

THE CANADIAN ACADEMY OF ENGINEERING

FINANCIAL STATEMENTS

DECEMBER 31, 2009

THE CANADIAN ACADEMY OF ENGINEERING

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AUDITORS' REPORT

To the members
The Canadian Academy of Engineering

We have audited the statement of financial position of The Canadian Academy of Engineering as at December 31, 2009 and the statements of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the Academy'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 Academy as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants, Licensed Public Accountants

Ottawa, Ontario
March 12, 2010

THE CANADIAN ACADEMY OF ENGINEERING

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2009

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	General Fund	Endowment Fund	Total	
			2009	2008
REVENUE				
Membership dues	\$ 108,500	\$ -	\$ 108,500	\$ 95,300
Interest, dividends and distributions	30,413	-	30,413	34,072
Capital gains (losses)	(28,356)	-	(28,356)	-
Unrealized gains (losses) on held-for-trading financial instruments	79,678	-	79,678	(60,659)
	190,235	-	190,235	68,713
Energy technologies task force	95,516	-	95,516	14,029
Sponsors	37,500	-	37,500	32,000
Donations	-	13,380	13,380	14,660
CAETS Convocation	60,333	-	60,333	-
Annual meeting and other revenue	3,160	-	3,160	6,546
	386,744	13,380	400,124	135,948
EXPENSES				
Travel and meetings	150,340	-	150,340	52,585
Operations	85,894	-	85,894	87,671
Communications, publications and office expenses	25,442	-	25,442	27,363
Rent and parking	15,814	-	15,814	15,493
Associations	4,750	-	4,750	4,056
Professional fees and accounting services	8,336	-	8,336	8,354
	290,576	-	290,576	195,522
Energy technologies task force	97,889	-	97,889	14,029
	388,465	-	388,465	209,551
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES				
	\$ (1,721)	\$ 13,380	\$ 11,659	\$ (73,603)

THE CANADIAN ACADEMY OF ENGINEERING

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2009

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	<u>Unrestricted</u> <u>General</u> <u>Fund</u>	<u>Internally Restricted</u>		<u>Total</u>	
		<u>General</u> <u>Fund</u>	<u>Endowment</u> <u>Fund</u>	<u>2009</u>	<u>2008</u>
BALANCE, BEGINNING OF YEAR	\$ (54,769)	\$ 49,818	\$ 570,493	\$ 565,542	\$ 639,145
Excess (deficiency) of revenue over expenses	(1,721)	-	13,380	11,659	(73,603)
Interfund transfer	49,818	(49,818)	-	-	-
BALANCE, END OF YEAR	\$ (6,672)	\$ -	\$ 583,873	\$ 577,201	\$ 565,542

THE CANADIAN ACADEMY OF ENGINEERING

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009

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	General Fund	Endowment Fund	Total	
			2009	2008
ASSETS				
CURRENT ASSETS				
Cash	\$ 15,194	\$ 38,067	\$ 53,261	\$ 15,423
Accounts receivable	9,625	-	9,625	4,286
Interfund receivable (payable)	(24,428)	24,428	-	-
Prepaid expenses	-	-	-	7,800
Current portion of investments (note 4)	-	-	-	93,514
	391	62,495	62,886	121,023
INVESTMENTS (note 4)	-	521,378	521,378	489,954
	\$ 391	\$ 583,873	\$ 584,264	\$ 610,977
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 7,063	\$ -	\$ 7,063	\$ 9,919
Deferred revenue – Energy technologies task force	-	-	-	35,516
	7,063	-	7,063	45,435
FUND BALANCES				
Unrestricted	(6,672)	-	(6,672)	(54,769)
Internally restricted	-	583,873	583,873	620,311
	(6,672)	583,873	577,201	565,542
	\$ 391	\$ 583,873	\$ 584,264	\$ 610,977

ON BEHALF OF THE BOARD

L. L. Hébert _____, Director

R. Blugon _____, Director

THE CANADIAN ACADEMY OF ENGINEERING

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2009

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1. CORPORATE STATUTE AND NATURE OF OPERATIONS

The Academy, a private corporation without share capital incorporated under the Canada Corporations Act, recognizes engineering achievements and service to the profession. The Academy is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Fund accounting

The restricted fund method of accounting is employed to allocate the various restrictions imposed upon the Academy. The funds are described as follows:

General Fund

This fund serves to record the day-to-day operations of the activities under the control of the Academy. The funds in this category have no external restrictions on the use of the capital.

An internal restriction was created by the Academy in 2006 in order to designate these funds towards the 2009 Convocation of the International Council of Academies of Engineering and Technological Sciences (CAETS). Since the meeting was held in July 2009, the funds were entirely used this year. The remaining amount of \$49,818 was transferred to the unrestricted general fund.

Endowment Fund

This Fund was created to segregate donations received and to finance the future operations of the Academy. The investment income earned by the Fund is recorded as revenue in the General Fund.

Revenue recognition

The Academy follows the deferral method of accounting for restricted revenue. Restricted revenue is recognized only when all of the significant foreseeable expenses related to the revenue source have been incurred in a year. Otherwise, such revenue is deferred until the related expenses have been incurred. Life membership dues are deferred and taken into income over a five-year period. Investment income and unrestricted revenue are recognized as they are earned.

Use of estimates

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed services

The Academy would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the inherent difficulty in compiling these hours and determining their fair value, contributed services are not recognized in the financial statements.

Financial instruments

The Academy has elected to classify its financial assets and liabilities in the following manner.

Loans and receivables

Accounts receivable are measured at amortized cost using the effective interest method. Gains and losses related to derecognition of these financial assets are recognized in the statement of operations in the period in which they arise.

Held-for-trading financial assets and liabilities

Cash and investments are measured at fair value using the market price method. Gains and losses are recognized in the statement of operations in the period in which they arise.

Other financial liabilities

Accounts payable and accrued liabilities are measured at amortized cost using the effective interest method. Gains and losses related to derecognition of these financial liabilities are recognized in the statement of operations in the period in which they arise.

Financial instruments – disclosure and presentation

The Academy has elected to take advantage of the choice to apply Handbook Section 3861 “Financial Instruments – Disclosure and Presentation” in place of Sections 3862, “Disclosures” and 3863, “Presentation”.

Capital assets

Additions to capital assets during the year are fully expensed in the year of acquisition. There were no capital assets additions in the year ended December 31, 2009.

Capital disclosures

The Academy’s main objective with respect to capital management is to maintain a sufficient level of fund balances, thereby ensuring the continuity of the Academy and the ongoing fulfillment of its mission.

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NOTES TO THE FINANCIAL STATEMENTS

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3. NEW ACCOUNTING STANDARD

International financial reporting standards

The Accounting Standards Board (AcSB) has announced that all publicly accountable enterprises, subject to some exceptions including not-for-profit organizations, must adopt International Financial Reporting Standards (IFRS) as Canadian generally accepted accounting principles for fiscal years beginning on or after January 1, 2011. The Academy may elect to adopt IFRS. Management is currently assessing the impact of adopting the new standards.

4. ALLOCATION OF COMMON COSTS

The Academy allocates some of its costs to the Energy technologies task force program. Salaries and benefits are allocated according to the budget.

Total salaries and benefits transferred to the Energy technologies task force in 2009 totaled \$8,899.

5. INVESTMENTS – RESERVE FUND

	2009	2008
Fixed income securities – 5.474% to 6.865%, maturing from April 2012 to December 2053 (carrying value: \$297,061; 2008: \$444,376)	\$ 303,830	\$ 375,914
Income trusts and other equity securities (carrying value: \$45,869; 2008: \$45,179)	25,400	17,972
Mutual funds (carrying value: \$192,148; 2008: \$189,582)	192,148	189,582
	521,378	583,468
Current portion of investments	-	93,514
	\$ 521,378	\$ 489,954

6. CASH FLOWS

A cash flow statement has not been prepared because it would not provide any additional useful information in understanding the cash flows for the year.

7. FINANCIAL INSTRUMENTS

Fair value

The carrying value of cash and accounts receivable as well as accounts payable and accrued liabilities approximates their fair value, given their short-term maturities.

Publicly quoted investment information supplied by the custodian of the securities is used to express the fair value of the Academy's investments. The estimated fair value may differ in amount from that which could be realized in an immediate settlement of the investments.