

CANADA MINING INNOVATION COUNCIL

FINANCIAL STATEMENTS

Year ended December 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To: The Members of Canada Mining Innovation Council

We have audited the accompanying financial statements of **Canada Mining Innovation Council**, which comprise the statement of financial position as at **December 31, 2016**, 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 organization'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 organization'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 audit opinion.

Basis for Qualified Opinion

Canada Mining Innovation Council derives a material amount of revenue from membership contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the organization and we were unable to determine whether any adjustments might be necessary to contributions.

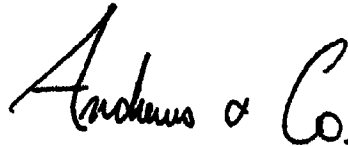
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INDEPENDENT AUDITOR'S REPORT, continued

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2016 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.



**CHARTERED PROFESSIONAL ACCOUNTANTS
PROFESSIONAL CORPORATION
LICENSED PUBLIC ACCOUNTANTS**

**Ottawa, Ontario
June 6, 2017**

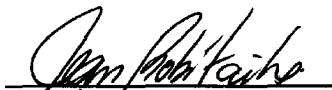
CANADA MINING INNOVATION COUNCIL
STATEMENT OF FINANCIAL POSITION
As at December 31, 2016
(With comparative figures for 2015)

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 1,030,404	\$ 754,843
Accounts receivable	6,305	12,221
Prepaid expenses	2,070	2,650
Sales tax receivable	22,390	58,368
	1,061,169	828,082
PROPERTY, PLANT AND EQUIPMENT - Note 3	-	2,083
	\$ 1,061,169	\$ 830,165
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 55,822	\$ 114,269
Deferred revenue - Note 4	717,439	559,901
	773,261	674,170
NET ASSETS	287,908	155,995
	\$ 1,061,169	\$ 830,165

See accompanying notes

Approved on behalf of the board

Chair of the Board



Chair of the Finance Committee




Andrews & Co.
Chartered Professional Accountants • Professional Corporation

CANADA MINING INNOVATION COUNCIL
STATEMENT OF OPERATIONS
Year ended December 31, 2016
(With comparative figures for 2015)

	<u>2016</u>	<u>2015</u>
REVENUE		
Memberships - Note 5	\$ 316,485	\$ 310,849
Government grants	22,035	69,071
Project support and initiatives	1,151,514	696,682
Events and other income	48,061	2,625
Interest	<u>1,719</u>	<u>3,393</u>
	<u>1,539,814</u>	<u>1,082,620</u>
EXPENDITURES		
Advertising and promotion	10,167	23,184
Amortization	2,083	3,958
Board expenditures	32,146	7,931
Insurance	2,675	4,860
Interest and bank charges	2,836	1,667
Office	6,013	12,028
Project support and initiatives	630,361	745,093
Professional fees	84,631	63,333
Rent	26,078	31,355
Salaries and related benefits	286,286	413,852
Independent contractors	253,095	139,177
Telephone and utilities	8,803	6,042
Travel	<u>62,727</u>	<u>49,240</u>
	<u>1,407,901</u>	<u>1,501,720</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ 131,913</u>	<u>\$ (419,100)</u>

See accompanying notes

CANADA MINING INNOVATION COUNCIL
STATEMENT OF CHANGES IN NET ASSETS
Year ended December 31, 2016
(With comparative figures for 2015)

	<u>2016</u>	<u>2015</u>
BALANCE, BEGINNING OF YEAR	\$ 155,995	\$ 575,095
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>131,913</u>	<u>(419,100)</u>
BALANCE, END OF YEAR	<u>\$ 287,908</u>	<u>\$ 155,995</u>

See accompanying notes

CANADA MINING INNOVATION COUNCIL
STATEMENT OF CASH FLOWS
Year ended December 31, 2016
(With comparative figures for 2015)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ 131,913	\$ (419,100)
Adjustment for Amortization	<u>2,083</u>	<u>3,958</u>
	133,996	(415,142)
Change in non-cash working capital items		
Decrease in accounts receivable	5,916	176,535
Decrease in prepaid expenses	580	2,265
Decrease (increase) in Sales tax receivable	35,978	(39,654)
Decrease in accounts payable and accrued liabilities	(58,447)	(25,833)
Increase in deferred revenue	<u>157,538</u>	<u>284,817</u>
	275,561	(17,012)
INCREASE (DECREASE) IN CASH		
	275,561	(17,012)
CASH, BEGINNING OF YEAR	<u>754,843</u>	<u>771,855</u>
CASH, END OF YEAR	<u>\$ 1,030,404</u>	<u>\$ 754,843</u>

See accompanying notes



CANADA MINING INNOVATION COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2016
(With comparative figures for 2015)

1. NATURE OF OPERATIONS

Canada Mining Innovation Council is a Canadian not-for-profit organization and is governed by the Canada Not-for-Profit Corporation Act. Its mission is to enhance the competitiveness of the Canadian mining industry through excellence in research, innovation, education and commercialization.

2. SIGNIFICANT ACCOUNTING POLICIES

The organization applies the Canadian accounting standards for not-for-profit enterprises.

(a) Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

(b) Revenue recognition

Contribution revenue is recognized using the deferral method of accounting for contributions. Restricted contributions related to expenses of future years are deferred and recognized in revenue in the year in which the related expenses are incurred. Membership revenue is recorded on an accrual basis. All memberships are for a one-year period and are recorded as revenue in the year in which the membership starts.

Interest income is recognized on an accrual basis.

Revenue from events is recognized when amounts are billed to customers and collection is reasonably assured. Amounts received for expenses not yet incurred are included in liabilities as "deferred income".

(c) Accounting estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(d) Property, plant and equipment

Property, plant and equipment are recorded at cost. They are amortized on the basis of their estimated useful lives on the straight-line basis over 3 years.

(e) Financial instrument classification

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net earnings.



CANADA MINING INNOVATION COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2016
(With comparative figures for 2015)

3. **PROPERTY, PLANT AND EQUIPMENT**

	2016		2015	
	Cost	Accumulated amortization	Net	Net
Equipment	<u>\$ 11,874</u>	<u>\$ 11,874</u>	<u>\$ -</u>	<u>\$ 2,083</u>

4. **DEFERRED REVENUE**

Deferred revenue consists of memberships received in advance and contributions deferred to a future period.

	2016	2015
Balance, beginning of year	\$ 559,901	\$ 275,084
Amount recognized as (revenue) loss in the year	128,636	(23,000)
Amount restricted to specific expenditures	<u>28,902</u>	<u>307,817</u>
Balance, end of year	<u>\$ 717,439</u>	<u>\$ 559,901</u>

Of the amounts deferred, \$131,635 (2015 - \$3,000) relates to membership dues and \$585,804 (2015 - \$556,901) is for the Footprints Initiative.

5. **MEMBERSHIP REVENUE**

	2016	2015
Membership invoices sent out	\$ 433,500	\$ 459,465
Memberships not renewed	<u>(117,015)</u>	<u>(148,616)</u>
	<u>\$ 316,485</u>	<u>\$ 310,849</u>

6. **COMPARATIVE AMOUNTS**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

CANADA MINING INNOVATION COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2016
(With comparative figures for 2015)

7. COMMITMENTS

The minimum rent payments under an operating lease for the premises, which expire on August 31, 2021, are as follows.

2017	\$ 23,908
2018	24,220
2019	24,843
2020	24,843
2021	<u>16,562</u>
	<u>\$ 114,376</u>

8. FINANCIAL INSTRUMENTS RISKS AND UNCERTAINTIES

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the organization is a going concern and thus expects to fully repay the outstanding amounts.

(b) Foreign exchange risk

In the opinion of management the foreign exchange risk exposure to the company is low and is not material.

(c) Credit risk

The organization does have credit risk in accounts receivable of \$6,305 (2015 - \$12,221). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The organization maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the organization is low and is not material.

(d) Concentration risk

The organization holds all its cash with the Bank of Nova Scotia which represents a concentration risk. The organization's total balance of cash exceeds the maximum protection provided by the Canada Deposit Insurance Corporation.

(e) Interest rate risk

In the opinion of management the interest rate risk exposure to the organization low and is not material.