

**ASSOCIATION OF PROFESSIONAL  
ENGINEERS AND GEOSCIENTISTS  
OF THE PROVINCE OF MANITOBA  
O/A ENGINEERS GEOSCIENTISTS  
MANITOBA**

**Financial Statements  
For the year ended June 30, 2017**

# **ASSOCIATION OF PROFESSIONAL ENGINEERS AND GEOSCIENTISTS OF THE PROVINCE OF MANITOBA O/A ENGINEERS GEOSCIENTISTS MANITOBA**

**Financial Statements  
For the year ended June 30, 2017**

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## Independent Auditor's Report

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To the Members of the  
**ASSOCIATION OF PROFESSIONAL ENGINEERS AND GEOSCIENTISTS OF THE PROVINCE OF MANITOBA  
O/A ENGINEERS GEOSCIENTISTS MANITOBA**

We have audited the accompanying financial statements of the **ASSOCIATION OF PROFESSIONAL ENGINEERS AND GEOSCIENTISTS OF THE PROVINCE OF MANITOBA O/A ENGINEERS GEOSCIENTISTS MANITOBA**, which comprise the statement of financial position as at June 30, 2017, and the statements of operations, changes in net assets, 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.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **ASSOCIATION OF PROFESSIONAL ENGINEERS AND GEOSCIENTISTS OF THE PROVINCE OF MANITOBA O/A ENGINEERS GEOSCIENTISTS MANITOBA** as at June 30, 2017, 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.

*BDO Canada LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
September 21, 2017

**ASSOCIATION OF PROFESSIONAL ENGINEERS AND  
GEOLOGICISTS OF THE PROVINCE OF MANITOBA  
O/A ENGINEERS GEOLOGICISTS MANITOBA  
Statement of Financial Position**

**As at June 30** 2017 2016

**Assets**

**Current Assets**

Cash and bank	\$	1,299,065	\$	925,312
Accounts receivable		33,380		26,851
Prepaid expenses		119,232		84,890
		1,451,677		1,037,053

**Investments (Note 2)** 4,142,128 4,040,172

**Capital assets (Note 3)** 573,370 535,770

**\$ 6,167,175 \$ 5,612,995**

**Liabilities and Net Assets**

**Current Liabilities**

Accounts payable and accrued liabilities	\$	283,547	\$	208,762
Deferred revenue		1,558,765		1,425,351
		1,842,312		1,634,113


**Commitment (Note 4)**

**Net Assets**

Unrestricted	1,735,993	1,310,788
Invested in capital assets	573,370	535,770
Internally restricted	2,015,500	2,132,324
	4,324,863	3,978,882

**\$ 6,167,175 \$ 5,612,995**

Approved on behalf of Council:

 President

 CEO & Registrar

**ASSOCIATION OF PROFESSIONAL ENGINEERS AND  
GEOLOGICISTS OF THE PROVINCE OF MANITOBA  
O/A ENGINEERS GEOLOGICISTS MANITOBA  
Statement of Operations**

<b>For the year ended June 30</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenue</b>			
Assessments	\$ 94,619	\$ 107,604	\$ 108,862
Certificate of Authorization	329,394	363,289	379,442
Exam administration and exam fees	104,000	96,760	93,400
Insurance program	20,000	20,346	22,255
Investment income			
Realized	176,000	193,891	134,723
Unrealized	-	288,251	223,688
Meeting and professional development recoveries	100,426	90,374	84,615
Members' annual fees (Note 5)	2,075,332	2,099,652	2,028,943
Members in training (Schedule 2)	263,303	287,020	279,690
Other	219,553	234,353	200,500
Student memberships	3,250	7,622	2,802
	<b>3,385,877</b>	<b>3,789,162</b>	<b>3,558,920</b>
<b>Expenses</b>			
Administration (Schedule 1)	3,073,183	2,905,467	2,510,044
Amortization of capital assets	91,176	73,516	76,062
Awards program	9,500	7,779	9,725
Certificates and seals	30,000	34,781	30,272
Meeting	317,245	294,263	254,800
Secondary professional liability insurance	40,000	38,597	9,636
Student support and scholarships	28,405	30,473	23,900
Travel	40,900	58,305	35,990
	<b>3,630,409</b>	<b>3,443,181</b>	<b>2,950,429</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>\$ (244,532)</b>	<b>\$ 345,981</b>	<b>\$ 608,491</b>

**ASSOCIATION OF PROFESSIONAL ENGINEERS AND GEOSCIENTISTS  
OF THE PROVINCE OF MANITOBA  
O/A ENGINEERS GEOSCIENTISTS MANITOBA  
Statement of Changes in Net Assets**

For the year ended June 30, 2017

	General	Invested Capital in Assets	Committee Reserve	Long-term Reserve	Capital Asset Replacement	Continuing Professional Education	Internally Restricted			Total
							Hearings	Discipline By-law	Association Centennial	
<b>Net assets, June 30, 2015</b>	\$ 1,871,388	\$ 578,593	\$ -	\$ -	\$ 250,000	\$ 10,410	\$ 10,000	\$ 250,000	\$ 400,000	\$ 3,370,391
<b>Excess (deficiency) of revenue over expenses for the year</b>	672,639	(76,062)	11,914	-	-	-	-	-	-	608,491
<b>Interfund Transfers</b>										
Acquisition of capital assets	(33,239)	33,239	-	-	-	-	-	-	-	-
Appropriations	(1,200,000)	-	-	1,200,000	-	-	-	-	-	-
<b>Net assets, June 30, 2016</b>	\$ 1,310,788	\$ 535,770	\$ 11,914	\$ 1,200,000	\$ 250,000	\$ 10,410	\$ 10,000	\$ 250,000	\$ 400,000	\$ 3,978,882
<b>Excess (deficiency) of revenue over expenses for the year</b>	425,205	(74,067)	(5,157)	-	-	-	-	-	-	345,981
<b>Interfund Transfers</b>										
Acquisition of capital assets	-	111,900	-	-	(111,900)	-	-	-	-	-
Proceeds on disposal of capital assets	-	(233)	-	-	233	-	-	-	-	-
<b>Net assets, June 30, 2017</b>	\$ 1,735,993	\$ 573,370	\$ 6,757	\$ 1,200,000	\$ 138,333	\$ 10,410	\$ 10,000	\$ 250,000	\$ 400,000	\$ 4,324,863

**ASSOCIATION OF PROFESSIONAL ENGINEERS AND  
GEOLOGICISTS OF THE PROVINCE OF MANITOBA  
O/A ENGINEERS GEOLOGICISTS MANITOBA  
Statement of Cash Flows**

<b>For the year ended June 30</b>	<b>2017</b>	<b>2016</b>
<b>Cash Flows from Operating Activities</b>		
Cash receipts from members and others	\$ 3,417,153	\$ 3,284,602
Cash paid to suppliers and employees	<u>(3,328,671)</u>	<u>(2,912,370)</u>
	<u>88,482</u>	<u>372,232</u>
<b>Cash Flows from Financing and Investing Activities</b>		
Cash receipts from investment	210,643	132,708
Net disposition of investments	186,295	365,949
Acquisition of capital assets	(111,900)	(33,239)
Proceeds on disposal of capital assets	<u>233</u>	<u>-</u>
	<u>285,271</u>	<u>465,418</u>
<b>Net increase in cash and bank</b>	<b>373,753</b>	<b>837,650</b>
<b>Cash and bank, beginning of year</b>	<u><b>925,312</b></u>	<u><b>87,662</b></u>
<b>Cash and bank, end of year</b>	<u><b>\$ 1,299,065</b></u>	<u><b>\$ 925,312</b></u>

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# ASSOCIATION OF PROFESSIONAL ENGINEERS AND GEOLOGICISTS OF THE PROVINCE OF MANITOBA O/A ENGINEERS GEOLOGICISTS MANITOBA Notes to Financial Statements

For the year ended June 30, 2017

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## 1. Nature of the Organization and Summary of Significant Accounting Policies

### a. Nature of the Organization

The Association of Professional Engineers and Geoscientists of the Province of Manitoba operating as Engineers Geoscientists Manitoba ("Association") is incorporated under the laws of the Province of Manitoba and is engaged in the administration of *The Engineering and Geoscientific Professions Act of Manitoba* (the "Act").

The Association is a not-for-profit organization and as such is exempt from tax under *The Income Tax Act*.

### b. Basis of Accounting

These financial statements are prepared by management in accordance with CPA Canada Handbook - Accounting - Part III - Accounting Standards for Not-for-Profit Organizations.

### c. Fund Accounting

General net assets accounts for the Association's program delivery and administrative activities. These net assets report unrestricted resources and restricted operating revenue.

Invested in Capital Assets net assets report the assets, liabilities, revenue and expenses related to the Association's capital assets.

The Committee Reserve net assets report appropriations to fund committee and subcommittee activities.

Long-term Reserve net assets report appropriations to fund future unforeseen or extraordinary events. Appropriations to and from these net assets occur at Council's discretion.

The Capital Asset Replacement net assets report appropriations to fund future replacements and improvements to capital assets. Appropriations to and from these net assets occur at Council's discretion.

The Continuing Professional Education net assets report appropriations to fund future continuing professional education programs for members. Appropriations to and from these net assets occur at Council's discretion.

The Hearings net assets report appropriations to fund possible expenses incurred for the conduct of hearings relative to appeals on rejected applications for membership as provided for under Section 23(1) of the Act.



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**ASSOCIATION OF PROFESSIONAL ENGINEERS AND  
GEOLOGICISTS OF THE PROVINCE OF MANITOBA  
O/A ENGINEERS GEOLOGICISTS MANITOBA  
Notes to Financial Statements**

**For the year ended June 30, 2017**

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**1. Nature of the Organization and Summary of Significant Accounting Policies (continued)**

c. Fund Accounting (continued)

The Discipline By-law net assets were established through the Association's by-laws. The by-laws direct Council to establish and maintain a special fund for the purpose of administering and enforcing the discipline provisions of its by-laws. The net assets are maintained by assessing general membership an amount set by Council. Appropriations from the net assets will be required to fund investigations conducted by the Investigation Committee and formal hearings of the Discipline Committee and appeals therefrom.

The Association Centennial net assets report appropriations to fund future Association centennial year events. Appropriations to and from the net assets occur at Council's discretion.

d. Revenue Recognition

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

Members are charged an annual fee based on the calendar year January 1 to December 31, however, the Association has a fiscal year end of June 30. The Association recognizes revenue from member fees on a pro-rata basis to June 30. Deferred revenue represents the members' fees and other revenue for the six month period from July to December that are deferred and recognized as revenue in the next fiscal year.

Other fees and revenue are recognized as revenue when the registration or licensing has occurred or the services have been performed and the collection is reasonably assured.

Investment income is recognized on an accrual basis as earned.

e. Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all bonds, guaranteed investment certificates and securities have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

**ASSOCIATION OF PROFESSIONAL ENGINEERS AND  
GEOLOGISTS OF THE PROVINCE OF MANITOBA  
O/A ENGINEERS GEOLOGISTS MANITOBA  
Notes to Financial Statements**

**For the year ended June 30, 2017**

**1. Nature of the Organization and Summary of Significant Accounting Policies (continued)**

f. Capital Assets

Capital assets are recorded at cost less accumulated amortization in the statement of financial position. Amortization based on the estimated useful life of the asset is calculated as follows with half of the applicable rate applied in the year of acquisition:

Computer equipment	33 1/3% declining balance
Computer software	33 1/3% declining balance
Office furniture and equipment	10% declining balance
Leasehold improvements	10% declining balance

g. Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 amounts could differ from those estimates.

**2. Investments**

The details of the Association's investments as at June 30 are as follows:

	<u>2017</u>	<u>2016</u>
Bonds and Guaranteed Investment Certificates	<b>\$ 915,269</b>	\$ 959,186
Securities		
Canadian	<b>2,504,530</b>	2,710,910
Foreign	<b>722,329</b>	370,076
	<b><u>\$ 4,142,128</u></b>	<b><u>\$ 4,040,172</u></b>

Bonds and Guaranteed Investment Certificates bear interest ranging from 1.85% to 5.95% (1.41% to 9.25% in 2016) with maturities from March 2018 to June 2036.

**ASSOCIATION OF PROFESSIONAL ENGINEERS AND  
GEOLOGICISTS OF THE PROVINCE OF MANITOBA  
O/A ENGINEERS GEOLOGICISTS MANITOBA  
Notes to Financial Statements**

**For the year ended June 30, 2017**

**3. Capital Assets**

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 380,472	\$ 347,584	\$ 367,748	\$ 335,387
Computer software	169,665	128,214	143,142	117,454
Office furniture and equipment	311,262	163,881	290,755	149,466
Leasehold improvements	777,075	425,425	727,206	390,774
	<b>\$ 1,638,474</b>	<b>\$ 1,065,104</b>	<b>\$ 1,528,851</b>	<b>\$ 993,081</b>
Net book value		<b>\$ 573,370</b>		<b>\$ 535,770</b>

**4. Commitment**

The Association has entered into a lease agreement for its office premises expiring in January 2027 with annual lease payments of \$217,000.

The Association has also entered into a contract for construction of leasehold improvements for its premises for approximately \$272,000.

**5. Members' Annual Fees**

	2017	2016
Late fees	\$ 13,050	15,850
Licencees	7,115	7,726
Non-practicing - Unemployed	4,132	11,223
Practicing	2,032,398	1,950,089
Retired	42,957	44,055
	<b>\$ 2,099,652</b>	<b>\$ 2,028,943</b>

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**ASSOCIATION OF PROFESSIONAL ENGINEERS AND  
GEOLOGICISTS OF THE PROVINCE OF MANITOBA  
O/A ENGINEERS GEOLOGICISTS MANITOBA  
Notes to Financial Statements**

**For the year ended June 30, 2017**

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**6. Capital Management**

The Association defines capital as its net assets and it is not subject to any externally imposed capital requirements which are unchanged from the prior year.

The Association's objectives when managing capital are:

- (a) to safeguard its ability to continue as a going concern, and
- (b) to continue to meet its obligations under the Act.

The Association manages its capital by following its Asset Protection & Risk Management and Investment Policies to achieve these objectives by:

- (a) considering economic conditions and the risk characteristics of underlying assets;
- (b) establishing annual operating and capital budgets and monitoring related performance;
- (c) establishing rolling performance objectives for excess of revenue over expenses and cash flow and monitoring related performance;
- (d) maintaining liquid assets at least sufficient to fund operating expenses; and,
- (e) controlling operating costs relative to available revenue.

**7. Financial Instrument Risk Management**

The Association, through its financial assets and liabilities, is exposed to various risks in the normal course of operations. The Association's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Association's activities. The following analysis provides a measurement of those risks at year end.

Credit Risk

Credit risk is the risk that the Association will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Association to significant concentrations of credit risk consist primarily of cash and bank, accounts receivables and investments. The Association is not exposed to significant credit risk as the receivable have typically been paid when due and investments are diversified.

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**ASSOCIATION OF PROFESSIONAL ENGINEERS AND  
GEOSCIENTISTS OF THE PROVINCE OF MANITOBA  
O/A ENGINEERS GEOSCIENTISTS MANITOBA  
Notes to Financial Statements**

**For the year ended June 30, 2017**

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**7. Financial Instrument Risk Management (continued)**

Liquidity Risk

Liquidity risk is the risk that the Association will not be able to meet its obligations as they fall due. The Association maintains adequate levels of working capital to ensure all its obligations can be met when they fall due. Investments are also held in securities that can be liquidated within a few days notice.

Interest Rate and Market Risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market conditions and interest rates. The Association is not exposed to significant interest rate and market risks as investments are diversified.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Association is exposed to foreign exchange risk since it holds a portion of its investments in foreign equities.

**ASSOCIATION OF PROFESSIONAL ENGINEERS AND  
GEOLOGISTS OF THE PROVINCE OF MANITOBA  
O/A ENGINEERS GEOLOGISTS MANITOBA  
Schedule 1 - Administration Expenses**

<b>For the year ended June 30</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
Advertising	\$ 232,600	\$ 193,810	\$ 103,912
Bank charges	106,290	131,858	119,659
Courier	4,200	3,819	3,417
Dues, subscriptions and national assessment fees	91,160	50,305	88,518
Governance	56,000	28,519	12,125
Insurance	17,519	17,423	14,871
Internet	7,614	6,015	7,497
Occupancy	298,449	284,771	211,220
Other	45,804	24,060	20,808
Outside services	244,164	210,770	303,028
Postage	35,150	32,267	38,032
Printing, office supplies and equipment	141,656	161,443	126,225
Professional fees	307,410	187,750	193,984
Salaries and benefits	1,341,073	1,447,533	1,139,387
Sponsorships	96,212	96,044	96,869
Staff training	35,100	14,020	10,559
Telephone	12,782	15,060	19,933
	<b>\$ 3,073,183</b>	<b>\$ 2,905,467</b>	<b>\$ 2,510,044</b>

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**ASSOCIATION OF PROFESSIONAL ENGINEERS AND  
GEOLOGICISTS OF THE PROVINCE OF MANITOBA  
O/A ENGINEERS GEOLOGICISTS MANITOBA  
Schedule 2 - Changes in Members' Roll and Members in Training  
(Unaudited)**

**For the year ended June 30, 2017**

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**Members on Roll**

Members on Roll, June 30, 2016		6,441
Reinstatements	2	
Reinstatements - mobility	37	
Registrations - mobility	336	
Transfers-in	161	536
		<hr/> 6,977
Members deceased	16	
Withdrawn	250	
Written Off	138	404
		<hr/> 6,573
Members on Roll, June 30, 2017		<hr/> <b>6,573</b>

**Members in Training**

Members in training, June 30, 2016		1,427
Net increase		<hr/> 101
Members in training, June 30, 2017		<hr/> <b>1,528</b>

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