

THE CANADIAN ACADEMY OF ENGINEERING

FINANCIAL STATEMENTS

DECEMBER 31, 2013

THE CANADIAN ACADEMY OF ENGINEERING

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1
Financial Statements	
Statement of Operations	3
Statement of Changes in Fund Balances	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

To the Members of
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, 2013, the statements of operations, changes in fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
March 25, 2014

THE CANADIAN ACADEMY OF ENGINEERING

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2013

3

	General Fund	Endowment Fund	2013 Total	2012 Total
REVENUE				
Membership dues	\$ 155,703	\$ -	\$ 155,703	\$ 133,258
Investment	17,845	-	17,845	32,424
Gain (loss) on disposal of investments	4,661	-	4,661	(10,418)
Unrealized gains (losses) on investments	(11,783)	-	(11,783)	1,175
	166,426	-	166,426	156,439
TEFP – Phase 1 - Start	60,625	-	60,625	39,289
TEFP – Phase 1 - Completion	111,275	-	111,275	-
Energy Pathways	11,142	-	11,142	41,400
Sponsors	95,480	-	95,480	49,295
Donations	-	15,610	15,610	18,478
Annual meeting and other revenue	10,257	-	10,257	6,444
Local section	-	-	-	250
	455,205	15,610	470,815	311,595
EXPENSES				
Operations	140,901	-	140,901	169,761
Portion of operations allocated to projects (Note 5)	(44,279)	-	(44,279)	(44,089)
	96,622	-	96,622	125,672
Annual general meeting and seminar	55,184	-	55,184	39,234
Communications and office expenses	19,618	-	19,618	21,164
Rent and parking	17,665	-	17,665	18,341
Travel and meetings	1,315	-	1,315	8,235
Reports and publications	2,709	-	2,709	2,557
Associations	4,534	-	4,534	4,597
Promotion and external relations	10	-	10	1,046
Strategic plan	-	-	-	416
Professional fees	8,173	-	8,173	4,158
Interest and service charges	2,275	-	2,275	307
	208,105	-	208,105	225,727
TEFP – Phase 1 - Start	60,625	-	60,625	39,289
TEFP – Phase 1 - Completion	111,275	-	111,275	-
Energy Pathways	8,427	-	8,427	46,279
	388,432	-	388,432	311,295
EXCESS OF REVENUE OVER EXPENSES				
	\$ 66,773	\$ 15,610	\$ 82,383	\$ 300

THE CANADIAN ACADEMY OF ENGINEERING

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2013

4

	General Fund	Endowment Fund	2013 Total	2012 Total
BALANCE, BEGINNING OF YEAR	\$ (48,825)	\$ 634,843	\$ 586,018	\$ 585,718
Excess of revenue over expenses	66,773	15,610	82,383	300
BALANCE, END OF YEAR	\$ 17,948	\$ 650,453	\$ 668,401	\$ 586,018

THE CANADIAN ACADEMY OF ENGINEERING

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013

5

	General Fund	Endowment Fund	2013 Total	2012 Total
ASSETS				
CURRENT ASSETS				
Cash	\$ 333,266	\$ 199,387	\$ 532,653	\$ 24,755
Accounts receivable	20,644	-	20,644	67,975
Prepaid expenses	1,061	-	1,061	1,107
Current portion of investments (Note 3)	-	50,000	50,000	-
Interfund receivable (payable), without interest	(43,835)	43,835	-	-
	311,136	293,222	604,358	93,837
INVESTMENTS (Note 3)	-	357,231	357,231	592,229
	\$ 311,136	\$ 650,453	\$ 961,589	\$ 686,066
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 78,986	\$ -	\$ 78,986	\$ 9,143
Deferred revenue (Note 4)	214,202	-	214,202	90,905
	293,188	-	293,188	100,048
FUND BALANCES				
Unrestricted	17,948	-	17,948	(48,825)
Internal Restrictions	-	650,453	650,453	634,843
	17,948	650,453	668,401	586,018
	\$ 311,136	\$ 650,453	\$ 961,589	\$ 686,066

Commitments (Note 6)

ON BEHALF OF THE BOARD

Robert Truscott, Director

Robert Truscott, Director

THE CANADIAN ACADEMY OF ENGINEERING

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

6

	2013	2012
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 82,383	\$ 300
Adjustment for:		
Unrealized losses (gains) on investments	11,783	(1,175)
	94,166	(875)
Net change in non-cash working capital items:		
Accounts receivable	47,331	(52,580)
Prepaid expenses	46	260
Accounts payable and accrued liabilities	69,843	(5,920)
Deferred revenue	123,297	7,711
	334,683	(51,404)
INVESTING ACTIVITY		
Change in investments	173,215	7,764
INCREASE (DECREASE) IN CASH	507,898	(43,640)
CASH, BEGINNING OF YEAR	24,755	68,395
CASH, END OF YEAR	\$ 532,653	\$ 24,755

THE CANADIAN ACADEMY OF ENGINEERING

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

7

1. STATUTE AND NATURE OF OPERATIONS

The Canadian Academy of Engineering (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 tax.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization applies Canadian accounting standards for not-for-profit organizations (ASNFPO) in Part III of the CPA Canada Handbook – Accounting.

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 the ASNFPO 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 revenue 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.

THE CANADIAN ACADEMY OF ENGINEERING

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

8

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Measurement of financial instruments

The Academy initially measures all its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Academy subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include investments.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

Transaction costs

The Academy recognizes its transaction costs in operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

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.

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, 2013.

THE CANADIAN ACADEMY OF ENGINEERING

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

9

3. INVESTMENTS

	2013	2012
Fixed income securities – 1.8% to 6.474%, maturing from April 2014 to December 2049	\$ 92,102	\$ 94,707
Income trusts and other equity securities	107,365	292,329
Mutual funds	207,764	205,193
	407,231	592,229
Current portion of investments	50,000	-
	\$ 357,231	\$ 592,229

4. DEFERRED REVENUE

The deferred operating revenue represents restricted operating funding that is related to the subsequent year.

	2013	2012
Balance, beginning of year	\$ 90,905	\$ 83,194
Less: Amount recognized as revenue in the year	(171,901)	(39,289)
Plus: Amount received for the subsequent year	295,198	47,000
Balance, end of year	\$ 214,202	\$ 90,905

5. ALLOCATION OF COMMON COSTS

Total contractual, salaries and benefits transferred to the Trottier Energy Futures Project and Energy Pathways Project are respectively \$40,529 and \$3,750 (2012: \$39,289 and \$4,800).

6. COMMITMENTS

The commitment entered into by the Academy under a lease agreement for the next year is \$14,459.

7. ENERGY PATHWAYS PROJECT

Over the past five years, the Energy Pathways Project has generated a cumulative deficit of \$8,351. The Academy has absorbed the deficit incurred for this project.