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Financial Statements of

**Ontario Professional Engineers
Foundation for Education**

December 31, 2015

Ontario Professional Engineers Foundation for Education
Table of Contents
December 31, 2015

	<u>Page</u>
Independent Auditor's Report	1
Statement of financial position	2
Statement of revenue and expenses	3
Statement of changes in net assets	4
Statement of cash flows	5
Notes to the financial statements	6-8
Schedule of annual undergraduate scholarships	9
Schedule of entrance scholarships	10

DRAFT

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, 2015, the statement of revenue and expenses, statement of changes in net assets and statement of cash flows for the year ended December 31, 2015, 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, 2015 and its results of its operation and its cash flows for the years ended December 31, 2015 in accordance with Canadian accounting standards for not-for-profit organizations.

S.A.SAMI PROFESSIONAL CORPORATION

Chartered Accountant

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

Date: April 14, 2016

Ontario Professional Engineers Foundation for Education
Statement of financial position
As at December 31, 2015

	2015	2014
	\$	\$
ASSETS		
CURRENT		
Cash	177,133	258,402
Marketable securities at fair value	2,051,120	1,979,850
Due from the Association of Professional Engineers of Ontario	9,318	10,403
HST rebate receivable	1,163	-
	<u>2,238,734</u>	<u>2,248,655</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	4,000	4,221
NET ASSETS		
Internally restricted	676	676
Unrestricted	2,234,058	2,243,758
	<u>2,234,734</u>	<u>2,244,434</u>
	<u>2,238,734</u>	<u>2,248,655</u>

See the accompanying notes to the financial statements

APPROVED BY THE BOARD

.....DIRECTOR

Ontario Professional Engineers Foundation for Education
Statement of revenue and expenses

Year ended December 31, 2015	2015	2014
Revenue	\$	\$
Donations:		
Membership	99,322	89,841
Investment income	80,465	145,805
HST rebate	6,194	-
PEO Xmas donation	2,000	2,000
Corporate donations	1,100	3,489
Bequest	-	800,000
	<u>189,081</u>	<u>1,041,135</u>
Expenses		
Secretarial services (Note 2)	10,993	7,993
Stationery and miscellaneous	8,819	4,269
Investment management fee	5,825	3,811
Professional fee	3,637	2,938
PEO service charges	2,845	2,563
Bank charges	814	987
Meeting expenses	633	1,414
Webhosting and related expenses	520	7,433
Fundraising consulting	156	8,093
	<u>34,242</u>	<u>39,501</u>
Scholarships and awards		
Annual undergraduate scholarships	108,000	72,500
Entrance scholarships	45,000	30,000
Secretarial service and presentation (Note 2)	7,297	7,817
Assistance-Grant	3,000	-
Medals and certificates	1,242	1,248
	<u>164,539</u>	<u>111,565</u>
	<u>198,781</u>	<u>151,066</u>
Excess of revenue over expenses	<u>(9,700)</u>	<u>890,069</u>

See the accompanying notes to the financial statements

Ontario Professional Engineers Foundation for Education
Statement of changes in net assets
Year ended December 31, 2015

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

Year ended December 31, 2014

	Unrestricted	Internally restricted	Total
	\$	\$	\$
Balance, beginning of year	1,353,689	676	1,354,365
Excess of revenue over expenses	890,069	-	890,069
Balance, end of year	2,243,758	676	2,244,434

See the accompanying notes to the financial statements

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Ontario Professional Engineers Foundation for Education

Statement of cash flows

Year ended December 31, 2015	2015	2014
	\$	\$
Operating activities		
Excess of revenue(deficiency) over expenses	(9,700)	890,069
	(9,700)	890,069
Changes in non-cash working capital items:		
Due from the Association of Professional Engineers of Ontario	1,085	3,405
HST rebate receivable	(1,163)	-
Accounts payable and accrued liabilities	(221)	(5,413)
Prepaid	-	6,591
	(299)	4,583
	(9,999)	894,652
Investing activities		
Marketable securities	(71,270)	(806,194)
	(71,270)	(806,194)
Change in cash during the year	(81,269)	88,458
Cash, beginning of year	258,402	169,944
Cash, end of year	177,133	258,402
Cash comprises of:		
Cash	31,429	35,139
Short-term investments	145,704	223,263
	177,133	258,402

See the accompanying notes to the financial statements

Ontario Professional Engineers Foundation for Education ✓
Notes to the financial statements ✓
December 31, 2015

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, 2015

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.

2. Allocation of expenses

Secretarial expenses of \$18,290 (2014 \$15,810) have been allocated as under:

		2015		2014
	%	\$	%	\$
Administrative expenses	60	10,993	51	7,993
Scholarships and awards	40	7,297	49	7,817
		<u>18,290</u>		<u>15,810</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, 2015.

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 2014.

Ontario Professional Engineers Foundation for Education
Notes to the financial statements
December 31, 2015

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 2014.

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 2014.

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 2014.

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 2014.

Ontario Professional Engineers Foundation for Education

Schedule of annual undergraduate scholarships

December 31, 2015

	2015	2014
	\$	\$
1 Carleton University	9,000	5,000
2 Lakehead University	3,000	2,500
3 Laurentian University	3,000	2,500
4 McMaster University	12,000	5,000
5 Queen's University	9,000	7,500
6 Royal Military College	3,000	2,500
7 Ryerson Polytechnic University	9,000	7,500
8 University of Guelph	6,000	2,500
9 University of Ontario Institute of Technology	6,000	2,500
10 University of Ottawa	9,000	5,000
11 University of Toronto	12,000	10,000
12 University of Waterloo	12,000	10,000
13 University of Western Ontario	6,000	5,000
14 University of Windsor	6,000	2,500
15 York University	3,000	2,500
	108,000	72,500

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Ontario Professional Engineers Foundation for Education

Schedule of entrance scholarships

December 31, 2015	2015	2014
	\$	\$
1 Carleton University	3,000	2,000
2 Lakehead University	3,000	2,000
3 Laurentian University	3,000	2,000
4 McMaster University	3,000	2,000
5 Queen's University	3,000	2,000
6 Royal Military College	3,000	2,000
7 Ryerson Polytechnic University	3,000	2,000
8 University of Guelph	3,000	2,000
9 University of Ontario Institute of Technology	3,000	2,000
10 University of Ottawa	3,000	2,000
11 University of Toronto	3,000	2,000
12 University of Waterloo	3,000	2,000
13 University of Western Ontario	3,000	2,000
14 University of Windsor	3,000	2,000
15 York University	3,000	2,000
	45,000	30,000