
**Financial statements of the
Association of Professional Engineers
and Geoscientists of Saskatchewan**

December 31, 2021

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Independent Auditor's Report

Opinion

We have audited the financial statements of the Association of Professional Engineers & Geoscientists of Saskatchewan (the "Association"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

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

Deloitte LLP

Chartered Professional Accountants
Regina, Saskatchewan
March 31, 2022

Association of Professional Engineers and Geoscientists of Saskatchewan
Statement of financial position

As at December 31, 2021

	Notes	2021 \$	2020 \$
Assets			
Current assets			
Cash		6,109,550	7,711,105
Accounts receivable and accrued interest		17,417	13,576
Prepaid expenses		174,799	167,451
Short term investments	3	2,309,675	1,106,255
		8,611,441	8,998,387
Investments	3	9,242,938	7,639,504
Capital assets	4	372,147	504,572
Intangible assets	5	400,096	435,565
		18,626,622	17,578,028
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		296,770	356,450
Accrued vacation payable		152,970	119,054
Government remittances payable		153,030	156,836
Fees collected in advance		4,474,768	4,198,385
		5,077,538	4,830,725
Net assets			
Internally restricted net assets	6	4,375,902	4,288,501
Net assets invested in capital assets and intangible assets		772,243	940,137
Unrestricted net assets		8,400,939	7,518,665
		13,549,084	12,747,303
		18,626,622	17,578,028

These financial statements do not reflect the substantial value of services contributed by volunteers.

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

On behalf of Council

 _____, Councillor

 _____, Councillor

Association of Professional Engineers and Geoscientists of Saskatchewan
Statement of operations

Year ended December 31, 2021

		2021	2020
	Schedules	\$	\$
Revenue			
Fees			
Membership and license		5,028,268	4,889,760
Certificate of authorization		759,701	752,249
Registration		502,900	423,680
Practice exams		247,945	282,332
Advertising		56,033	27,187
Investment income		186,382	216,521
Unrealized gain (loss) on investments		6,854	(6,056)
Penalties and surcharges		16,845	9,676
Association functions		68,995	91,818
Other revenue		25	24
		<u>6,873,948</u>	<u>6,687,191</u>
Expenses			
Executive Committee	1	231,744	243,949
Council and Committees	2	196,339	217,154
Operations	3	4,357,957	3,817,310
Communications and Sponsorships	4	514,868	484,911
Governance Board	5	211,569	79,530
Regulatory Board	6	187,934	182,748
Professionalism Board	7	371,756	522,865
		<u>6,072,167</u>	<u>5,548,467</u>
Excess of revenues over expenses		<u>801,781</u>	<u>1,138,724</u>

These financial statements do not reflect the substantial value of services contributed by volunteers.

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

Association of Professional Engineers and Geoscientists of Saskatchewan
Statement of changes in net assets
Year ended December 31, 2021

	Invested in capital assets and intangible assets	Internally restricted net assets	Unrestricted net assets	2021	2020
	\$	\$	\$	\$	\$
	(Note 6)				
Net assets, beginning of year	940,137	4,288,501	7,518,665	12,747,303	11,608,579
Excess of revenues over expenses	(2,712,713)	87,401	3,427,093	801,781	1,138,724
Purchase of capital assets and intangible assets	2,544,819	—	(2,544,819)	—	—
Net assets, end of year	772,243	4,375,902	8,400,939	13,549,084	12,747,303

These financial statements do not reflect the substantial value of services contributed by volunteers.

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

Association of Professional Engineers and Geoscientists of Saskatchewan
Statement of cash flows

Year ended December 31, 2021

	2021	2020
	\$	\$
Operating activities		
Excess of revenues over expenses	801,781	1,138,724
Items not affecting cash		
Amortization	223,272	241,408
Unrealized (gain) loss on investments	(6,854)	6,056
Changes in non-cash working capital		
Accounts receivable and accrued interest	(3,841)	5,492
Prepaid expenses	(7,348)	(2,934)
Accounts payable and accrued liabilities	(59,680)	173,223
Accrued vacation payable	33,916	(255,738)
Government remittances payable	(3,806)	6,363
Fees collected in advance	276,383	(24,640)
	1,253,823	1,287,954
Investing activities		
Purchase of investments	(3,900,000)	(2,200,000)
Redemption of investments	1,100,000	2,200,000
Purchase of capital assets	(54,275)	(32,890)
Purchase of intangible assets	(1,103)	(2,743)
	(2,855,378)	(35,633)
Net (decrease) increase in cash	(1,601,555)	1,252,321
Cash, beginning of year	7,711,105	6,458,784
Cash, end of year	6,109,550	7,711,105

These financial statements do not reflect the substantial value of services contributed by volunteers.

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

Association of Professional Engineers and Geoscientists of Saskatchewan
Notes to the financial statements
December 31, 2021

1. The organization

The Association of Professional Engineers and Geoscientists of Saskatchewan ("APEGS") is a non-profit organization that regulates the professions of professional engineering and professional geoscience by promoting and improving the competency of members in their practice of professional engineering or professional geoscience in order to safeguard the public. APEGS is exempt from income taxes pursuant to Section 149 of *The Income Tax Act*.

2. Significant accounting policies

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

(a) Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures for the period. The main estimates relate to the useful lives of capital assets and intangible assets subject to amortization and the allowance for doubtful accounts. Actual results could differ from those estimates.

(b) Revenue recognition

Fees are recorded in revenue over the applicable membership period when the fee is fixed or determinable and collection is reasonably assured. Fees collected in advance arise when members pay their annual dues for the next year prior to the current year end.

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured.

(c) Capital assets

Capital assets are recorded at cost.

Amortization is provided over the estimated useful life of the asset on a straight-line basis at the following rates:

Computer equipment	3 years
Office equipment	5 years
Leasehold improvements	over the term of the lease plus one renewal period

(d) Intangible assets

Intangible assets consist of software and is accounted for at cost. The software is amortized over its estimated useful life of 3-5 years using the straight-line method.

Association of Professional Engineers and Geoscientists of Saskatchewan
Notes to the financial statements

December 31, 2021

2. Significant accounting policies (continued)

(e) Impairment of capital assets

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost. The write-down of tangible capital assets is recognized as an expense in the statement of operations. A write-down should not be reversed.

(f) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value. APEGS subsequently measures its financial assets and financial liabilities at amortized cost, except for investments, which APEGS measures at fair value. Changes in fair value are recognized in the statements of operations and changes in net assets.

3. Investments

	Yield	Fair value	
		2021	2020
		\$	\$
Short term investments			
B2B Bank, GIC Annual due August 30, 2021	1.86	—	100,627
Bank of Nova Scotia, GIC Annual due August 30, 2021	1.70	—	100,573
ICICI Bank Canada, GIC Annual due August 30, 2021	1.80	—	100,607
VERSA Bank, GIC Annual due August 30, 2021	1.80	—	100,607
SBI Canada Bank, GIC Annual due August 30, 2021	1.87	—	100,630
Royal Bank of Canada, GIC Annual due September 7, 2021	1.70	—	100,540
RBC Mortgage Corp, GIC Annual due September 7, 2021	1.70	—	100,540
Royal Trust Company, GIC Annual due September 7, 2021	1.70	—	100,540
Royal Trust Corp, GIC Annual due September 7, 2021	1.70	—	100,540
Peoples Trust, GIC Annual due September 7, 2021	1.80	—	100,572
Home Trust Company, GIC Annual due September 30, 2021	1.90	—	100,479
Royal Bank of Canada, GIC Annual due September 26, 2022	0.40	600,645	—
Canadian Western Trust, GIC Annual Due September 5, 2022	2.50	100,801	—
Equitable Bank, GIC Annual Due September 6, 2022	2.53	100,811	—
General Bank of Canada, GIC Annual Due September 6, 2022	2.25	100,721	—
Royal Bank of Canada, GIC Annual Due September 6, 2022	1.80	402,308	—
National Bank of Canada, GIC Annual Due October 3, 2022	1.80	200,878	—
Royal Bank of Canada, GIC Annual Due October 3, 2022	1.80	803,511	—
		2,309,675	1,106,255

Association of Professional Engineers and Geoscientists of Saskatchewan
Notes to the financial statements

December 31, 2021

3. Investments (continued)

	Yield	Fair value	
		2021	2020
		\$	\$
Long term investments			
Canadian Western Trust, GIC Annual due September 5, 2022	2.50	—	100,801
Equitable Bank, GIC Annual due September 6, 2022	2.53	—	100,811
General Bank of Canada, GIC Annual due September 6, 2022	2.25	—	100,721
Royal Bank of Canada, GIC Annual due September 6, 2022	1.80	—	402,308
National Bank of Canada, GIC Annual due October 3, 2022	1.80	—	200,878
Royal Bank of Canada, GIC Annual due October 3, 2022	1.80	—	803,511
Bank of Nova Scotia, GIC Annual due September 5, 2023	2.91	1,009,328	1,009,328
Bank of Montreal, GIC Annual due September 25, 2023	0.81	300,652	—
Bank of Montreal, GIC Annual due September 27, 2023	2.85	805,934	805,934
Canadian Tire Bank, GIC Annual due September 27, 2023	3.05	100,794	100,794
Natcan Trust Company, GIC Annual due September 27, 2023	2.85	100,742	100,742
Home Equity Bank, GIC Annual due August 29, 2024	2.35	100,798	100,798
LBC Trust, GIC Annual due August 29, 2024	2.16	100,734	100,734
PC Bank, GIC Annual due August 29, 2024	2.15	100,730	100,730
BMO Mortgage Corp, GIC Annual due September 3, 2024	2.02	100,659	100,659
Effort Trust, GIC Annual due September 3, 2024	2.10	100,685	100,685
Royal Bank of Canada, GIC Annual due September 3, 2024	2.03	503,309	503,309
Bank of Montreal, GIC Annual due September 24, 2024	1.08	601,740	—
Bank of Montreal, GIC Annual due December 23, 2024	2.37	700,364	700,364
DUO Bank Canada, GIC Annual due September 2, 2025	1.26	100,418	100,418
Bank of Nova Scotia, GIC Annual due September 3, 2025	1.05	1,204,108	1,204,108
CDN Western Bank, GIC Annual due September 3, 2025	1.10	100,359	100,359
Laurentian Bank, GIC Annual due September 3, 2025	1.14	100,372	100,372
Manulife Bank CDA, GIC Annual due September 3, 2025	1.00	100,326	100,326
Manulife Trust Co., GIC Annual due September 3, 2025	1.00	100,326	100,326
Montreal Trust CDA, GIC Annual due September 3, 2025	1.05	100,342	100,342
Royal Bank of Canada, GIC Annual due September 24, 2025	1.31	100,352	—
Bank of Nova Scotia, GIC Annual due December 17, 2025	0.95	400,146	400,146
B2B Bank, GIC Annual due August 31, 2026	1.50	100,505	—
ICICI Bank Canada, GIC Annual due August 31, 2026	1.65	100,556	—
KEB HANA Bank Canada, GIC Annual due August 31, 2026	1.60	100,539	—
SBI Canada Bank, GIC Annual due August 31, 2026	1.73	100,583	—
Versabank, GIC Annual due August 31, 2026	1.65	100,556	—
Peoples Trust, GIC Annual due September 8, 2026	1.44	100,454	—
RBC Mortgage Corp, GIC Annual due September 8, 2026	1.33	100,419	—
Royal Bank of Canada, GIC Annual due September 8, 2026	1.33	200,838	—
Royal Trust Corp, GIC Annual due September 8, 2026	1.33	100,419	—
Bank of Montreal, GIC Annual due September 24, 2026	1.39	1,304,851	—
		9,242,938	7,639,504
Total investments, long and short term		11,552,613	8,745,759

Association of Professional Engineers and Geoscientists of Saskatchewan
Notes to the financial statements

December 31, 2021

4. Capital assets

	Cost	Accumulated amortization	Net Book Value	
			2021	2020
	\$	\$	\$	\$
Computer equipment	197,150	179,672	17,478	27,146
Leasehold improvement	1,288,375	1,020,291	268,084	411,770
Office equipment	351,092	264,507	86,585	65,656
	1,836,617	1,464,470	372,147	504,572

5. Intangible assets

	Cost	Accumulated amortization	Net Book Value	
			2021	2020
	\$	\$	\$	\$
Other intangible assets	144,273	120,074	24,199	31,112
Database management	893,301	517,404	375,897	404,453
	1,037,574	637,478	400,096	435,565

6. Internally restricted net assets

	2021	2020
	\$	\$
Working capital reserve	3,575,902	3,488,501
Discipline and enforcement reserve	800,000	800,000
	4,375,902	4,288,501

(a) Working capital reserve

The working capital reserve was established in 1995 to provide for costs in the event APEGS is wound up. During the year, the Council approved the calculation of the working capital reserve to be based on 100% of the previous year's expenditures for operations less amortization. During the year, the working capital reserve increased by \$87,501 (nil in 2020).

(b) Discipline and enforcement reserve

The discipline and enforcement reserve was established in 1995 to provide for major discipline and enforcement actions. During the year there were no changes to the discipline and enforcement reserve (nil in 2020).

Association of Professional Engineers and Geoscientists of Saskatchewan

Notes to the financial statements

December 31, 2021

7. Financial instruments

Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. APEGS is exposed to liquidity risk with respect to the financial liabilities recognized in the statement of financial position.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. APEGS is not exposed to significant credit risk as memberships are generally received in advance. Credit risk associated with its investments is considered limited since all are held with trust companies or Canadian banks.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. All of APEGS investments amounts are invested in fixed interest guaranteed investment certificates. The fair value of these investments having fixed rates of interest could fluctuate because of changes in market interest rates.

8. Commitments

- (a) The following is a summary of future minimum equipment rental payments required under operating leases that have terms in excess of one year as of December 31, 2021:

	\$
2022	57,244
2023	66,345
2024	34,046
2025	34,046
2026	34,046

- (b) APEGS leases its head office under an operating lease that expires on December 31, 2023. Annual lease payments over the next two years are as follows:

	\$
2022	635,181
2023	645,076

9. Comparative figures

Certain comparative figures have been changed to conform with current year presentation.

Association of Professional Engineers and Geoscientists of Saskatchewan
Schedule 1 - Executive Committee expenditures
Year ended December 31, 2021

	2021	2020
	\$	\$
Executive Committee	5,806	13,300
Liaisons	7,399	7,056
Government Relations	—	2,211
UofS/UofR Activities	2,500	912
Engineers Canada	178,898	179,073
Geoscientists Canada	37,141	41,397
	231,744	243,949

These schedules do not reflect the substantial value of services contributed by volunteers.

Association of Professional Engineers and Geoscientists of Saskatchewan
Schedule 2 - Council and Committees expenditures
 Year ended December 31, 2021

	2021	2020
	\$	\$
Council Meetings	53,998	94,313
Governance Change Project	57,899	72,050
Investigation Committee	68,848	47,161
Discipline Committee	9,852	2,843
Enforcement	5,742	787
	196,339	217,154

These schedules do not reflect the substantial value of services contributed by volunteers.

Association of Professional Engineers and Geoscientists of Saskatchewan
Schedule 3 - Operations expenditures
Year ended December 31, 2021

	2021	2020
	\$	\$
Salaries	2,712,713	2,346,417
Fixed Asset Purchases	138	2,407
Depreciation	223,272	241,408
Occupancy Costs	636,890	646,336
Professional Fees	203,401	48,463
Telephone	416	10,681
Other Operations Costs	399,826	521,598
IT-IS Operations	181,301	—
	4,357,957	3,817,310

These schedules do not reflect the substantial value of services contributed by volunteers.

Association of Professional Engineers and Geoscientists of Saskatchewan
Schedule 4 - Communications and Sponsorships expenditures

Year ended December 31, 2021

	2021	2020
	\$	\$
Professional Edge (Newsletter)	237,208	232,483
Awareness	231,595	220,238
Sponsorships - General and K-12	46,065	32,190
	514,868	484,911

These schedules do not reflect the substantial value of services contributed by volunteers.

Association of Professional Engineers and Geoscientists of Saskatchewan
Schedule 5 - Governance Board expenditures

Year ended December 31, 2021

	2021	2020
	\$	\$
Audit & Risk Managemenet Committee	69,691	—
Nominating Committee	16,711	9,885
Volunteer Recognition	9,485	12,161
Annual Report	7,552	7,911
Annual Meeting/Conference	108,130	49,574
	211,569	79,531

These schedules do not reflect the substantial value of services contributed by volunteers.

Association of Professional Engineers and Geoscientists of Saskatchewan
Schedule 6 - Regulatory Board expenditures

Year ended December 31, 2021

	2021	2020
	\$	\$
Regulatory Board	54,458	1,106
CPD Compliance Committee	5,403	10,466
Experience Review Committee	26,191	40,656
Academic Review Committee/Interviews	49,520	75,338
Prof. Practice Exam Com./Seminar & Exam	51,985	55,068
Licensee Admissions Committee	149	114
Admissions Officials Meetings	228	—
	187,934	182,748

These schedules do not reflect the substantial value of services contributed by volunteers.

Association of Professional Engineers and Geoscientists of Saskatchewan
Schedule 7 - Professionalism Board expenditures

Year ended December 31, 2021

	2021	2020
	\$	\$
Professionalism Board	(3,672)	27,736
Environment and Environmental Issues Committee	—	1,592
Professional Development Committee	116,620	177,540
Equity and Diversity Committee	6,300	21,712
Awards Committee	14	145
Scholarships and Bursaries	73,990	104,204
Grants (Constituent Societies/Universities)	171,014	182,446
Salary Survey	7,490	7,490
	371,756	522,865

These schedules do not reflect the substantial value of services contributed by volunteers.