

**ASSOCIATION OF ONTARIO LAND SURVEYORS
FINANCIAL STATEMENTS
OCTOBER 31, 2020**

INDEPENDENT AUDITORS' REPORT

To the members of
Association of Ontario Land Surveyors,

Opinion

We have audited the accompanying financial statements of Association of Ontario Land Surveyors, which comprise the statement of financial position as at October 31, 2020, and the statements of operations and changes in fund balances and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial position of Association of Ontario Land Surveyors as at October 31, 2020, and its results of operations and its cash flows for the period 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. 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 opinion.

Responsibilities of Management and Those Charged with Governance 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.

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.

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 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.

Toronto, Ontario
January 25, 2021



RSSM LLP
Licensed Public Accountants

ASSOCIATION OF ONTARIO LAND SURVEYORS
STATEMENT OF FINANCIAL POSITION
AS AT OCTOBER 31, 2020
(Comparative period December 31, 2019)

	General Operating Fund	Liability Insurance Fund	Claims Reserve Fund	Compen- sation Fund	Total October 31, 2020 (Note 10)	Total December 31, 2019 (Note 10)
	\$	\$	\$	\$	\$	\$
ASSETS						
CURRENT						
Cash	746,809	102,501	102,501	-	951,811	2,454,970
Investments (note 2)	590,535	411,826	2,270,529	150,000	3,422,890	3,208,424
Accounts receivable	44,676	513,224	-	-	557,900	30,328
Inventory	98,346	-	-	-	98,346	105,018
Prepaid expenses	66,718	-	-	-	66,718	158,651
	1,547,084	1,027,551	2,373,030	150,000	5,097,665	5,957,391
CAPITAL ASSETS (note 3)	135,427	-	-	-	135,427	144,633
TOTAL ASSETS	1,682,511	1,027,551	2,373,030	150,000	5,233,092	6,102,024
LIABILITIES						
CURRENT						
Accounts payable and accrued liabilities	94,887	-	-	-	94,887	101,056
HST payable	6,108	-	-	-	6,108	53,106
Deferred revenue (note 5)	775,643	-	-	-	775,643	976,723
Insurance premiums refund payable	-	-	-	-	-	265
	876,638	-	-	-	876,638	1,131,150
FUND BALANCES						
Invested in capital assets	110,427	-	-	-	110,427	119,633
Discipline reserve	9,879	-	-	-	9,879	9,410
Externally restricted	-	1,027,551	2,373,030	150,000	3,550,581	4,497,724
Unrestricted	685,123	-	-	-	685,123	343,663
Building reserve	444	-	-	-	444	444
	805,873	1,027,551	2,373,030	150,000	4,356,454	4,970,874
TOTAL LIABILITIES AND FUND BALANCES	1,682,511	1,027,551	2,373,030	150,000	5,233,092	6,102,024

COMMITMENTS (NOTE 4)

APPROVED ON BEHALF OF THE COUNCIL:

Executive Director and Treasurer

Finance Councillor

See accompanying notes to the financial statements

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ASSOCIATION OF ONTARIO LAND SURVEYORS
STATEMENT OF OPERATIONS
FOR THE PERIOD FROM JANUARY 1, 2020 TO OCTOBER 31, 2020
(Comparative period January 1, 2019 to December 31, 2019)

	General Operating Fund			Restricted Funds				
	Budget 2020 (10 months) (Note 7)	Actual 2020 (10 months) (Note 10)	Actual 2019 (12 months) (Note 10)	Liability Insurance Fund	Claims Reserve Fund	Compensation Fund	Total 2020 (10 months) (Note 10)	Total 2019 (12 months) (Note 10)
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Fees and licences	1,211,917	1,202,148	1,406,688	-	-	-	-	-
Survey Review Department	466,667	528,380	593,073	-	-	-	-	-
Survey Records Index	110,750	100,000	21,350	-	-	-	-	-
Investment income	50,000	7,236	53,681	57,755	-	1,869	59,624	246,330
Cost-related activities	272,917	371,929	390,441	-	-	-	-	-
Continuing education	25,000	6,219	29,208	-	-	-	-	-
Internship program	-	-	10,416	-	-	-	-	-
Book sponsorships and sales	-	-	499	-	-	-	-	-
Insurance premiums	-	-	-	1,549,090	550,000	-	2,099,090	2,065,352
Credit card fees	11,667	12,353	15,314	-	-	-	-	-
Other income	11,667	3,183	14,095	-	-	-	-	-
	<u>2,160,585</u>	<u>2,231,448</u>	<u>2,534,765</u>	<u>1,606,845</u>	<u>550,000</u>	<u>1,869</u>	<u>2,158,714</u>	<u>2,311,682</u>
EXPENSES								
Salaries, benefits and consultants	623,612	629,284	804,731	40,000	-	-	40,000	48,000
Office and general	162,178	133,752	188,591	-	-	-	-	-
Survey Review Department	565,064	528,380	593,073	-	-	-	-	-
Survey Records Index	108,333	111,333	67,222	-	-	-	-	-
Building	45,667	29,731	53,608	-	-	-	-	-
Discipline expenses	83,333	29,531	199,155	-	-	-	-	-
Cost-related activities	254,167	326,924	362,168	-	-	-	-	-
Governance commission	168,333	35,699	110,491	-	-	-	-	-
Professional standards and practice commission	9,750	12,029	11,525	-	-	-	-	-
Outreach and professional education commission	65,750	31,517	64,271	-	-	-	-	-
Member services and other commission	33,417	1,587	28,904	-	-	-	-	-
Continuing education	27,500	6,219	29,208	-	-	-	-	-
Insurance premium	-	-	-	1,496,059	-	-	1,496,059	1,472,270
Claims against the fund	-	-	-	-	889,315	-	889,315	25,000
Credit card charges	11,667	12,611	15,466	-	-	-	-	-
Refund of insurance premiums	-	-	-	550,003	128,611	-	678,614	-
Cost of books distributed	500	5,747	1,841	-	-	-	-	-
Donations	-	6,250	13,250	-	-	-	-	-
	<u>2,159,271</u>	<u>1,900,594</u>	<u>2,543,504</u>	<u>2,086,062</u>	<u>1,017,926</u>	<u>-</u>	<u>3,103,988</u>	<u>1,545,270</u>
EXCESS OF REVENUE OVER EXPENSES								
(EXPENSES OVER REVENUE)	1,314	330,854	(8,739)	(479,217)	(467,926)	1,869	(945,274)	766,412

See accompanying notes to the financial statements

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ASSOCIATION OF ONTARIO LAND SURVEYORS
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE PERIOD FROM JANUARY 1, 2020 TO OCTOBER 31, 2020
(Comparative period January 1, 2019 to December 31, 2019)

	General Operating Fund				Restricted Funds			Total 2020 (10 months) (Note 10)	Total 2019 (12 months) (Note 10)
	Unrestricted	Invested in Capital Assets	Discipline Reserve	Building Reserve	Liability Insurance Fund	Claims Reserve Fund	Compen- sation Fund		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund balances at the beginning of year	343,663	119,633	9,410	444	1,440,985	2,906,739	150,000	4,970,874	4,213,201
Excess of revenue over expenses (expenses over revenue)	373,011	(12,626)	(29,531)	-	(479,217)	(467,926)	1,869	(614,420)	757,673
Investment in capital assets	(3,420)	3,420	-	-	-	-	-	-	-
Intrafund transfers (note 8)	(30,000)	-	30,000	-	-	-	-	-	-
Interfund transfers (note 8)	1,869	-	-	-	65,783	(65,783)	(1,869)	-	-
FUND BALANCES AT THE END OF YEAR	685,123	110,427	9,879	444	1,027,551	2,373,030	150,000	4,356,454	4,970,874

See accompanying notes to the financial statements

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ASSOCIATION OF ONTARIO LAND SURVEYORS
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JANUARY 1, 2020 TO OCTOBER 31, 2020
(Comparative period January 1, 2019 to December 31, 2019)

	General Operating Fund		Restricted Funds			Total 2020 (10 months) (Note 10)	Total 2019 (12 months) (Note 10)
	2020 (10 months) (Note 10)	2019 (12 months) (Note 10)	Liability Insurance Fund	Claims Reserve Fund	Compensation Fund		
	\$	\$	\$	\$		\$	\$
OPERATING ACTIVITIES							
Cash collected from members, customers and other sources	2,008,784	2,244,750	1,549,090	550,000	-	2,099,090	2,065,352
Investment (loss) income	(11,820)	10,954	123,316	-	(3,360)	119,956	156,733
Cash paid to suppliers and employees	<u>(1,842,531)</u>	<u>(2,608,980)</u>	<u>(2,599,552)</u>	<u>(1,017,926)</u>	<u>-</u>	<u>(3,617,478)</u>	<u>(1,520,270)</u>
	<u>154,433</u>	<u>(353,276)</u>	<u>(927,146)</u>	<u>(467,926)</u>	<u>(3,360)</u>	<u>(1,398,432)</u>	<u>701,815</u>
INVESTING ACTIVITIES							
(Increase) decrease in investments	(33,490)	(25,519)	944,528	(1,172,007)	5,229	(222,250)	(118,811)
Purchase of capital assets	<u>(3,420)</u>	<u>(17,276)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(36,910)</u>	<u>(42,795)</u>	<u>944,528</u>	<u>(1,172,007)</u>	<u>5,229</u>	<u>(222,250)</u>	<u>(118,811)</u>
NET INCREASE (DECREASE) IN CASH							
	117,523	(396,071)	17,382	(1,639,933)	1,869	(1,620,682)	583,004
Cash position at the beginning of the year	627,417	1,008,609	19,336	1,808,217	-	1,827,553	1,259,428
Interfund transfers	1,869	14,879	65,783	(65,783)	(1,869)	(1,869)	(14,879)
CASH POSITION AT THE END OF THE YEAR							
	746,809	627,417	102,501	102,501	-	205,002	1,827,553

See accompanying notes to the financial statements

RSSM LLP

**ASSOCIATION OF ONTARIO LAND SURVEYORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2020 TO OCTOBER 31, 2020**

PURPOSE OF THE ORGANIZATION

The Association of Ontario Land Surveyors (the "Association") is an organization whose principal object is to regulate the practice of professional land surveying in Ontario and to govern its members and holders of certificates of authorization in order that the public may be served and protected. The Association is a corporation without share capital created under the laws of the Province of Ontario. It is not subject to either federal or provincial income taxes.

1 SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(a) Fund Accounting

The Association follows the restricted fund method of accounting for contributions. Unrestricted contributions related to general operations are recognized as revenue in the General Operating Fund in the year in which the related expenses are incurred. Restricted contributions are recognized as revenue in the appropriate restricted fund in the year received.

Revenues and expenses related to program delivery and administrative activities are reported in the General Operating Fund.

The Liability Insurance Fund has been established to cover the costs of administering the professional liability master insurance policies. Member firms are covered by master policies with the Novex Insurance Company. The Association's deductibles under these policies are paid out of the Claims Reserve Fund.

The Surveyors Act requires the Association to maintain the Compensation Fund to relieve or mitigate loss sustained by any person as a consequence of the dishonesty or incompetence of any member of the Association in the practice of professional land surveying.

(b) Revenue Recognition

Revenue for the Survey Review Department, the Survey Records Index and Continuing Education are recorded as deferred contributions and are recognized as revenue of the General Operating Fund in the year in which the related expenses are incurred.

Fees and licences are recognized into income in the period to which they relate.

Revenue from cost-related activities is recognized as revenue in the General Operating Fund in the year in which the goods are sold or when the services are rendered.

Unrestricted investment income is recognized as revenue in the General Operating Fund when it is earned. Restricted investment income accrued on the restricted funds is recognized in the fund balances as it is earned.

Revenue from insurance premiums is recognized in the Liability Insurance and Claims Reserve Funds in the year that the invoices are issued and collection is reasonably assured.

**ASSOCIATION OF ONTARIO LAND SURVEYORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2020 TO OCTOBER 31, 2020**

1 **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(c) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis at the following annual rates:

Building	1/30
Furniture and fixtures	1/10
Computer equipment	1/3

If there is an indication that the capital assets may be impaired, an impairment test is performed that compares carrying amount to net recoverable amount, which is normally determined by estimating the sales less direct costs on an undiscounted basis over the remaining life of the asset. There were no impairment indicators in 2020.

(d) Donated Services

The work of the Association is dependent on the voluntary services of many members. Since these services are not normally purchased by the Association and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

(e) Inventory

Inventory is recorded at the lower of cost and net realizable value, with cost being determined on an average basis. Net realizable value is the estimated selling price less costs to sell in the ordinary course of operations.

(f) Collections

The Association has a collection of historical artifacts and a library of books and publications. No value is placed on these collections in these financial statements.

(g) Management 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 year. Significant areas requiring the use of management estimates include amortization of capital assets, long-lived asset impairment assessments, and allocation of administration expenses to various departments within the Association. Actual results could differ from those estimates.

(h) Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value, except for non-arm's length transactions. The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which the Association elected to measure at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

**ASSOCIATION OF ONTARIO LAND SURVEYORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2020 TO OCTOBER 31, 2020**

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial Instruments (continued)

Financial instruments that will be subsequently measured at amortized cost are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption. Transaction costs for financial instruments that will be subsequently measured at fair value are recognized in the statement of operations in the period they are incurred.

2 INVESTMENTS

	Fair Value	
	2020	2019
	\$	\$
Guaranteed investment certificates (GICs)	203,439	442,267
Bonds	1,562,117	1,353,683
Equity	1,657,334	1,412,474
	3,422,890	3,208,424

The GICs and bonds mature from November 2022 to August 2085, and earn interest at rates between 2.063% and 6.75% (2019 - 3.556% and 6.75%).

3 CAPITAL ASSETS

	Cost	Accumulated Amortization	2020	2019
			Net Book Value	Net Book Value
	\$	\$	\$	\$
Building	582,677	(465,628)	117,049	117,838
Furniture and fixtures	242,492	(236,201)	6,291	7,743
Computer equipment	103,378	(91,291)	12,087	19,052
	928,547	(793,120)	135,427	144,633

Amortization expense for the year is \$12,626 (2019 - \$15,069), of which \$9,126 (2019 - \$10,869) is included in office and general expense and \$3,500 (2019 - \$4,200) is included in the Survey Review Department expenses.

4 LEASE COMMITMENTS

The Association is committed under the terms of its non-cancellable equipment lease to make the following payments over the next 2 years:

	\$
2021	8,600
2022	2,150

**ASSOCIATION OF ONTARIO LAND SURVEYORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2020 TO OCTOBER 31, 2020**

5 DEFERRED REVENUE

Deferred revenue relates to amounts collected in advance and is recognized into income in the period in which the related expenses are incurred or when the service is rendered.

	2019	Funds Received	Revenue Recognized	2020
	\$	\$	\$	\$
Fees and licences	405,386	1,069,797	1,202,148	273,035
Survey Review Department	443,150	497,320	528,380	412,090
Survey Records Index	-	120,000	100,000	20,000
Cost-related activities	51,450	320,479	371,929	-
Continuing education	65,884	-	6,219	59,665
Internship program	10,853	-	-	10,853
	976,723	2,007,596	2,208,676	775,643

6 FINANCIAL INSTRUMENTS

The significant financial risks to which the Association is exposed are credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is subject to credit risk in respect of its accounts receivable, but has historically suffered very few bad debts.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to liquidity risk arising primarily from the accounts payable. The Association expects to meet these obligations as they come due by generating sufficient cash flow from operations.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

As at October 31, 2020, the balance sheet includes \$1,100,943 (2019 - \$951,532) of cash and investments denominated in foreign currency and converted into Canadian dollars.

Interest rate risk

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 interest rates. The Association has investments in bonds and GICs yielding fixed interest rates. Changes in the market yield rate can cause fluctuations in the fair value of the investments. The Association does not use derivative financial instruments to alter the effects of this risk.

**ASSOCIATION OF ONTARIO LAND SURVEYORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2020 TO OCTOBER 31, 2020**

6 FINANCIAL INSTRUMENTS (continued)

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is exposed to other price risk through its investments in marketable securities invested in equity securities traded in an active market.

7 BUDGET

The budget figures have been prorated for 10 months and are presented for comparison purposes only. They are unaudited and have been reclassified to conform with these financial statements.

8 TRANSFERS

During the year, the Association's Council internally restricted \$30,000 (2019 - \$300,000) to be used for discipline related matters. Transfers of this amount were made from the unrestricted fund balance to the discipline reserve fund within the General Operating Fund. The internally restricted amount is not available for unrestricted purposes without approval of the Council.

In 2007, the Council passed a motion to allow the Compensation Fund to accumulate to a maximum of \$150,000. Accordingly, in the year ended October 31, 2020, \$1,869 was transferred from the Compensation Fund to the General Operating Fund (2019 - \$14,879).

9 ALLOCATION OF EXPENSES

	2020	2019
	\$	\$
Salaries, benefits and consultants:		
Survey Review Department	23,000	27,600
Survey Records Index	3,000	3,000
Office and general:		
Survey Review Department	13,500	16,200
Building:		
Survey Review Department	12,250	14,700
Amortization:		
Survey Review Department	3,500	4,200

10 CHANGE OF YEAR END

The financial year end of the Association was changed from December 31 to October 31. Accordingly, the current financial statements are prepared for 10 months from January 1, 2020 to October 31, 2020. As a result, the comparative figures stated in the statements of financial position, operations, changes in fund balances and cash flows, and related notes are not comparable.