

## FINANCIAL STATEMENTS

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### CANADIAN MINERAL INDUSTRY EDUCATION FOUNDATION

December 31, 2018

(Unaudited - See Review Engagement Report)

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Canadian Mineral Industry Education Foundation

**CONTENTS**

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December 31, 2018

	<b>Page</b>
<b>INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statement of financial position	2
Statement of operations and changes in net assets	3
Statement of cash flows	4
Notes to financial statements	5

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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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

We have reviewed the accompanying financial statements of **Canadian Mineral Industry Education Foundation** that comprise the statement of financial position as at December 31, 2018, and the statements of operations 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 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.

### *Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT (continued)

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### *Basis for Qualified Conclusion*

In common with many charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible of satisfactory review. Accordingly, our review of donation revenue was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary for recorded donations, deficiency of revenue over expenses, cash flows from operating activities, assets and net assets. Our conclusion was modified accordingly, because of the possible effects of this scope limitation.

### *Qualified Conclusion*

Based on our review, except for the possible effects of the matters described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of **Canadian Mineral Industry Education Foundation** as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Toronto, Ontario  
January 29, 2019

*Campbell Lawless LLP*

Chartered Professional Accountants  
Licensed Public Accountants

**Canadian Mineral Industry Education Foundation**  
**STATEMENT OF FINANCIAL POSITION**  
(Unaudited - See Review Engagement Report)

December 31	2018 \$	2017 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	480,790	333,321
Marketable securities	<u>                    </u>	<u>95,930</u>
	480,790	429,251
<b>Term investments</b>		102,328
	<u>480,790</u>	<u>531,579</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	5,069	6,273
Deferred revenue [note 3]	<u>                    </u>	<u>8,000</u>
	5,069	14,273
<b>NET ASSETS</b>		
Reserve for scholarships	475,721	517,306
	<u>480,790</u>	<u>531,579</u>

*see accompanying notes*

On behalf of the Board:

Director

Director

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Canadian Mineral Industry Education Foundation

**STATEMENT OF OPERATIONS AND  
CHANGES IN NET ASSETS**

(Unaudited - See Review Engagement Report)

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Year ended December 31	2018	2017
	\$	\$
<b>Revenue</b>		
Donations [note 4]	240,682	219,603
Interest	<u>5,213</u>	<u>4,340</u>
	<u>245,895</u>	<u>223,943</u>
<b>Expenses</b>		
Scholarship awards	273,500	215,500
Administrative		
Secretarial and accounting honoraria	7,000	7,000
Professional fees	4,068	4,068
Miscellaneous	<u>2,912</u>	<u>2,539</u>
	<u>287,480</u>	<u>229,107</u>
<b>Deficiency of revenue over expenses for the year</b>	<b>(41,585)</b>	<b>(5,164)</b>
<b>Reserve for scholarships, beginning of year</b>	<b>517,306</b>	<b>522,470</b>
<b>Reserve for scholarships, end of year</b>	<b>475,721</b>	<b>517,306</b>

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*see accompanying notes*

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Canadian Mineral Industry Education Foundation

**STATEMENT OF CASH FLOWS**

(Unaudited - See Review Engagement Report)

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Year ended December 31	2018	2017
	\$	\$
<b>Cash flows from operating activities</b>		
Cash provided by donations	234,959	116,017
Cash provided by interest on bank savings accounts	4,315	2,740
Scholarship payments	(273,500)	(215,500)
Administrative expense payments	<u>(15,183)</u>	<u>(12,884)</u>
	(49,409)	(109,627)
Change in non-cash working capital balance:		
(Decrease) increase in deferred revenue	<u>(8,000)</u>	<u>(6,000)</u>
Net cash used in operating activities	<u>(57,409)</u>	<u>(115,627)</u>
<b>Cash flows from investing activities</b>		
Proceeds on disposal of marketable securities	101,652	7,656
Cash provided from maturing term investments	<u>103,226</u>	<u>          </u>
Net cash provided by investing activities	<u>204,878</u>	<u>7,656</u>
<b>Net increase (decrease) in cash and cash equivalents during the year</b>	<b>147,469</b>	<b>(107,971)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>333,321</b>	<b>441,292</b>
<b>Cash and cash equivalents, end of year</b>	<b>480,790</b>	<b>333,321</b>
<b>Cash and cash equivalents consist of:</b>		
Cash	81,589	68,365
Investment savings accounts	<u>399,201</u>	<u>264,956</u>
	<b>480,790</b>	<b>333,321</b>

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*see accompanying notes*

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**Canadian Mineral Industry Education Foundation**  
**NOTES TO FINANCIAL STATEMENTS**  
(Unaudited - See Review Engagement Report)

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December 31, 2018

**1. PURPOSE OF THE FOUNDATION**

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.

The Foundation was incorporated on May 11, 1970 under the Canada Corporations Act as a corporation without share capital. Effective October 16, 2014, the Foundation is continued under the Canada Not-for-profit Corporations Act.

The Foundation qualifies as a registered Canadian charity as defined in the Income Tax Act (Canada) and, as such, is exempt from income tax.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

**Revenue recognition**

The Foundation follows the deferral method of accounting for donations. Unrestricted donations are recorded as revenue in the year they are received. Restricted donations are recognized as revenue in the year in which the related expenses are incurred.

Investment income is recognized as revenue on an accrual basis.

Donations-in-kind received from donors are recorded as revenue at fair value at date of contribution.

**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.

**Cash and cash equivalents**

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

**Term investments**

Term investments consist of guaranteed investment certificates and 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. This approximates market value of the investments.



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**Canadian Mineral Industry Education Foundation**  
**NOTES TO FINANCIAL STATEMENTS**  
(Unaudited - See Review Engagement Report)

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December 31, 2018

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

**Financial instruments**

The Foundation initially measures its financial assets and liabilities at fair value. The Foundation subsequently measures all its financial assets and liabilities at amortized cost, except for investments in marketable securities.

Financial assets and liabilities measured at amortized cost include cash and cash equivalents, term investments and accounts payable and accrued liabilities.

Investments in marketable securities are carried at fair value based on quoted market prices.

Changes in fair value are recognized in the statement of operations and changes in net assets.

**Impairment**

Financial assets measured at amortized cost are assessed for indicators of impairment. The amount of the write-down is recognized in revenue over expenses. When there is an indication of impairment, the carrying amount of the asset is reduced directly or through the use of an allowance account. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations and changes in net assets.

**Contributed services**

In fulfilling its objectives the Foundation receives contributions of services from various parties. These services materially benefit the Foundation, however, a reasonable estimate of the time spent and its fair market value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

**3. DEFERRED REVENUE**

Deferred revenue represents externally restricted donations to fund specific scholarship awards.

	2018	2017
	\$	\$
Balance, beginning of year	8,000	14,000
Add amount received during the year	25,000	25,000
Less amount recognized as revenue in the year	(33,000)	(31,000)
Balance, end of year	NIL	8,000

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**Canadian Mineral Industry Education Foundation**  
**NOTES TO FINANCIAL STATEMENTS**  
(Unaudited - See Review Engagement Report)

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December 31, 2018

#### **4. DONATIONS**

Donors are eligible to be represented on the Board of Directors (the "Board"). During the year approximately 86% (2017 - 85%) of donations came from members who are represented on the Board, and 22% (2017 - 45%) came from one of the said members.

Donations-in-kind received from donors in the amount of \$5,272 (2017 - \$103,586) are included in donation revenue in the statement of operations and changes in net assets.

#### **5. FINANCIAL INSTRUMENT RISK EXPOSURE**

The Foundation is exposed to credit risk and market risk through its financial instruments. The Foundation is not exposed to significant liquidity risk. The Foundation has no changes in its risk exposure from the previous period.

##### **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet its contractual obligations. Financial instruments that potentially subject the Foundation to credit risk consist principally of cash and cash equivalents and term investments. Management mitigates the credit risk by depositing its cash and cash equivalents with a Canadian chartered bank. Term investments are invested in financial obligations of Canadian chartered banks.

##### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Foundation is primarily exposed to interest rate risk and other price risk.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value of financial instruments or future cash flows associated with the financial instruments will fluctuate due to changes in market interest rates. The Foundation is exposed to interest rate risk through its term deposits. The Foundation does not use derivatives to mitigate this risk. The Foundation manages this risk by purchasing shorter term instruments.

##### *Other price risk*

Other price risk results from changes in market prices (other than those arising from currency risk or interest rate risk). The Foundation is exposed to other price risk through its investment in publicly-traded marketable securities. The marketable securities are exposed to economic changes and other fluctuations in the domestic and global markets, as well as risks specific to issuers that may affect the market value of their securities. The Foundation does not use derivative financial instruments to mitigate the effects of this risk.