

**ASSOCIATION OF CANADA LANDS SURVEYORS**

**Financial Statements**

**Year Ended December 31, 2018**

*Draft for discussion purposes only*

# ASSOCIATION OF CANADA LANDS SURVEYORS

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## **INDEPENDENT AUDITOR'S REPORT**

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To the Members of Association of Canada Lands Surveyors

We have audited the accompanying financial statements of Association of Canada Lands Surveyors, which comprise the statement of financial position as at December 31, 2018 and the statements of revenues and expenses, changes in net assets and cash flow 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 Association of Canada Lands Surveyors as at December 31, 2018 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Ottawa, Ontario

Leslie & MacLeod, Chartered Professional Accountants  
(A Professional Corporation)  
Authorized to practise public accounting by  
the Chartered Professional Accountants of Ontario

# ASSOCIATION OF CANADA LANDS SURVEYORS

## Statement of Financial Position

December 31, 2018

|  | 2018              | 2017              |
|--|-------------------|-------------------|
| <b>ASSETS</b>                                |                   |                   |
| <b>CURRENT</b>                               |                   |                   |
| Cash (Note 3)                                | \$ 182,817        | \$ 24,966         |
| Accounts receivable                          | 115,742           | 108,957           |
| Short term investments (Note 5)              | 219,600           | 88,622            |
| Prepaid expenses                             | 11,318            | 20,566            |
| Inventory                                    | 9,970             | 13,822            |
|  | 539,447           | 256,933           |
| <b>TANGIBLE CAPITAL ASSETS (Note 4)</b>      | <b>4,416</b>      | <b>3,741</b>      |
| <b>LONG TERM INVESTMENTS (Note 5)</b>        | <b>381,621</b>    | <b>499,138</b>    |
|  | <b>\$ 925,484</b> | <b>\$ 759,812</b> |
| <b>LIABILITIES</b>                           |                   |                   |
| <b>CURRENT</b>                               |                   |                   |
| Accounts payable and accrued liabilities     | \$ 38,951         | \$ 38,901         |
| Harmonized sales tax payable                 | 3,358             | 2,393             |
| Provincial sales tax payable                 | 2,130             | 2,473             |
| Employee deductions payable                  | 9,115             | 17,849            |
| Deferred revenue (Note 6)                    | 270,730           | 148,659           |
|  | 324,284           | 210,275           |
| <b>NET ASSETS</b>                            |                   |                   |
| General fund                                 | 391,379           | 350,135           |
| Discipline and Illegal Practice Reserve Fund | 209,821           | 199,402           |
|  | 601,200           | 549,537           |
|  | <b>\$ 925,484</b> | <b>\$ 759,812</b> |

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# ASSOCIATION OF CANADA LANDS SURVEYORS

## Statement of Revenues and Expenses

Year Ended December 31, 2018

|   | 2018             | 2017             |
|---|------------------|------------------|
| <b>REVENUES</b>   |                  |                  |
| Membership dues   | \$ 293,765       | \$ 296,378       |
| Survey  | 244,109          | 211,397          |
| Other   | 307,885          | 131,859          |
| Candidate income  | 19,129           | 19,197           |
|   | <b>864,888</b>   | <b>658,831</b>   |
| <b>EXPENSES</b>   |                  |                  |
| Administration  | 467,771          | 404,370          |
| Annual general meeting                                  | 27,744           | 12,961           |
| Candidate expenses                                      | 76,628           | 42,126           |
| Committees  | 4,520            | 8,033            |
| Council meetings  | 21,848           | 11,295           |
| Discipline  | -                | 2,520            |
| Member mailings   | 1,505            | 2,579            |
| Outside services  | 7,384            | 20,411           |
| Pathways project  | 26,459           | 4,804            |
| Practice review   | 115,050          | 94,051           |
| Publicity and promotion                                 | 37,774           | 23,572           |
| Seminars  | 5,302            | 4,458            |
| Strategic planning                                      | 10,040           | -                |
|   | <b>802,025</b>   | <b>631,180</b>   |
| <b>EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS</b> | <b>62,863</b>    | <b>27,651</b>    |
| <b>OTHER INCOME (EXPENSES)</b>                          |                  |                  |
| Gain (loss) on disposal of investments                  | (1,984)          | 5,605            |
| Investment income                                       | 15,216           | 21,088           |
| Unrealized gain/(loss) on investments                   | (24,432)         | 2,367            |
|   | <b>(11,200)</b>  | <b>29,060</b>    |
| <b>EXCESS OF REVENUES OVER EXPENSES</b>                 | <b>\$ 51,663</b> | <b>\$ 56,711</b> |

# ASSOCIATION OF CANADA LANDS SURVEYORS

## Statement of Changes in Net Assets

Year Ended December 31, 2018

|                                       | General<br>Fund | Discipline and<br>Illegal Practice<br>Reserve<br>Fund | 2018              | 2017       |
|---------------------------------------|-----------------|---|-------------------|------------|
| <b>NET ASSETS - BEGINNING OF YEAR</b> | \$ 350,135      | \$ 199,402  | \$ <b>549,537</b> | \$ 492,826 |
| Excess of revenues over expenses      | 41,244          | 10,419  | <b>51,663</b>     | 56,711     |
| <b>NET ASSETS - END OF YEAR</b>       | \$ 391,379      | \$ 209,821  | \$ <b>601,200</b> | \$ 549,537 |

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# ASSOCIATION OF CANADA LANDS SURVEYORS

## Statement of Cash Flow Year Ended December 31, 2018

|  | 2018              | 2017             |
|--|-------------------|------------------|
| <b>OPERATING ACTIVITIES</b>              |                   |                  |
| Excess of revenues over expenses         | \$ 51,663         | \$ 56,711        |
| Item not affecting cash:                 |                   |                  |
| Amortization of tangible capital assets  | 1,777             | 1,629            |
|  | <b>53,440</b>     | <b>58,340</b>    |
| Changes in non-cash working capital:     |                   |                  |
| Accounts receivable                      | (6,785)           | (37,042)         |
| Prepaid expenses                         | 9,248             | 3,804            |
| Inventory                                | 3,852             | 4,530            |
| Accounts payable and accrued liabilities | 49                | 3,280            |
| Harmonized sales tax payable             | 965               | (2,159)          |
| Provincial sales tax payable             | (343)             | 272              |
| Employee deductions payable              | (8,734)           | 12,594           |
| Deferred revenue                         | 122,071           | 47,119           |
|  | <b>120,323</b>    | <b>32,398</b>    |
| Cash flow from operating activities      | <b>173,763</b>    | <b>90,738</b>    |
| <b>INVESTING ACTIVITIES</b>              |                   |                  |
| Purchase of tangible capital assets      | (2,451)           | (3,090)          |
| Net change in short term investments     | (130,978)         | (88,622)         |
| Net change in long term investments      | 117,517           | 14,582           |
| Cash flow used by investing activities   | <b>(15,912)</b>   | <b>(77,130)</b>  |
| <b>INCREASE IN CASH FLOW</b>             | <b>157,851</b>    | <b>13,608</b>    |
| <b>CASH - BEGINNING OF YEAR</b>          | <b>24,966</b>     | <b>11,358</b>    |
| <b>CASH - END OF YEAR</b>                | <b>\$ 182,817</b> | <b>\$ 24,966</b> |

# ASSOCIATION OF CANADA LANDS SURVEYORS

## Notes to Financial Statements

Year Ended December 31, 2018

### 1. PURPOSE OF ORGANIZATION

The Association of Canada Lands Surveyors (the "Association") is a national self-regulated professional association that governs the activities of the Canada Land Surveyors, whose mission is to promote and enhance the practice of professional land surveying and the use of the Canada Lands Surveyors Commission in the surveying of Canada Lands.

The Association is incorporated under the Canada Companies Act and is registered as a non-profit organization without share capital and as such is exempt from income taxes.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Association follows the standards in Part III of the CPA accounting Handbook and has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies outlined below.

#### Cash and cash equivalents

Cash is defined as cash on hand, cash on deposit, and short-term deposits with maturity dates of less than 90 days, net of cheque's issued and outstanding at the reporting date.

#### Inventory

Inventory consists of publications and other merchandise and is valued at the lower of cost and net realizable value with cost being determined on an average cost basis. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

#### Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

|                         |         |                      |
|-------------------------|---------|----------------------|
| Furniture and equipment | 5 years | straight-line method |
| Computer equipment      | 5 years | straight-line method |

The Association regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets cost.

#### Investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

(continues)



# ASSOCIATION OF CANADA LANDS SURVEYORS

## Notes to Financial Statements

Year Ended December 31, 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Fund accounting

The General Fund accounts for the Association's program delivery and administrative activities. This fund reports unrestricted resources and restricted grants.

The Discipline and Illegal Practice Fund is an internally board restricted fund which will be used to cover legal fees, investigation costs and court fees for discipline cases and for cases of illegal practice by individuals whom do not hold an ACLS licence and entities that do not hold an ACLS permit. It reports resources contributed and investment income earned on those resources.

#### Revenue recognition

The Association follows the deferral method of accounting for contributions.

Unrestricted revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from the sale of products is recognized when the product is shipped and collection is reasonably assured.

Unrestricted and board restricted investment income is recognized as revenue when earned.

#### Contributed services

Board members and other volunteers volunteer their time to assist in the Association's activities. While these services benefit the Association considerably, a reasonable estimate of their fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

#### Financial instruments policy

##### *Measurement of financial instruments*

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net income.

Financial assets measures at amortized cost on a straight-line basis include cash, accounts receivable, and short and long term investments.

Financial liabilities measures at amortized cost on a straight-line basis include accounts payable and accrued liabilities, government remittances payable and deferred revenue.

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# ASSOCIATION OF CANADA LANDS SURVEYORS

## Notes to Financial Statements

Year Ended December 31, 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

### 3. CASH

|                                 | 2018              | 2017             |
|---------------------------------|-------------------|------------------|
| General fund                    | \$ 141,203        | \$ 22,947        |
| General fund investment account | 41,557            | 19               |
| Reserve fund investment account | 57                | 2,000            |
|                                 | <b>\$ 182,817</b> | <b>\$ 24,966</b> |

### 4. TANGIBLE CAPITAL ASSETS

|                         | Cost            | Accumulated<br>amortization | 2018<br>Net book<br>value | 2017<br>Net book<br>value |
|-------------------------|-----------------|-----------------------------|---------------------------|---------------------------|
| Computer equipment      | \$ 6,942        | \$ 3,998                    | \$ 2,944                  | \$ 1,681                  |
| Furniture and equipment | 2,649           | 1,177                       | 1,472                     | 2,060                     |
|                         | <b>\$ 9,591</b> | <b>\$ 5,175</b>             | <b>\$ 4,416</b>           | <b>\$ 3,741</b>           |

### 5. INVESTMENTS

|   | 2018              | 2017              |
|---|-------------------|-------------------|
| Short term - General Fund                                 | \$ 174,442        | \$ 61,271         |
| Short term - Discipline and Illegal Practice Reserve Fund | 34,961            | 27,351            |
| Short term - Scotiabank guaranteed investment certificate | 10,197            | -                 |
| Long term - General Fund                                  | 220,622           | 327,087           |
| Long term - Discipline and Illegal Practice Reserve Fund  | 160,999           | 172,051           |
|   | <b>\$ 601,221</b> | <b>\$ 587,760</b> |
| Market value  | <b>\$ 601,221</b> | <b>\$ 587,760</b> |

# ASSOCIATION OF CANADA LANDS SURVEYORS

## Notes to Financial Statements

Year Ended December 31, 2018

### 6. DEFERRED REVENUE

Deferred revenue consists of 2019 members fees, licences, and permits paid in advance, ACLS book project, as well as funding received from government agencies for various projects.

### 7. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2018.

#### *(a) Credit risk*

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from customers. In order to reduce its credit risk, the Association reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association has a significant number of customers which minimizes concentration of credit risk.

#### *(b) 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. The Association is exposed to interest rate risk on its investments. Since the investments have relatively low interest rates, management believes fluctuations in interest rates would not have a material impact on the Association's results.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant other price risks arising from these financial instruments.

### 8. LEASE COMMITMENT

The Association leases premises under a long term lease that expires on November 30, 2021. Under the lease, the Association is required to pay a base rent of \$4,768 per year for the three-year term. In addition to the above base rent, the Association must pay for its proportionate share of utilities, property taxes, maintenance and other related costs for the leased premises.

### 9. COMPARATIVE FIGURES

Some of the comparative figures may have been reclassified to conform to the current year's presentation.