



**CANADA MINING INNOVATION COUNCIL**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**



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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Canada Mining Innovation Council,

We have audited the accompanying financial statements of Canada Mining Innovation Council which comprise the balance sheet as at December 31, 2013, and the statements of accumulated funds, revenue and expenditures 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 audit opinion.

### ***Basis for qualified opinion***

In common with many not-for-profit organizations the Council derives revenue from membership contributions, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenue was limited to the amounts recorded in the records of the Council and we were not able to determine whether any adjustments might be necessary to contributions, excess of expenditures over revenue, assets and net assets.

### ***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 Canada Mining Innovation Council 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.

*Schwartz Levitsky Feldman S.E.N.C.R.L./s.r.l./LLP<sup>1</sup>*

Montreal, Quebec  
May 12, 2014

1980, rue Sherbrooke Ouest, 10<sup>e</sup> étage  
Montréal (Québec) H3H 1E8  
Tél: 514 937 6392  
Fax: 514 933 9710

<sup>1</sup> CPA auditor, CA, Public accountancy permit n° A114454

# CANADA MINING INNOVATION COUNCIL

## Balance Sheet

As at December 31, 2013

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	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 1,562,342	\$ 1,306,715
Prepaid expenses and sundry	4,298	670
	<u>1,566,640</u>	<u>1,307,385</u>
<b>Property and equipment (note 3)</b>	<u>9,999</u>	<u>1,049</u>
	<u>\$ 1,576,639</u>	<u>\$ 1,308,434</u>
 <b>Liabilities</b>		
<b>Current</b>		
Accounts payable (note 4)	\$ 199,698	\$ 103,972
Deferred revenue (note 5)	-	26,438
	<u>199,698</u>	<u>130,410</u>
 <b>Accumulated funds</b>		
Initiatives funds (note 6)	942,083	649,417
General fund	434,858	528,607
	<u>1,376,941</u>	<u>1,178,024</u>
	<u>\$ 1,576,639</u>	<u>\$ 1,308,434</u>

Approved on behalf of the Board

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Treasurer

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

# CANADA MINING INNOVATION COUNCIL

## Statement of Accumulated Funds

For the Year Ended December 31, 2013

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<u>Funds</u>	<u>Balance, beginning of year</u>	<u>Excess of revenue over expenditures (expenditure over revenue)</u>	<u>Initiative contri- butions</u>	<u>Initiative Expendi- tures</u>	<u>Transfer from/to general fund</u>	<u>Balance, end of year</u>
Exploration Initiative	\$ 93,659	\$ -	\$ 15,000	\$ (14,717)	\$ 10,000	\$ 103,942
Mining Extraction Initiative	7,375	-	15,000	(10,328)	10,000	22,047
Mineral Processing Initiative	30,000	-	15,000	-	10,000	55,000
Energy Efficiency Initiative	30,000	-	15,000	(36,512)	10,000	18,488
Tailing Management and Environmental Stewardship Initiative	56,883	-	30,000	(6,955)	20,000	99,928
Highly Qualified People Initiative	13,000	-	-	-	-	13,000
Footprint	418,500	-	644,750	(433,572)	-	629,678
Initiatives total	649,417	-	734,750	(502,084)	60,000	942,083
General	528,607	(33,749)	-	-	(60,000)	434,858
For the year ended December 31, 2013	<u>\$1,178,024</u>	<u>\$ (33,749)</u>	<u>\$ 734,750</u>	<u>\$ (502,084)</u>	<u>\$ -</u>	<u>\$1,376,941</u>
For the year ended December 31, 2012	<u>\$ 657,241</u>	<u>\$ 59,919</u>	<u>\$ 526,421</u>	<u>\$ (65,557)</u>	<u>\$ -</u>	<u>\$1,178,024</u>

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

# CANADA MINING INNOVATION COUNCIL

## Statement of Revenue and Expenditures

For the Year Ended December 31, 2013

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	<u>2013</u>	<u>2012</u>
<b>Revenue</b>		
Contributions	\$ 1,065,084	\$ 648,207
Interest	6,874	7,749
Event (note 7)	24,214	36,100
	<u>1,096,172</u>	<u>692,056</u>
<b>Expenditures</b>		
Salaries and payroll levies	477,904	451,429
Initiatives	502,084	65,557
Travelling	39,038	77,762
Professional fees	64,745	10,250
Board meeting	12,179	9,259
Office	18,225	4,488
Insurance	2,076	-
Advertising	-	600
Website	11,408	11,840
Bank charges	840	500
Amortization	1,422	452
	<u>1,129,921</u>	<u>632,137</u>
<b>Excess of (expenditures over revenue) revenue over expenditures for the year</b>	<u>\$ (33,749)</u>	<u>\$ 59,919</u>

# CANADA MINING INNOVATION COUNCIL

## Statement of Cash Flows

For the Year Ended December 31, 2013

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	<u>2013</u>	<u>2012</u>
<b>Operating activities</b>		
Excess of (expenditures over revenue) revenue over expenditures	\$ (33,749)	\$ 59,919
Adjustment for amortization	1,422	452
Changes in non-cash operating items:		
Accounts receivable	(1,648)	25,575
Prepaid expenses	(1,980)	1,465
Accounts payable	95,717	38,094
Deferred revenue	(26,438)	(96,173)
	<u>33,324</u>	<u>29,332</u>
<b>Investing activities</b>		
Acquisition of property and equipment	(10,363)	(1,501)
Mining Extraction Initiative Fund distributions	(10,328)	(22,625)
Innovation Initiative Fund distributions	-	(6,535)
Exploration Initiative Fund distributions	(14,717)	(31,280)
Environmental Stewardship Initiative Fund distributions	(6,955)	(3,117)
Highly Qualified People Initiative Fund distribution	-	(2,000)
Energy Efficiency Initiative Fund distribution	(36,512)	-
Footprint	(433,572)	-
	<u>(512,447)</u>	<u>(67,058)</u>
<b>Financing activities</b>		
Initiative Funds contributions	<u>734,750</u>	<u>526,421</u>
<b>Increase in cash</b>	255,627	488,695
<b>Cash, beginning of year</b>	<u>1,306,715</u>	<u>818,020</u>
<b>Cash, end of year</b>	<u>\$ 1,562,342</u>	<u>\$ 1,306,715</u>

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

# CANADA MINING INNOVATION COUNCIL

## Notes to Financial Statements

December 31, 2013

### 1. Statute of incorporation and nature of activities

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

### 2. Summary of significant accounting policies

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

#### 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the earnings period in which they become known.

#### 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 received.

Interest income is recognized on an accrual basis.

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

#### Property and equipment

The property 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.



# CANADA MINING INNOVATION COUNCIL

## Notes to Financial Statements

December 31, 2013

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### 3. Property and equipment

	2013		2012
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Office equipment	\$ 11,874	\$ 1,875	\$ 9,999
			\$ 1,049

### 4. Accounts payable

	2013	2012
Accounts payable	\$ 170,949	\$ 72,859
Government remittances	28,749	31,113
	\$ 199,698	\$ 103,972

### 5. Deferred revenue

	2013	2012
Balance, beginning of year	\$ 26,438	\$ 122,611
Amount recognized as revenue in the year	(26,438)	(122,611)
Amount received related to the following year's expenditures	-	26,438
Balance, end of year	\$ -	\$ 26,438

# CANADA MINING INNOVATION COUNCIL

## Notes to Financial Statements

December 31, 2013

### 6. Initiatives funds

Initiatives consist of the following funds:

#### **Student**

The Student Initiative Fund provides funding to encourage companies, research institutions and universities to hire summer students for positions in geo-sciences and mining and metallurgy areas.

#### **Exploration**

The Exploration Initiative Fund is dedicated to assist in developing a collaborative initiative on mineral exploration among Canadian mining industries.

#### **Tailing Management and Environmental Stewardship**

The Tailing Management and Environmental Stewardship Initiative Fund is dedicated to the research in footprint reduction, innovation in waste management, ecosystem risk management and mine closure and rehabilitation.

#### **Mining Extraction**

The Mining Extraction Initiative Fund is used to help define industry-based mining research priorities.

#### **Mining Processing**

The Mineral Processing Initiative Fund is used to help define industry-based processing research priorities.

#### **Energy Efficiency**

The Energy Efficiency Initiative Fund is used to help define industry-based efficiency research priorities.

#### **Highly Qualified People**

The Highly Qualified People Initiative Fund's goal is to enhance and sustain the supply of highly qualified mining engineering talent.

#### **Footprint Initiative**

The Footprint Initiative Fund's goal is to seek to build a new generation of multi-parameter "footprint models" of mining deposits.

# CANADA MINING INNOVATION COUNCIL

## Notes to Financial Statements

December 31, 2013

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### 7. Event

Signature event held in February:

	<u>2013</u>	<u>2012</u>
Revenue	\$ 77,274	\$ 99,128
Expenditures	<u>53,060</u>	<u>63,028</u>
	<u>\$ 24,214</u>	<u>\$ 36,100</u>

### 8. Government grants

The organization received \$250,000 in grants from Natural Resources Canada. They have been recorded in Initiative Contribution \$90,000 (2012: \$90,000) and contributions \$160,000 (2012: \$210,000).

### 9. Commitments

The minimum rent payments under an operating lease for the premises, which expire on August 30, 2016, are as follows exclusive of certain occupancy costs for which the council is responsible.

2014	\$ 30,645
2015	31,421
2016	<u>20,944</u>
	<u>\$ 83,010</u>