
Association of Professional Engineers and Geoscientists of New Brunswick

**Financial Statements
September 30, 2023**

Association of Professional Engineers and Geoscientists of New Brunswick

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Independent Auditor's Report

To: The members of Association of Professional Engineers and Geoscientists of New Brunswick

Opinion

We have audited the financial statements of Association of Professional Engineers and Geoscientists of New Brunswick, which comprise the statement of financial position as at September 30, 2023, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Association of Professional Engineers and Geoscientists of New Brunswick as at September 30, 2023 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

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

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

Independent Auditor's Report, continued

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 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 auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ 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 organization'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 organization'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 organization 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.

Fredericton, New Brunswick
December 7, 2023


Chartered Professional Accountants

Association of Professional Engineers and Geoscientists of New Brunswick

Statement of Financial Position
As at September 30, 2023

	2023	2022
ASSETS		
Current		
Cash (note 3)	\$ 217,304	\$ 151,237
Short term investments (note 4)	746,736	833,580
Prepaid expenses	76,161	63,449
HST receivable	31,604	60,507
Internally restricted assets (note 5)	894,863	700,000
	<u>1,966,668</u>	<u>1,808,773</u>
Capital assets (note 6)	<u>1,073,129</u>	<u>1,116,685</u>
	<u>\$ 3,039,797</u>	<u>\$ 2,925,458</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 80,936	\$ 195,924
Deferred revenue (note 7)	436,798	471,685
Government remittances payable	17,040	20,326
	<u>534,774</u>	<u>687,935</u>
NET ASSETS		
Unrestricted	1,610,160	1,537,523
Internally restricted- Operating	400,000	300,000
Internally restricted- Capital	244,863	200,000
Internally restricted- Legal	250,000	200,000
	<u>2,505,023</u>	<u>2,237,523</u>
	<u>\$ 3,039,797</u>	<u>\$ 2,925,458</u>

Approved



President

Secretary - Treasurer



Association of Professional Engineers and Geoscientists of New Brunswick

Statement of Changes in Net Assets
Year ended September 30, 2023

	<u>Unrestricted</u>	<u>Internally restricted- Operating</u>	<u>Internally restricted- Capital</u>	<u>Internally restricted- Legal</u>	<u>Total 2023</u>	<u>Total 2022</u>
Net assets, opening	\$ 1,537,523	\$ 300,000	\$ 200,000	\$ 200,000	\$ 2,237,523	\$ 2,214,618
Excess of revenues over expenditures	67,500	100,000	50,000	50,000	267,500	22,905
Transfer to internally restricted	5,137	-	(5,137)	-	-	-
Net assets, closing	<u>\$ 1,610,160</u>	<u>\$ 400,000</u>	<u>\$ 244,863</u>	<u>\$ 250,000</u>	<u>\$ 2,505,023</u>	<u>\$ 2,237,523</u>

Association of Professional Engineers and Geoscientists of New Brunswick

Statement of Operations
Year ended September 30, 2023

	2023 Actual	2023 Budget	2022 Actual
Revenues			
Membership dues	\$ 1,150,870	\$ 1,184,500	\$ 1,153,106
Licencees	352,877	334,750	322,615
Certificate of Authorization fees	247,713	216,300	218,286
Registration fees	214,673	131,250	133,086
Affinity revenue	112,947	95,000	96,405
Exam fees	65,830	40,000	46,445
Sundry	99,020	50,000	65,102
Annual meeting	16,509	25,000	16,310
	<u>2,260,439</u>	<u>2,076,800</u>	<u>2,051,355</u>
Expenditures			
Operating (Schedule 1)	1,230,852	1,219,850	1,286,006
Member services (Schedule 2)	358,399	306,000	240,394
Communication (Schedule 3)	255,225	394,000	318,131
Other (Schedule 4)	254,665	156,500	177,825
	<u>2,099,141</u>	<u>2,076,350</u>	<u>2,022,356</u>
Excess of revenues over expenditures from operations	<u>161,298</u>	<u>450</u>	<u>28,999</u>
Other income (expenses)			
Investment income	78,580	-	37,263
Unrealized gain (losses) on investments	23,089	-	(61,166)
Gain on sale of marketable securities	13,940	-	26,694
Investment management fees	(9,407)	-	(8,885)
	<u>106,202</u>	<u>-</u>	<u>(6,094)</u>
Excess of revenues over expenditures	<u><u>\$ 267,500</u></u>	<u><u>\$ 450</u></u>	<u><u>\$ 22,905</u></u>

Association of Professional Engineers and Geoscientists of New Brunswick

Statement of Cash Flows
Year ended September 30, 2023

	2023	2022
Operating activities		
Received from members	\$ 1,115,983	\$ 1,184,238
Received from licencees, registrations and other	996,621	801,845
Received from affinity programs	112,947	96,405
Received from investments	27,126	22,528
Payments to suppliers and employees	<u>(2,107,818)</u>	<u>(1,899,880)</u>
	<u>144,859</u>	<u>205,136</u>
Investing activities		
Purchase of capital assets	(46,563)	(146,672)
Purchase of investments	(832,888)	(611,916)
Proceeds from sale of investments	<u>800,659</u>	<u>500,550</u>
	<u>(78,792)</u>	<u>(258,038)</u>
Change in cash position	66,067	(52,902)
Cash, opening	<u>151,237</u>	<u>204,139</u>
Cash, closing	<u><u>\$ 217,304</u></u>	<u><u>\$ 151,237</u></u>

Association of Professional Engineers and Geoscientists of New Brunswick

Notes to Financial Statements
September 30, 2023

1. Nature of operations

Association of Professional Engineers and Geoscientists of New Brunswick is continued as a not-for-profit corporation without share capital under the New Brunswick Engineering and Geoscience Professions Act (2015) and is exempt from tax under section 149(1)(l) of the Income Tax Act.

The objectives of the Association are to:

- (a) regulate and govern the Professions in accordance with the Act, by-laws and rules;
- (b) establish and maintain standards of knowledge and skill for the practice of the Professions;
and
- (c) establish and maintain standards of professional ethics for the practice of the Professions;

in order that the public interest may be served and protected.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash held at a chartered bank as well as cash held within investment accounts.

(b) Revenue recognition

Membership dues, licensee fees, certificates of authorization and registration fees are paid annually and are recognized in the year which they are earned. Fees received that relate to a future period are deferred and recognized in the subsequent period.

Investment income is recognized as revenue on an accrual basis.

Revenues from advertising, annual meeting, and other are recognized when the services are provided.

Association of Professional Engineers and Geoscientists of New Brunswick

Notes to Financial Statements
September 30, 2023

2. Significant accounting policies, continued

(c) Investments

Investments are reported at fair value using quoted market prices. Changes in the fair market value of investments are recognized as unrealized gains or losses.

(d) Internally restricted assets

Internally restricted funds for operating, legal and capital projects were established in December 2020 for the purpose of supporting the strategic business practices and enable APEGNB to: manage cash flow fluctuations; minimize the need to borrow working capital; meet commitments, obligations or other contingencies; and operate in a fiscally responsible manner. These funds will be available for use with approval from the finance and audit committee. These funds will grow similar to the regular risk evaluation as outlined with the short-term investments.

(e) Capital assets

Capital assets are recorded at cost. The Association provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The annual amortization rates and methods are as follows:

Buildings	4% Declining balance
Solar panels	30 years Straight-line
Office equipment	20% Declining balance
Computer equipment	50% Declining balance
Website	50% Declining balance
Membership database	5 years Straight-line

(f) 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 balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Association of Professional Engineers and Geoscientists of New Brunswick

Notes to Financial Statements
September 30, 2023

2. Significant accounting policies, continued

(g) Financial instruments

The Association initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Association subsequently measures its financial assets and financial liabilities at amortized cost, except for securities quoted in an active market, which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash, accounts receivable and HST receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include short term investments.

3. Cash

	<u>2023</u>	<u>2022</u>
General account	\$ 195,250	\$ 127,496
Cash held in investment accounts	21,904	23,540
Petty cash	<u>150</u>	<u>200</u>
	<u>\$ 217,304</u>	<u>\$ 151,236</u>

4. Short term investments

	<u>2023</u>	<u>2022</u>
Common and preferred shares	\$ 688,764	\$ 640,376
Money market funds	632,568	596,284
Corporate bonds and savings	320,267	296,920
Funds transferred to internally restricted assets	<u>(894,863)</u>	<u>(700,000)</u>
	<u>\$ 746,736</u>	<u>\$ 833,580</u>

Association of Professional Engineers and Geoscientists of New Brunswick

Notes to Financial Statements
September 30, 2023

5. Internally restricted assets

	2023	2022
Internally restricted - operating	\$ 400,000	\$ 300,000
Internally restricted - legal	250,000	200,000
Internally restricted - capital	244,863	200,000
	<u>\$ 894,863</u>	<u>\$ 700,000</u>

The Association established internally restricted funds on December 3, 2020 with the goal of supporting strategic business practices and enable APEGNB to:

- Manage cash flow fluctuation
- Minimize the need to borrow working capital
- Meet commitments, obligations or other contingencies
- Operate in a fiscally responsible manner

The internally restricted funds are intended to serve a dynamic role and are available to be utilized as needed.

On June 8th, 2023, Council approved the use of \$5,137 from the internally restricted capital account for the purchase and installation of a sound dampening system.

6. Capital assets

	2023			2022
	Cost	Accumulated amortization	Net	Net
Land	\$ 175,146	\$ -	\$ 175,146	\$ 175,146
Buildings	1,157,125	539,830	617,295	637,772
Solar panels	49,305	13,974	35,331	36,975
Office equipment	110,663	103,011	7,652	7,247
Computer equipment	300,049	291,206	8,843	7,431
Website	113,185	109,673	3,512	7,023
Membership database	339,667	114,317	225,350	245,091
	<u>\$ 2,245,140</u>	<u>\$ 1,172,011</u>	<u>\$ 1,073,129</u>	<u>\$ 1,116,685</u>

Association of Professional Engineers and Geoscientists of New Brunswick

Notes to Financial Statements
September 30, 2023

7. Deferred revenue

	<u>2023</u>	<u>2022</u>
Membership dues	\$ 283,401	\$ 300,667
Licencee fees	89,177	85,346
Certificate of authorization fees	64,220	55,053
Registration fees	<u>-</u>	<u>30,619</u>
	<u>\$ 436,798</u>	<u>\$ 471,685</u>

8. Branch Funding

During the year, APEGNB provided funding to the district branches in the amount of \$52,500 (2022 - \$52,500). This funding allows each branch to carry out its activities during the year. Each branch reports directly to its own council.

9. Related party transactions

The APEGNB Foundation for Education Inc. was established in 1994 and is a registered charity under the Income Tax Act. The Foundation's terms of reference are established by a by-law of the Foundation and its purpose is to promote the education and training of professional engineers, engineering students, professional geoscientists and geoscience students.

The Association collected \$12,373 (2022 - \$13,144) in donation revenue on behalf of the Foundation from its members, which are subsequently transferred for use by the Foundation.

Association of Professional Engineers and Geoscientists of New Brunswick

Notes to Financial Statements
September 30, 2023

10. APEGNB Foundation for Education Inc.

The assets, liabilities and results of operations of the APEGNB Foundation for Education Inc. have not been consolidated in the financial statements of the Association. The year end of the Foundation is December 31. Financial summaries of this unconsolidated, unaudited entity are as follows:

	Financial position	
	December 31, 2022	December 31, 2021
Cash on deposit	\$ 23,406	\$ 52,505
Interest receivable	760	3,993
Short term investments	1,030,985	1,136,146
Due from APEGNB	12,373	10,511
Accounts payable	(5,000)	(35,000)
	<u>\$ 1,062,524</u>	<u>\$ 1,168,155</u>
	Year ending December 31, 2022	Year ending December 31, 2021
Revenue - donations	\$ 22,308	\$ 20,777
Revenue (loss) - investments	(67,908)	79,793
	(45,600)	100,570
Expenditures - scholarships	(50,000)	(50,000)
Expenditures - other	(10,031)	(8,604)
	<u>\$ (105,631)</u>	<u>\$ 41,966</u>

Association of Professional Engineers and Geoscientists of New Brunswick

Notes to Financial Statements
September 30, 2023

11. Commitments

Operating leases and IT support

The Association is committed to the following contracts which all expire in 2024:

- Office equipment under operating leases
- OpenWater for use of their online platform for software assistance
- Bulletproof Solutions for IT support
- Host Management to assist the Internship Committee

Future minimum payments, in aggregate and including tax, are expected to be as follows:

2024	\$ <u>57,877</u>
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Outreach Coordinator

The Association entered into an agreement with Université de Moncton to provide funding for a full-time Outreach Coordinator. The agreement expires in 2025 unless revoked with 6 months notice in writing. Future minimum payments are expected to be as follows:

2024	\$ 35,000
2025	<u>35,000</u>
	\$ <u>70,000</u>

iMIS Usage

The Association entered into an agreement with Advanced Solutions International for the use of the iMIS software until March 2026 and ongoing implementation support until August 2025. Future minimum payments are expected to be as follows:

2024	\$ 25,109
2025	25,755
2026	<u>4,189</u>
	\$ <u>55,053</u>

Association of Professional Engineers and Geoscientists of New Brunswick

Notes to Financial Statements
September 30, 2023

11. Commitments, continued

The Gaia Project - Climate Labs

The Association entered into an agreement with The Gaia Project to provide STEM education programs to middle school students across New Brunswick. The agreement states APEGNB will provide financial support of \$35,000 over three years. The first payment of \$15,000 was made in September 2023 and the remaining amount will be paid out as follows:

2025	\$	10,000
2026		<u>10,000</u>
	\$	<u><u>20,000</u></u>

12. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Market risk

Market risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Association is exposed to market risk as a significant portion of its investments balance is held in publicly traded securities.

13. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

Association of Professional Engineers and Geoscientists of New Brunswick

Schedules to Financial Statements
Year ended September 30, 2023

Schedule of operating

Schedule 1

	2023 Actual	2023 Budget	2022 Actual
Salaries and benefits	\$ 822,680	\$ 915,000	\$ 805,947
Computer maintenance	107,326	45,000	136,115
Depreciation	90,120	-	84,410
Service fees	57,780	58,850	45,317
Property tax	43,754	46,000	42,063
Building maintenance	29,568	30,000	44,111
Office	24,998	30,000	37,798
Insurance	20,238	20,000	16,716
Professional fees	12,850	20,000	17,568
Telephone	11,609	12,000	20,056
Postage	5,825	30,000	29,422
Printing - office	4,104	7,500	3,281
Computers and equipment	-	5,500	3,202
	<u>\$ 1,230,852</u>	<u>\$ 1,219,850</u>	<u>\$ 1,286,006</u>

Schedule of member services

Schedule 2

	2023 Actual	2023 Budget	2022 Actual
Travel	\$ 84,626	\$ 40,000	\$ 44,658
Annual meeting	77,798	90,000	40,700
Branch funding (note 8)	52,500	52,500	52,500
Certificates and seals	46,347	35,000	24,206
Exam expenses and CBA	35,751	22,000	16,253
Council meetings	31,637	35,000	38,849
Translation	16,936	15,000	15,950
Committee meetings	12,804	8,000	6,918
Professional development for registrants	-	7,500	-
Awards	-	1,000	360
	<u>\$ 358,399</u>	<u>\$ 306,000</u>	<u>\$ 240,394</u>

Association of Professional Engineers and Geoscientists of New Brunswick

Schedules to Financial Statements
Year ended September 30, 2023

Schedule of communication

Schedule 3

	2023 <u>Actual</u>	2023 <u>Budget</u>	2022 <u>Actual</u>
Marketing Campaign	\$ 73,131	\$ 80,000	\$ 15,459
Outreach funding	51,294	75,000	30,172
Communications	50,220	100,000	101,689
Outreach coordinators	35,000	35,000	35,000
Government relations	27,862	70,000	97,702
Awards & Scholarships	14,000	24,000	22,000
Website and electronic communication	3,718	10,000	3,672
Project funding	<u>-</u>	<u>-</u>	<u>12,437</u>
	<u><u>\$ 255,225</u></u>	<u><u>\$ 394,000</u></u>	<u><u>\$ 318,131</u></u>

Schedule of other

Schedule 4

	2023 <u>Actual</u>	2023 <u>Budget</u>	2022 <u>Actual</u>
Miscellaneous	\$ 94,803	\$ 20,000	\$ 34,728
EC / GC assessment	74,541	78,000	73,803
Legal and act enforcement	42,220	15,000	41,669
Secondary liability insurance	25,393	33,000	26,137
Professional development	17,708	8,000	1,488
Act & By Law revision	<u>-</u>	<u>2,500</u>	<u>-</u>
	<u><u>\$ 254,665</u></u>	<u><u>\$ 156,500</u></u>	<u><u>\$ 177,825</u></u>

Included in miscellaneous are other professional consulting services costs related to strategic planning, human resources and registration management.