

ASSOCIATION OF CANADA LANDS SURVEYORS

Financial Statements

Year Ended December 31, 2019

Draft for discussion purposes only

ASSOCIATION OF CANADA LANDS SURVEYORS

Index to Financial Statements Year Ended December 31, 2019

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenses	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10

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INDEPENDENT AUDITOR'S REPORT

To the Members of Association of Canada Lands Surveyors

Opinion

We have audited the financial statements of Association of Canada Lands Surveyors (the Association), which comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenses, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2019, 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 (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 Association in accordance with 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 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 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:

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Independent Auditor's Report to the Members of Association of Canada Lands Surveyors *(continued)*

- 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.

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, 2019

	2019	2018
ASSETS		
CURRENT		
Cash (Note 3)	\$ 121,995	\$ 182,817
Accounts receivable	79,207	115,742
Short term investments (Note 5)	66,295	219,600
Prepaid expenses	29,757	11,318
Inventory	7,757	9,970
	305,011	539,447
TANGIBLE CAPITAL ASSETS (Note 4)	5,532	4,416
LONG TERM INVESTMENTS (Note 5)	565,316	381,621
	\$ 875,859	\$ 925,484
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 41,715	\$ 38,951
Harmonized sales tax payable	1,971	3,358
Provincial sales tax payable	5,324	2,130
Employee deductions payable	7,181	9,115
Deferred revenue (Note 6)	237,782	270,730
	293,973	324,284
NET ASSETS		
General fund	371,465	415,424
Restricted fund	210,421	185,776
	581,886	601,200
	\$ 875,859	\$ 925,484

ON BEHALF OF THE BOARD

_____ Director

_____ Director

ASSOCIATION OF CANADA LANDS SURVEYORS

Statement of Revenues and Expenses

Year Ended December 31, 2019

	2019	2018
REVENUES		
Membership dues	\$ 292,008	\$ 293,765
Survey	293,814	244,109
Other	291,464	307,885
Candidate income	17,500	19,129
	894,786	864,888
EXPENSES		
Administration	512,781	467,771
Annual general meeting	57,885	27,744
Candidate expenses	75,384	76,628
Committees	20,015	4,520
Council meetings	17,663	21,848
Member mailings	1,110	1,505
Outside services	12,227	7,384
Pathways project	16,651	26,459
Practice review	123,463	115,050
Publicity and promotion	109,661	37,774
Seminars	25,473	5,302
Strategic planning	-	10,040
	972,313	802,025
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	(77,527)	62,863
OTHER INCOME		
Gain (loss) on sale of marketable securities	6,628	(1,984)
Unrealized gain (loss) on marketable securities	41,330	(24,432)
Investment income	10,255	15,216
	58,213	(11,200)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (19,314)	\$ 51,663

ASSOCIATION OF CANADA LANDS SURVEYORS

Statement of Changes in Net Assets

Year Ended December 31, 2019

	General Fund	Restricted Fund	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 415,424	\$ 185,776	\$ 601,200	\$ 549,537
DEFICIENCY OF REVENUES OVER EXPENSES	(43,959)	24,645	(19,314)	51,663
NET ASSETS - END OF YEAR	\$ 371,465	\$ 210,421	\$ 581,886	\$ 601,200

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ASSOCIATION OF CANADA LANDS SURVEYORS

Statement of Cash Flows Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
excess (deficiency) of revenues over expenses	\$ (19,314)	\$ 51,663
Item not affecting cash:		
Amortization of tangible capital assets	2,581	1,777
	(16,733)	53,440
Changes in non-cash working capital:		
Accounts receivable	36,535	(6,785)
Prepaid expenses	(18,439)	9,248
Inventory	2,213	3,852
Accounts payable and accrued liabilities	2,765	49
Harmonized sales tax payable	(1,387)	965
Provincial sales tax payable	3,194	(343)
Employee deductions payable	(1,934)	(8,734)
Deferred revenue	(32,948)	122,071
	(10,001)	120,323
Cash flow from (used by) operating activities	(26,734)	173,763
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(3,698)	(2,451)
Short term investments	153,305	(130,978)
Long term Investments	(183,695)	117,517
Cash flow used by investing activities	(34,088)	(15,912)
INCREASE (DECREASE) IN CASH FLOW	(60,822)	157,851
CASH - BEGINNING OF YEAR	182,817	24,966
CASH - END OF YEAR	\$ 121,995	\$ 182,817

ASSOCIATION OF CANADA LANDS SURVEYORS

Notes to Financial Statements

Year Ended December 31, 2019

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.

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ASSOCIATION OF CANADA LANDS SURVEYORS

Notes to Financial Statements

Year Ended December 31, 2019

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

Financial liabilities measured 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, 2019

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

	2019	2018
General fund	\$ (5,138)	\$ 141,203
General fund investment account	127,133	41,557
Reserve fund investment account	-	57
	\$ 121,995	\$ 182,817

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	\$ 10,640	\$ 5,991	\$ 4,649	\$ 2,944
Furniture and equipment	2,649	1,766	883	1,472
	\$ 13,289	\$ 7,757	\$ 5,532	\$ 4,416

5. INVESTMENTS

	2019	2018
Short term - General Fund	\$ 26,000	\$ 174,442
Short term - Discipline and Illegal Practice Reserve Fund	30,202	34,961
Short term - Scotiabank guaranteed investment certificate	10,093	10,197
Long term - General Fund	387,880	220,622
Long term - Discipline and Illegal Practice Reserve Fund	177,436	160,999
	\$ 631,611	\$ 601,221
Market value	\$ 631,611	\$ 601,221

ASSOCIATION OF CANADA LANDS SURVEYORS

Notes to Financial Statements

Year Ended December 31, 2019

6. DEFERRED REVENUE

Deferred revenue consists of 2020 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, 2019.

(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. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

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. COMMITMENT

The Association has entered into a contract with a writer for \$70,000 plus applicable taxes, for writing the ACLS book which goes to July 15, 2020. As of December 31, 2019, the writer received \$60,000 plus applicable taxes.

9. 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.