

**CANADA MINING INNOVATION COUNCIL**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

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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, 2014, 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, 2014, 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.



Montreal, Quebec  
June 11, 2015

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# CANADA MINING INNOVATION COUNCIL

## Balance Sheet

As at December 31, 2014

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	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 771,855	\$ 1,562,342
Prepaid expenses and sundry assets	4,915	4,298
Accounts receivable (note 3)	<u>205,750</u>	<u>-</u>
	982,520	1,566,640
<b>Property and equipment (note 4)</b>	<u>6,041</u>	<u>9,999</u>
	<u>\$ 988,561</u>	<u>\$ 1,576,639</u>
 <b>Liabilities</b>		
<b>Current</b>		
Accounts payable (note 5)	\$ 138,382	\$ 199,698
Deferred revenue (note 6)	<u>26,000</u>	<u>-</u>
	<u>164,382</u>	<u>199,698</u>
 <b>Accumulated funds</b>		
Initiatives funds (note 7)	-	942,083
General fund	<u>824,179</u>	<u>434,858</u>
	<u>824,179</u>	<u>1,376,941</u>
	<u>\$ 988,561</u>	<u>\$ 1,576,639</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, 2014

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<u>Funds</u>	<u>Balance, beginning of year</u>	<u>Excess of revenue over expenditures</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	\$ 103,942	\$ -	\$ -	\$ -	\$ (103,942)	\$ -
Mining Extraction Initiative	22,047	-	-	-	(22,047)	-
Mineral Processing Initiative	55,000	-	-	-	(55,000)	-
Energy Efficiency Initiative	18,488	-	-	-	(18,488)	-
Tailing Management and Environmental Stewardship Initiative	99,928	-	-	-	(99,928)	-
Highly Qualified People Initiative	13,000	-	-	-	(13,000)	-
Footprint Initiative	<u>629,678</u>	<u>-</u>	<u>-</u>	<u>(598,000)</u>	<u>(31,678)</u>	<u>-</u>
Initiatives total	942,083	-	-	(598,000)	(344,083)	-
General	<u>434,858</u>	<u>45,238</u>	<u>-</u>	<u>-</u>	<u>344,083</u>	<u>824,179</u>
For the year ended December 31, 2014	<u>\$1,376,941</u>	<u>\$ 45,238</u>	<u>\$ -</u>	<u>\$ (598,000)</u>	<u>\$ -</u>	<u>\$ 824,179</u>
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>

Initiative funds are described at note 7. Initiative contributions for the year ended December 31, 2013 include \$90,000 of government grants.

# CANADA MINING INNOVATION COUNCIL

## Statement of Revenue and Expenditures

For the Year Ended December 31, 2014

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	<u>2014</u>	<u>2013</u>
<b>Revenue</b>		
Memberships	\$ 393,900	\$ 393,000
Government grants	272,035	170,000
Project support and initiatives	813,000	502,084
Event	34,963	24,214
Interest	7,216	6,874
	<u>1,521,114</u>	<u>1,096,172</u>
<b>Expenditures</b>		
Salaries and payroll levies	432,439	477,904
Project support and initiatives	725,404	502,084
Travelling	38,150	39,038
Independent contractors	171,432	-
Professional fees	29,468	64,745
Board meeting	7,074	12,179
Office	12,106	8,011
Insurance	3,365	2,076
Rent	29,890	10,214
Website	21,380	11,408
Bank charges	1,210	840
Amortization	3,958	1,422
	<u>1,475,876</u>	<u>1,129,921</u>
<b>Excess of revenue over expenditures (expenditures over revenue) for the year</b>	<u>\$ 45,238</u>	<u>\$ (33,749)</u>

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

# CANADA MINING INNOVATION COUNCIL

## Statement of Cash Flows

For the Year Ended December 31, 2014

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	<u>2014</u>	<u>2013</u>
<b>Operating activities</b>		
Excess of expenditures over revenue	\$ 45,238	\$ (33,749)
Adjustment for amortization	3,958	1,422
Changes in non-cash operating items:		
Accounts receivable	(205,750)	(1,648)
Prepaid expenses and sundry assets	(617)	(1,980)
Accounts payable	(61,316)	95,717
Deferred revenue	26,000	(26,438)
	<u>(192,487)</u>	<u>33,324</u>
<b>Investing activities</b>		
Acquisition of property and equipment	-	(10,363)
Mining Extraction Initiative Fund distributions	-	(10,328)
Innovation Initiative Fund distributions	-	-
Exploration Initiative Fund distributions	-	(14,717)
Environmental Stewardship Initiative Fund distributions	-	(6,955)
Highly Qualified People Initiative Fund distribution	-	-
Energy Efficiency Initiative Fund distribution	-	(36,512)
Footprint Initiative Fund distribution	(598,000)	(433,572)
	<u>(598,000)</u>	<u>(512,447)</u>
<b>Financing activities</b>		
Initiative Funds contributions	-	734,750
<b>Increase (decrease) in cash</b>	(790,487)	255,627
<b>Cash, beginning of year</b>	<u>1,562,342</u>	<u>1,306,715</u>
<b>Cash, end of year</b>	<u>\$ 771,855</u>	<u>\$ 1,562,342</u>

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

# CANADA MINING INNOVATION COUNCIL

## Notes to Financial Statements

December 31, 2014

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

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. 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.

The amount recorded for allowance for doubtful accounts on accounts receivable depends on estimates of future cash flows from currently outstanding accounts receivable

The amounts related to the amortization and impairment of property and equipment depends on estimate of the economic lives and future cash flow.

#### 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, 2014

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### 2. Summary of significant accounting policies (continued)

#### Financial instruments

##### *Measurement of financial instruments*

The organization initially measures its financial assets and 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.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable.

##### *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net earnings. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net earnings.

##### *Transaction costs*

The organization recognizes its transaction costs in net earnings in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

### 3. Accounts receivable

	<u>2014</u>	<u>2013</u>
Accounts receivable	\$ 187,035	\$ -
Commodity taxes	18,715	-
	<u>\$ 205,750</u>	<u>\$ -</u>

# CANADA MINING INNOVATION COUNCIL

## Notes to Financial Statements

December 31, 2014

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### 4. Property and equipment

	<b>2014</b>			<b>2013</b>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Office equipment	\$ 11,874	\$ 5,833	\$ 6,041	\$ 9,999

### 5. Accounts payable

	<b>2014</b>	<b>2013</b>
Accounts payable	\$ 122,796	\$ 170,949
Government remittances	15,586	28,749
	<u>\$ 138,382</u>	<u>\$ 199,698</u>

### 6. Deferred revenue

Deferred revenue consists of memberships received in advance for future years.

	<b>2014</b>	<b>2013</b>
Balance, beginning of year	\$ -	\$ 26,438
Amount recognized as revenue in the year	-	(26,438)
Amount received related to the following years' memberships	26,000	-
Balance, end of year	<u>\$ 26,000</u>	<u>\$ -</u>

### 7. Initiatives funds

Balances in the initiatives funds, which were transferred to the general fund during the year, consist of the following:

#### *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.

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## Notes to Financial Statements

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### 7. Initiatives funds (continued)

#### *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.

#### *Mineral 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.

### 8. 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.

2015	\$	31,532
2016		<u>21,021</u>
	\$	<u>52,553</u>

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## Notes to Financial Statements

December 31, 2014

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### 9. Financial instruments

#### Credit risk

The organization is exposed to credit risk on the accounts receivable from its customers and members. In order to reduce its credit risk, the organization has adopted credit policies, which include the regular review of their credit limits.