

Transportation Association of Canada Foundation Financial Statements

For the year ended December 31, 2017

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 10



Independent Auditor's Report

**To the directors of
Transportation Association of Canada Foundation**

We have audited the accompanying financial statements of Transportation Association of Canada Foundation, which comprise the statement of financial position as at December 31, 2017, 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 qualified audit opinion.



Basis for Qualified Opinion

In common with many charitable organizations, Transportation Association of Canada Foundation derives revenues from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation. We were not able to determine whether any adjustments might be necessary to these revenues from donations, excess (deficiency) of revenues over expenses and cash flows from operations for the years ended December 31, 2017 and 2016, current assets at December 31, 2017 and 2016, and net assets as at January 1 and December 31, 2017 and 2016. Our audit opinion on the financial statements for the year ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible 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 Transportation Association of Canada 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.

BDO Canada LLP


Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
March 29, 2018

Transportation Association of Canada Foundation Statement of Financial Position

December 31	2017	2016
Assets		
Current		
Cash	\$ 89,650	\$ 56,539
Investments (Note 2)	72,714	39,077
HST receivable	1,965	3,617
	164,329	99,233
Investments (Note 2)	79,210	151,163
	\$ 243,539	\$ 250,396
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 9,170	\$ 4,242
Due to Transportation Association of Canada (TAC)	32	-
Deferred donations	-	8,080
	9,202	12,322
Net Assets		
Endowment fund	102,845	102,845
Internally restricted:		
Long-term capital fund	73,476	71,217
Mentoring fund	12,940	12,940
TRAC fund	-	5,713
Scholarship fund	5,500	11,000
General fund - unrestricted	39,576	34,359
	234,337	238,074
	\$ 243,539	\$ 250,396

On behalf of the board:

 _____ Director

 _____ Director

**Transportation Association of Canada Foundation
Statement of Changes in Net Assets**

	Endowment Fund	Long-Term Capital Fund	Mentoring Fund	TRAC Fund	Scholarship Fund	General Fund - Unrestricted	2017	2016
For the year ended December 31	\$ 102,845	\$ 71,217	\$ 12,940	\$ 5,713	\$ 11,000	\$ 34,359	\$ 238,074	\$ 217,379
Balance, beginning of the year	-	2,259	-	(6,957)	(5,000)	5,961	(3,737)	20,695
Excess (deficiency) of revenues over expenses	-	-	-	1,244	(500)	(744)	-	-
Interfund transfers (Note 4)	-	-	-	-	-	-	-	-
Balance, end of the year	\$ 102,845	\$ 73,476	\$ 12,940	\$ -	\$ 5,500	\$ 39,576	\$ 234,337	\$ 238,074

**Transportation Association of Canada Foundation
Statement of Operations**

For the year ended December 31	Endowment Fund	Long-Term Capital Fund	Mentoring Fund	TRAC Fund	Scholarship Fund	General Fund - Unrestricted	2017	2016
Revenues								
Donations	-	-	-	-	\$ 146,000	\$ 72,775	\$ 218,775	\$ 208,250
Contributions - TAC (Note 3)	-	-	-	-	-	6,000	6,000	6,000
Contributions - Transport Canada Investment	-	2,259	-	-	-	8,080	8,080	8,080
	-	2,259	-	-	146,000	87,104	235,363	225,087
Expenses								
Administrative services (Note 3)	-	-	-	-	-	11,226	11,226	11,226
Honorarium	-	-	-	-	-	19,800	19,800	19,800
Insurance	-	-	-	-	-	1,501	1,501	1,567
Meetings	-	-	-	1,107	-	3,177	4,284	3,118
Other program expenses	-	-	-	3,825	-	9,660	13,485	4,000
Overhead	-	-	-	-	-	912	912	833
Professional	-	-	-	-	-	4,241	4,241	4,760
Promotional material	-	-	-	-	-	442	442	203
Scholarships	-	-	-	-	151,000	27,000	178,000	157,500
Travel	-	-	-	2,025	-	3,184	5,209	1,385
	-	-	-	6,957	151,000	81,143	239,100	204,392
Excess (deficiency) of revenues over expenses	\$ -	\$ 2,259	\$ -	\$ (6,957)	\$ (5,000)	\$ 5,961	\$ (3,737)	\$ 20,695

Transportation Association of Canada Foundation Statement of Cash Flows

For the year ended December 31	2017	2016
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ (3,737)	\$ 20,695
Changes in non-cash working capital:		
HST receivable	1,652	(1,837)
Prepaid expenses	-	117
Accounts payable and accrued liabilities	4,928	(2,698)
Deferred donations	(8,080)	(3,000)
	<u>(5,237)</u>	<u>13,277</u>
Cash flows from investing activities		
Purchase of investments	-	(151,163)
Maturity of investments	38,316	148,407
	<u>38,316</u>	<u>(2,756)</u>
Cash flows from financing activities		
(Repayment) advances from TAC	32	(76)
	<u>32</u>	<u>(76)</u>
Net increase in cash	33,111	10,445
Cash, beginning of the year	56,539	46,094
Cash, end of the year	\$ 89,650	\$ 56,539

Transportation Association of Canada Foundation

Notes to Financial Statements

December 31, 2017

1. Accounting Policies

Purpose of Organization Transportation Association of Canada Foundation was incorporated in 2003 under Part II of the Canada Corporations Act as a not-for-profit organization without share capital. It also received its certificate of continuance issued December 21, 2012 under the Canada Not-for-Profit Corporations Act as well as confirmation of its charitable status from the Canada Revenue Agency on January 14, 2013. The Foundation is exempt from income tax.

The Foundation's mandate is to support the educational and research needs of the Canadian transportation industry by: (a) providing scholarships to individuals attending universities, colleges and trade schools, (b) supporting academic chairs in Canadian educational institutions, (c) providing funding for transportation research and development at Canadian academic institutions and by (d) establishing a program of internships.

Basis of Accounting The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund Accounting

Endowment Fund
Donations to the Endowment Fund are externally restricted and are to be held permanently for the purpose of generating investment income to support the Foundation's programs.

Long-Term Capital Fund
The Foundation internally restricts amounts to accumulate capital to support future programs and operations.

Mentoring Fund
The Mentoring Fund is to be used to encourage young students to enter the science and engineering fields and ultimately into the transportation domain.

TRAC Fund
The TRAC Fund is to be used for a program to promote and raise awareness about the transportation industry via a number of modules developed by AASHTO in the United States which were adapted for use in Canada by science teachers in the public school system.

Scholarship Fund
The Scholarship Fund is used for scholarships to students in transportation programs.

General Fund
The general fund is used for the day to day activities of the Foundation.

Transportation Association of Canada Foundation

Notes to Financial Statements

December 31, 2017

1. Accounting Policies (continued)

Revenue Recognition

The Foundation follows the restricted fund method whereby contributions and donations are recognized in the fund corresponding to the purpose for which they were contributed. If there is no fund relating to the contribution, they are recognized in the General Fund and deferred until the corresponding expense has been made. Unrestricted contributions and donations are recognized as revenues in the General Fund.

Investment revenue is recognized as revenue in the year in which it is earned.

Financial Instruments

Initial and Subsequent Measurement

The Foundation initially measures its financial assets and liabilities at fair value except for certain related party transactions which are measured at carrying amount or exchange amount, as appropriate. The Foundation subsequently measures all its financial assets and liabilities at amortized cost, except for investments which are at fair value. Changes in fair value are recognized in the statement of operations.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the statement of operations in the year incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the statement of operations over the life of the instrument using the straight-line method.

Transportation Association of Canada Foundation Notes to Financial Statements

December 31, 2017

2. Investments

	2017	2016
Current		
Equitable Bank GIC - interest at 1.81%, matured October 23, 2017	\$ -	\$ 39,077
Laurentian Bank GIC - interest at 1.96%, due September 4, 2018	72,714	-
	\$ 72,714	\$ 39,077
 Long-term		
Laurentian Bank GIC - interest at 1.96%, due September 4, 2018	\$ -	\$ 72,708
Bank of Montreal GIC- interest at 0.85% year one, 1.00% year two, 2.00% year three, due April 4, 2019	79,210	78,455
	\$ 79,210	\$ 151,163

3. Related Party Transactions

The Foundation contracts with TAC for certain administrative support services. Certain members of the Board of Directors of the Foundation are also on the Board of Directors of TAC. TAC charged \$10,800 during the year (2016 - \$10,800) to the Foundation for the services. TAC made a \$6,000 (2016 - \$6,000) donation during the year. These transactions have been recorded at the exchange amount, which is the amount agreed to between parties.

4. Interfund Transfers and Internal Restrictions

Transfers between the funds are approved by the Board of Directors of TAC Foundation for specific purposes. The Foundation transferred \$1,244 (2016 - \$0) to the TRAC Fund from the General Fund to allocate resources for expenses in excess of the program's net assets.

There was also a transfer of \$500 (2016 - \$500) from the Scholarship Fund to the General Fund to reflect the portion of donations related to general operations.