

ONTARIO PROFESSIONAL ENGINEERS FOUNDATION FOR EDUCATION
Financial Statements
Year Ended December 31, 2017

ONTARIO PROFESSIONAL ENGINEERS FOUNDATION FOR EDUCATION

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Year Ended December 31, 2017

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S.A. Sami Professional Corporation

Chartered Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Members of Ontario Professional Engineers Foundation For Education

I have audited the accompanying financial statements of Ontario Professional Engineers Foundation For Education, which comprise the statement of financial position as at December 31, 2017 and the statements of revenues and expenditures, changes in net assets and cash flow 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

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.

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Independent Auditor's Report to the Members of Ontario Professional Engineers Foundation For Education *(continued)*

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Professional Engineers Foundation For Education as at December 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Mississauga, Ontario
May 3, 2018

S. A. Sami Professional Corporation
S.A.Sami Professional Corporation
CHARTERED ACCOUNTANT
Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario

ONTARIO PROFESSIONAL ENGINEERS FOUNDATION FOR EDUCATION
Statement of Financial Position
As at December 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 306,814	\$ 374,032
HST Rebate receivable	3,441	2,035
Marketable Securities at Fair Value	2,044,256	1,869,446
Due from the Association of Professional Engineers of Ontario	7,255	8,159
	\$ 2,361,766	\$ 2,253,672
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 7,002	\$ 5,613
NET ASSETS		
Unrestricted	2,354,088	2,247,383
Internally restricted	676	676
	2,354,764	2,248,059
	\$ 2,361,766	\$ 2,253,672

ON BEHALF OF THE BOARD

M. Rose Director

M. Wainwright Director

See notes to financial statements

ONTARIO PROFESSIONAL ENGINEERS FOUNDATION FOR EDUCATION

Statement of Revenues and Expenditures

Year Ended December 31, 2017

	2017	2016
REVENUES		
Investment income	\$ 156,434	\$ 110,675
Membership revenue	102,996	102,029
Bequest	50,000	-
Grant (Note 5)	7,343	-
PEO Xmas donation	2,000	2,000
OSPE donations	2,000	-
HST rebate	-	2,118
Corporate donations	450	169
	321,223	216,991
EXPENSES		
Annual Undergraduate Scholarships (Note 8)	108,000	108,000
Entrance Scholarships (Note 9.)	45,000	45,000
EWB leaders for future scholarship	2,000	2,000
Secretarial Services (Administration) (Note 4)	17,790	12,353
Marketing (Note 5)	7,170	-
Investment Management Fee	5,576	6,020
Secretarial service and presentation (Scholarships) (Note 4)	6,000	7,952
Postage, stationary and others	5,125	8,796
Fundraising consulting (Note 5)	4,202	-
Professional fees	4,158	3,637
PEO services charges	2,909	2,676
Webhosting and related expenses	1,883	443
Medals and certificates	1,600	1,541
Bank Charges	1,687	1,158
Professional fee relating to HST rebate	520	764
Professional development	517	-
Meetings expenses	307	972
Travel scholarships and awards	74	1,508
Legal fees relating to bequest	-	847
	214,518	203,667
EXCESS OF REVENUES OVER EXPENSES	\$ 106,705	\$ 13,324

ONTARIO PROFESSIONAL ENGINEERS FOUNDATION FOR EDUCATION

Statement of Changes in Net Assets

Year Ended December 31, 2017

	Unrestricted	Internally restricted	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 2,247,383	\$ 676	\$ 2,248,059	\$ 2,234,735
EXCESS OF REVENUES OVER EXPENSES	106,705	-	106,705	13,324
NET ASSETS - END OF YEAR	\$ 2,354,088	\$ 676	\$ 2,354,764	\$ 2,248,059

ONTARIO PROFESSIONAL ENGINEERS FOUNDATION FOR EDUCATION**Statement of Cash Flow****Year Ended December 31, 2017**

	2017	2016
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 106,705	\$ 13,324
Changes in non-cash working capital:		
HST Rebate receivable	(1,406)	(871)
Accounts payable and accrued liabilities	1,389	1,613
Due from the Association of Professional Engineers of Ontario	904	1,159
	887	1,901
Cash flow from operating activities	107,592	15,225
INVESTING ACTIVITY		
Marketable Securities at Fair Value	(174,810)	181,674
INCREASE (DECREASE) IN CASH FLOW	(67,218)	196,899
Cash - beginning of year	374,032	177,133
CASH - END OF YEAR	\$ 306,814	\$ 374,032
CASH CONSISTS OF:		
Cash	\$ 100,077	\$ 142,524
Short term investments	206,737	231,508
	\$ 306,814	\$ 374,032

ONTARIO PROFESSIONAL ENGINEERS FOUNDATION FOR EDUCATION

Notes to Financial Statements

Year Ended December 31, 2017

1. NATURE OF OPERATIONS

ONTARIO PROFESSIONAL ENGINEERS FOUNDATION FOR EDUCATION (the "foundation") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario. It is a registered charity the foundation is exempt from the payment of 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.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations(ASNFPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Revenue recognition

Ontario Professional Engineers Foundation For Education follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

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.

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ONTARIO PROFESSIONAL ENGINEERS FOUNDATION FOR EDUCATION

Notes to Financial Statements

Year Ended December 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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.

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.

ONTARIO PROFESSIONAL ENGINEERS FOUNDATION FOR EDUCATION

Notes to Financial Statements

Year Ended December 31, 2017

4. Allocation of Expenses

Secretarial expenses of \$23,790 (2016 \$20,305) have been allocated as under:

		2017		2016
	%	\$	%	\$
Administrative expenses	75	17,790	61	12,353
Scholarships and awards	25	6,000	39	7,952
		<u>23,790</u>		<u>20,305</u>

5. REVENUE-GRANT

In 2017, FFE received a grant of \$7,343 and this grant was used to offset the cost of the marketing and fundraising specialist expenses (included in Marketing and Fundraising) as follows:

	FFE Cost	Govt. of Canada contribution	Total Cost
Marketing (2 Communication Specialist)	\$ 2,568	\$ 4,602	\$ 7,170
Fundraising(1 Financial Specialist)	1,529	2,741	4,270
Total	\$ 4,097	\$ 7,343	\$ 11,440

6. FINANCIAL INSTRUMENTS

The foundation is exposed to various risks through its financial instruments. The following analysis provides information about the foundation's risk exposure and concentration as of December 31, 2017.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Foundation manages its credit risk by keeping its cash with a credit worthy financial institution. There is no change in the risk from 2016.

(b) 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 2016

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ONTARIO PROFESSIONAL ENGINEERS FOUNDATION FOR EDUCATION

Notes to Financial Statements

Year Ended December 31, 2017

6. FINANCIAL INSTRUMENTS *(continued)*

(c) Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these 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 2016.

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Foundation manages this risk by using an investment manager to monitor and manage these investments. There is no change in the risk from 2016.

(e) 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 manages this risk by using the services of an investment manager. There is no change in the risk from 2016.

7. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

8. ANNUAL UNDERGRADUATE SCHOLARSHIPS

	2017	2016
Carleton University	\$ 9,000	\$ 9,000
Lakehead University	3,000	3,000
Laurentian University	3,000	3,000
McMaster University	12,000	12,000
Queen's University	9,000	9,000
Royal Military College	3,000	3,000
Ryerson Polytechnic University	9,000	9,000
University of Guelph	6,000	6,000
University of Ontario Institute of Technology	6,000	6,000
University of Ottawa	9,000	9,000
University of Toronto	12,000	12,000
University of Waterloo	12,000	12,000
University of Western Ontario	6,000	6,000
University of Windsor	6,000	6,000
York University	3,000	3,000
	\$ 108,000	\$ 108,000

ONTARIO PROFESSIONAL ENGINEERS FOUNDATION FOR EDUCATION

Notes to Financial Statements

Year Ended December 31, 2017

9. SCHEDULE OF ENTRANCE SCHOLARSHIPS

	2017	2016
Carleton University	\$ 3,000	\$ 3,000
Lakehead University	3,000	3,000
Laurentian University	3,000	3,000
McMaster University	3,000	3,000
Queen's University	3,000	3,000
Royal Military College	3,000	3,000
Ryerson Polytechnic University	3,000	3,000
University of Guelph	3,000	3,000
University of Ontario Institute of Technology	3,000	3,000
University of Ottawat	3,000	3,000
University of Toronto	3,000	3,000
University of Waterloo	3,000	3,000
University of Western Ontario	3,000	3,000
University of Windsor	3,000	3,000
York University	3,000	3,000
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	\$ 45,000	\$ 45,000
