

THE CANADIAN ACADEMY OF ENGINEERING

FINANCIAL STATEMENTS

DECEMBER 31, 2011

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, 2011, 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.

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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, 2011, 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
April 11, 2012

THE CANADIAN ACADEMY OF ENGINEERING

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2011

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	General Fund	Endowment Fund	Total 2011	Total 2010
REVENUE				
Membership dues	\$ 121,640	\$ -	\$ 121,640	\$ 113,910
Investment income	23,705	-	23,705	24,874
Losses on disposal of investments	-	-	-	(13,264)
Unrealized gains on held-for-trading financial instruments	8,528	-	8,528	19,291
	153,873	-	153,873	144,811
Trottier Energy Futures Project	15,907	-	15,907	5,865
Energy Pathways	-	-	-	10,000
Sponsors	58,000	-	58,000	42,500
Donations	-	18,217	18,217	14,275
Annual meeting and other revenue	6,238	-	6,238	7,787
	234,018	18,217	252,235	225,238
EXPENSES				
Operations	116,468	-	116,468	107,742
Annual general meeting and seminar	40,198	-	40,198	44,534
Communications and office expenses	20,747	-	20,747	20,074
Rent and parking	19,434	-	19,434	16,892
Travel and meetings	10,606	-	10,606	14,015
Reports and publications	6,779	-	6,779	4,301
Associations	4,538	-	4,538	4,157
Promotion and external relations	1,265	-	1,265	463
Strategic plan	75	-	75	550
Professional fees	7,541	-	7,541	7,790
	227,651	-	227,651	220,518
Trottier Energy Futures Project	15,907	-	15,907	5,865
Energy Pathways	813	-	813	13,236
	244,371	-	244,371	239,619
EXCESS (DEFICIENCY) OF				
REVENUE OVER EXPENSES	\$ (10 353)	\$ 18,217	\$ 7,864	\$ (14,381)

THE CANADIAN ACADEMY OF ENGINEERING

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2011

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	<u>Unrestricted</u> General Fund	<u>Internally Restricted</u> Endowment Fund	Total 2011	Total 2010
BALANCE, BEGINNING OF YEAR	\$ (35,328)	\$ 598,148	\$ 562,820	\$ 577,201
Excess (deficiency) of revenue over expenses	(10,353)	18,217	7,864	(14,381)
BALANCE, END OF YEAR	\$ (45,681)	\$ 616,365	\$ 570,684	\$ 562,820

THE CANADIAN ACADEMY OF ENGINEERING

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2011

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	General Fund	Endowment Fund	Total 2011	Total 2010
ASSETS				
CURRENT ASSETS				
Cash	\$ 44,636	\$ 23,759	\$ 68,395	\$ 62,023
Accounts receivable	15,395	-	15,395	7,788
Interfund receivable (payable)	6,212	(6,212)	-	-
Prepaid expenses	1,367	-	1,367	500
Current portion of investments (Note 3)	-	30,759	30,759	25,282
	67,610	48,306	115,916	95,593
INVESTMENTS (Note 3)	-	568,059	568,059	529,108
	\$ 67,610	\$ 616,365	\$ 683,975	\$ 624,701

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 12,896	\$ -	\$ 12,896	\$ 7,746
Deferred revenue (Note 4)	100,395	-	100,395	54,135
	113,291	-	113,291	61,881

FUND BALANCES

Unrestricted	(45,681)	-	(45,681)	(35,328)
Internally restricted	-	616,365	616,365	598,148
	(45,681)	616,365	570,684	562,820
	\$ 67,610	\$ 616,365	\$ 683,975	\$ 624,701

ON BEHALF OF THE BOARD

 _____, Director

 _____, Director

THE CANADIAN ACADEMY OF ENGINEERING

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2011

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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 a charitable organization and, as such, is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Fund accounting

The 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 when 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

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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, 2011.

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 the 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 the 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

	2011	2010
Fixed income securities – 5.474% to 6.865%, maturing from April 2012 to December 2053 (carrying value: \$234,670; 2010: \$259,670)	\$ 235,578	\$ 260,149
Income trusts and other equity securities (carrying value: \$214,100; 2010: \$152,296)	232,842	160,266
Mutual funds (carrying value: \$130,406; 2010: \$133,975)	130,398	133,975
	598,818	554,390
Current portion of investments	30,759	25,282
	\$ 568,059	\$ 529,108

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NOTES TO THE FINANCIAL STATEMENTS

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4. DEFERRED REVENUE

	2011	2010
Membership dues	\$ 1,837	\$ -
Donations	330	-
Trottier Energy Futures Project	98,228	54,135
	<u>\$ 100,395</u>	<u>\$ 54,135</u>

5. 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.

6. ALLOCATION OF COMMON COSTS

Total contractual, salaries and benefits transferred to the Trottier Energy Futures Project amount to \$14,335.

7. 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.

8. 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.

9. COMMITMENTS

The commitment entered into by the Academy under a lease agreement for next year is \$18,720.

10. COMPARATIVE FIGURES

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