

**CANADIAN MINERAL INDUSTRY EDUCATION FOUNDATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2012**

**CANADIAN MINERAL INDUSTRY EDUCATION FOUNDATION**

**DECEMBER 31, 2012**

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# SHARP EDMONDS SHARP LLP

CHARTERED ACCOUNTANTS

PARTNERS

John A. Sharp, CA

Joseph A. Edmonds, CA

P. Donald Sharp, CA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of:  
Canadian Mineral Industry Education Foundation

We have audited the accompanying financial statements of Canadian Mineral Industry Education Foundation, which comprise the statement of financial position as at December 31, 2012, and the statements of revenue and expenditures and changes in net assets 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 generally accepted accounting principles, and for such internal control as management determines 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 an audit to obtain reasonable assurance about whether the financial statements are free of 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 the accounting policies used and reasonableness of the 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.

### **Basis for Qualified Opinion**

In common with many organizations in receipt of funds by donations, verification of such items was not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded by the Foundation and we were not able to determine whether any adjustments might be necessary to assets, excess of revenue over expenditures and reserve for scholarships.

# **SHARP EDMONDS SHARP LLP**

**CHARTERED ACCOUNTANTS**

**PARTNERS**

**John A. Sharp, CA**

**Joseph A. Edmonds, CA**

**P. Donald Sharp, CA**

## **Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Mineral Industry Education Foundation as at December 31, 2012, and its performance and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario

May 21, 2013

SHARP EDMONDS SHARP LLP

CHARTERED ACCOUNTANTS

LICENSED PUBLIC ACCOUNTANTS

**CANADIAN MINERAL INDUSTRY EDUCATION FOUNDATION**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2012**

**ASSETS**

	<u>2012</u>	<u>2011</u>
<b>Current</b>		
Cash and cash equivalents (Note 3)	\$ 263,705	\$ 328,089
Term investments (Note 4)	258,876	180,802
	<hr/>	<hr/>
	\$ 522,581	\$ 508,891
	<hr/>	<hr/>

**LIABILITIES**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 5,303	\$ 4,607
	<hr/>	<hr/>

**NET ASSETS**

<b>Reserve for scholarships</b>	517,278	504,284
	<hr/>	<hr/>
	\$ 522,581	\$ 508,891
	<hr/>	<hr/>

**APPROVED ON BEHALF OF THE BOARD:**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying notes form an integral part of these financial statements.

**CANADIAN MINERAL INDUSTRY EDUCATION FOUNDATION**

**STATEMENT OF REVENUE AND EXPENDITURES  
AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>2012</u>	<u>2011</u>
<b>Revenue</b>		
Donations (Note 1)	\$ 203,517	\$ 370,580
Interest	7,357	5,069
	<hr/> 210,874	<hr/> 375,649
<b>Expenditures</b>		
Scholarship awards	188,000	152,000
Administrative		
Secretarial and accounting honoraria	5,000	5,000
Audit fees	1,701	1,695
Miscellaneous	3,179	1,865
	<hr/> 197,880	<hr/> 160,560
<b>Excess of revenue over expenditures</b>	12,994	215,089
<b>Reserve for scholarships, beginning of year</b>	504,284	289,195
<b>Reserve for scholarships, end of year</b>	<hr/> \$ 517,278	<hr/> \$ 504,284

The accompanying notes form an integral part of these financial statements.

# CANADIAN MINERAL INDUSTRY EDUCATION FOUNDATION

## STATEMENT OF CASH FLOWS

DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
<b>Operating activities</b>		
Cash provided by donations	\$ 203,517	\$ 370,580
Cash provided by interest on near-cash savings accounts	3,283	1,505
Scholarship payments	(188,000)	(152,000)
Administrative expense payments	(9,184)	(8,814)
<b>Cash flows provided by operating activities</b>	<b>9,616</b>	<b>211,271</b>
<b>Investing activities</b>		
Cash provided from maturing investments	80,000	-
Purchase of term investments	(154,000)	(100,000)
<b>Cash flows used in investing activities</b>	<b>(74,000)</b>	<b>(100,000)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(64,384)</b>	<b>111,271</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>328,089</b>	<b>216,818</b>
<b>Cash and cash equivalents, end of year (Note 3)</b>	<b>\$ 263,705</b>	<b>\$ 328,089</b>

The accompanying notes form an integral part of these financial statements.

# CANADIAN MINERAL INDUSTRY EDUCATION FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

The Canadian Mineral Industry Education Foundation (the "Foundation") is a registered charitable organization whose primary purpose, by providing scholarships, is to encourage and assist students at universities in Canada enrolled in a discipline related to the mineral industry. As a registered Canadian charity, the Foundation is exempt from income taxes.

### 1. Summary of significant accounting policies

#### (a) Basis of presentation

The financial statements have been prepared in accordance with the accounting standards for not-for-profit organizations as set out in Part III of the CICA Handbook.

#### (b) Revenue recognition:

Donations are recorded as revenue in the year they are received. Donors are eligible to be represented on the Board of Directors (the "Board"). During the year approximately 83% (2011 - 41%) of donations came from members who are represented on the Board, and 32% (2011 - 14%) came from one of said members.

Investment income is recorded on the accrual basis.

#### (c) Scholarship awards

The Foundation awards conditional scholarships to qualifying applicants covering a period of up to three years. The Reserve for Scholarships is considered to be adequate to provide for scholarships awarded but not yet unconditionally payable.

#### (d) Cash and cash equivalents:

Cash and cash equivalents include bank and highly liquid short-term investments that are readily convertible to known amounts of cash on demand.

#### (e) Term investments:

Term investments are purchased on the assumption that they will be held to maturity and accordingly are recorded at cost plus accrued interest, calculated using the effective interest rate method.

#### (f) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

# CANADIAN MINERAL INDUSTRY EDUCATION FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 2. Financial instruments

It is management's opinion that the Foundation is exposed to interest rate risk and liquidity risk arising from its financial instruments.

#### Interest rate risk

Interest rate risk is the risk that the fair value of financial instruments or future cash flow associated with the instruments will fluctuate due to changes in market interest rates. The organization is exposed to interest risk on its term investments. Interest risk is the potential loss the organization may incur as a result of changes in the bank prime rate and the effect it may have on the cash flows from securities. The Foundation does not use derivatives of any type to manage this rate. The Foundation manages the risk of exposure by purchasing shorter term instruments.

#### Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet a demand for cash or fund its obligations as they come due. The Foundation meets its liquidity requirements by preparing and monitoring cash flows from operations, anticipating investing activities and holding assets that can be readily converted into cash.

### 3. Cash and cash equivalents

	2012	2011
Cash in bank	\$ 39,512	\$ 106,616
Cash at broker	-	70
Bank savings accounts	224,193	221,403
<b>Cash and cash equivalents</b>	<b>\$ 263,705</b>	<b>\$ 328,089</b>

### 4. Term investments

	2012	2011
Guaranteed investment certificates	\$ 154,166	\$ -
Province of Ontario bonds	104,710	180,802
<b>Term investments</b>	<b>\$ 258,876</b>	<b>\$ 180,802</b>

### 5. Capital disclosure

The Foundation's capital consists of the Reserve for Scholarships.

The Foundation's objectives when managing capital are to safeguard its ability to continue operations so that it can continue to provide its program of scholarships.

The Foundation ensures the amount of capital available is sufficient to meet the value of scholarships awarded but yet to be provided, whether by additional fundraising from members or by managing the number of future scholarships awarded.