

Financial Statements of

**Ontario Professional Engineers
Foundation for Education**

December 31, 2016

Ontario Professional Engineers Foundation for Education
December 31, 2016
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S.A. Sami Professional Corporation

Chartered Accountant

Tel: (905) 273 5888 ext: 33 · Fax: 905 273 5999 · Email: samisedca@gmail.com

www.samisedca.com

Independent Auditor's Report

To the members,
Ontario Professional Engineers
Foundation for Education

I have audited the accompanying financial statements of Ontario Professional Engineers Foundation for Education (the "Foundation"), which comprise the statement of financial position as at December 31, 2016, the statement of revenue and expenses, statement of changes in net assets and statement of cash flows for the year ended December 31, 2016, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2016 and the results of its operation and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

S.A. Sami Professional Corporation

S.A.SAMI PROFESSIONAL CORPORATION

Chartered Accountant

Authorized to practice public accounting by The Chartered Professional Accountants of Ontario


Date: June 10, 2017

Ontario Professional Engineers Foundation for Education
Statement of financial position
As at December 31, 2016

	2016	2015
	\$	\$
ASSETS		
CURRENT		
Cash and cash equivalent	374,032	177,133
Marketable securities at fair value	1,869,446	2,051,120
Due from the Association of Professional Engineers of Ontario	8,159	9,318
HST rebate receivable	2,035	1,163
	2,253,672	2,238,734
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	5,614	4,000
NET ASSETS		
Internally restricted	676	676
Unrestricted	2,247,382	2,234,058
	2,248,058	2,234,734
	2,253,672	2,238,734

See the accompanying notes to the financial statements

APPROVED BY THE BOARD

.....DIRECTOR

President and Chair,
 June 29, 2017

Ontario Professional Engineers Foundation for Education
Statement of revenue and expenses
Year ended December 31, 2016

	2016	2015
Revenue	\$	\$
Donations:		
Membership	102,029	99,322
Investment income	110,675	80,465
HST rebate	2,118	6,194
PEO Xmas donation	2,000	2,000
Corporate donations	169	1,100
	216,991	189,081
Expenses		
Secretarial services (Note 2)	12,353	10,993
Postage, stationary and others	8,797	8,819
Investment management fee	6,020	5,825
Audit fee	3,637	3,637
PEO service charges	2,676	2,845
Bank charges	1,157	814
Meeting expenses	972	633
Legal fee relating to bequest	847	-
Professional fee relating to HST rebate	764	-
Webhosting and related expenses	443	520
Fundraising consulting	-	156
	37,666	34,242
Scholarships and awards		
Annual undergraduate scholarships	108,000	108,000
Entrance scholarships	45,000	45,000
Secretarial service and presentation (Note 2)	7,952	7,297
EWB leaders for future scholarship	2,000	-
Benevolent fund grants	-	3,000
Travel -Scholarships and awards	1,508	-
Medals and certificates	1,541	1,242
	166,001	164,539
	203,667	198,781
Excess of revenue(deficiency) over expenses	13,324	(9,700)

See the accompanying notes to the financial statements

Ontario Professional Engineers Foundation for Education
Statement of changes in net assets
Year ended December 31, 2016

	Unrestricted	Internally Restricted	Total
	\$	\$	\$
Balance, beginning of year	2,234,058	676	2,234,734
Excess of revenue over expenses	13,324	-	13,324
Balance, end of year	2,247,382	676	2,248,058

Year ended December 31, 2015

	Unrestricted	Internally restricted	Total
	\$	\$	\$
Balance, beginning of year	2,243,758	676	2,244,434
Excess of revenue(deficiency) over expenses	(9,700)	-	(9,700)
Balance, end of year	2,234,058	676	2,234,734

See the accompanying notes to the financial statements

Ontario Professional Engineers Foundation for Education
Statement of cash flows
Year ended December 31, 2016

	2016	2015
	\$	\$
Operating activities		
Excess of revenue(deficiency) over expenses	13,324	(9,700)
	<u>13,324</u>	<u>(9,700)</u>
Changes in non-cash working capital items:		
Due from the Association of Professional Engineers of Ontario	1,159	1,085
HST rebate receivable	(872)	(1,163)
Accounts payable and accrued liabilities	1,614	(221)
	<u>1,901</u>	<u>(299)</u>
	<u>15,225</u>	<u>(9,999)</u>
Investing activities		
Marketable securities	181,674	(71,270)
	<u>181,674</u>	<u>(71,270)</u>
Change in cash during the year	196,899	(81,269)
Cash and cash equivalent, beginning of year	177,133	258,402
Cash and cash equivalent, end of year	<u>374,032</u>	<u>177,133</u>
Cash and cash equivalent comprises of:		
Cash	142,261	31,429
Short-term investments	231,771	145,704
	<u>374,032</u>	<u>177,133</u>

See the accompanying notes to the financial statements

Ontario Professional Engineers Foundation for Education
Notes to the financial statements
December 31, 2016

Nature of operations

The Ontario Professional Engineers Foundation for Education (the “Foundation”) is a registered charity incorporated without share capital under the laws of Ontario and is exempt from income tax under section 149(1) of the Income Tax Act. Its primary purpose is to provide scholarships to engineering students in Ontario Universities that will encourage them to pursue careers in the profession. The Foundation also provides temporary financial assistance to professional engineers and their families in extenuating circumstances.

1. Significant accounting policies

Financial statement presentation

These financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations and reflect the following accounting policies:

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions related to expenses of future periods are recognized as revenue in the period in which expenditure is incurred. Endowment contributions are reported as direct increases to net assets. All other contributions, which are principally received from Professional Engineers, are included in the revenue of the current period on an accrual basis of accounting. The Foundation is dependent on the work and services provided by volunteers to fulfill its mission. These donated services (including free provision of office space and services performed by the treasurer) are not recorded due to difficulty in determining their fair value. Interest income is recognized on accrual basis.

Distribution of Scholarships

In order to more closely align the distribution of undergraduate and entrance scholarships given to Universities with the period in time that engineering students receive their awards, the scholarships will continue to be distributed to Universities in August or September of any given year.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect their reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. The accounts subject to significant estimates includes revenue recognition and completeness of accounts payable and accrued liabilities.

Unrestricted assets

The terms of the unrestricted assets permit the Directors of the Foundation to grant or distribute from time-to-time all or any part of the income and capital for the relief of needy engineers or their immediate family. These expenses are authorized through an approved budget.

Internally restricted assets

These represent donations to the Foundation in the memory of Gordon Sterling. It was agreed by management that these assets will be made available by the Foundation on request by the Association of Professional Engineers of Ontario to be used for the payment to the recipient of the Sterling Award. It was decided by management that these assets are held in trust by the Foundation to be used for the payment of Sterling Award. During the year no amount was distributed.

Ontario Professional Engineers Foundation for Education
Notes to the financial statements
December 31, 2016

Financial Instruments

Financial instruments are initially measured at fair value. The Foundation subsequently measures all its financial assets and liabilities at amortized cost, except for investment in equity instruments that are quoted in an active market, which are measured at fair value. The fair market value of marketable securities is determined and based on the portfolio valuation report by the investment manager and changes in fair value are recognized in the statement of revenue and expenses. Due from the Association of Professional Engineers of Ontario, accounts payable and accrued liabilities are measured at cost.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of write-down, if any is recognized in the statement of revenue and expenses.

The Foundation recognizes its transaction costs in the statement of revenue and expenses in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their origination, issuance or assumption.

Allocation of expenses

The Foundation has allocated costs for secretarial services to administration expenses and scholarship expenses based on the time spent on each of these functions, respectively.

Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

2. Allocation of expenses

Secretarial expenses of \$20,305 (2015 \$18,290) have been allocated as under:

	2016		2015	
	%		%	\$
Administrative expenses	61	12,353	60	10,993
Scholarships and awards	39	7,952	40	7,297
		<u>20,305</u>		<u>18,290</u>

3. Financial instruments

The Foundation is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the enterprise's risk exposure at the December 31, 2016.

The Foundation's financial instruments consist of cash, due from the Association of Professional Engineers of Ontario, accounts payable, accrued liabilities and marketable securities.

Credit risk

The Foundation is exposed to credit risk, which is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge an obligation. The Foundation manages its credit risk by keeping its cash with a credit worthy financial institution. There is no change in the risk from 2015.

Ontario Professional Engineers Foundation for Education
Notes to the financial statements
December 31, 2016

Interest rate risk

The Foundation is exposed to interest rate risk, which is the risk that future cash flows associated with its investments will fluctuate with the changes in the market rate of interest. The Foundation manages this risk by using an investment manager to monitor and manage these investments. There is no change in the risk from 2015.

Currency risk

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Foundation is exposed to this risk on account of investment in international equities. The Foundation addresses this risk by using the services of an investment manager. There is no change in the risk from 2015

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is not exposed to any significant liquidity risk. The Foundation monitors its cash flows from operations and investments to meet this risk. There is no change in the risk from 2015

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is not exposed to other price risk. The Foundation manages this risk by using the services of an investment manager. There is no change in the risk from 2015.

Ontario Professional Engineers Foundation for Education
Schedule of annual undergraduate scholarships
December 31, 2016

	2016	2015
	\$	\$
1 Carleton University	9,000	9,000
2 Lakehead University	3,000	3,000
3 Laurentian University	3,000	3,000
4 McMaster University	12,000	12,000
5 Queen's University	9,000	9,000
6 Royal Military College	3,000	3,000
7 Ryerson Polytechnic University	9,000	9,000
8 University of Guelph	6,000	6,000
9 University of Ontario Institute of Technology	6,000	6,000
10 University of Ottawa	9,000	9,000
11 University of Toronto	12,000	12,000
12 University of Waterloo	12,000	12,000
13 University of Western Ontario	6,000	6,000
14 University of Windsor	6,000	6,000
15 York University	3,000	3,000
	108,000	108,000

Ontario Professional Engineers Foundation for Education

Schedule of entrance scholarships

December 31, 2016

	2016	2015
	\$	\$
1 Carleton University	3,000	3,000
2 Lakehead University	3,000	3,000
3 Laurentian University	3,000	3,000
4 McMaster University	3,000	3,000
5 Queen's University	3,000	3,000
6 Royal Military College	3,000	3,000
7 Ryerson Polytechnic University	3,000	3,000
8 University of Guelph	3,000	3,000
9 University of Ontario Institute of Technology	3,000	3,000
10 University of Ottawa	3,000	3,000
11 University of Toronto	3,000	3,000
12 University of Waterloo	3,000	3,000
13 University of Western Ontario	3,000	3,000
14 University of Windsor	3,000	3,000
15 York University	3,000	3,000
	45,000	45,000