

FINANCIAL STATEMENTS
For
TRANSPORTATION ASSOCIATION OF CANADA FOUNDATION
For year ended
DECEMBER 31, 2011

INDEPENDENT AUDITOR'S REPORT

To the directors of the

TRANSPORTATION ASSOCIATION OF CANADA FOUNDATION

We have audited the accompanying financial statements of the Transportation Association of Canada Foundation, which comprise the statement of financial position as at December 31, 2011 and the statement of net revenue and changes in net assets and statement of 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 generally accepted accounting principles, 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.

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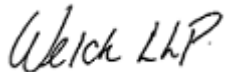
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Transportation Association of Canada Foundation derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to these revenues, net revenue, assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Licensed Public Accountants

Ottawa, Ontario
April 14, 2012.

TRANSPORTATION ASSOCIATION OF CANADA FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 21,830	\$ 57,834
Accounts receivable	5,531	3,705
Prepaid expenses	111	107
Current investments (note 6)	<u>71,306</u>	<u>56,192</u>
	98,778	117,838
LONG-TERM INVESTMENTS (note 6)	<u>57,224</u>	<u>33,244</u>
	<u>\$ 156,002</u>	<u>\$ 151,082</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>\$ 4,797</u>	<u>\$ 3,250</u>
NET ASSETS		
Endowment fund	45,865	34,744
Externally restricted		
Mentoring fund	12,940	12,940
TRAC fund	5,713	5,713
Scholarship fund	81,465	70,150
General fund - unrestricted	<u>5,222</u>	<u>24,285</u>
	<u>151,205</u>	<u>147,832</u>
	<u>\$ 156,002</u>	<u>\$ 151,082</u>

Approved on behalf of the Board:

ERICA ANDERSEN
..... Secretary-Treasurer

BRIAN HENDERSON
..... Executive Director

(See accompanying notes)

TRANSPORTATION ASSOCIATION OF CANADA FOUNDATION
STATEMENT OF NET REVENUE AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2011

	Endowment fund	Externally Restricted			General fund - unrestricted	2011	2010
		Mentoring fund	TRAC fund	Scholarship fund			
REVENUE							
Donations	\$ -	\$ -	\$ -	\$ 174,815	\$ 24,428	\$ 199,243	\$ 244,374
Contributions - TAC	-	-	-	-	6,000	6,000	6,000
Investment	1,121	-	-	-	1,334	2,455	3,310
	<u>1,121</u>	<u>-</u>	<u>-</u>	<u>174,815</u>	<u>31,762</u>	<u>207,698</u>	<u>253,684</u>
EXPENSES							
Travel	-	-	-	-	2,997	2,997	1,709
Honorarium	-	-	-	-	19,200	19,200	18,000
Consulting	-	-	-	-	3,178	3,178	5,417
Meetings	-	-	-	-	802	802	1,958
Translation	-	-	-	-	332	332	170
Insurance	-	-	-	-	1,326	1,326	1,277
Promotional material	-	-	-	-	207	207	421
Scholarships	-	-	-	163,500	-	163,500	160,000
Administrative services	-	-	-	-	11,085	11,085	11,286
Overhead	-	-	-	-	1,698	1,698	2,056
	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,500</u>	<u>40,825</u>	<u>204,325</u>	<u>202,294</u>
NET REVENUE (EXPENSE) FOR THE YEAR	1,121	-	-	11,315	(9,063)	3,373	51,390
NET ASSETS AT BEGINNING OF YEAR	34,744	12,940	5,713	70,150	24,285	147,832	96,442
TRANSFERS	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>
NET ASSETS AT END OF YEAR	<u>\$ 45,865</u>	<u>\$ 12,940</u>	<u>\$ 5,713</u>	<u>\$ 81,465</u>	<u>\$ 5,222</u>	<u>\$ 151,205</u>	<u>\$ 147,832</u>

(See accompanying notes)

TRANSPORTATION ASSOCIATION OF CANADA FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net revenue for the year	\$ 3,373	\$ 51,390
Adjustments for:		
Re-invested interest	-	(3,310)
	<u>3,373</u>	<u>48,080</u>
Changes in non-cash working capital:		
Accounts receivable	(1,826)	(940)
Prepaid expenses	(4)	(3)
Accounts payable and accrued liabilities	<u>1,547</u>	<u>(235)</u>
	3,090	46,902
INVESTING ACTIVITIES		
Purchase of GIC's - net	<u>(39,094)</u>	<u>-</u>
NET CHANGE IN CASH	(36,004)	46,902
CASH, BEGINNING OF YEAR	<u>57,834</u>	<u>10,932</u>
CASH, END OF YEAR	<u>\$ 21,830</u>	<u>\$ 57,834</u>

(See accompanying notes)

TRANSPORTATION ASSOCIATION OF CANADA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

1. ORGANIZATION

Transportation Association of Canada Foundation was incorporated in 2003 under Part II of the Canada Corporations Act as a not-for-profit organization without share capital. The Foundation is a registered charity and is exempt from income tax.

The Foundation's mandate is to support the educational and research needs of the Canadian transportation industry by: (a) providing scholarships to individuals attending universities, colleges and trade schools, (b) supporting academic chairs in Canadian educational institutions, (c) providing funding for transportation research and development at Canadian academic institutions and by (d) establishing a program of internships.

2. SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

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

Contributions and donations related to general operations are recognized as revenue of the general fund in the year in which the related expenses are incurred. All restricted contributions and donations are recognized as revenue of the appropriate restricted fund.

Donations are recognized as revenue when received. Contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized in the general fund unless the donors providing the restricted funds also place restrictions on how the investment income is to be spent.

Description of funds

The general fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources.

The Endowment and externally restricted funds are to be used for the purpose outlined in note 4 to the financial statements.

Investments

Investments consist of guaranteed investment certificates, are categorized as available for sale and are recorded at market value.

Recognition of pledges

Because of the uncertainty of the collectability of pledges, the Foundation recognized only those pledges for which contributions have been received at the end of the year.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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 reporting period. Actual results could differ from these estimates.

TRANSPORTATION ASSOCIATION OF CANADA FOUNDATION

NOTES TO FINANCIAL STATEMENTS - Cont'd.

DECEMBER 31, 2011

3. FUTURE ACCOUNTING STANDARDS FOR THE NOT-FOR-PROFIT SECTOR

The Accounting Standards Board of the Canadian Institute of Chartered Accountants (CICA) recently approved a financial reporting framework designed specifically to meet the needs of users of financial statements prepared by not-for-profit organizations. Not-for-profit organizations are given the option to adopt International Financial Reporting Standards (IFRS) instead of the new not-for-profit accounting standards if that is their preferred course of action. The Association is permitted to adopt these standards next year if they wish to do so. Management is currently evaluating the impact of this new reporting framework on its financial statements.

4. PURPOSE OF THE FUNDS

Endowment fund

Specific endowments to the TAC Foundation Endowment Fund have created a capital pool from which interest and dividends will be accumulated and from which scholarships will be distributed. It will be awarded whenever the income from the investments has accumulated to reach \$5,000. During the year, the board of directors transferred \$10,000 from the General Fund to the Endowment Fund in order to increase the investment income on investments of the Endowment Fund to allow for the payment of future scholarships.

Mentoring fund

Mentoring activities relate to the Foundation's efforts to encourage young students to enter the science and engineering fields and ultimately into the transportation domain. In support of this objective, funds have been set aside to provide entrance level bursaries to community colleges and universities according to donors' conditions.

TRAC fund

Consistent with the mentoring activities as described above, part of the Foundation's efforts in this regard consists of the TRAC Program which is being piloted at several schools in Canada. The TRAC Program consists of a number of modules developed by AASHTO in the United States which are being adapted for use in Canada by science teachers in the public school system.

Scholarship fund

The Foundation raises money from various donors and distributes it as scholarships to students in transportation programs.

General fund

The general fund operates the day to day activities of the Foundation.

TRANSPORTATION ASSOCIATION OF CANADA FOUNDATION
NOTES TO FINANCIAL STATEMENTS - Cont'd.
DECEMBER 31, 2011

5. FINANCIAL INSTRUMENTS

The Foundation's financial instruments consist of cash, investments, accounts receivable and accounts payable and accrued liabilities. The fair market value of all current financial instruments is equal to their cost because of their current nature. The investments are shown at cost plus accrued interest, which approximates fair market value.

Currency risk

The Foundation is not exposed to currency risk as all of their transactions and investments are conducted and held in Canadian dollars.

Interest rate risk

The Foundation manages the interest rate risk exposure of its investments by investing in guaranteed investment certificates with laddered terms to maturity.

Credit risk

The Foundation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Foundation's maximum exposure to credit risk represents the sum of the carrying value of its cash, accounts receivable and investments. The Foundation's cash and investments are deposited with a financial institution which is guaranteed by the CDIC and as a result management believes the risk of loss on this item to be remote.

6. INVESTMENTS

	<u>2011</u>	<u>2010</u>
Current Investments		
Bank of Montreal - bears interest increasing on a yearly basis from 3.25% to 4%, due May 20, 2011	\$ -	\$ 56,192
BMO Nesbitt Burns - bears interest at 4.3%, due September 10, 2012	34,364	-
Home Trust Co. GIC - bears interest at 1.82%, due December 24, 2012	11,644	-
Home Trust Co. GIC - bears interest at 1.45%, due December 24, 2012	<u>25,298</u>	<u>-</u>
	<u>\$ 71,306</u>	<u>\$ 56,192</u>
Long Term Investment		
BMO Mortgage Corp. - bears interest at 1.15%, due October 20, 2014	\$ 57,224	\$ -
BMO Nesbitt Burns - bears interest at 4.3%, due September 10, 2012	<u>-</u>	<u>33,244</u>
	<u>\$ 57,224</u>	<u>\$ 33,244</u>

The investments are managed by the Board in consultation with financial advisors

TRANSPORTATION ASSOCIATION OF CANADA FOUNDATION

NOTES TO FINANCIAL STATEMENTS - Cont'd.

DECEMBER 31, 2011

7. RELATED PARTY TRANSACTIONS

The Foundation contracts with the Transportation Association of Canada (TAC) for certain administrative support services. TAC charged \$10,800 (2010 - \$10,800) to the Foundation for the services. TAC made a \$6,000 donation to the Foundation during the year 2011 (2010 - \$6,000). In addition, several TAC members are on the board of the Foundation.

8. CAPITAL

CICA Handbook Section 1535 requires that the Foundation disclose information about its capital and how it is managed.

The Foundation defines its capital as its unrestricted net assets, which are not subject to external restrictions. The Foundation's objective when managing its capital is to hold sufficient net assets to maintain the stability of its financial structure enabling it to focus its efforts on meeting its objectives.