

FINANCIAL STATEMENTS

CANADIAN MINERAL INDUSTRY EDUCATION FOUNDATION

December 31, 2017

(Unaudited - See Review Engagement Report)



Canadian Mineral Industry Education Foundation

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December 31, 2017

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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, 2017, 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.

.....continued

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT (continued)

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) excess 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, 2017, 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
May 17, 2018

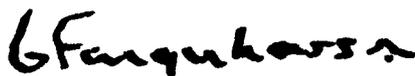
Campbell Lawless LLP
Chartered Professional Accountants
Licensed Public Accountants

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

December 31	2017	2016
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	333,321	441,292
Term investments	102,328	
Marketable securities (cost - \$95,930)	<u>95,930</u>	<u> </u>
	531,579	441,292
Term investments	<u>-</u>	100,728
	531,579	542,020
LIABILITIES		
Current		
Accounts payable and accrued liabilities	6,272	5,549
Deferred revenue [note 4]	<u>8,000</u>	<u>14,000</u>
	14,272	19,549
NET ASSETS		
Reserve for scholarships	<u>517,307</u>	522,471
	531,579	542,020

see accompanying notes

On behalf of the Board:


Director


Director

Canadian Mineral Industry Education Foundation

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

(Unaudited - See Review Engagement Report)

Year ended December 31	2017	2016
	\$	\$
Revenue		
Donations [note 5]	219,603	308,597
Interest	<u>4,340</u>	<u>4,173</u>
	<u>223,943</u>	<u>312,770</u>
Expenses		
Scholarship awards	215,500	205,000
Administrative		
Secretarial and accounting honoraria	7,000	7,000
Professional fees	4,068	3,221
Miscellaneous	<u>2,539</u>	<u>2,514</u>
	<u>229,107</u>	<u>217,735</u>
(Deficiency) excess of revenue over expenses for the year	(5,164)	95,035
Reserve for scholarships, beginning of year [note 3]	522,471	427,436
Reserve for scholarships, end of year	517,307	522,471

see accompanying notes

Canadian Mineral Industry Education Foundation

STATEMENT OF CASH FLOWS

(Unaudited - See Review Engagement Report)

Year ended December 31	2017	2016
	\$	\$
Cash flows from operating activities		
Cash provided by donations	116,017	298,000
Cash provided by interest on bank savings accounts	2,740	2,421
Scholarship payments	(215,500)	(205,000)
Administrative expense payments	<u>(12,884)</u>	<u>(12,363)</u>
	(109,627)	83,058
Change in non-cash working capital balance:		
(Decrease) increase in deferred revenue	<u>(6,000)</u>	<u>5,000</u>
Net cash provided by (used in) operating activities	<u>(115,627)</u>	<u>88,058</u>
Cash flows from investing activities		
Proceeds on disposal of marketable securities	7,656	105,515
Cash provided from maturing term investments	<u> </u>	<u>3,642</u>
Net cash provided by investing activities	<u>7,656</u>	<u>109,157</u>
Net increase (decrease) in cash and cash equivalents during the year	(107,971)	197,215
Cash and cash equivalents, beginning of year	441,292	244,077
Cash and cash equivalents, end of year	333,321	441,292
Cash and cash equivalents consist of:		
Cash	68,365	29,749
Investment savings accounts	<u>264,956</u>	<u>411,543</u>
	<u>333,321</u>	<u>441,292</u>

see accompanying notes

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

December 31, 2017

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.

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

December 31, 2017

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.

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 revenue over expenses.

3. PRIOR PERIOD ADJUSTMENT

The Foundation has determined that a portion of donation revenue in 2015 and 2016 should have been deferred to comply with the donor's restriction. As a result, the reserve for scholarships balance as at January 1, 2017 has been decreased by \$14,000 and the 2016 financial statements have been restated. The reserve for scholarships balance as at January 1, 2016 has been decreased by \$9,000 which represents the deferred revenue from 2015. Donation revenue in the 2016 statement of operations and changes in net assets has been reduced by \$5,000. Excess of expenses over revenue has been reduced accordingly. Deferred revenue as at December 31, 2016 has been increased by \$14,000.

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

December 31, 2017

4. DEFERRED REVENUE

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

	2017	2016
	\$	\$
Balance, beginning of year	14,000	9,000
Add amount received during the year	25,000	25,000
Less amount recognized as revenue in the year	(31,000)	(20,000)
Balance, end of year	8,000	14,000

5. DONATIONS

Donors are eligible to be represented on the Board of Directors (the "Board"). During the year approximately 85% (2016 - 88%) of donations came from members who are represented on the Board, and 45% (2016 - 64%) came from one of the said members.

Donations-in-kind received from donors in the amount of \$103,586 (2016 - \$10,597) are included in donation revenue in the statement of operations and changes in net assets.

6. FINANCIAL INSTRUMENT RISK EXPOSURE

The Foundation is exposed to credit risk and market risk through its financial instruments including . The Foundation's risk has changed from the previous period as it is also susceptible to other price risk.

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.

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

December 31, 2017

6. FINANCIAL INSTRUMENT RISK EXPOSURE (continued)

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.