

**Transportation Association of
Canada Foundation
Financial Statements
December 31, 2023**

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Independent Auditor's Report

Raymond Chabot
Grant Thornton LLP
City Park Place, Suite 200
1900 City Park Drive
Ottawa, Ontario
K1J 1A3

T 613-236-2211

To the Directors of
Transportation Association of Canada Foundation

Qualified opinion

We have audited the financial statements of Transportation Association of Canada Foundation (hereafter "the Foundation"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the "Basis for qualified opinion" section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2023, 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.

Basis for qualified opinion

In common with many not-for-profit organizations, the Foundation derives revenue from donations from individuals, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these contributions was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenues from donations from individuals, excess of revenues over expenses and cash flows from operating activities for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022 and net assets as at January 01, 2023 and 2022 and December 31, 2023 and 2022. Our opinion on the financial statements for the year ended December 31, 2022 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Raymond Chabot Grant Thornton LLP

Chartered Professional Accountants,
Licensed Public Accountants

Ottawa, Canada
June 4, 2024

Transportation Association of Canada Foundation Operations

Year ended December 31, 2023

							2023	2022
	Endowment Fund	Long-Term Capital Fund	Mentoring Fund	TRAC Fund	Scholarship Fund	General Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Donations (Note 3)				6,000	85,225	29,125	120,350	122,600
Contributions - Transportation Association of Canada (TAC) (Note 7)						10,000	10,000	6,000
Contributions - Transport Canada						22,000	22,000	8,200
Net investment income		5,328				7,589	12,917	5,522
	-	5,328	-	6,000	85,225	68,714	165,267	142,322
Expenses								
Administrative services (Note 7)						12,473	12,473	12,473
Honorarium						23,075	23,075	19,295
Insurance						1,981	1,981	1,942
Meetings						2,930	2,930	2,546
Other program expenses				5,984		1,000	6,984	6,527
Office supplies and expenses						558	558	597
Professional fees						5,119	5,119	4,781
Promotion/marketing						440	440	
Scholarships					92,725	8,000	100,725	85,225
Travel						1,770	1,770	2,303
	-	-	-	5,984	92,725	57,346	156,055	135,689
Excess (deficiency) of revenues over expenses	-	5,328	-	16	(7,500)	11,368	9,212	6,633

The accompanying notes are an integral part of the financial statements.

Transportation Association of Canada Foundation

Changes in Net Assets

Year ended December 31, 2023

							<u>2023</u>	<u>2022</u>
	<u>Endowment Fund</u>	<u>Long-Term Capital Fund</u>	<u>Mentoring Fund</u>	<u>TRAC Fund</u>	<u>Scholarship Fund</u>	<u>General Fund</u>	<u>Total</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	102,845	86,457	12,940	4,271	2,500	79,537	288,550	281,917
Excess (deficiency) of revenues over expenses		5,328		16	(7,500)	11,368	9,212	6,633
Interfund transfer (Note 9)					5,000	(5,000)		
Balance, end of year	<u>102,845</u>	<u>91,785</u>	<u>12,940</u>	<u>4,287</u>	<u>-</u>	<u>85,905</u>	<u>297,762</u>	<u>288,550</u>

The accompanying notes are an integral part of the financial statements.

Transportation Association of Canada Foundation

Cash Flows

Year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	9,212	6,633
Non-cash items		
Changes in working capital items		
Trade and other receivables	(8,230)	(2,113)
Trade payables and other operating liabilities	<u>314</u>	<u>53</u>
Cash flows from operating activities	<u>1,296</u>	<u>4,573</u>
INVESTING ACTIVITIES		
Investments	(105,371)	(285,522)
Disposal of investments	<u>96,919</u>	<u>280,000</u>
Cash flows from investing activities	<u>(8,452)</u>	<u>(5,522)</u>
FINANCING ACTIVITIES		
Net change of due to Transportation Association of Canada and cash flows from financing activities		<u>(213)</u>
Net decrease in cash	(7,156)	(1,162)
Cash, beginning of year	<u>32,021</u>	<u>33,183</u>
Cash, end of year	<u><u>24,865</u></u>	<u><u>32,021</u></u>

The accompanying notes are an integral part of the financial statements.

Transportation Association of Canada Foundation

Financial Position

December 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
ASSETS		
Current		
Cash	24,865	32,021
Trade and other receivables (Note 4)	11,970	3,740
Short-term investments (Note 5)	<u>85,905</u>	<u>98,780</u>
	122,740	134,541
Long-term		
Investments (Note 5)	<u>207,562</u>	<u>186,235</u>
	<u><u>330,302</u></u>	<u><u>320,776</u></u>
LIABILITIES		
Current		
Trade payables and other operating liabilities	5,040	4,726
Deferred revenues (Note 6)	<u>27,500</u>	<u>27,500</u>
	<u>32,540</u>	<u>32,226</u>
NET ASSETS		
Externally restricted		
Scholarship fund		2,500
Endowment fund	102,845	102,845
Internally restricted		
Long-term capital fund	91,785	86,457
Mentoring fund	12,940	12,940
TRAC fund	4,287	4,271
Unrestricted - General fund	<u>85,905</u>	<u>79,537</u>
	<u>297,762</u>	<u>288,550</u>
	<u><u>330,302</u></u>	<u><u>320,776</u></u>

The accompanying notes are an integral part of the financial statements.

On behalf of the Board,

Director

Director

Transportation Association of Canada Foundation

Notes to Financial Statements

December 31, 2023

1 - GOVERNING STATUTES AND PURPOSE OF THE FOUNDATION

The 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 registered 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 providing scholarships to individuals attending universities, colleges and trade schools, supporting academic chairs in Canadian educational institutions, providing funding for transportation research and development at Canadian academic institutions and by establishing a program of internships.

2 - SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

The Foundation's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

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 best knowledge of current events and actions that the Foundation may undertake in the future. Actual results may differ from these estimates.

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 internally restricted. It 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.

Transportation Association of Canada Foundation

Notes to Financial Statements

December 31, 2023

2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Scholarship Fund

The Scholarship Fund is mainly externally restricted. It 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.

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Foundation's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. The Foundation's financial assets and liabilities from related party transactions are measured at cost.

Subsequent measurement

At each reporting date, the Foundation 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), whereas those from related party transactions are measured using the cost method (including any impairment in the case of financial assets).

With respect to financial assets measured at amortized cost or using the cost method, the Foundation assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Foundation determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in earnings. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost or using the cost method is recognized in earnings in the year the reversal occurs.

Revenue recognition

Donations and contributions

The Foundation follows the restricted fund method of accounting for donations and contributions.

Donations and contributions restricted for operating expenses are recognized as revenue in the General Fund, using the deferral method, in the year during which the related expenses are incurred. Restricted contributions for which the Foundation does not have a related restricted fund are recognized in the General Fund using the deferral method. All other restricted donations and contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Net investment income

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting.

Transportation Association of Canada Foundation

Notes to Financial Statements

December 31, 2023

2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Net investment income consists solely of interest income.

Interest income is recognized on a time apportionment basis.

Contributed supplies and services

The Foundation has elected not to recognize contributed supplies and services.

3 - DONATIONS

	<u>2023</u>	<u>2022</u>
	\$	\$
Named scholarships donations		
Businesses	76,725	73,225
Not-for-profit organizations	14,500	14,500
Provincial governments		5,000
	<u>91,225</u>	<u>92,725</u>
General donations		
Businesses	15,775	16,025
Not-for-profit organizations	1,450	1,450
Provincial governments	11,900	12,400
	<u>29,125</u>	<u>29,875</u>
	<u>120,350</u>	<u>122,600</u>

4 - ACCOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
	\$	\$
Trade accounts receivable	8,000	
Indirect taxes receivable	3,970	3,740
	<u>11,970</u>	<u>3,740</u>

Transportation Association of Canada Foundation

Notes to Financial Statements

December 31, 2023

5 - INVESTMENTS

	<u>2023</u>	<u>2022</u>
	\$	\$
Haventree Bank GIC, bearing interest at 3.13%		67,357
Concentra Bank GIC, bearing interest at 4.18%		31,423
Equitable Trust GIC, bearing interest at 4.33%, maturing August 19, 2024	96,624	96,541
ICICI Bank GIC, bearing interest at 5.02%, maturing November 4, 2024	89,793	89,694
Bank of Montreal GIC, bearing interest at 4.82%, maturing May 16, 2024	35,026	
RFA Bank of Canada GIC, bearing interest at 4.65%, maturing May 16, 2025	35,114	
Bank of Montreal GIC, bearing interest at 5.55%, maturing September 15, 2025	36,910	
	293,467	285,015
Short-term investments	85,905	98,780
Investments	207,562	186,235

6 - DEFERRED CONTRIBUTIONS

The deferred contributions represent a donation to provide future scholarship funds beginning in 2025.

	<u>2023</u>	<u>2022</u>
	\$	\$
Balance, beginning of year	27,500	
Amount received relating to future years		27,500
Balance, end of year	27,500	27,500

7 - RELATED PARTY TRANSACTIONS

The Foundation and TAC are organizations under common control. The Foundation also contracts with TAC for certain administrative support services. TAC charged \$12,000 during the year (2022 - \$12,000) to the Foundation for the services. TAC made a \$10,000 (2022 - \$6,000) contribution during the year. These transactions have been recorded at the exchange amount, which is the amount agreed to between parties, excluding the resulting financial instruments.

Transportation Association of Canada Foundation

Notes to Financial Statements

December 31, 2023

8 - FINANCIAL RISKS

Credit risk

The financial instruments that potentially expose the Foundation to credit risk are primarily trade accounts receivable. Credit risk relating to accounts receivable is generally diversified since the Foundation negotiates with a large number of establishments. The Foundation undertakes credit investigations of its customers' financial situation and generally does not obtain guarantees from them.

Market risk

The Foundation's financial instruments expose it to market risk, in particular, interest rate risk resulting from its investing activities:

Interest rate risk

The Foundation is exposed to interest rate risk with respect to financial assets bearing fixed interest rates.

The guaranteed investment certificates bear interest at a fixed rate and the Foundation is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

Liquidity risk

The Foundation's liquidity risk represents the risk that the Foundation could encounter difficulty in meeting obligations associated with its financial liabilities. The Foundation is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the balance sheet.

9 - NET ASSETS TRANSFER

During the year, the Board of Directors approved an interfund transfer of \$5,000 from the General Fund to the Scholarship Fund following a cancelled commitment from a contributor.