

Financial Statements of

**CANADIAN INSTITUTE FOR NON-
DESTRUCTIVE EVALUATION**

And Independent Auditors' Report thereon

Year ended March 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Superintendent of Private Career Colleges
and the Members of the Canadian Institute for Non-Destructive Evaluation

Opinion

We have audited the financial statements of Canadian Institute for Non-Destructive Evaluation (the Entity), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the statement of financial position of the Entity as at March 31, 2021, and its results of operations, its changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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.



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- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 23, 2021

CANADIAN INSTITUTE FOR NON-DESTRUCTIVE EVALUATION

Statement of Financial Position

March 31, 2021 with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 184,042	\$ 236,588
Portfolio investments (note 2)	921,262	948,859
Accounts receivable	97,806	99,138
Government remittance receivables	50,140	35,401
Inventory	9,497	15,102
Prepaid expenses	44,680	52,475
	<u>1,307,427</u>	<u>1,387,563</u>
Capital assets (note 3)	835,936	779,020
	<u>\$ 2,143,363</u>	<u>\$2,166,583</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 282,260	\$ 177,091
Deferred revenue (note 4)	258,144	305,218
	<u>540,404</u>	<u>482,309</u>
Fund balances		
Unrestricted	267,023	405,254
Invested in capital assets (note 5)	835,936	779,020
Internally restricted	500,000	500,000
	<u>1,602,959</u>	<u>1,684,274</u>
	<u>\$ 2,143,363</u>	<u>\$2,166,583</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

CANADIAN INSTITUTE FOR NON-DESTRUCTIVE EVALUATION

Statement of Operations

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Course fees:		
Vocational:		
Self-funded	\$ 36,338	\$ 69,638
Third-party funded	30,825	52,425
Non-vocational	1,005,029	986,192
Memberships	42,277	51,245
Journals	30,731	35,008
Books	16,138	26,104
Examinations fees	240,965	313,017
In-plant training	116,864	326,650
Practical workshops	165,100	220,960
Mohawk training	173,025	173,050
Conference	-	177,560
Donations	12,000	-
Other	59,265	79,279
	1,928,557	2,511,128
Expenses:		
Salaries and contract instructor fees	1,113,173	1,226,006
Instructional supplies and course overheads	268,760	244,371
Employee benefits	158,595	161,680
Conference	-	96,514
Travel	68,452	127,335
Facilities, space rental and utilities	116,327	106,007
Administration	96,437	88,243
Amortization	98,375	87,306
Point of sale charges	38,088	51,850
Journal	35,231	42,859
Insurance	30,944	29,284
Office supplies and printing	30,311	27,676
Advertising	22,751	35,415
In-plant training	15,143	35,207
Legal and audit	14,550	14,258
Books	2,463	7,342
Freight and express	8,016	8,056
Postage and telephone	862	346
Memberships	5,879	4,937
Equipment maintenance	1,809	10,962
Bad debts (recovery) expense	-	(260)
	2,126,166	2,405,394
Excess (deficiency) of revenue over expenses before the undernoted	(197,609)	105,734
Other income (expense):		
Foreign exchange gain	265	4,200
Loss on disposal of capital assets	(4,325)	(766)
Unrealized gain (loss) on portfolio investments	120,354	(99,042)
Excess (deficiency) of revenue over expenses	\$ (81,315)	\$ 10,126

See accompanying notes to financial statements.

CANADIAN INSTITUTE FOR NON-DESTRUCTIVE EVALUATION

Statement of Changes in Fund Balances

Year ended March 31, 2021, with comparative information for 2020

				2021	2020
	Invested in capital assets	Unrestricted	Internally restricted	Total	Total
Balance, beginning of year	\$ 779,020	\$ 405,254	\$ 500,000	\$ 1,684,274	\$ 1,674,148
Excess (deficiency) of revenue over expenses	\$ -	\$ (81,315)	\$ -	\$ (81,315)	\$ 10,126
Change in invested in Capital assets	\$ 56,916	\$ (56,916)	\$ -	\$ -	\$ -
Balance, end of year	\$ 835,936	\$ 267,023	\$ 500,000	\$ 1,602,959	\$ 1,684,274

See accompanying notes to financial statements.

CANADIAN INSTITUTE FOR NON-DESTRUCTIVE EVALUATION

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (81,315)	\$ 10,126
Items not affecting cash		
Amortization	98,375	87,306
Loss on disposal of capital assets	4,325	766
Unrealized loss (gain) on portfolio investments	(120,354)	99,042
Change in non-cash operating working capital:		
Accounts receivable	1,332	8,034
Inventory	5,605	(842)
Prepaid expenses	7,795	(26,235)
Accounts payable and accrued liabilities	105,169	61,913
Government remittances	(14,739)	30,658
Deferred revenue	(47,074)	28,245
	(40,881)	299,013
Investing activities:		
Net change in investments	147,951	(43,338)
Purchase of capital assets	(159,616)	(162,412)
	(11,665)	(205,750)
Net increase (decrease) in cash	(52,546)	93,263
Cash, beginning of year	236,588	143,325
Cash, end of year	\$ 184,042	\$ 236,588

See accompanying notes to financial statements.

CANADIAN INSTITUTE FOR NON-DESTRUCTIVE EVALUATION

Notes to Financial Statements

Year ended March 31, 2021

The Canadian Institute for Non-Destructive Evaluation (“the Organization”) is a non-profit charitable organization incorporated under the Canada Corporations Act, and is a registered charity under the Income Tax Act. In October, 2015, the Organization successfully obtained a Certificate of Continuance issued by Industry Canada under the Canada Not-for-profit Corporations Act. The Organization’s Objectives are:

- To improve the quality of education in non-destructive evaluation, examination, inspection and/or testing (individually or collectively hereinafter referred to as “evaluation”) throughout Canada.
- To promote the development of new techniques in non-destructive evaluation.
- To assist the Canadian industry in its use of non-destructive evaluation.
- To certify non-destructive evaluation personnel, conduct written and practical examinations on behalf of public and private agencies for the purpose of certification of non-destruction evaluation personnel.
- To receive gifts and donations to further the above objects.
- To invest and deal with the monies of the Corporation not immediately required in such manner as may from time to time be determined.

1. Significant accounting policies:

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

(a) Fund accounting:

The unrestricted fund accounts for the Organization’s program delivery and administrative activities. The fund reports unrestricted resources.

The capital fund reports assets, liabilities, revenues and expenses related to capital assets and capital related activities.

The internally restricted fund was established by the Board of Directors to dedicate resources towards the capital expansion of a new facility. Funds available for transfer will be established by the Board on an annual basis.

CANADIAN INSTITUTE FOR NON-DESTRUCTIVE EVALUATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(b) Use of estimates:

The preparation of these 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Key components of the financial statements requiring management to make estimates are the provision for doubtful accounts in respect of receivables and the useful lives of long-lived assets. Actual results could differ from these estimates.

(c) Revenue recognition:

The Organization follows the deferral method of accounting for contributions which include donations and other contributions.

Revenues are reflected in the accounts in the year in which the related services or delivery of goods is rendered. Donations are reflected in the accounts in the year in which the pledge is received. Course revenues are recognized upon commencement of course delivery. Course registrations received in advance of courses commencing are recognized as deferred revenue.

Interest and investment income earned on portfolio investments are included in other income on the statement of operations.

(d) Capital assets:

Purchased equipment, office equipment and software are recorded at cost. The Organization records its testing machinery and equipment at cost which, in the case of donated assets, is the fair market value placed upon the asset by the donor and agreed to by the management of the Organization.

Capital assets are amortized over their estimated useful lives using the declining-balance method at the rate of 10%, 30% and 50% respectively. Assets acquired under capital lease are amortized over the course of the lease using the straight-line method.

(e) Inventory:

Inventory consists primarily of tangible goods that are sold as marketing items. Items are valued at the lower of cost and net realizable value. Cost is determined on the first in, first out basis. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale.

CANADIAN INSTITUTE FOR NON-DESTRUCTIVE EVALUATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(f) Financial instruments:

Financial assets and financial liabilities are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at cost with exception to portfolio investments which are measured at fair value.

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred. Transactions costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instruments using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in operations as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Organization recognizes in operations an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to operations in the period the reversal occurs.

2. Portfolio investments:

As at March 31, the Organization holds the following investments:

	2021	2020
Cash & Cash Equivalents		
Cost	\$ 9,772	\$ 185,244
Market Value	9,772	185,244
Corporate Bonds		
Cost	227,807	208,172
Market Value	247,785	201,723
Equity		
Cost	633,628	652,936
Market Value	663,705	561,892
Total Cost:	\$ 871,207	\$ 1,046,352
Total Market Value:	\$ 921,262	\$ 948,859

CANADIAN INSTITUTE FOR NON-DESTRUCTIVE EVALUATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

3. Capital assets:

	2021	2020
Equipment and software	\$ 2,143,824	\$ 2,000,586
Less: accumulated amortization	1,307,888	1,221,566
	<u>\$ 835,936</u>	<u>\$ 779,020</u>

During the year ended March 31, 2021, the Organization disposed of equipment and software with a cost of \$16,378 (2020 - \$3,056) and accumulated amortization of \$12,053 (2020 - \$2,290) for proceeds of \$Nil (2020 - \$Nil), resulting in a loss of \$4,325 (2020 - \$766).

4. Deferred revenue:

Deferred revenue is made up of the following amounts:

	2021	2020
Conference	\$ 77,058	\$ 89,908
Practical exams	51,575	72,900
Non-vocational	51,439	49,595
Workshops	42,750	74,175
Vocational – self-funded	22,500	2,250
Written exams	6,322	5,120
Vocational – third party-funded	4,500	9,000
Membership	2,000	2,270
	<u>\$ 258,144</u>	<u>\$ 305,218</u>

5. Capital fund:

Change in net assets invested in capital assets is calculated as follows:

	2021	2020
Purchased and donated capital assets	\$ 159,616	\$ 162,412
Loss on disposal of capital assets	(4,325)	(766)
Amortization	(98,375)	(87,306)
	<u>\$ 56,916</u>	<u>\$ 74,340</u>

CANADIAN INSTITUTE FOR NON-DESTRUCTIVE EVALUATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

6. Financial risk and concentration of credit risk:

The Organization is subject to the following risks due to its financial instruments:

(a) Credit risk:

Credit risk arises from the potential that the counterparty will fail to perform its obligations. The Organization is exposed to credit risk from customers. However, the Organization's business has a significant number of diverse customers, which reduces the concentration of credit risk. The allowance for doubtful accounts at March 31, 2021 is \$Nil (2020 - \$152).

(b) Interest risk:

Interest rate risk is the risk to the Organization's excess of revenues over expenses that arises from fluctuations in interest rates and the degree of volatility of these rates. The Organization does not use derivative instruments to reduce its exposure to interest rate.

(c) Liquidity risk:

The Organization's objective is to have sufficient liquidity to meet its liabilities when due. The Organization monitors its cash balances and cash flows generated from its activities to meet its requirements. As at March 31, 2021 the most significant financial liabilities are accounts payable and accrued liabilities, and government remittances payable.

(d) Currency risk:

The Organization is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the Organization has cash denominated in U.S dollars. The Organization does not currently enter into forward contracts to mitigate this risk.

(e) Market Price risk:

The Organization is exposed to market price risk as it pertains to the various portfolio investments it holds, which comprise approximately 43% of its total asset balance. The risk is managed through use of a mix of investment types and oversight by the Organization includes the use of an investment policy.

(f) Impact of COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a financial, market and social dislocating impact.

CANADIAN INSTITUTE FOR NON-DESTRUCTIVE EVALUATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

6. Financial risk and concentration of credit risk (continued):

(f) Impact of COVID-19 (continued):

As at March 31, 2021, the impact of the pandemic on the Organization from a financial risks perspective has been minimal. The situation remains fluid and the ultimate duration and magnitude of the impact on the economy and on all aspects of operations are unknown.

There has been no significant change in the risk exposures of the Organization compared to the fiscal year 2020.

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