



**The Canadian Society for Mechanical Engineering
La Société canadienne de génie mécanique**



**175th BoD & AGM Meeting
Teleconference via Zoom
1:30 PM – 2 PM, EDT Tuesday 25 May 2021 via Zoom**

MINUTES (approved on 7 November 2021)

1.0 Call to Order: President Mina Hoorfar called the meeting to order at 1:35 pm EDT and asked everyone present to identify themselves. Recorded attendance was as follows:

Present (5% of 364 eligible voters, hence quorum is met):

- i) **Board Members:** Mina Hoorfar (Chair), Alex Czekanski, Maciej Floryan, Eric Lanteigne, Dave Weaver, Xianguo Li, Marina Freire-Gormaly, Hossein Rouhani, Kamran Behdinan, Martin Agelin-Chaab, Frank Cheng, Farrokh Janabi-Sharifi, Mohsen Akbari, Yuping He, Pouya Rezai, Guy Gosselin (Exec Dir/non-voting/recorder)
- ii) **General Members:** Sayyed Ali Hosseini, Tsz Ho Kwok, Sébastien Poncet.

Regrets (Board Members): Farid Golnaraghi, Faizul Mohee, Xili Duan, Horia Hangan, Marco Amabili.

2.0 Acceptance of Agenda: Moved by Kamran Behdinan, seconded by Farrokh Janabi-Sharifi, that the AGM agenda presented in [ANNEX R](#) be **approved** as circulated. **Carried**

3.0 Review of 29 Nov 2020 AGM Minutes: The 2020 AGM minutes, approved at the 174th meeting of the Board of Directors, are presented in [ANNEX S](#). There was no action arising from that meeting.

4.0 President's Remarks: President Hoorfar remarked that it was an honour for her to serve the society in this capacity, having started her tenure on the Board a few years ago as Chair of the Best Student Paper Competition, a role she still fulfills. She added that the past year had been very difficult due to the pandemic, but members had managed to achieve significant progress on many fronts (e.g. History Cttee, EDI Task Force, Professional Affairs webinars, CSME *Bulletin* and *Transactions*).

5.0 2020 Audited Financial Statements: Treasurer Lanteigne referred to the draft 2020 audited financial statements presented in [ANNEX T](#) and noted that the auditors had found no error or issue that warranted attention. It was **moved** by Eric Lanteigne, seconded by Marina Freire-Gormaly, that the draft 2020 financial statements be **received** as presented. **Carried**

6.0 Ratification of Actions/Decisions of the Board of Directors

President Hoorfar informed members that the Board of Directors, on the recommendation of Executive Cttee, had decided not to pursue the revival of corporate memberships at this time. Once a critical mass of such members is achieved, benefits for industry could be better defined/established which might help solicit memberships from corporations. In the interim, efforts will continue by LOCs to solicit Congress and local event sponsorships from corporations.

It was **moved** by Eric Lanteigne, seconded by Mohsen Akbari, that the actions and decisions of the Board of Directors since the last AGM, including by its Executive Committee, be **ratified**. **Carried**

7.0 Report of the Nominating Committee

Immediate Past-President Floryan presented the slate of candidates formally being nominated by the CSME Nominating Committee (see [ANNEX U](#)). Noting that no other nominations had been received within 45 days prior to the AGM, it was **moved** by Maciej Floryan, seconded by Eric Lanteigne, that the slate of candidates for the CSME Board of Directors presented in [ANNEX U](#) be **accepted** and that all recommended directors and officers be **re-appointed** in their roles. **Carried Unanimously**

8.0 New Business: There was no new business considered at this AGM.

9.0 Next Meeting: Incoming Board Meeting at 2 PM EDT.

10.0 Adjournment: It was **moved** by Eric Lanteigne, that the AGM be **adjourned** at 2 pm EDT. **Carried**

Recorded by Guy Gosselin
CSME Exec Director



The Canadian Society for Mechanical Engineering

Board of Directors/AGM Meetings



Tuesday 25 May 2021, Teleconferences via Zoom

174 th	(Outgoing) Board of Directors Meeting	11:00 am – 1:30 pm, EDT
175 th	AGM / Board of Directors	1:30 pm – 2:00 pm, EDT
176 th	(Incoming) Board of Directors	2:00 pm – 3:30 pm, EDT

AGM AGENDA

175th Annual General Meeting 1:30 pm – 2:00 pm, EDT

Click link to access the meeting:

<https://us02web.zoom.us/j/88399215383?pwd=UzQ2dW5vYlVrN0h2R2ZxamhnNWJBZz09>

Meeting ID: 883 9921 5383

Password: 446540

Item	Time	Topic	Lead Proponent	Documentation
1.0	13:30	Call to Order / Intro of members	Chair Hoorfar	
2.0	13:35	Acceptance of Agenda (motion to approve)	Chair	
3.0	13:35	President's Remarks	Pres. Hoorfar	
4.0	13:38	Minutes of 172nd AGM/BoD Meeting (minutes were approved by BoD today)		ANNEX
5.0	13:40	2020 Audited Financial Statements (motion to receive audited statements)	Treasurer Lanteigne	ANNEX
6.0	13:45	Actions/Decisions of the Executive Cttee and Board of Directors (motion to ratify actions and decisions)	Chair	
7.0	13:50	Report of Nominating Committee (motion to renew directors as per the slate recommended in the Nominating Cttee Report)	Maciej Floryan	ANNEX
8.0	13:55	New Business	Chair	
9.0		Next Meeting: Incoming Board Mtg @ 2 PM		
10.0	14:00	Adjournment		



The Canadian Society for Mechanical Engineering
La Société canadienne de génie mécanique



172nd AGM / BoD Meeting
Teleconference via Zoom
1:30 PM – 2 PM, EST Sunday 29 Nov 2020

MINUTES (approved on 25 May 2021)

1.0 Call to Order: President Maciej Floryan called the meeting to order at 1:30 pm EST and asked everyone present by teleconference to identify themselves. Recorded attendance was as follows:

Present (8% of 374 eligible voters, > 5%, hence quorum is met):

- i) **Board Members:** Maciej Floryan (Chair), Mina Hoorfar, Eric Lanteigne, Xianguo Li, Homayoun Najjaran, Alex Czekanski, Farid Golnaraghi, Fai Mohee, Marina Freire-Gormaly, Ali Ahmadi, Kamran Behdinin, Horia Hangan, Dominic Groulx, Frank Cheng, Farrokh Janabi-Sharifi, Mohsen Akbari, Yuping He, Marius Paraschivoiu, Guy Gosselin (Exec Dir/non-voting/recorder)
- ii) **General Members:** Chris Alumkal, Juan Carretero, Daolun Chen, Zengtao Chen, Darryl Collerman, Tsz Ho Kwok, Patrick Lee, Sunny Li, Chul Park, Yogeendra Sreekanta, Robbie Vaisanen, Youmin Zhang.

Regrets (Board Members): Sushanta Mitra, Dave Weaver, Baktash Hamzehloo, Ya-Jun Pan, Martin Agelin-Chaab, Pouya Rezai, Marco Amabili.

2.0 Acceptance of Agenda: Moved by Mina Hoorfar, seconded by Kamran Behdinin, that the AGM agenda presented in **ANNEX S** be **approved** as circulated. **Carried**

3.0 Review of 24 June 2019 AGM Minutes: The 2019 AGM minutes, approved at the 167th meeting of the Board of Directors, are presented in **ANNEX T**. There was no action arising from that meeting.

4.0 President's Remarks: President Floryan remarked that it had been a privilege to serve the society as President over the previous 2 and a half years, with the pandemic presenting unprecedented challenges and opportunities in 2020. He mentioned the rejuvenated CSME *Transactions* are progressing quite well and that the CSME financial situation is quite stable with membership growing slowly. The priority is now how best to serve the students and young professionals.

5.0 2019 Audited Financial Statements: Exec Director Gosselin referred to the draft 2019 audited financial statements presented in **ANNEX U** and noted that the auditors had found no error or issue that warranted attention. It was **moved** by Mina Hoorfar, seconded by Marius Paraschivoiu, that the draft 2019 financial statements be **received** as presented. **Carried**

6.0 Proposed By-Laws Amendments: Executive Director Gosselin referred to **ANNEX V** and described the amendments proposed to the current By-Laws as documented in marginal notes. He mentioned that the Board had approved these changes at its Outgoing meeting held earlier in the day and these were now presented for confirmation of acceptability by general members.

Upon discussion, it was concluded that the proposed deletion of the words “will be made available to Members through electronic and/or print means, and” in Article 7 and proposed deletion of former Clause 18 d). were not warranted. For clarity, it was agreed to retain the above-mentioned words and Clause with the further revision that nomination forms no longer need to be signed by five members. It was then **moved** by Mina Hoorfar, seconded by Marina Freire-Gormaly, that the proposed amendments, as revised at this meeting, be **considered as confirmed** by general members. **Carried**

7.0 Ratification of Actions/Decisions of the Board of Directors

It was **moved** by Marina Freire-Gormaly, seconded by Eric Lanteigne, that the actions and decisions of the Board of Directors, including its Executive Committee, since the last AGM be **ratified**. **Carried**

8.0 Report of the Nominating Committee

On behalf of the Chair of the Nominating Committee, Immediate Past-President Sushanta Mitra, Executive Director Gosselin presented the slate of candidates formally being nominated by the CSME Nominating Committee (see **ANNEX W**). Noting that the CSME Office had not received alternate nominations 45 days prior to the AGM, it was **moved** by Mina Hoorfar, seconded by Mohsen Akbari, that the slate of candidates for the CSME Board of Directors presented in **ANNEX W** be **accepted** and that all recommended directors and officers be **appointed** in their roles. **Carried Unanimously**

9.0 New Business: There was no new business considered at this AGM. Newly elected President Hoorfar officially thanked outgoing President Floryan for his excellent work and dedication since June 2018.

10.0 Next meeting: Incoming Board Meeting at 2:15 PM EST.

11.0 Adjournment: It was **moved** by Mina Hoorfar, seconded by Alex Czekanski, that the AGM be **adjourned** at 2:15 pm EST. **Carried**

Recorded by Guy Gosselin
CSME Exec Director

CSME 2020 Audited Financial Statements



Mr. Guy Gosselin,
The Canadian Society for Mechanical Engineering
P.O. Box 40140
Ottawa, Ontario
K1V 0W8

Dear Mr. Gosselin:

Re: 2020 Audit

We have been engaged to audit the financial statements of Canadian Society for Mechanical Engineering for the year ended December 31, 2020. Canadian generally accepted standards for audit engagements require that we communicate the following information in relation to our audit.

Management is responsible for establishing and maintaining an adequate internal control structure and procedures for financial reporting. This includes the design and maintenance of accounting records, recording transactions, selecting and applying accounting policies, safeguarding of assets and preventing and detecting fraud and error.

Our responsibility as auditors

As stated in the engagement letter, our responsibility as auditors of your organization is to express an opinion on whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the organization in accordance with accounting standards for not-for-profit organizations.

An audit is performed to obtain reasonable but not absolute assurance as to whether the financial statements are free of material misstatement. Due to the inherent limitations of an audit, there is an unavoidable risk that some misstatements of the financial statements will not be detected (particularly intentional misstatements concealed through collusion), even though the audit is properly planned and performed.

Our audit included:

- an assessment of risk that the financial statements may contain material misstatements; and
- an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements.

Evaluation of internal controls

Audits include a review and evaluation of the system of internal controls to assist in determining the level of reliance that may or should be placed on the system in assessing the nature and extent of audit procedures to be undertaken.

During the course of our audit, there were no significant internal control matters that we deemed

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necessary to bring to your attention.

Significant accounting principles

Management is responsible for the appropriate selection and application of accounting policies. Our role is to review the appropriateness and application as part of our audit. The accounting policies used by Canadian Society for Mechanical Engineering are described in note 2, Significant Accounting Policies, in the financial statements.

Significant unusual transactions

We are not aware of any significant or unusual transactions entered into by Canadian Society for Mechanical Engineering that you should be informed about.

Accounting estimates

Management is responsible for the accounting estimates included in financial statements. Estimates and the related judgments and assumptions are based on management's knowledge of the organization's operations and past experience about current and future events.

Our responsibility as auditors is to obtain sufficient appropriate evidence to provide reasonable assurance that management's accounting estimates are reasonable within the context of the financial statements as a whole. An audit includes performing appropriate procedures to verify the:

- calculation of accounting estimates;
- analyzing of key factors such as underlying management assumptions;
- materiality of estimates individually and in the aggregate in relation to the financial statements as a whole;
- estimate's sensitivity in variation and deviation from historical patterns;
- other audit evidence.

Certain accounting estimates are particularly sensitive because they involve a significant degree of judgment and may have a range of possible outcomes. The only accounting estimates of any significance for Canadian Society for Mechanical Engineering are the accruals of accounts payable. These have been calculated by management based on their knowledge of unpaid transactions relating to December 31, 2020. The accruals have been verified to the extent possible through a review of unpaid bills and subsequent payment of supplier's invoices to determine whether they were reasonable and consistent with previous years.

Disagreements with management

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in the aggregate significant to the organization's financial statements or auditors' report. Disagreements may arise over:

- selection or application of accounting principles;
- assumptions and related judgments for accounting estimates;
- financial statement disclosures;
- scope of the audit; or
- wording of the auditors' report.

We are pleased to advise that we had no disagreements with management during the course of our audit.

Issues discussed

The auditor generally discusses among other matters, the application of accounting principles and

auditing standards, and fees, etc. with management in the initial engagement or during the recurring appointment of the auditor as a normal course of business.

There were no major issues discussed during our audit with regards to our retention that were not in the normal course of business.

Difficulties encountered during the audit

We encountered no significant difficulties during our audit that should be brought to the attention of the Board.


We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

This communication is prepared solely for the information of the board of directors and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Yours sincerely,



Frouin Group
Licensed Public Accountants

Signed 

Guy Gosselin, CSME Executive Director

Name and title of the addressee

Date 10 March 2021

**CANADIAN SOCIETY FOR MECHANICAL ENGINEERING
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

DRAFT

**Independent Auditors' Report
Statement of Financial Position
Statement of Changes in Net Assets
Statement of Revenue and Expenses
Statement of Cash Flows
Notes to Financial Statements**

INDEPENDENT AUDITORS' REPORT

To the Members,
Canadian Society for Mechanical Engineering

Opinion

We have audited the financial statements of Canadian Society for Mechanical Engineering, which comprise the statement of financial position as at December 31, 2020, and the statement of operations, statement of changes in net assets and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Society for Mechanical Engineering as at December 31, 2020, and the results of its operations and 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 described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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 ethical 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 audit 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 relating 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 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 these financial statements. As part of an audit in accordance with Canadian generally accepted audit 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 controls.
- 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.

We 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.

Frouin Group Professional Corporation
Ottawa, Ontario
To be dated

CANADIAN SOCIETY FOR MECHANICAL ENGINEERING
AUDITED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 91,243	\$ 80,462
Prepaid expenses	1,200	0
HST receivable	<u>5,363</u>	<u>5,965</u>
	97,806	86,427
LONG-TERM INVESTMENTS (Note 3)	<u>394,205</u>	<u>400,553</u>
TOTAL ASSETS	<u>\$ 492,011</u>	<u>\$ 486,980</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 3,582	\$ 3,704
Deferred revenue	<u>13,670</u>	<u>12,890</u>
	<u>17,252</u>	<u>16,594</u>
NET ASSETS		
Restricted for Endowment Purposes (Medal Funds, Note 2a)	65,451	62,534
Internally-Restricted (Note 2a)	363,955	356,875
Unrestricted Net Assets	<u>45,353</u>	<u>50,977</u>
	<u>474,759</u>	<u>470,386</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 492,011</u>	<u>\$ 486,980</u>

APPROVED ON BEHALF OF THE BOARD:

Director _____

Director _____

(See accompanying Notes to Financial Statements)

CANADIAN SOCIETY FOR MECHANICAL ENGINEERING
AUDITED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
NET ASSETS RESTRICTED FOR ENDOWMENT PURPOSES		
G. H. Duggan Medal		
Balance, beginning of year	\$ 36,699	\$ 24,607
Add: Investment income allocation	<u>1,712</u>	<u>12,092</u>
Balance, end of year	<u>38,411</u>	<u>36,699</u>
I. W. Smith Medal		
Balance, beginning of year	19,132	12,828
Add: Investment income allocation	<u>892</u>	<u>6,304</u>
Balance, end of year	<u>20,024</u>	<u>19,132</u>
J. Stachiewicz Medal		
Balance, beginning of year	6,703	4,494
Add: Investment income allocation	<u>313</u>	<u>2,209</u>
Balance, end of year	<u>7,016</u>	<u>6,703</u>
TOTAL NET ASSETS RESTRICTED FOR ENDOWMENT PURPOSES	\$ <u>65,451</u>	\$ <u>62,534</u>
INTERNALLY-RESTRICTED NET ASSETS		
Development Fund		
Balance, beginning of year	\$ 151,770	\$ 101,764
Add: Investment income allocation	<u>7,080</u>	<u>50,006</u>
Balance, end of year	<u>158,850</u>	<u>151,770</u>
ICTAM 2016 Fund		
Balance, beginning of year	205,105	205,458
Less: Transfer to unrestricted net assets	<u>0</u>	<u>(353)</u>
Balance, end of year	<u>205,105</u>	<u>205,105</u>
TOTAL INTERNALLY-RESTRICTED NET ASSETS	\$ <u>363,955</u>	\$ <u>356,875</u>
UNRESTRICTED NET ASSETS		
Balance - beginning of year	\$ 50,977	\$ 48,671
Add: Transfer from ICTAM 2016 fund	<u>0</u>	<u>353</u>
Add: Net revenue (expenditure) allocation	<u>(5,624)</u>	<u>1,953</u>
Balance, end of year	<u>\$ 45,353</u>	<u>\$ 50,977</u>

(See accompanying Notes to Financial Statements)

CANADIAN SOCIETY FOR MECHANICAL ENGINEERING
AUDITED STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019		
REVENUES				
Membership fees	\$ 40,400	38,360		
Corporate sponsorship	275	305		
Career Site income	206	(76)		
Sustaining memberships	19,800	19,200		
Investment and bank account income / (loss)	9,997	70,611		
ICTAM 2016 Conference	0	23,044		
Publications	300	300		
Miscellaneous	84	0		
	<u>71,062</u>	<u>151,744</u>		
EXPENSES				
Professional fees	3,308	3,066		
Bulletin	6,430	7,465		
Management fees (Note 4)	51,064	50,371		
CNC-IUTAM	0	353		
Institute fees	1,236	1,272		
Medal and prizes	1,928	10,622		
Executive/Board meetings	0	2,214		
Office and supplies	2,523	3,399		
Regions/Chapters	200	418		
	<u>66,689</u>	<u>79,180</u>		
NET REVENUE (EXPENDITURE) FOR THE YEAR	\$ <u>4,373</u>	\$ <u>72,564</u>		
ALLOCATION:				
	REVENUE	EXPENDITURE	2020 NET REVENUE	2019 NET REVENUE
G. H. Duggan Medal	\$ 1,712	\$ 0	\$ 1,712	\$ 12,092
I. W. Smith Medal	892	0	892	6,304
J. Stachiewicz Medal	313	0	313	2,209
Development Fund	7,080	0	7,080	50,006
Unrestricted Net Assets	<u>61,065</u>	<u>66,689</u>	<u>(5,624)</u>	<u>1,953</u>
	<u>\$ 71,062</u>	<u>\$ 66,689</u>	<u>\$ 4,373</u>	<u>\$ 72,564</u>

(See accompanying Notes to Financial Statements)

CANADIAN SOCIETY FOR MECHANICAL ENGINEERING
AUDITED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		
Net revenue for the year	\$ <u>4,373</u>	\$ <u>72,564</u>
Change in Working Capital:		
Accounts receivable	0	1,212
HST receivable	602	(1,299)
Accounts payable	(122)	561
Prepaid expenses	(1,200)	1,095
Deferred revenue	<u>780</u>	<u>(1,335)</u>
	<u>4,433</u>	<u>72,798</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net (increase) decrease in investments	<u>6,348</u>	<u>(53,996)</u>
NET CHANGE IN CASH	10,781	18,803
Cash, beginning of year	<u>80,462</u>	<u>61,659</u>
CASH, END OF YEAR	\$ <u>91,243</u>	\$ <u>80,462</u>
REPRESENTED BY:		
Cash	<u>\$ 91,243</u>	<u>\$ 80,462</u>

(See accompanying Notes to Financial Statements)

CANADIAN SOCIETY FOR MECHANICAL ENGINEERING**NOTES TO AUDITED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2020****1. PURPOSE OF THE ORGANIZATION**

The Canadian Society for Mechanical Engineering is a non-profit charitable organization incorporated without share capital pursuant to the provisions of Part II of the Canada Corporations Act and is not subject to income tax pursuant to the provisions of the Income Tax Act.

The primary function of the Society is the diffusion of knowledge on a continuing basis to mechanical engineers.

The secondary function of the Society is the establishment and funding of scholarships and research fellowships to encourage scholastic achievement and assist financially in the furtherance of higher education in the field of engineering.

2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements represent the accounts of the Canadian Society for Mechanical Engineering but do not include the assets, liabilities and operations of its regional councils, branches, and member society sections. The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Purpose of the Funds

The G. H. Duggan Medal is awarded annually to a Canadian engineer for outstanding contributions to the management and practice of mechanical engineering.

The I. W. Smith Medal is awarded annually for outstanding achievement in creative mechanical engineering within 10 years of graduation.

The Jules Stachiewicz Medal is awarded in alternate years by CSME and the Canadian Society for Chemical Engineering to recognize outstanding contributions to heat transfer in Canada.

The Development Fund is to be used at the discretion of the Board for projects advancing the purposes of the Society, including seed money for technical meetings.

b) Investments

Investments are measured at fair value at each reporting date, with gains and losses, both realized and unrealized, recognized in the statement of revenues and expenses as part of investment income or loss.

CANADIAN SOCIETY FOR MECHANICAL ENGINEERING

NOTES TO AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**c) Revenue recognition**

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions to the Medal Funds are recognized as direct increases in net assets. Investment income for the Medal Funds is recognized as revenue when earned.

Membership fees and sustaining membership revenue are set annually by the Board of Directors and are recognized as revenue proportionately over the fiscal year to which they relate.

Membership fees received in advance for the following fiscal year are recorded as deferred revenue. Conference and forum revenues are recorded when the event is held. Revenue from publications and other services are recorded when the delivery is made.

d) Estimates and assumptions

The preparation of financial statements 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 income and expenditure during the reporting period. Actual results may differ from those estimates.

e) Financial instruments

The Society's financial assets and financial liabilities are recorded at fair market value - changes in fair value, both realized and unrealized, are recorded as increases and decreases to revenue and expenditure.

3. INVESTMENTS

Investments consist of common shares and fixed income, and are valued at market value.

4. MANAGEMENT CONTRACT

There is a management contract in place with the Engineering Institute of Canada (EIC) to provide administrative services to the Society at an annual cost of \$48,000 plus HST. Rent is included as part of the cost. The contract with EIC is in place until June 1, 2021 and will be renewed for another three years unless terminated with one year's notice.

CANADIAN SOCIETY FOR MECHANICAL ENGINEERING

NOTES TO AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

5. FINANCIAL INSTRUMENTS

The carrying value of cash, accounts receivable and accounts payable and accrued liabilities approximate their amortized cost and fair value because of the relatively short period to maturity of the instruments. Investments are carried at fair value.

6. FINANCIAL RISK MANAGEMENT

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at December 31, 2020:

Credit risk

Credit risk associated with investments is minimized by investing these assets in widely-traded, low risk common shares. An ongoing review is performed to evaluate changes in the status of investments under the Society's investment policy.

Liquidity risk

The Society manages its liquidity risk by regularly monitoring forecasted and actual cash flow and financial liability maturities, and by holding assets that can be readily converted into cash. Accounts payable are normally paid within 30 days.

Market risk

The Society is exposed to market risks arising from changes in the fair value of financial instruments due to market price fluctuations. Market risks consist of currency risk and interest rate risk.

Currency risk

The Society's functional currency is the Canadian dollar. The Society rarely enters into foreign currency transactions and does not use foreign exchange forward contracts. At December 31, 2020, the Society had no investments exposed to currency risk.

Interest rate risk

The Society is exposed to interest rate risk with regard to its investments. The Society has no interest-bearing liability. Fluctuations in market rates of interest on cash do not have a significant impact on the Society's results of operations. Mutual fund units and Guaranteed Investment Certificates are not exposed to significant interest rate risk due to their short-term nature. Therefore, this risk does not have a significant impact.

CSME Nominating Committee Report

Submitted by Maciej Floryan, Chair

The Nominating Committee of the CSME Board of Directors (BoD) is recommending, for approval at the 2021 AGM, the following BoD appointments effective end of the AGM:

CSME BoD POSITION	2020-2021 INCUMBENT	2021-2022 NOMINEE	PROPOSED TERM
Executive Committee			
President	Mina Hoorfar	Mina Hoorfar	2 nd yr of 2-yr term
Senior Vice President	Alex Czekanski	Alex Czekanski	2 nd yr of 2-yr term
Immediate Past President	Maciej Floryan	Maciej Floryan	2 nd yr of 2-yr term
Honorary Treasurer	Eric Lanteigne	Eric Lanteigne	2 nd yr of 2-yr term
Honorary Secretary	David Weaver	David Weaver	2 nd yr of 2-yr term
Vice-President, Technical Prog.	Xianguo Li	Xianguo Li	2 nd yr of 2-yr term
Executive Director	Guy Gosselin	Guy Gosselin	2 nd yr of 2-yr term
Standing Committees			
CSME Congresses	Alex Czekanski	Alex Czekanski	2 nd yr of 2-yr term
History	Farid Golnaraghi	Farid Golnaraghi	2 nd yr of 2-yr term
Membership	Alex Czekanski	Alex Czekanski	2 nd yr of 2-yr term
Student Affairs	Marina Freire-Gormaly	Marina Freire-Gormaly	2 nd yr of 2-yr term
Professional Affairs*	Faizul Mohee	Faizul Mohee	2 nd yr of 2-yr term
Student Paper Competition	Mina Hoorfar	Mina Hoorfar	2 nd yr of 2-yr term
Technical Committees			
Advanced Energy Systems	Xili Duan	Xili Duan	2 nd yr of 2-yr term
Biomechanics & Biomedical Eng.	Hossein Rouhani	Hossein Rouhani	2 nd yr of 2-yr term
Computational Mechanics	Maciej Floryan	Maciej Floryan	2 nd yr of 2-yr term
Eng. Analysis & Design	Kamran Behdinin	Kamran Behdinin	2 nd yr of 2-yr term
Environmental Engineering	Horia Hangan	Horia Hangan	2 nd yr of 2-yr term
Fluid Mechanics Engineering	Martin Agelin-Chaab	Martin Agelin-Chaab	1 st yr / 2 nd 2-yr term
Heat Transfer	Sunny Li	Sunny Li	2 nd yr of 2-yr term
Machines and Mechanisms	Eric Lanteigne	Eric Lanteigne	2 nd yr of 2-yr term
Manufacturing	Alex Czekanski	Alex Czekanski	2 nd yr of 2-yr term
Materials Technology	Frank Cheng	Frank Cheng	2 nd yr of 2-yr term
Mechatronics, Robotics & Controls	Farrokh Janabi-Sharifi	Farrokh Janabi-Sharifi	2 nd yr of 2-yr term
Micro and Nanotechnology	Mohsen Akbari	Mohsen Akbari	1 st yr / 2 nd 2-yr term
Transportation Systems	Yuping He	Yuping He	2 nd yr of 2-yr term

All above positions have voting privileges on the BoD. In addition, the following BoD positions with no voting privilege, one of which (*) is appointed by another organization (CSP), are also recommended for approval by general members at the AGM:

Publications			
<i>Bulletin</i> Editor	Pouya Rezai	Pouya Rezai	2 nd yr of 2-yr term
<i>Bulletin</i> Associate Editor	Marc Secanell	Marc Secanell	2 nd yr of 2-yr term
<i>Transactions</i> Editor*	Marius Paraschivoiu	Marius Paraschivoiu	ending July 2022
Special Committees			
CNC-IUTAM	Marco Amabili	Marco Amabili	2 nd term ends 2025
Honours and Awards	Maciej Floryan	Maciej Floryan	2 nd yr of 2-yr term
Nominating	Maciej Floryan	Maciej Floryan	2 nd yr of 2-yr term

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