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*Financial Statements of*

**ONTARIO PROFESSIONAL  
ENGINEERS FOUNDATION  
FOR EDUCATION**

*December 31, 2010*

# ONTARIO PROFESSIONAL ENGINEERS FOUNDATION FOR EDUCATION

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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, 2010, and the statement of revenue and expenses, statement of changes in net assets and statement of 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 generally accepted accounting principles 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, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

  
Abdus Sami Syed

Chartered Accountant, Licensed Public Accountant

Date: June 3, 2011

**Ontario Professional Engineers - Foundation For Education**

Statement of financial position

As at December 31

	2010	2009
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	130,408	150,890
Marketable securities at market value	1,088,234	1,025,841
Interest receivable	7,266	9,499
Due from Association of Professional Engineers of Ontario	14,898	17,971
	<u>1,240,806</u>	<u>1,204,201</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	9,666	11,799
<b>NET ASSETS</b>		
Restricted	-	500
Internally restricted	4,176	4,176
Unrestricted	1,226,964	1,187,726
	<u>1,231,140</u>	<u>1,192,402</u>
	<u>1,240,806</u>	<u>1,204,201</u>

See the accompanying notes to financial statements

APPROVED BY THE BOARD

.....DIRECTOR

.....DIRECTOR

Ontario Professional Engineers - Foundation For Education  
Statement of revenue and expenses  
Year ended December 31

2010                      2009

	Unrestricted	Unrestricted
	\$	\$
Revenue		
Donations:		
Membership	116,187	117,745
Investment income	43,606	50,236
Other (Chapter, etc.)	2,248	1,779
PEO Xmas donation	1,500	1,500
Corporate	1,187	2,733
	<u>164,728</u>	<u>173,993</u>
Administrative expenses		
Secretarial services( Note 3 )	6,437	4,833
Stationary and miscellaneous	3,812	3,019
PEO service charges	3,441	3,507
Investment management fee	2,946	2,682
Professional fee	2,260	2,100
Meeting expenses	1,923	69
Bank charges	464	393
	<u>21,283</u>	<u>16,603</u>
Scholarships and awards		
Annual undergraduate scholarships	72,500	72,500
Entrance scholarships	30,000	30,000
Benevolent fund grants	-	4,000
Secretarial service and presentation ( Note 3 )	4,291	3,480
Engineers without borders	2,000	2,000
Medals and certificates	1,712	952
	<u>110,503</u>	<u>112,932</u>
	<u>131,786</u>	<u>129,535</u>
Excess of revenue over expenses	<u>32,942</u>	<u>44,458</u>

See the accompanying notes to financial statements

Ontario Professional Engineers - Foundation For Education

Statement of changes in net assets

Year ended December 31

2010

	Unrestricted	Restricted	Internally restricted	Total
	\$	\$	\$	\$
Balance, beginning of year	1,187,726	500	4,176	1,192,402
Excess of revenue over expenses	32,942	-	-	32,942
Inter-fund transfers	500	(500)	-	-
Change in fair value of assets classified as available-for-sale	5,796	-	-	5,796
Balance, end of year	1,226,964	-	4,176	1,231,140

Year ended December 31

2009

	Unrestricted	Restricted	Internally restricted	Total
	\$	\$	\$	\$
Balance, beginning of year	1,117,734	1,000	4,176	1,122,910
Excess of revenue over expenses	44,458	-	-	44,458
Inter-fund transfers	500	(500)	-	-
Change in fair value of assets classified as available-for-sale	25,034	-	-	25,034
Balance, end of year	1,187,726	500	4,176	1,192,402

See the accompanying notes to financial statements

**Ontario Professional Engineers - Foundation For Education**

Statement of cash flows

Year ended December 31	2010	2009
	\$	\$
Operating activities		
Excess of revenue over expenses	32,942	44,458
	32,942	44,458
Changes in non-cash working capital items		
Due from Association of Professional Engineers of Ontario	3,073	4,950
Interest receivable	2,233	(3,177)
Accounts payable and accrued liabilities	(2,133)	6,946
	3,173	8,719
	36,115	53,177
Investing activities		
Increase in marketable securities	(62,393)	(84,255)
Changes in fair value of marketable securities	5,796	25,034
	(56,597)	(59,221)
Change in cash during the year	(20,482)	(6,044)
Cash, beginning of year	150,890	156,934
Cash, end of year	130,408	150,890
Cash comprises of:		
Cash	41,495	48,121
Short-term investments	88,913	102,769
	130,408	150,890

See the accompanying notes to financial statements

# ONTARIO PROFESSIONAL ENGINEERS FOUNDATION FOR EDUCATION

## Notes to the financial statements

December 31, 2010

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### 1. 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.

### 2. Significant accounting policies

#### *Financial statement presentation*

These financial statements have been prepared in accordance with the 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. Donated services 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 generally accepted accounting principles 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.

#### *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 approved budget.

#### *Restricted net assets*

Provisions of the James Ferguson Estate limit the use of the capital to \$500 in any one year.

# ONTARIO PROFESSIONAL ENGINEERS FOUNDATION FOR EDUCATION

## Notes to the financial statements

December 31, 2010

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### *Internally restricted assets*

These represent donations to the Foundation in the memory of Gordon Sterling. It was agreed by the management that these assets will be available by the Foundation on request by Professional Engineers of Ontario to be used for the payment to the recipient of Sterling Award. It was decided by the management that these assets are held in trust by the Foundation to be used for the payment of Sterling Award.

### *Financial Instruments*

The Foundation has classified its cash as "held-for-trading". Held-for-trading items are carried at fair value, with changes in fair value recognized in the statement of revenue and expenses.

The Foundation has classified its marketable securities as "Available-for-sale". Available-for-sale items are measured at fair value. Unrealized profit or loss incurred on available-for-sale items is recognized in the statement of changes in net assets until realized through disposal or impairment.

The Foundation classified due from Professional Engineers of Ontario as "Loans and receivables". Loans and receivables are carried at amortized cost using the effective interest method, net of any impairment.

The Foundation classified all of its accounts payables and accrued liabilities as "Other liabilities". Other liabilities are carried at amortized cost using the effective interest method, net of any impairment.

The fair market value of marketable securities is determined and based on portfolio valuation report by Scotia Asset Management.

The carrying values of cash, due from Professional Engineers of Ontario and accounts payable approximate their fair values due to relatively short term to maturity.

Transaction costs related to the acquisition and sale of financial assets and liabilities are expensed as incurred.

The Foundation has elected to follow the disclosure requirements of Section 3861 "Financial Instruments - Disclosure and Presentation" of CICA Handbook.

### *Capital disclosures*

The Foundation identifies its capital as being the balance in unrestricted net assets. The primary objective is to have sufficient capital to maintain operations and achieves its objectives. It manages its capital primarily through its investment and adheres to its investment policy.

### *Allocation of expenses*

The Foundation has allocated 60% of the secretarial services cost to administrative expense and the balance 40% to scholarship expense based on estimated time spent.

# ONTARIO PROFESSIONAL ENGINEERS FOUNDATION FOR EDUCATION

## Notes to the financial statements

December 31, 2010

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### 3. Allocation of expenses

Secretarial expenses of \$10,728 (2009-\$8,313) has been allocated as under:

		2010	2009
		\$	\$
Administrative expenses	60%	6,437	4,833
Scholarships and awards	40%	4,291	3,222
Presentation		-	258
		<u>10,728</u>	<u>8,313</u>

### 4. Future accounting changes

In December 2010, the CICA issued new accounting standards applicable to Not-for-Profit Organizations. Effective for the fiscal year beginning on or after January 1, 2012 the Foundation will have to choose between International Financial Reporting Standards (IFRS) and Canadian accounting standards for Not-for-Profit Organizations. Early adoption of these standards is permitted. The Foundation currently plans to adopt the new accounting standards for Not-for-Profit Organizations for the fiscal year beginning on January 1, 2012. The impact of transitioning to these standards has not been determined.

### 5. Comparative figures

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

**Ontario Professional Engineers - Foundation For Education**

Schedule of annual undergraduate scholarships

Year ended December 31	2010	2009
	\$	\$
1 Carleton University	5,000	5,000
2 Lakehead University	2,500	2,500
3 Laurentian University	2,500	2,500
4 McMaster University	5,000	5,000
5 Queen's University	7,500	7,500
6 Royal Military College	2,500	2,500
7 Ryerson Polytechnic University	7,500	7,500
8 University of Guelph	2,500	2,500
9 University of Ontario Institute of Technology	2,500	2,500
10 University of Ottawa	5,000	5,000
11 University of Toronto	10,000	10,000
12 University of Waterloo	10,000	10,000
13 University of Western Ontario	5,000	5,000
14 University of Windsor	2,500	2,500
15 York University	2,500	2,500
	<u>72,500</u>	<u>72,500</u>

**Ontario Professional Engineers - Foundation For Education**

Schedule of entrance scholarships

Year ended December 31	2010	2009
	\$	\$
1 Carleton University	2,000	2,000
2 Lakehead University	2,000	2,000
3 Laurentian University	2,000	2,000
4 McMaster University	2,000	2,000
5 Queen's University	2,000	2,000
6 Royal Military College	2,000	2,000
7 Ryerson Polytechnic University	2,000	2,000
8 University of Guelph	2,000	2,000
9 University of Ontario Institute of Technology	2,000	2,000
10 University of Ottawa	2,000	2,000
11 University of Toronto	2,000	2,000
12 University of Waterloo	2,000	2,000
13 University of Western Ontario	2,000	2,000
14 University of Windsor	2,000	2,000
15 York University	2,000	2,000
	30,000	30,000

Schedule of engineers without borders scholarships

Year ended December 31	2010	2009
	\$	\$
Marc Andre Simrad (2010)/Sarah Legg (2009)	2,000	2,000
	2,000	2,000

Schedule of benevolent grant

Year ended December 31	2010	2009
	\$	\$
Recipient	-	4,000
	-	4,000