

**IEEE CANADIAN FOUNDATION**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

DRAFT MAR 24, 2014

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*DRAFT MAR 24, 2014*

## **INDEPENDENT AUDITOR'S REPORT**

To the board of directors of IEEE Canadian Foundation

We have audited the accompanying financial statements of IEEE Canadian Foundation, which comprise the statement of financial position as at December 31, 2013, and the statements of operations, 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.

### **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 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of IEEE Canadian Foundation as at December 31, 2013, 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.

Authorized to practice public accounting by The  
Chartered Professional Accountants of Ontario

Toronto, Ontario  
Date

**IEEE CANADIAN FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2013**

<b><u>ASSETS</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
<b><u>CURRENT ASSETS</u></b>		
Cash	\$ 75,285	\$ 77,805
Term deposits (note 2a)	528,037	506,976
Other investments (note 5)	819,456	649,073
Donations and miscellaenous receivable	10,433	9,253
Interest receivable	<u>5,909</u>	<u>8,143</u>
	<u>\$ 1,439,120</u>	<u>\$ 1,251,250</u>
 <b><u>LIABILITIES</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable and accrued liabilities	\$ <u>3,673</u>	\$ <u>3,003</u>
 <b><u>NET ASSETS</u></b>		
<b><u>NET ASSETS INVESTED FOR:</u></b>		
Restricted funds	714,747	568,306
Unrestricted funds	<u>720,700</u>	<u>679,941</u>
	<u>1,435,447</u>	<u>1,248,247</u>
	<u>\$ 1,439,120</u>	<u>\$ 1,251,250</u>

(See accompanying notes)

**IEEE CANADIAN FOUNDATION**  
**STATEMENT OF OPERATIONS AND FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Restricted Fund</u>		<u>Unrestricted Fund</u>		<u>Total</u>	<u>Total</u>
	(Page 4)					
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
<b><u>REVENUE</u></b>						
Donations - without receipts issued	\$ 69,125	\$ 1,125	\$ 2,453	\$ 2,124	\$ 71,578	\$ 3,249
Donations - with receipts issued	17,350	1,200	14,146	12,815	31,496	14,015
Investment income (net)	24,280	20,957	36,817	33,117	61,097	54,074
Realized gain (loss) on investment	2,892	4,789	4,389	7,571	7,281	12,360
Foreign exchange gain (loss)	-	-	167	(401)	167	(401)
Change in unrealized gain (loss) on investments	<u>33,474</u>	<u>5,825</u>	<u>50,758</u>	<u>9,206</u>	<u>84,232</u>	<u>15,031</u>
	<u>147,121</u>	<u>33,896</u>	<u>108,730</u>	<u>64,432</u>	<u>255,851</u>	<u>98,328</u>
<b><u>EXPENDITURE</u></b>						
Audit and legal	-	-	4,138	3,534	4,138	3,534
Bank charges and interest	-	-	371	396	371	396
Directors' meeting	-	-	1,202	1,370	1,202	1,370
Grants	39,576	26,510	-	-	39,576	26,510
Office and general	-	-	3,364	2,458	3,364	2,458
Scholarships	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>25,000</u>	<u>20,000</u>	<u>25,000</u>
	<u>39,576</u>	<u>26,510</u>	<u>29,075</u>	<u>32,758</u>	<u>68,651</u>	<u>59,268</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUE OVER</u></b>						
<b><u>EXPENDITURE</u></b>	107,545	7,386	79,655	31,674	187,200	39,060
<b><u>FUND OPENING BALANCE</u></b>	568,306	552,343	679,941	656,844	1,248,247	1,209,187
<b><u>Transfer from (to) other fund</u></b>						
Cancellation of grants	(3,654)	(2,023)	3,654	2,023	-	-
Grant - new approval	<u>42,550</u>	<u>10,600</u>	<u>(42,550)</u>	<u>(10,600)</u>	<u>-</u>	<u>-</u>
<b><u>FUND CLOSING BALANCE</u></b>	<u>\$ 714,747</u>	<u>\$ 568,306</u>	<u>\$ 720,700</u>	<u>\$ 679,941</u>	<u>\$ 1,435,447</u>	<u>\$ 1,248,247</u>

(See accompanying notes)

**IEEE CANADIAN FOUNDATION**  
**STATEMENT OF RESTRICTED FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>2013</b>													<b>2012</b>	
	<b>1998</b>	<b>Alberta</b>	<b>Judy</b>	<b>Montreal</b>	<b>Telus</b>	<b>The ECE</b>	<b>RH</b>	<b>Vancouver</b>	<b>Huff</b>	<b>Ottawa</b>	<b>Montreal</b>	<b>Other</b>	<b>Internally</b>	<b>Total</b>	<b>Total</b>
	<b>VTC</b>	<b>Power</b>	<b>Cliff</b>	<b>Conference</b>	<b>Fund</b>	<b>Department</b>	<b>Tanner</b>	<b>SEC</b>	<b>Memorial</b>	<b>Section</b>	<b>Achievement</b>	<b>Funds</b>	<b>Restricted</b>	<b>(Page 3)</b>	<b>(Page 3)</b>
	<b>Fund</b>	<b>Conference</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Chairs</b>	<b>ILA</b>	<b>Scholarship</b>	<b>Scholarship</b>	<b>Scholarship</b>	<b>Medal</b>	<b>(note 3l)</b>	<b>Fund</b>	<b>(note 4)</b>	<b>(Page 3)</b>
	(note 3a)	(note 3b)	(note 3c)	(note 3d)	(note 3e)	(note 3f)	(note 3g)	(note 3h)	(note 3i)	(note 3k)	(note 3j)	(note 3l)	(note 4)	(Page 3)	(Page 3)
<b><u>REVENUE</u></b>															
Donations - without receipts issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,000	\$ 22,000	\$ 2,125	\$ -	\$ 69,125	\$ 1,125
Donations - with receipt issued			-	-	-	-	-	-	16,000	-	-	1,350	-	17,350	1,200
Investment income (net)	4,396	2,940	1,058	10,648	1,321	1,302	1,131	1,273	-	-	-	211	-	24,280	20,957
Realized gain (loss) on investment	524	350	126	1,269	157	155	135	151	-	-	-	25	-	2,892	4,789
Change in unrealized gain (loss) on investments	<u>6,060</u>	<u>4,053</u>	<u>1,459</u>	<u>14,680</u>	<u>1,821</u>	<u>1,795</u>	<u>1,559</u>	<u>1,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>292</u>	<u>-</u>	<u>33,474</u>	<u>5,825</u>
	<u>10,980</u>	<u>7,343</u>	<u>2,643</u>	<u>26,597</u>	<u>3,299</u>	<u>3,252</u>	<u>2,825</u>	<u>3,179</u>	<u>16,000</u>	<u>45,000</u>	<u>22,000</u>	<u>4,003</u>	<u>-</u>	<u>147,121</u>	<u>33,896</u>
<b><u>EXPENDITURES</u></b>															
Grant	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,576</u>	<u>39,576</u>	<u>26,510</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE BEFORE FOLLOWING</b>															
	10,980	7,343	1,643	26,597	2,299	2,252	1,825	2,179	15,000	45,000	22,000	4,003	(33,576)	107,545	7,386
<b><u>FUND OPENING BALANCE</u></b>															
	89,809	60,066	21,623	217,540	26,988	26,594	23,105	26,008	-	-	-	4,319	72,254	568,306	552,343
<b><u>Transfer from (to) other fund</u></b>															
Cancellation of grants			-	-	-	-	-	-	-	-	-	-	(3,654)	(3,654)	(2,023)
Grant - new approval	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,550</u>	<u>42,550</u>	<u>10,600</u>
<b><u>FUND CLOSING BALANCE</u></b>															
	<u>\$ 100,789</u>	<u>\$ 67,409</u>	<u>\$ 23,266</u>	<u>\$ 244,137</u>	<u>\$ 29,287</u>	<u>\$ 28,846</u>	<u>\$ 24,930</u>	<u>\$ 28,187</u>	<u>\$ 15,000</u>	<u>\$ 45,000</u>	<u>\$ 22,000</u>	<u>\$ 8,322</u>	<u>\$ 77,574</u>	<u>\$ 714,747</u>	<u>\$ 568,306</u>

(See accompanying notes)

**IEEE CANADIAN FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b><u>2013</u></b>	<b><u>2012</u></b>
<b><u>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u></b>		
Excess (deficiency) from operations for the year	\$ 187,200	\$ 39,060
Items not requiring an outlay of cash:		
Unrealized (gain)/loss on investments	(84,232)	(15,031)
Realized (gain)/loss on marketable securities	<u>(7,281)</u>	<u>(12,360)</u>
	95,687	11,669
Changes in non-cash working capital components:		
Donations and miscellaneous receivable	(1,180)	2,664
Interest receivable	2,234	(485)
Accounts payable and accrued liabilities	673	-
Internally restricted fund/others	<u>36,554</u>	<u>5,413</u>
	<u>133,968</u>	<u>19,261</u>
<b><u>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</u></b>		
Net proceed (acquisition of) term deposits	(25,095)	(38,078)
Net proceed (acquisition of) other investments	<u>(111,393)</u>	<u>(13,919)</u>
	<u>(136,488)</u>	<u>(51,997)</u>
<b><u>NET DECREASE IN CASH AND CASH EQUIVALENTS</u></b>	(2,520)	(32,736)
<b><u>CASH AND CASH EQUIVALENTS</u></b> - beginning of year	<u>77,805</u>	<u>110,541</u>
<b><u>CASH AND CASH EQUIVALENTS</u></b> - end of year	<u>\$ 75,285</u>	<u>\$ 77,805</u>
Cash and cash equivalents include the following:		
Cash	<u>\$ 75,285</u>	<u>\$ 77,805</u>

(See accompanying notes)

**IEEE CANADIAN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

1. The Foundation

The Foundation was originally incorporated as a corporation without share capital under the laws of Ontario on June 10, 1971 with the objective to promote the theory and practice of electronic and electrical engineering. On September 22, 1993, the corporation was registered with Canada Customs and Revenue Agency as a registered charity and was designated as a public foundation under the Income Tax Act. The name was changed to IEEE Canadian Foundation.

2. Significant Accounting Policies

a) Investments and term deposits

Term deposits are recorded at amortized cost. Investments consists of marketable securities and income trust funds which are measured and recorded at fair value. Changes in fair value are recognized in statement of operations.

b) Revenue Recognition

The Foundation follows the restricted fund method of accounting for contributions. The Foundation adopts the accounting policy not recording contributed services because of the difficulty in the determining their fair value.

Revenue and expenses of the foundation are recorded on an accrual basis, whereby they are reflected in the accounts in the period in which they have been incurred, whether or not such transactions have been finally settled by the payment of money.

Investment income includes dividend and interest income, and realized and unrealized investment gains and losses.

c) Fund Accounting

Commencing in 1998, the Foundation adopted the policy to maintain the accounts of the Foundation in accordance with the principle of fund accounting. The funds of the Foundation are allocated between directed funds, internally restricted funds and unrestricted fund to ensure observance of limitations and restrictions placed on the use of resources available to the Foundation.



**IEEE CANADIAN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

2. Significant Accounting Policies (continued)

d) Income Allocation

Income for each directed fund was allocated based on the total earnings for all investments pro-rated for the amount of investment and duration of that particular fund.

3. Directed Funds

The Foundation receives donations from various donors, some of whom stipulated the usage of the funds for a specific purpose. The Foundation sets up separate funds for each of those directed funds:

a) 1998 VTC Fund - established January 2004

The funding was received from IEEE Canada. The capital of the fund is to be maintained for ten years with the investment income directed to support the annual VTC research grant and travel bursary. Each grant is not to exceed \$1,500.

b) Alberta Power Quality Conference Fund - established March 2004

The funding was received from IEEE Canada. The capital of the fund is to be maintained for ten years with the investment income directed to support the annual Power Quality scholarship, which is not to exceed \$1,500 each, to an IEEE student member attending the University of Alberta or the University of Calgary.

c) Judy Cliff Fund - established July 2004

The fund is to provide an annual prize of \$500 to support the Women In Engineering program within IEEE in Canada. In July 2004, the Foundation was requested by the donor to set up the Judy Cliff Fund and transferred \$11,000 from his prior year's donation.

d) Montreal Conferences Fund - established September 2004

The funding was received from IEEE Montreal Conferences Inc. The capital of the fund is to be maintained for ten years with the investment income directed to support IEEE projects specific to the province of Quebec.

**IEEE CANADIAN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

3. Directed Funds (continued)

e) Telus Fund - established January 2009

The funding was received from Telus for setting up an endowment fund. The capital of the fund is to be maintained in perpetuity with the investment income directed to support the annual presentation of the IEEE Canada R.A. Fessenden Medal in telecommunications engineering. The value of the annual award is not to exceed \$1,000.

f) The ECE Department Chairs Fund - established in February 2009

The funding was received from the Canadian Heads of Electrical and Computer Engineering (CHECE) for setting up an endowment fund. The capital of the fund is to be maintained in perpetuity with the investment income directed to support the IEEE Canada Outstanding Engineering Educator Medal. The value of the annual award is not to exceed \$1,000.

g) RH Tanner Industry Leader Award (ILA) Fund - established in April 2010

The funding was received from IEEE Foundation for setting up an endowment fund. The capital of the fund of \$20,000 is to be maintained in perpetuity with the investment income directed to support the presentation to honor the memory of the first Canadian President of IEEE.

h) Vancouver Section Scholarship Fund - established in December 2010

The funding was received from ongoing donations by membership and assignment of investment income. The fund supports scholarships awarded by the IEEE Vancouver Section.

i) Huff Memorial Scholarship Fund - established in January 2013

The funding was received from the IEEE North Saskatchewan Section for setting up an endowment fund. The investment income and a small portion of the capital shall be directed to support the annual presentation of the Huff Memorial IEEE scholarship. The value of the annual award is \$1,000.

**IEEE CANADIAN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

3. Directed Funds (continued)

j) IEEE Montreal Section Achievement Medal Fund - established in August 2013

The funding was received from the IEEE Montreal Section for setting up an endowment fund. The investment income shall be directed to support the annual presentation of the IEEE Montreal Section Achievement Medal. The value of the annual award is \$1,000.

k) Ottawa Section Scholarship Fund- established in August 2013

The funding was received from the IEEE Ottawa Section for setting up an endowment fund. The capital of the fund is to be maintained in perpetuity with the investment income directed to support the annual presentation of the IEEE Ottawa Section Scholarship. The value of the annual award is not to exceed \$2,000 of the investment income or 5% of the total fund assets, whichever is greater.

l) Other Funds

Canadian Life Members Fund - established in December 2010

The funding was received from ongoing donations by membership and assignment of investment income. The fund supports the activities of interest to life members, potential engineers and engineering students.

Technology for Humanity Fund - established in December 2010

The funding was received from ongoing donations by membership and assignment of investment income. The fund supports new and innovative projects that seek to apply technology for the benefit of humanity.

Other Directed funds

During the year, there is memorandum of understanding to set up two new directed funds, namely IEEE Power and Energy Society Scholarship and Initial Fund for IEEE Region 7, total donations of \$2,250 were received for these proposed directed funds for the current year.

**IEEE CANADIAN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

4. Internally Restricted Fund

Internally restricted funds include funds committed by the Board to be paid to grantees subject to proper application and/or vouchers submitted by grantees.

5. Other Investments

	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>2013 FMV</u>	<u>2012 FMV</u>
Income trust funds	\$ 54,347	\$ 5,273	\$ 59,620	\$ 43,492
Marketable securities	<u>673,458</u>	<u>86,378</u>	<u>759,836</u>	<u>605,581</u>
	<u>\$ 727,805</u>	<u>\$ 91,651</u>	<u>\$ 819,456</u>	<u>\$ 649,073</u>

6. Financial Instruments

a) Liquidity Risk

It is management's opinion that the Foundation is not exposed to liquidity risk.

b) Credit Risk

It is management's opinion that the Foundation is not exposed to credit risk.

c) Interest Rate Risk

It is management's opinion that the Foundation is not exposed to interest rate risk.

d) Currency Risk

The Foundation is exposed to foreign currency risk as a certain portion of the Foundation's revenue and expenses are incurred in US dollars. The Foundation has total financial assets of approximately \$8,949 denominated in U.S. dollars which is subject to gains or losses due to fluctuations in that currency. As at the year end date, the Foundation held no forward exchange contracts outstanding to hedge against potential gains or losses due to currency fluctuations.

**IEEE CANADIAN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

6. Financial Instruments (continued)

e) Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to price risk through its investments in quoted shares.

f) 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 risks: currency risk, interest rate risk and other price risk. The Foundation is mainly exposed to currency risk and price risk.

7. Comparatives

The comparative figures have been reclassified in order to conform with the financial statement presentation for the current year.