

**THE CANADIAN ACADEMY OF ENGINEERING**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

# THE CANADIAN ACADEMY OF ENGINEERING

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## INDEPENDENT AUDITOR'S REPORT

To the Members  
The Canadian Academy of Engineering

We have audited the accompanying financial statements of The Canadian Academy of Engineering, which comprise the statement of financial position as at December 31, 2010, and the statements of operations and changes in fund balances 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 accounting 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*

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 comply with ethical requirements and plan 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Canadian Academy of Engineering as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Marcil Lavallée  
Chartered Accountants, Licensed Public Accountants

Ottawa, Ontario  
June 2, 2011

# THE CANADIAN ACADEMY OF ENGINEERING

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2010

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	General Fund	Endowment Fund	Total	
			2010	2009
<b>REVENUE</b>				
Membership dues	\$ 113,910	\$ -	\$ 113,910	\$ 108,500
Investment income	24,874	-	24,874	30,413
Losses on disposal of investments	(13,264)	-	(13,264)	(28,356)
Unrealized gains on held-for-trading financial instruments	19,291	-	19,291	79,678
	144,811	-	144,811	190,235
Trottier Energy Futures Project	5,865	-	5,865	-
Energy Pathways	10,000	-	10,000	95,516
Sponsors	42,500	-	42,500	37,500
Donations	-	14,275	14,275	13,380
CAETS Convocation	-	-	-	60,333
Annual meeting and other revenue	7,787	-	7,787	3,160
	210,963	14,275	225,238	400,124
<b>EXPENSES</b>				
Operations	107,742	-	107,742	85,894
Annual general meeting and seminar	39,412	-	39,412	13,347
Communications and office expenses	25,196	-	25,196	18,382
Rent and parking	16,892	-	16,892	15,814
Travel and meetings	14,015	-	14,015	132,270
Professional fees	7,790	-	7,790	8,336
Reports and publications	4,301	-	4,301	5,736
Associations	4,157	-	4,157	4,750
Strategic plan	550	-	550	2,764
Promotion and external relations	463	-	463	1,311
	220,518	-	220,518	288,604
Trottier Energy Futures Project	5,865	-	5,865	1,972
Energy Pathways	13,236	-	13,236	97,889
	239,619	-	239,619	388,465
<b>EXCESS (DEFICIENCY) OF</b>				
<b>REVENUE OVER EXPENSES</b>	\$ (28,656)	\$ 14,275	\$ (14,381)	\$ 11,659

# THE CANADIAN ACADEMY OF ENGINEERING

## STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2010

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	<u>Unrestricted</u> <u>General</u> <u>Fund</u>	<u>Internally</u> <u>Restricted</u> <u>Endowment</u> <u>Fund</u>	<u>Total</u>	
			2010	2009
<b>BALANCE, BEGINNING OF YEAR</b>	\$ (6,672)	\$ 583,873	\$ 577,201	\$ 565,542
Excess (deficiency) of revenue over expenses	(28,656)	14,275	(14,381)	11,659
<b>BALANCE, END OF YEAR</b>	\$ (35,328)	\$ 598,148	\$ 562,820	\$ 577,201

# THE CANADIAN ACADEMY OF ENGINEERING

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

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	General Fund	Endowment Fund	Total	
			2010	2009
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 26,067	\$ 35,956	\$ 62,023	\$ 53,261
Accounts receivable	7,788	-	7,788	9,625
Interfund receivable (payable)	(7,802)	7,802	-	-
Prepaid expenses	500	-	500	-
Current portion of investments (note 3)	-	25,282	25,282	-
	26,553	69,040	95,593	62,886
<b>INVESTMENTS (note 3)</b>	-	529,108	529,108	521,378
	\$ 26,553	\$ 598,148	\$ 624,701	\$ 584,264
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 7,746	\$ -	\$ 7,746	\$ 7,063
Deferred revenue – Trottier Energy Futures Project	54,135	-	54,135	-
	61,881	-	61,881	7,063
<b>FUND BALANCES</b>				
Unrestricted	(35,328)	-	(35,328)	(6,672)
Internally restricted	-	598,148	598,148	583,873
	(35,328)	598,148	562,820	577,201
	\$ 26,553	\$ 598,148	\$ 624,701	\$ 584,264

ON BEHALF OF THE BOARD

— *Marcil Lavallée* —, Director

— *Philippe Desjardins* —, Director

# THE CANADIAN ACADEMY OF ENGINEERING

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

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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.

#### *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.

#### **Use of estimates**

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

#### **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.

#### **Allocation of common costs**

The Academy allocates a portion of its contractuals, salaries and benefits costs according to the budget. These costs are included under the operations category.

#### **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.



# THE CANADIAN ACADEMY OF ENGINEERING

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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, 2010.

#### 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, "Financial instruments – disclosures" and 3863, "Financial instruments – presentation".

### 3. INVESTMENTS – ENDOWMENT FUND

	2010	2009
Fixed income securities – 1.25% to 6.865%, maturing from February 2011 to December 2053 (carrying value: \$259,670; 2009: \$297,061)	\$ 260,149	\$ 303,830
Income trusts and other equity securities (carrying value: \$152,296; 2009: \$45,869)	160,266	25,400
Mutual funds (carrying value: \$133,975; 2009: \$192,148)	133,975	192,148
	<b>554,390</b>	521,378
Current portion of investments	25,282	-
	<b>\$ 529,108</b>	<b>\$ 521,378</b>

# THE CANADIAN ACADEMY OF ENGINEERING

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

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### 4. 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.

The objectives of each fund are described in note 2.

### 5. ALLOCATION OF COMMON COSTS

Total contractual, salaries and benefits transferred to the Energy Pathways and the Trotter Energy Futures Project are respectively \$1,203 and \$765.

### 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.

### 8. COMMITMENTS

The commitment entered into by the Academy under a lease agreement totals \$32,111. Payments for the next two years are as follows:

2011	\$ 15,574
2012	\$ 16,537

### 9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to be consistent with the current year's presentation.