



.....
Financial Statements

***For the year ended
December 31, 2021***

Canadian Mineral Industry Education Foundation

Statement of Financial Position

As at December 31, 2021

(Unaudited – See Review Engagement Report)

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	\$	\$
Assets		
Current assets		
Cash	446,373	439,235
Donations receivable	15,000	30,000
Sales tax receivable	665	314
	<u>462,038</u>	<u>469,549</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	5,972	5,979
Deferred donations (note 4)	10,500	14,500
	<u>16,472</u>	<u>20,479</u>
Net assets		
Reserve for scholarships	<u>445,566</u>	<u>449,070</u>
	<u>462,038</u>	<u>469,549</u>

APPROVED ON BEHALF OF THE BOARD

(signed) Bryan A. Coates, Director

(signed) Jacques Perron, Director

Canadian Mineral Industry Education Foundation

Statement of Operations and Changes in Net Assets

For the year ended December 31, 2021

(Unaudited – See Review Engagement Report)

	<u>2021</u>	<u>2020</u>
	\$	\$
Revenues		
Donations (note 5)	218,850	216,603
Interest	<u>3,185</u>	<u>5,009</u>
	222,035	221,612
Scholarship awards	(220,500)	(228,000)
Administrative expenses		
Professional fees	(4,656)	(4,514)
Other	<u>(383)</u>	<u>(726)</u>
	(5,039)	(5,240)
Deficiency of revenues over scholarship awards and expenses	<u>(3,504)</u>	<u>(11,628)</u>
Reserve for scholarships, beginning of year	<u>449,070</u>	<u>460,698</u>
Reserve for scholarships, end of year	<u>445,566</u>	<u>449,070</u>

Canadian Mineral Industry Education Foundation

Statement of Cash Flows

For the year ended December 31, 2021

(Unaudited – See Review Engagement Report)

	<u>2021</u>	<u>2020</u>
	\$	\$
Cash flows from operating activities		
Donations received	229,850	209,103
Interests received	3,185	5,009
Scholarship awards paid	(220,500)	(228,000)
Administrative expenses paid	(5,397)	(5,143)
	<u>7,138</u>	<u>(19,031)</u>
Net cash flows generated by (used in) operating activities and net increase (decrease) in cash		
	<u>7,138</u>	<u>(19,031)</u>
Cash, beginning of year	<u>439,235</u>	<u>458,266</u>
Cash, end of year	<u>446,373</u>	<u>439,235</u>

Canadian Mineral Industry Education Foundation

Notes to the Financial Statements

For the year ended December 31, 2021

(Unaudited)

1. Statutes and nature of activities

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

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 was 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. Accounting change

On January 1, 2021, the Foundation applied the changes to Section 3856, Financial Instruments, of Part II of the CPA Canada Handbook – Accounting and Section 4460, Disclosure of Related Party Transactions by Not-for-Profit Organizations, of Part III of the CPA Canada Handbook – Accounting. The purpose of these changes is to provide additional recommendations on the accounting treatment of financial instruments originated or exchanged in a related party transaction.

The changes require that financial assets originated or acquired and financial liabilities issued or assumed in a related party transaction be initially measured at cost, with the exception of certain specific financial instruments that are initially measured at fair value. The cost of a financial asset originated or acquired or of a financial liability issued or assumed in these circumstances depends on whether the instrument has repayment terms. When the financial instrument has repayment terms, its cost is determined using the undiscounted cash flows, excluding interest and dividend payments, and less any impairment losses previously recognized by the transferor. The cost of a financial instrument that does not have repayment terms is determined using the consideration transferred or received in the transaction.

The changes generally require that financial assets and liabilities from related party transactions be subsequently measured using the cost method, except for investments in equity instruments that are quoted in an active market which are measured at fair value.

The changes provide additional guidance on how to measure the impairment loss of a financial asset originated or acquired in a related party transaction subsequently measured using the cost method.

The changes also require that an organization recognizes the effect of the forgiveness of a financial asset originated or created in a related party transaction or the extinguishment of a financial liability issued or assumed in a related party transaction in operations or in accordance with the accounting method used to recognize contributions.

In accordance with the transitional provisions, these changes, applicable for fiscal years beginning on or after January 1, 2021, have been applied retrospectively taking certain relief measures into account. Application of the changes did not have any impact on the financial statements for the year ended December 31, 2020.

Canadian Mineral Industry Education Foundation

Notes to the Financial Statements

For the year ended December 31, 2021

(Unaudited)

3. Summary of significant accounting policies

These unaudited financial statements have been prepared in accordance with the *Canadian accounting standards for not-for-profit organizations* as issued by the *Accounting Standards Board*.

a) Cash

Cash includes deposits held with banks and other highly liquid short-term investments with original maturities of three months or less or that can be redeemed at any time without penalties.

b) Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's knowledge of current events and actions that the Foundation may undertake in the future. Actual results may differ from these estimates.

c) Revenue recognition

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

Investment income is recognized as revenues on an accrual basis.

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

d) 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.

Canadian Mineral Industry Education Foundation

Notes to the Financial Statements

For the year ended December 31, 2021

(Unaudited)

3. Summary of significant accounting policies (*continued*)

e) Financial instruments

The Foundation initially measures its financial assets and liabilities from transactions not concluded with related parties and those from transactions with parties whose sole relationship with the entity is in the capacity of management (and members of the immediate family) at fair value increased or decreased by the amount of the related financing fees and transaction cost. The Foundation's financial assets and liabilities from related party transactions are measured at cost. The Foundation subsequently measures its financial assets and liabilities from transactions not concluded with related parties at amortized cost (including any impairment in the case of financial assets), except investments in marketable securities which are measured at fair value. With respect to the financial assets and liabilities from related party transactions, the Foundation measures them using the cost method (including any impairment in case of financial assets). Transaction cost relating to financial assets that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

Financial assets and liabilities measured at amortized cost include cash, donation receivable and accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are assessed for indicators of impairment. The amount of the write-down is recognized in revenues 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 statements 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.

Canadian Mineral Industry Education Foundation

Notes to the Financial Statements

For the year ended December 31, 2021

(Unaudited)

4. Deferred donations

Deferred revenues represent externally restricted donations to fund specific scholarship awards.

	<u>2021</u>	<u>2020</u>
	\$	\$
Balance, beginning of year	14,500	2,000
Restricted donations received	35,000	35,000
Scholarship awards related to restricted donations (amounts recognized in operations)	<u>(39,000)</u>	<u>(22,500)</u>
Balance, end of year	<u>10,500</u>	<u>14,500</u>

5. Donations

	<u>2021</u>	<u>2020</u>
	\$	\$
Donations from companies	110,000	140,000
Donations from foundations	74,000	27,500
Donations from individuals	<u>34,850</u>	<u>49,103</u>
	<u>218,850</u>	<u>216,603</u>

Donors are eligible to be represented on the Board of Directors of the Foundation. In 2021, approximately 57% (68% in 2020) of donations came from members who are represented at the Board of Directors of the Foundation.

Donations in the form of marketable securities received in 2021 amounted to \$24,850 (\$24,003 in 2020). The marketable securities were sold and converted in cash when received.

Canadian Mineral Industry Education Foundation

Notes to the Financial Statements

For the year ended December 31, 2021

(Unaudited)

6. Financial instruments 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 change in its risk exposure from the previous year.

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 donation receivable. Credit risk related to donation receivable is considered negligible, as it is receivable from a well-known and reputable donor. Management mitigates the credit risk by investing its cash in current and high interest savings accounts with Canadian chartered banks and recognized Canadian financial institutions.

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 other price risk.

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 investments in publicly-traded marketable securities, generally when receiving in-kind donations. 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. To reduce the other price risk, the Foundation sells the marketable securities received as donations as soon as they are available for sale, considering factors as the liquidity of the investments.

7. Commitments

As at December 31, 2021, the Foundation is committed towards certain students for the payment of scholarships awards, including \$143,000 in 2022, \$45,000 in 2023 and \$19,000 in 2024.