

THE CANADIAN ACADEMY OF ENGINEERING

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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, 2014, 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, 2014, 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
April 17, 2015

THE CANADIAN ACADEMY OF ENGINEERING

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

3

	General Fund	Endowment Fund	2014	2013
REVENUE				
Membership dues	\$ 166,020	\$ -	\$ 166,020	\$ 155,703
Investment	20,132	-	20,132	17,845
Gain (loss) on disposal of investments	(1,898)	-	(1,898)	4,661
Unrealized losses on investments	(14,252)	-	(14,252)	(11,783)
	170,002	-	170,002	166,426
TEFP – Phase 1 - Start	-	-	-	60,625
TEFP – Phase 1 - Completion	490,674	-	490,674	111,275
Sponsors	56,000	-	56,000	95,480
Donations	-	12,077	12,077	15,610
Annual meeting and other revenue	6,337	-	6,337	10,257
Energy Pathways	-	-	-	11,142
	723,013	12,077	735,090	470,815
EXPENSES				
Operations	161,602	-	161,602	140,901
Portion of operations allocated to projects (Note 6)	(64,001)	-	(64,001)	(44,279)
	97,601	-	97,601	96,622
Annual general meeting and seminar	17,907	-	17,907	55,184
Communications and office expenses	22,330	-	22,330	19,618
Rent and parking	17,503	-	17,503	17,665
Travel and meetings	4,497	-	4,497	1,315
Reports and publications	640	-	640	2,709
Associations	4,881	-	4,881	4,534
Promotion and external relations	5	-	5	10
Strategic plan	1,014	-	1,014	-
Professional fees	15,768	-	15,768	8,173
Interest and service charges	3,074	-	3,074	2,275
	185,220	-	185,220	208,105
TEFP – Phase 1 - Start	-	-	-	60,625
TEFP – Phase 1 - Completion	490,674	-	490,674	111,275
Energy Pathways	4,158	-	4,158	8,427
	680,052	-	680,052	388,432
EXCESS OF REVENUE OVER EXPENSES	\$ 42,961	\$ 12,077	\$ 55,038	\$ 82,383

THE CANADIAN ACADEMY OF ENGINEERING

STATEMENT OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2014

4

	General Fund	Endowment Fund	2014	2013
BALANCE, BEGINNING OF YEAR	\$ 17,948	\$ 650,453	\$ 668,401	\$ 586,018
Excess of revenue over expenses	42,961	12,077	55,038	82,383
BALANCE, END OF YEAR	\$ 60,909	\$ 662,530	\$ 723,439	\$ 668,401

THE CANADIAN ACADEMY OF ENGINEERING

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014

5

	General Fund	Endowment Fund	2014	2013
ASSETS				
CURRENT ASSETS				
Cash	\$ 301,852	\$ 97,025	\$ 398,877	\$ 532,653
Accounts receivable	43,782	-	43,782	20,644
Prepaid expenses	85	-	85	1,061
Current portion of investments (Note 3)	-	100,000	100,000	50,000
Interfund receivable (payable), without interest	(15,990)	15,990	-	-
	329,729	213,015	542,744	604,358
INVESTMENTS (Note 3)	-	449,515	449,515	357,231
	\$ 329,729	\$ 662,530	\$ 992,259	\$ 961,589
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities (Note 4)	\$ 21,272	\$ -	\$ 21,272	\$ 78,986
Deferred revenue (Note 5)	247,548	-	247,548	214,202
	268,820	-	268,820	293,188
FUND BALANCES				
Unrestricted	60,909	-	60,909	17,948
Internal Restrictions	-	662,530	662,530	650,453
	60,909	662,530	723,439	668,401
	\$ 329,729	\$ 662,530	\$ 992,259	\$ 961,589

Contractual obligations (Note 7)

ON BEHALF OF THE BOARD

_____, Director

_____, Director

THE CANADIAN ACADEMY OF ENGINEERING

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

6

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 55,038	\$ 82,383
Adjustment for:		
Unrealized losses on investments	14,252	11,783
	69,290	94,166
Net change in non-cash working capital items:		
Accounts receivable	(23,138)	47,331
Prepaid expenses	976	46
Accounts payable and accrued liabilities	(57,714)	69,843
Deferred revenue	33,346	123,297
	22,760	334,683
INVESTING ACTIVITY		
Change in investments	(156,536)	173,215
INCREASE (DECREASE) IN CASH	(133,776)	507,898
CASH, BEGINNING OF YEAR	532,653	24,755
CASH, END OF YEAR	\$ 398,877	\$ 532,653

THE CANADIAN ACADEMY OF ENGINEERING

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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.

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, 2014

8

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Measurement of financial instruments

The Academy initially measures all its financial assets and financial 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 cost are tested for impairment when there are indicators of possible impairment. The Academy determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the 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, transaction costs related to financial instruments subsequently measured at amortized cost reduce the carrying amount of the financial asset or liability and are accounted for in the statement of operations using the straight-line method.

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, 2014.

THE CANADIAN ACADEMY OF ENGINEERING

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

9

3. INVESTMENTS

	2014	2013
Fixed income securities – 1.6% to 5.29%, maturing from March 2015 to October 2017	\$ 342,677	\$ 92,102
Income trusts and other equity securities	169,516	107,365
Mutual funds	37,322	207,764
	549,515	407,231
Current portion of investments	100,000	50,000
	\$ 449,515	\$ 357,231

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2014	2013
Trade and accrued liabilities	\$ 20,164	\$ 78,718
Government remittances	1,108	268
	\$ 21,272	\$ 78,986

5. DEFERRED REVENUE

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

	2014	2013
Balance, beginning of year	\$ 214,202	\$ 90,905
Less: Amount recognized as revenue in the year	(490,674)	(171,901)
Plus: Amount received	524,020	295,198
Balance, end of year	\$ 247,548	\$ 214,202

6. ALLOCATION OF COMMON COSTS

Total contractual, salaries and benefits transferred to the Trottier Energy Futures Project are \$64,001 (2013: \$44,279).

THE CANADIAN ACADEMY OF ENGINEERING

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 201

10

7. CONTRACTUAL OBLIGATIONS

The commitment entered into by the Academy under a lease agreement for the next year is \$10,006.

8. ENERGY PATHWAYS PROJECT

Over the past six years, the Energy Pathways Project has generated a cumulative deficit of \$12,509. The Academy has absorbed the deficit incurred for this project.