Employer identification number

*98 0032427*

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
(See page 1 of the instructions List each one If there are none, enter "None")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
<i>SCHEDULE 5</i>				
Total number of other employees paid over \$50,000 <i>(75,000 CDN)</i> ▶	<i>2</i>			

**Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services**  
(See page 2 of the instructions List each one (whether individuals or firms) If there are none, enter "None")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
<i>SCHEDULE 4</i>		
Total number of others receiving over \$50,000 for professional services ▶		

**Part III Statements About Activities** (See page 2 of the instructions)

	Yes	No
<b>1</b> During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ (Must equal amounts on line 38, Part VI-A, or line 1 of Part VI-B) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		✓
<b>2</b> During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
<b>a</b> Sale, exchange, or leasing of property?		✓
<b>b</b> Lending of money or other extension of credit?		✓
<b>c</b> Furnishing of goods, services, or facilities?		✓
<b>d</b> Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? <i>(EXCEPT AS PER SCHEDULE SA)</i>		✓
<b>e</b> Transfer of any part of its income or assets?		✓
<b>3</b> Does the organization make grants for scholarships, fellowships, student loans, etc.? (See Note below)		✓
<b>4</b> Do you have a section 403(b) annuity plan for your employees?		✓

**Note.** Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs "qualify" to receive payments

**Part IV Reason for Non-Private Foundation Status** (See pages 3 through 5 of the instructions)

The organization is not a private foundation because it is (Please check only **ONE** applicable box.)

- 5**  A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)
- 6**  A school Section 170(b)(1)(A)(ii) (Also complete Part V)
- 7**  A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)
- 8**  A Federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)
- 9**  A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) Enter the hospital's name, city, and state ▶ \_\_\_\_\_
- 10**  An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the **Support Schedule** in Part IV-A)
- 11a**  An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)
- 11b**  A community trust Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)
- 12**  An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the **Support Schedule** in Part IV-A)
- 13**  An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2) (See section 509(a)(3))

Provide the following information about the supported organizations (See page 5 of the instructions)

(a) Name(s) of supported organization(s)	(b) Line number from above

- 14**  An organization organized and operated to test for public safety Section 509(a)(4) (See page 5 of the instructions)



**Part IV-A Support Schedule** (Complete only if you checked a box on line 10, 11, or 12) **Use cash method of accounting**

**Note** You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting

Calendar year (or fiscal year beginning in)	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total		
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28)	4526184	4280963	3734235	3036358	15577740		
16 Membership fees received	35559	42272	46671	44957	169459		
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	162917	94937	330547	178616	767017		
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	149735 90378	163463	204046	165840	773462		
19 Net income from unrelated business activities not included in line 18	0	0	0	0	0		
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf	0	0	0	0	0		
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.	0	0	0	0	0		
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets.	0	0	0	0	0		
23 Total of lines 15 through 22	4964773	4581635	4315499	3425771	17287678		
24 Line 23 minus line 17	4801856	4486698	3984952	3247155	16520661		
25 Enter 1% of line 23	49647	45816	43154	34257			
26 Organizations described on lines 10 or 11:	a Enter 2% of amount in column (e), line 24				26a		
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1998 through 2001 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b		
c Total support for section 509(a)(1) test. Enter line 24, column (e)					26c		
d Add Amounts from column (e) for lines 18 _____ 19 _____ 22 _____ 26b _____					26d		
e Public support (line 26c minus line 26d total)					26e		
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f %		
27 Organizations described on line 12:	a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year.						
(2001)	0	(2000)	0	(1999)	0	(1998)	0
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000 (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year.							
(2001)	0	(2000)	0	(1999)	0	(1998)	0
c Add Amounts from column (e) for lines 15 <u>15577740</u> 16 <u>169459</u> 17 <u>767017</u> 20 <u>0</u> 21 <u>0</u>					27c	16514216	
d Add Line 27a total _____ and line 27b total _____					27d	0	
e Public support (line 27c total minus line 27d total)					27e	16514216	
f Total support for section 509(a)(2) test. Enter amount from line 23, column (e)					27f	17287678	
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g	.95 %	
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h	.044 %	
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1998 through 2001, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.							

**Part V Private School Questionnaire** (See page 7 of the instructions.)  
 (To be completed **ONLY** by schools that checked the box on line 6 in Part IV)

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement )		
32	Does the organization maintain the following		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
d	Copies of all material used by the organization or on its behalf to solicit contributions?		
	If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement )		
33	Does the organization discriminate by race in any way with respect to		
a	Students' rights or privileges?		
b	Admissions policies?		
c	Employment of faculty or administrative staff?		
d	Scholarships or other financial assistance?		
e	Educational policies?		
f	Use of facilities?		
g	Athletic programs?		
h	Other extracurricular activities?		
	If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement )		
34a	Does the organization receive any financial aid or assistance from a governmental agency?		
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement		
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation		

**Part VI-A Lobbying Expenditures by Electing Public Charities** (See page 9 of the instructions )  
 (To be completed **ONLY** by an eligible organization that filed Form 5768)

Check  **a** if the organization belongs to an affiliated group Check  **b** if you checked "a" and "limited control" provisions apply

<b>Limits on Lobbying Expenditures</b>		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term "expenditures" means amounts paid or incurred )			
<b>36</b>	Total lobbying expenditures to influence public opinion (grassroots lobbying)	<b>36</b>	
<b>37</b>	Total lobbying expenditures to influence a legislative body (direct lobbying)	<b>37</b>	
<b>38</b>	Total lobbying expenditures (add lines 36 and 37)	<b>38</b>	
<b>39</b>	Other exempt purpose expenditures	<b>39</b>	
<b>40</b>	Total exempt purpose expenditures (add lines 38 and 39)	<b>40</b>	
<b>41</b>	Lobbying nontaxable amount Enter the amount from the following table— <b>If the amount on line 40 is—</b> <b>The lobbying nontaxable amount is—</b> Not over \$500,000                                      20% of the amount on line 40 Over \$500,000 but not over \$1,000,000        \$100,000 plus 15% of the excess over \$500,000 Over \$1,000,000 but not over \$1,500,000     \$175,000 plus 10% of the excess over \$1,000,000 Over \$1,500,000 but not over \$17,000,000    \$225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000                                      \$1,000,000	<b>41</b>	
<b>42</b>	Grassroots nontaxable amount (enter 25% of line 41)	<b>42</b>	
<b>43</b>	Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	<b>43</b>	
<b>44</b>	Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	<b>44</b>	

**Caution:** If there is an amount on either line 43 or line 44, you must file Form 4720

**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below  
 See the instructions for lines 45 through 50 on page 11 of the instructions )

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
<b>45</b> Lobbying nontaxable amount					
<b>46</b> Lobbying ceiling amount (150% of line 45(e))					
<b>47</b> Total lobbying expenditures					
<b>48</b> Grassroots nontaxable amount					
<b>49</b> Grassroots ceiling amount (150% of line 48(e))					
<b>50</b> Grassroots lobbying expenditures					

**Part VI-B Lobbying Activity by Nonelecting Public Charities**  
 (For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions )

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of	Yes	No	Amount
<b>a</b> Volunteers			
<b>b</b> Paid staff or management (Include compensation in expenses reported on lines c through h )			
<b>c</b> Media advertisements			
<b>d</b> Mailings to members, legislators, or the public			
<b>e</b> Publications, or published or broadcast statements			
<b>f</b> Grants to other organizations for lobbying purposes			
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body			
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
<b>i</b> Total lobbying expenditures (Add lines c through h )			

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities

**Part VII** Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 12 of the instructions)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting organization to a noncharitable exempt organization of

- (i) Cash
- (ii) Other assets

b Other transactions

- (i) Sales or exchanges of assets with a noncharitable exempt organization
- (ii) Purchases of assets from a noncharitable exempt organization
- (iii) Rental of facilities, equipment, or other assets
- (iv) Reimbursement arrangements
- (v) Loans or loan guarantees
- (vi) Performance of services or membership or fundraising solicitations

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

	Yes	No
51a(i)		
a(ii)		
b(i)		
b(ii)		
b(iii)		
b(iv)		
b(v)		
b(vi)		
c		

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers transactions and sharing arrangements

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ▶  Yes  No

b If "Yes," complete the following schedule

(a) Name of organization	(b) Type of organization	(c) Description of relationship

**1 All figures shown on Form 990 are in Canadian dollars****2 Part I, 7 - Other Investment Income**

The organization has a 50% interest in a company that owns the Institute's premises. The investment generates a surplus through revenues charged to other tenants in the building. The organization's auditors recommend that for accounting purposes, the investment be classified as an investment in co-ownership, under the equity method of accounting.

**3 Part I, 10a**

The cost of goods sold relates to books. The sale of books is not a profitable exercise in that the cost of purchasing the books plus administration generally exceeds revenue. The marketing of books is more of an extension of the Institute's outreach than a commercial venture.

**4 Part III - Statement of Program Service Accomplishment**

The Institute's Constitution gives a more comprehensive explanation of its goals (see attached). The target for the Institute's work is the public and those with a particular interest in economics in the context of public policy.

In 2002 the following publications were produced:

Fraser Forum	monthly magazine	
Critical Issues Bulletins		6
Public Policy Sources		14
Books		2

**5 Part IV, 56 - Investments**

The following investments were held, at cost, in 2002:

Vancouver Foundation Endowment	1,005,000
Bonds	672,093
Equities	<u>1,777,438</u>
	<b><u>3,454,531</u></b>

Income from investments is used to fund programs.

**6 Part I, 20 - Net Assets**

Net Assets at December 31, 2001 (line 19)	<b>4,826,081</b>
Surplus for the Year (line 18)	39,622
Other Changes (line 20)	
Endowment contributions	39,963
Building Fund contributions	6,000
Adjustment to Prior Year	0
	<u>45,963</u>
Net Assets at December 31, 2002	<b><u>4,911,666</u></b>

IRS - Form 990 (2002)  
Line 9 - Special Events

2002

Schedule 1a

Event Reference	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>Total</u>	<u>Line #</u>
<i>Donations</i>	33,415	210,000	0	51,612	2,290	109,870	709	<u>407,896</u>	
<i>Tickets</i>	<u>118,498</u>	<u>1,677</u>	<u>12,306</u>	<u>81,067</u>	<u>15,901</u>	<u>5,630</u>	<u>8,401</u>	<u>243,480</u>	
<b>Gross Receipts</b>	151,913	211,677	12,306	132,679	18,191	115,500	9,110	<b>651,376</b>	
<b>Less: Contributions</b>	<u>-33,415</u>	<u>-210,000</u>	<u>0</u>	<u>-51,612</u>	<u>-2,290</u>	<u>-109,870</u>	<u>-709</u>	<b>-407,896</b>	
<b>Gross Revenues</b>	118,498	1,677	12,306	81,067	15,901	5,630	8,401	<b>243,480</b>	9a
<b>Less Direct Expenses</b>	<u>-103,052</u>	<u>-102,665</u>	<u>-17,884</u>	<u>-90,862</u>	<u>-20,717</u>	<u>-66,030</u>	<u>-14,989</u>	<b>-416,199</b>	9b
<b>Net Income (Loss)</b>	<u>15,446</u>	<u>-100,988</u>	<u>-5,578</u>	<u>-9,795</u>	<u>-4,816</u>	<u>-60,400</u>	<u>-6,588</u>	<b>-172,719</b>	9c

- |   |                        |   |
|---|------------------------|---|
| 1 | Luncheons              | Various guest speakers                                |
| 2 | Donner Awards          | Presentation of awards to outstanding charities       |
| 3 | Founders Dinner        | Guest Speaker and Event (Ralph Klein)                 |
| 4 | Speech                 | Bjom Lomborg Speech - Environmental Issues            |
| 5 | Annual General Meeting | Fraser Institute AGM and guest speaker (Steve Forbes) |
| 6 | Principals Awards      | School Achievement Awards                             |
| 7 | Speech                 | Hernandez De Soto - Property Rights                   |

## Part II - Statement of Functional Expenses

2002

Schedule 2

Expenditure Type	A	B	C	D		
	<u>Total</u>	<u>Program</u>	<u>Management &amp; General</u>	<u>Fundraising</u>		
Grants & Allocations	22	0			0	
Specific assistance to individuals	23	0			0	
Benefits paid to or for members	24	0			0	
Compensation - Officers	25	637,065	420,606	163,885	52,574	637,065
Other wages	26	1,812,441	1,159,962	398,737	253,742	1,812,441
Pension costs	27	261,081	167,091	57,437	36,553	261,081
Employee benefits	28	146,300	93,632	32,186	20,482	146,300
Payroll Taxes	29	101,871	65,197	22,411	14,263	101,871
Professional fundraising fees	30	0	0	0	0	0
Accounting	31	25,000		25,000		25,000
Legal	32	32,267		32,267		32,267
Supplies	33	35,049	22,431	7,710	4,908	35,049
Telephone	34	29,728	19,025	6,540	4,163	29,728
Postage	35	11,422	7,310	2,511	1,601	11,422
Occupancy	36	304,919	195,148	67,082	42,689	304,919
Equipment	37	4,644		4,644		4,644
Printing	38	114,855	114,855			114,855
Travel	39	8,157	8,157			8,157
Conferences conventions	40	0	0			0
Interest	41	0				0
Depreciation	42	111,677		111,677		111,677
<u>Other</u>						0
Bank charges	43a	15,933		15,933		15,933
Periodicals	43b	11,169	11,169			11,169
Courier	43c	652	652	0	0	652
Annual Report	43d	11,486		11,486		11,486
Planning Session	43e	3,051	3,051			3,051
Sundry	43f	16,536		16,536		16,536
Recruiting	43g	46,863	46,863	0	0	46,863
Staff Training	43h	12,496	12,496	0	0	12,496
Dues	43i	1,308	1,308			1,308
Insurance	43j	12,187	0	12,187	0	12,187
Promotion	43k	42,181	0	0	42,181	42,181
Project	43l	1,449,440	1,449,440			1,449,440
Software	43m	177		177		177
AGM/Membership/Trustees	43n	15,784		15,784		15,784
Kitchen Supplies	43o	8,299		8,299		8,299
Internet/Network	43p	5,621	3,597	1,236	788	5,621
	44	<b>5,289,659</b>	<b>3,801,990</b>	<b>1,013,725</b>	<b>473,944</b>	<b>5,289,659</b>
		100%	72%	19%	9%	100%
Less						
Event Expense	(re line 9b)		-416,199			-416,199
Cost of Goods Sold (books)	(re line 10b)		-44,888	Note 1		-44,888
Reconciliation to line 13	44 adjusted		<b>3,340,904</b>			<b>4,828,573</b>

Part V (form 990)

2002

Schedule 3

Constitution of The Fraser Institute (attached)



## CONSTITUTION

- 1 **NAME.** The name of the corporation is **THE FRASER INSTITUTE**, hereinafter in this Constitution and By-Laws referred to as the Corporation or the Institute
- 2 **OBJECTS.** The objects of the Corporation are:
  - (a) To promote and foster the application of economics and science in the development of Canada's commerce, trade, and industry, and the improvement of the general standard of living and the well-being and prosperity of the Canadian people.
  - (b) To establish a centre for the accumulation of information useful to economic, social and scientific research and to foster the exchange of such information with other research and educational institutions.
  - (c) To research, analyze, study, and consider economic and social trends and problems relating to Canada and to its provinces, including world forces as they impinge on Canada, and the roles of commerce and industry, labour and government, and the public, and of their inter-relationships.
  - (d) To develop and improve research techniques and otherwise aid in the advancement of pure and applied economic, social and scientific research.
  - (e) To publish and disseminate such of its findings as may be deemed of general public interest, and to provide information, consulting and teaching services, relating to the objects of the Institute
  - (f) To engage, maintain, and develop a staff of qualified economists, sociologists, scientists, educators, and research experts for the purposes on the Institute
  - (g) To do all things necessary for the attainment of the foregoing objects

Schedule A - Part I

Schedule 4

Compensation of Five Highest Paid Independent Contractors

<u>Name</u>	<u>Address</u>	<u>\$</u>	<u>Service</u>
Gordon Gibson	1649 Laurier Avenue, Vancouver, B C Canada	39,975	Consultation
Mike Harris	374 Fraser Street, North Bay, Ontario, Canada	35,750	Consultation
Preston Manning	109 Rocky Vista Terrace NW, Calgary, Alberta, Canada	24,397	Consultation
Filip Palda	PO Box 1564, Kingston, Ontario, Canada	10,000	Consultation
Chris Sarlo	Nippissing Univ 100 College Drive, North Bay, Ontario, Canada	10,000	Consultation

**Compensation of Five Highest Paid Employees (other than Officers, Directors)**

<u>Name</u>	<u>Salary</u>	<u>Hours</u>	<u>Address</u>
Clemens, Jason	96,652	45	103 - 1569 West 12th Ave, Vancouver, B C Canada
Stein, Sherry	90,118	45	1520 Harwood Street, Vancouver, B C Canada
Walters, Suzanne	87,704	45	301 - 1640 West 11th Street, Vancouver, B C Canada
Peter Cowley	84,997	45	3 775 West 12th Ave, Vancouver, B C Canada
McCahon, Kristin	75,616	45	415 North Oxley Street, West Vancouver, B C Canada

Total number of other employees earning over \$50,000US (\$75,000 CDN)

2

Form 990

2002

Schedule 5a

**Salaries of Directors and Officers**

	<u>2002</u> <u>Salary</u>	<u>2002</u> <u>Pension</u>	<u>Total</u>	<u>Hours per</u> <u>Week</u>
<u>Directors</u>				
Michael Walker, Executive Director	477,962	47,796	525,758	60
 <u>Officers</u>				
Michael Hopkins, Director of Finance	<u>101,707</u>	<u>9,600</u>	<u>111,307</u>	54
	579,669	57,396	637,065	

**Expense Accounts and Other Allowances**

There are none except for the standard package available to all employees comprising

Dental

Extended health

Long-term disability

Provincial medical coverage

The Executive Director alone has his membership dues for the Hollyburn Country Club paid for by the organisation (amounts to approximately \$1,800 per year)

**Part V (form 990)**

**Schedule 5b**

**List of Trustees/Directors**

Note Trustees/Directors do not receive compensation

## 2002 Board of Trustees

### Chairman

R J ADDINGTON, OBI  
Aldergrove, BC

### Vice Chairmen

F P BOYLL  
Delta, BC

W KOROL  
Theus Island, BC

M W MITCHELL  
Vancouver, BC

### Trustees

K P AMBACHTSHEER  
KPA Advisory Services Ltd, Toronto,  
ON

D ASPER  
Canwest Global Communications  
Corp, Winnipeg, MB

C B BARLOW  
Barlow Bros Ltd, Calgary, AB

S I BATA  
Bata Shoe Organization, Toronto, ON

E BELZBERG  
Jayberg Enterprises Ltd, Vancouver, BC

E E BERG  
Ebco Enterprises, Victoria, BC

J A BOECK  
BCA Publications Ltd, Montreal, PQ

P J BOYD  
Delcan Corp, North York, ON

P BROWN  
Canaccord Capital Corp, Vancouver, BC

A A CHAIUEN  
Atlas Economic Research Foundation,  
Fairfax, VA

J D CHAPIN  
Canadian General-Tower Ltd Cam-  
bridge, ON

S K DARKAZANI  
North Vancouver, BC

J W DOBSON  
Formula Growth Ltd, Montreal, PQ

G C FLECK  
ServiceWorks Distribution Inc, Vancouver, BC

A N GRUNDLER  
North Vancouver, BC

J A HAGG  
Tristone Capital Advisors Inc, Calgary, AB

R HEUNG  
Vanac Developments Corp, Vancouver, BC

P J HILL  
The Hill Companies, Regina, SK

S A HYNES  
West Vancouver, BC

P M KAINS  
Bevgas Supply Ltd, North Vancouver, BC

H KHOSROVSHAHI  
Inwest Investments Ltd, Vancouver, BC

R H LEE  
Prospero Realty International Ltd,  
Vancouver, BC

B LOUIE  
H Y Louie Co. Ltd, Burnaby, BC

D MACKENZIE  
Lincoln-McKay Dev Co Ltd, Calgary, AB

W MACKNESS  
London, ON

J M MAIN  
Orion Consulting, North York, ON

F P MANNIX  
Calgary, AB

G MORGAN  
EnCana Corporation, Calgary, AB

R PHILLIPS  
IPSCO Inc, Regina, SK

H C PINDER, JR  
Goal Management Corp, Saskatoon, SK

R J PIRIL  
Sabre Energy Ltd, Calgary, AB

P H POCKLINGTON  
Indian Wells, CA

F D RADLER  
Hollinger Inc, Vancouver, BC

C S RILEY  
The Tanbridge Corporation, North York,  
ON

M SCOTT  
Scouta Capital Inc Vancouver, BC

J A SCRYMGEOUR  
Hamilton, Bermuda

W W SIEBENS  
Candor Investments Ltd, Calgary, AB

M A WALKER  
The Fraser Institute, Vancouver, BC

P G WHITE  
Hollinger Inc, Toronto, ON

C WINDELS  
Pfizer Inc, New York, NY

### Secretary-Treasurer

M HOPKINS  
The Fraser Institute, Vancouver, BC

### Members of the Executive Advisory Board

R J ADDINGTON, OBE

E BELZBERG

E E BERG

T P BOYLE

E CHAPLIN

G C FLECK

A N GRUNDLER

R HEUNG

S A HYNES

H KHOSROVSHAHI

W KOROL

M W MITCHELL

M A WALKER

**Note 1**

**Cost of Goods Sold (books)**

Cost is calculated at 100% of sales since book sale expenses generally exceed revenue. Cost includes the following:

Direct Labour  
Indirect Labour  
Printing  
Proportion of Overhead

For 2002, cost of books sold is calculated as follows:

Sales	<u>44,887</u>
100%	<u>44,887</u>

# **The Fraser Institute**

**Financial Statements**  
**December 31, 2002**



March 7, 2003

Auditors' Report

**To the Members of  
The Fraser Institute**

We have audited the statement of financial position of **The Fraser Institute** as at December 31, 2002 and the statements of changes in net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the Institute'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 Institute as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

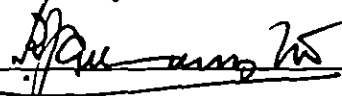
*PricewaterhouseCoopers LLP*

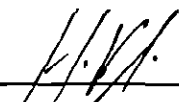
**Chartered Accountants**

**The Fraser Institute**  
**Statement of Financial Position**  
**As at December 31, 2002**

	2002 \$	2001 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and short-term deposits	3,194,558	2,738,253
Accounts receivable (note 5)	187,982	329,394
Prepaid expenses	53,684	99,164
Inventory	23,651	31,879
	<u>3,459,875</u>	<u>3,198,690</u>
<b>Investments (note 6)</b>	3,454,531	2,894,245
<b>Property and equipment (note 7)</b>	217,485	274,292
<b>Investment in co-ownership (note 8)</b>	<u>1,392,052</u>	<u>1,365,141</u>
	<u>8,523,943</u>	<u>7,732,368</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	780,446	723,527
Accrued employee pension liability	290,505	230,505
Current portion of obligations under capital lease (note 7)	-	5,451
Deferred program revenue (note 9)	<u>2,523,326</u>	<u>1,928,804</u>
	3,594,277	2,888,287
<b>Prize for economy in government (note 10)</b>	<u>18,000</u>	<u>18,000</u>
	<u>3,612,277</u>	<u>2,906,287</u>
<b>Net Assets</b>		
Net assets invested in capital assets and co-ownership	1,609,538	1,639,433
Net assets restricted for endowment purposes (note 11)	1,742,090	1,702,127
Net assets restricted for building purposes	1,375,059	1,369,059
Unrestricted net assets	<u>184,979</u>	<u>115,462</u>
	<u>4,911,666</u>	<u>4,826,081</u>
	<u>8,523,943</u>	<u>7,732,368</u>
<b>Commitment (note 12)</b>		

Approved by the Board of Trustees

 Trustee

 Trustee

**The Fraser Institute**  
**Statement of Changes in Net Assets**  
**For the year ended December 31, 2002**

					2002	2001
	Property and equipment and co-ownership \$	Endowment \$ (note 11)	Building \$	Unrestricted \$	Total \$	Total \$
<b>Balance - Beginning of year</b>	1,639,433	1,702,127	1,369,059	115,462	4,826,081	4,793,412
Increase (decrease) in unrestricted net assets from operations	-	-	-	39,622	39,622	(136,986)
Investment income allocated to Endowment Funds	-	32,000	-	-	32,000	32,000
Depreciation	(87,650)	-	-	87,650	-	-
Share in earnings from investment in co-ownership	116,911	-	-	(116,911)	-	-
Cash distribution from investment in co-ownership	(90,000)	-	-	90,000	-	-
Endowment contributions and income	-	7,963	-	-	7,963	30,324
Building fund contributions	-	-	6,000	-	6,000	107,331
Investment in property and equipment	30,844	-	-	(30,844)	-	-
<b>Balance - End of year</b>	<b>1,609,538</b>	<b>1,742,090</b>	<b>1,375,059</b>	<b>184,979</b>	<b>4,911,666</b>	<b>4,826,081</b>

# The Fraser Institute

## Statement of Operations

For the year ended December 31, 2002

	2002 \$	2001 \$
<b>Revenues</b>		
Donations and annual dues	4,765,215	4,432,161
Seminar and luncheon admission fees	243,480	109,711
Investment income allocated to operations	137,832	149,735
Sale of publications	44,888	52,089
Other project revenue	18,391	1,117
	<u>5,209,806</u>	<u>4,744,813</u>
<b>Expenses</b>		
Staff salaries and benefits	2,999,747	2,781,988
Project costs	1,593,555	1,563,818
Office and other administration	276,870	329,255
Rent and property tax	274,569	251,496
Depreciation	87,650	98,382
Professional fees	57,268	76,820
	<u>5,289,659</u>	<u>5,101,759</u>
<b>Decrease in unrestricted net assets before the following</b>	(79,853)	(356,946)
<b>Foreign exchange gain</b>	2,564	129,582
<b>Share in earnings from investment in co-ownership (note 8)</b>	116,911	90,378
<b>Increase (decrease) in unrestricted net assets from operations</b>	<u>39,622</u>	<u>(136,986)</u>

# The Fraser Institute

## Statement of Cash Flows

For the year ended December 31, 2002

	2002 \$	2001 \$
<b>Cash flows from operating activities</b>		
Increase (decrease) in unrestricted net assets from operations	39,622	(136,986)
Items not affecting cash		
Depreciation	87,650	98,382
Share in earnings from investment in co-ownership	(116,911)	(90,378)
	<u>10,361</u>	<u>(128,982)</u>
Changes in non-cash working capital		
Accounts receivable	141,412	66,728
Prepaid expenses	45,481	(27,775)
Inventory	8,228	(3,027)
Accounts payable and accrued liabilities	56,919	213,080
Accrued employee pension liability	60,000	65,000
	<u>312,040</u>	<u>314,006</u>
	<u>322,401</u>	<u>185,024</u>
<b>Cash flows from financing activities</b>		
Deferred program revenue	594,522	235,406
Endowment Funds	39,963	62,324
Building Funds	6,000	107,331
	<u>640,485</u>	<u>405,061</u>
<b>Cash flows from investing activities</b>		
Purchase of investments	(560,286)	(604,956)
Purchase of property and equipment	(30,844)	(85,645)
Investment in co-ownership	90,000	115,000
Obligations under capital lease	(5,451)	(10,332)
	<u>(506,581)</u>	<u>(585,933)</u>
<b>Increase in cash and short-term deposits</b>	456,305	4,152
<b>Cash and short-term deposits - Beginning of year</b>	<u>2,738,253</u>	<u>2,734,101</u>
<b>Cash and short-term deposits - End of year</b>	<u>3,194,558</u>	<u>2,738,253</u>
<b>Supplementary cash flow information</b>		
Interest received	<u>175,104</u>	<u>206,696</u>

# **The Fraser Institute**

## **Notes to Financial Statements**

**December 31, 2002**

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### **1 Nature of organization**

The Fraser Institute (the Institute) is incorporated without share capital under Part II of the Canada Corporations Act

The Institute is a not-for-profit organization that was founded in 1974 to redirect public attention to the role markets can play in providing for economic and social well-being of Canadians. Its ambition is to improve the conduct of public policy and to increase the reliance on markets as a way to solve the economic problems of society

### **2 Accounting policies**

The financial statements have been prepared in a manner which segregates the fund balances as follows

- assets restricted for endowment purposes include bequests, endowments, an annual allocation of investment income and other monies in respect of which explicit restrictions exist on the use of Funds;
- assets restricted for building purposes include donations received for the explicit purpose of financing activities connected with the Institute's premises;
- assets invested in property and equipment includes furniture and office equipment shown at cost less depreciation and the investment in co-ownership; and
- unrestricted net assets comprise donations received for which no explicit restrictions exist on their use and the increase in unrestricted net assets from the Institute's operations each year.

#### **Revenue recognition**

The Institute uses the deferral method for recognition of revenues from annual dues and donations. Under the deferral method, restricted dues and donations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted dues and donations are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Contributions to the Endowment Fund and Building Fund are credited directly to the relevant Fund.

Seminar and luncheon fees are recognized as revenue when the seminars are held

#### **Inventory**

Inventory, which comprises mainly publications, is valued at the lower of cost and net realizable value. Direct publishing and printing costs are included in inventory

# **The Fraser Institute**

## **Notes to Financial Statements**

### **December 31, 2002**

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#### **Investments**

Investments are carried at cost. Gains and losses on investments are recognized when realized.

The estimated market values of the Institute's investments is based on publicly quoted market values.

Investments are written down to market value if management considers that there is an other than temporary impairment in value.

#### **Property and equipment**

Property and equipment is stated at cost, net of accumulated depreciation.

Depreciation is provided as follows:

Furniture and fixtures	10 years straight-line
Equipment	3 years straight-line
Leasehold improvements	10 years straight-line

#### **Leased assets**

Leases entered into that transfer substantially all benefits and risks associated with the ownership of the asset to the Institute are recorded as the acquisition of a property or equipment and the occurrence of an obligation. The asset is depreciated in a manner consistent with assets owned by the Institute, and the obligation, including interest thereon, is liquidated over the term of the lease.

#### **Investment in co-ownership**

The Institute has a 50% undivided interest in the land and building situated at 1700 Burrard Street, Vancouver, B.C. The investment is accounted for using the equity method. As co-owner of the land and building, the Institute will receive 50% of all net revenues generated by this property.

Depreciation on the Institute's portion of the building is provided as follows:

Building	30 years straight-line
Tenant improvements	10 years straight-line
Finance and leasing costs	term of lease

#### **Use of accounting estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Institute's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period presented. Actual results could differ from those estimates.

# The Fraser Institute

## Notes to Financial Statements

December 31, 2002

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### 3 Income tax status

The Institute is registered in Canada as a tax-exempt charitable organization under paragraphs 149(1)(f) and 149.1(1)(b) of the Income Tax Act and in the United States as a tax-exempt organization under Sections 501(c)(3) and 4948(a) of the Internal Revenue Code. Accordingly, donations to the Institute are deductible for income tax purposes by donors from Canada and the United States and the Institute is not subject to income tax.

### 4 Financial instruments

The carrying values of financial assets and financial liabilities are considered to approximate fair values except as otherwise disclosed in these financial statements.

Foreign exchange risk is the risk that variations in exchange rates between Canadian dollar and foreign currency will affect the operating and financial results. The Institute earns a significant portion of its donation revenues in U.S. dollars and does not use derivative instruments to reduce its exposure to this foreign exchange risk.

### 5 Accounts receivable

	2002 \$	2001 \$
Donation commitments	129,365	259,115
Trade	15,382	23,476
Other	43,235	46,803
	<u>187,982</u>	<u>329,394</u>

### 6 Investments

	2002 \$	2001 \$
Vancouver Foundation (fair value - \$1,390,620, 2001 - \$1,624,974) (note 11)	1,005,000	1,005,000
Bonds (fair value - \$710,570, 2001 - \$698,267)	672,093	673,566
Equity investments (fair value - \$1,273,361; 2001 - \$1,087,674)	1,777,438	1,215,679
	<u>3,454,531</u>	<u>2,894,245</u>



# The Fraser Institute

Notes to Financial Statements

December 31, 2002

## Bonds

Maturity	Number of investments	Minimum %	Maximum %	Cost \$	Market value \$
Within 1 year	1	5 00	5 00	74,142	77,129
Greater than 1 year less than 5 years	6	5 20	7 50	300,552	319,521
Greater than 5 years	4	5 25	5 85	297,399	313,920
				<u>672,093</u>	<u>710,570</u>

\$78,727 (2001 - \$552,420) of cash has been set aside specifically for potential investments in the future

Management has not reduced the carrying value of its equity investments to market value as it believes the impairment is only temporary

## 7 Property and equipment

	2002 \$	2001 \$
Owned assets		
At cost		
Leasehold improvements	82,460	82,460
Furniture, fixtures and equipment	1,009,883	979,040
	<u>1,092,343</u>	<u>1,061,500</u>
Less: Accumulated depreciation	894,328	809,674
	<u>198,015</u>	<u>251,826</u>
Assets under capital lease		
Telephone system	29,956	29,956
Less: Accumulated depreciation	10,486	7,490
	<u>19,470</u>	<u>22,466</u>
	<u>217,485</u>	<u>274,292</u>

The Institute has equipment that was acquired under a capital lease. The remaining obligation under the capital lease was fully extinguished during 2002.

# The Fraser Institute

## Notes to Financial Statements

December 31, 2002

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### 8 Investment in co-ownership

	2002 \$	2001 \$
50% interest in co-ownership - Beginning of year	1,365,141	1,389,763
Share in earnings for the current year		
Income	194,469	170,384
Depreciation	(77,558)	(80,006)
	<u>116,911</u>	<u>90,378</u>
Distribution received	<u>(90,000)</u>	<u>(115,000)</u>
50% interest in co-ownership - End of year	<u>1,392,052</u>	<u>1,365,141</u>

The Institute is a tenant in the building. During the year, \$274,569 (2001 - \$251,496) of rent and property tax were paid. These transactions are recorded at fair market value. The Institute's portion of the mortgage on the land and building at year-end is \$1,768,776 (2001 - \$1,840,773).

### 9 Deferred program revenue

Deferred program revenue represents monies donated from third parties in the current period for programs and seminars related to a subsequent period. Movements in deferred program revenue are as follows:

	2002 \$	2001 \$
Programs		
Balance - Beginning of year	1,928,804	1,693,398
Less: Amount recognized as revenue in the year	(1,334,572)	(1,017,492)
Add: Amount deferred during the year	<u>1,929,094</u>	<u>1,252,898</u>
Balance - End of year	<u>2,523,326</u>	<u>1,928,804</u>

### 10 Prize for economy in government

Until 1998, the Institute offered a prize annually for innovative ideas submitted relative to certain criteria. The prize was funded by a donor. A portion of the prizes awarded in prior years is payable at a future date subject to further conditions being met. In the event such further criteria are not achieved, the prize is repayable to the donor.

# The Fraser Institute

Notes to Financial Statements

December 31, 2002

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## 11 Endowment Funds

The Institute has Endowment Funds (the Funds), a portion of the earnings from which are allocated to operations (2002 - \$62,673, 2001 - \$66,927). A portion of the Fund is invested with the Vancouver Foundation

### General

Under the terms of the agreement with the Vancouver Foundation, the Institute is entitled, after a period of ten years from the date of deposit, to withdraw its share of the market value of the consolidated trust fund assets. The Institute is also entitled to leave the entire fund assets under the management of the Vancouver Foundation on a permanent basis. Withdrawals are restricted to 25% of the Fund's eligible capital in any one year.

	2002 \$	2001 \$
Funds held by the Vancouver Foundation		
Contributed by the Vancouver Foundation	375,000	375,000
Contributed by The Fraser Institute	630,000	630,000
	<hr/>	<hr/>
Investment income allocated to Endowment Funds	1,005,000	1,005,000
Other endowments	164,000	132,000
	573,090	565,127
	<hr/>	<hr/>
	1,742,090	1,702,127
	<hr/>	<hr/>

## 12 Commitment

The Institute is committed to lease its present Vancouver premises until October 31, 2003. The total rent for the 10 month period is approximately \$107,483

## Financial Position, 2002

In 2002, the net assets of The Fraser Institute increased by \$85,585 to \$4,911,666

Gross revenues amounted to \$5,329,281, representing an increase of 7% over 2001. Gross expenditures amounted to \$5,289,659, representing an increase of 4% over 2001. The net operating surplus amounted to \$39,622. The Institute's financial position is summarized as follows:

### Statement of Operations for the Year Ending 2002

\$

#### Income

Donations, Sales of Publications, Interest and Other Income	5,329,281
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#### Departmental Expenditures including Salaries, Research and Publications Costs

Risk and Environment Policy	362,058
Fiscal Policy, Non-Profit, and Social Studies	886,878
Globalization, Trade, and Economic Freedom	451,196
Outreach	556,434
High School and University Student Seminars	576,710
Health Policy	298,320
Pharmaceutical Policy	204,045
Canadian Statistical Assessment Service	398,577
Senior Fellows and Common Sense Vision for Canada Project	477,816
School Report Cards	453,354
Education Policy	101,922
Governance, Defence, and Foreign Policy	<u>522,349</u>
<b>Total Expenditures</b>	<b><u>\$5,289,659</u></b>

Increase in Unrestricted Net Assets from Operations	<u>39,622</u>
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### Statement of Financial Position as at December 31, 2002

Current Assets	3,459,875
Investments	3,454,531
Capital Assets	<u>1,609,537</u>
<b>Total</b>	<b><u>8,523,943</u></b>

Current Liabilities	3,612,277
Net Assets	<u>4,911,666</u>
<b>Total</b>	<b><u>8,523,943</u></b>

*Complete audited financial statements for the year ended December 31, 2002, are available on request.*

## The 2002 Fundraising Program

Total income for The Fraser Institute including donations, sales of publications, interest, and other income for the year 2002 amounted to \$5,329,281

### Membership

Individuals and organizations are invited to support the Institute's work through tax-receiptable contributions in one of six membership categories

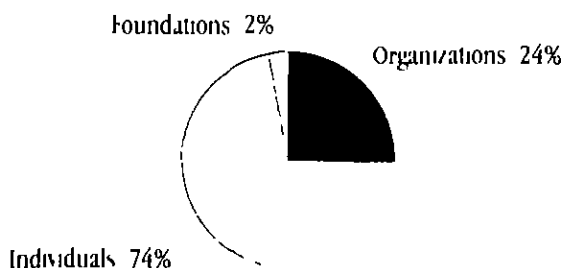
### Special Projects

During the year the Institute approached prospective donors to support over 50 specific projects including student seminars, the provincial secondary school report cards, the cost of regulation, teachers' workshops, environmental studies, aboriginal/non-aboriginal relationships, measurement of aboriginal student education quality, capital gains tax, globalization studies, health care studies, global warming, the Kyoto Protocol, fiscal studies, economic freedom, managing risk and regulation, pharmaceutical policy research, CANSFATS, welfare reform, and democratic reform

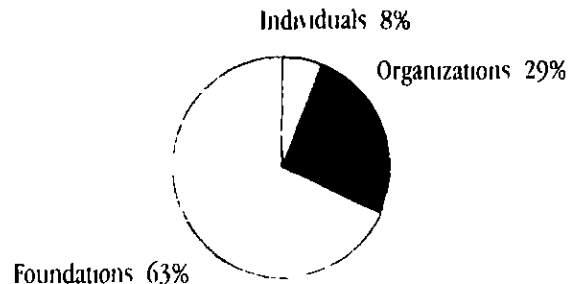
### Sponsorships

Thanks to generous sponsors, the Institute was able to present prominent speakers at round table luncheons and conferences across the country in 2002. Sponsors and advertisers are invited to support both special Institute events and *Fraser Forum*

### Fraser Institute Members (December 31, 2002)



### Fraser Institute Dollar Contributions (December 31, 2002)



### Publications Sales

All Institute publications are available for purchase, these revenues go towards further research. Institute members enjoy a 40 percent discount on all books and monographs

### Direct Mail Campaign

In 2002, the Institute launched a successful direct mail campaign for new member acquisition. This ongoing national campaign resulted in 1,130 new members in 2002

### Frontline

In 2002, the Institute introduced *Fraser Frontline*, a periodic members' newsletter about Fraser Institute people, projects, media coverage, and presentations. *Frontline* is designed to demonstrate the impact of members' support in helping to improve public policy in Canada and around the world

### Bequests

Although the Institute has no formal Bequests program, several long-time supporters have notified the Institute that they have made provision for the Institute in their wills. Institute supporters are encouraged to remember the Institute in their estate planning through remainder trusts, life insurance, or bequests

For information on how you can support the Institute's research, please call Sherry Stein, Director of Development at (604) 714-4590, or Barry McNamar, National Membership Manager, at (403) 216-7175 or 1-866-716-7175