

**ASSOCIATION OF ONTARIO LAND SURVEYORS
FINANCIAL STATEMENTS
OCTOBER 31, 2021**

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, 2021, 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, 2021, 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
February 9, 2022



RSSM LLP
Licensed Public Accountants

**ASSOCIATION OF ONTARIO LAND SURVEYORS
STATEMENT OF FINANCIAL POSITION
AS AT OCTOBER 31, 2021**

	General Operating Fund	Liability Insurance Fund	Claims Reserve Fund	Compensation Fund	Total October 31, 2021 (Note 10)	Total October 31, 2020 (Note 10)
	\$	\$	\$	\$	\$	\$
ASSETS						
CURRENT						
Cash	829,999	41,979	186,398	-	1,058,376	951,811
Investments (note 2)	1,174,811	845,421	2,270,529	150,000	4,440,761	3,422,890
Accounts receivable	23,958	-	-	-	23,958	557,900
HST recoverable	48,350	-	-	-	48,350	-
Inventory	100,669	-	-	-	100,669	98,346
Prepaid expenses	<u>60,806</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,806</u>	<u>66,718</u>
	2,238,593	887,400	2,456,927	150,000	5,732,920	5,097,665
COLLECTIONS	1	-	-	-	1	1
CAPITAL ASSETS (note 3)	126,767	-	-	-	126,767	135,427
TOTAL ASSETS	2,365,361	887,400	2,456,927	150,000	5,859,688	5,233,093
LIABILITIES						
CURRENT						
Accounts payable and accrued liabilities	61,089	-	-	-	61,089	94,887
HST payable	-	-	-	-	-	6,108
Deferred revenue (note 5)	<u>970,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>970,174</u>	<u>775,643</u>
	<u>1,031,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,031,263</u>	<u>876,638</u>
FUND BALANCES						
Invested in capital assets	126,767	-	-	-	126,767	135,427
Discipline reserve	11,416	-	-	-	11,416	9,879
Externally restricted	-	887,400	2,456,927	150,000	3,494,327	3,550,581
Unrestricted	1,195,471	-	-	-	1,195,471	660,124
Building reserve	<u>444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>444</u>	<u>444</u>
	1,334,098	887,400	2,456,927	150,000	4,828,425	4,356,455
TOTAL LIABILITIES AND FUND BALANCES	2,365,361	887,400	2,456,927	150,000	5,859,688	5,233,093

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
YEAR ENDED OCTOBER 31, 2021
(Comparative period January 1, 2020 to October 31, 2020)

	General Operating Fund			Restricted Funds				
	Budget 2021 (12 months) (Note 7)	Actual 2021 (12 months) (Note 10)	Actual 2020 (10 months) (Note 10)	Liability Insurance Fund	Claims Reserve Fund	Compensation Fund	Total 2021 (12 months) (Note 10)	Total 2020 (10 months) (Note 10)
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Fees and licences	1,456,690	1,462,545	1,202,148	-	-	-	-	-
Survey Review Department	697,000	624,192	528,380	-	-	-	-	-
Survey Records Index	132,900	134,000	100,000	-	-	-	-	-
Investment income	25,000	89,245	7,236	418,234	-	12,161	430,395	59,624
Cost-related activities	237,500	278,873	371,929	-	-	-	-	-
Continuing education	30,000	10,093	6,219	-	-	-	-	-
Book sponsorships and sales	-	40	-	-	-	-	-	-
Insurance premiums	-	-	-	1,633,212	550,000	-	2,183,212	2,099,090
Credit card fees	14,000	17,872	12,353	-	-	-	-	-
Other income	14,000	4,620	3,183	-	-	-	-	-
	<u>2,607,090</u>	<u>2,621,480</u>	<u>2,231,448</u>	<u>2,051,446</u>	<u>550,000</u>	<u>12,161</u>	<u>2,613,607</u>	<u>2,158,714</u>
EXPENSES								
Salaries, benefits and consultants	756,120	761,932	629,284	48,000	-	-	48,000	40,000
Office and general	217,814	168,972	133,752	2,645	-	-	2,645	-
Survey Review Department	644,811	624,192	528,380	-	-	-	-	-
Survey Records Index	130,000	134,000	111,333	-	-	-	-	-
Building	51,800	32,687	29,731	-	-	-	-	-
Discipline expenses	100,000	28,463	29,531	-	-	-	-	-
Cost-related activities	243,000	186,342	326,924	-	-	-	-	-
Governance commission	142,500	36,900	35,699	-	-	-	-	-
Professional standards and practice commission	11,200	7,651	12,029	-	-	-	-	-
Outreach and professional education commission	57,100	37,693	31,517	-	-	-	-	-
Member services and other commission	24,100	2,274	1,587	-	-	-	-	-
Continuing education	33,500	10,093	6,219	-	-	-	-	-
Insurance premium	-	-	-	1,597,150	-	-	1,597,150	1,496,059
Claims against the fund	-	-	-	-	466,103	-	466,103	889,315
Credit card charges	14,000	17,677	12,611	-	-	-	-	-
Refund of insurance premiums	-	-	-	543,802	-	-	543,802	678,614
Cost of books distributed	2,000	789	5,747	-	-	-	-	-
Donations	-	6,250	6,250	-	-	-	-	-
Government remittances	-	49,502	-	-	-	-	-	-
	<u>2,427,945</u>	<u>2,105,417</u>	<u>1,900,594</u>	<u>2,191,597</u>	<u>466,103</u>	<u>-</u>	<u>2,657,700</u>	<u>3,103,988</u>
EXCESS OF REVENUE OVER EXPENSES								
(EXPENSES OVER REVENUE)	179,145	516,063	330,854	(140,151)	83,897	12,161	(44,093)	(945,274)

See accompanying notes to the financial statements

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**ASSOCIATION OF ONTARIO LAND SURVEYORS
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED OCTOBER 31, 2021**
(Comparative period January 1, 2020 to October 31, 2020)

	General Operating Fund				Restricted Funds			Total 2021 (12 months) (Note 10)	Total 2020 (10 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	660,124	135,427	9,879	444	1,027,551	2,373,030	150,000	4,356,455	4,970,875
Excess of revenue over expenses (expenses over revenue)	555,186	(10,660)	(28,463)	-	(140,151)	83,897	12,161	471,970	(614,420)
Investment in capital assets	(2,000)	2,000	-	-	-	-	-	-	-
Intrafund transfers (note 8)	(30,000)	-	30,000	-	-	-	-	-	-
Interfund transfers (note 8)	12,161	-	-	-	-	-	(12,161)	-	-
FUND BALANCES AT THE END OF YEAR	1,195,471	126,767	11,416	444	887,400	2,456,927	150,000	4,828,425	4,356,455

See accompanying notes to the financial statements

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ASSOCIATION OF ONTARIO LAND SURVEYORS
STATEMENT OF CASH FLOWS
YEAR ENDED OCTOBER 31, 2021
(Comparative period January 1, 2020 to October 31, 2020)

	General Operating Fund		Restricted Funds			Total 2021 (12 months) (Note 10)	Total 2020 (10 months) (Note 10)
	2021 (12 months) (Note 10)	2020 (10 months) (Note 10)	Liability Insurance Fund	Claims Reserve Fund	Compensation Fund		
	\$	\$	\$	\$		\$	\$
OPERATING ACTIVITIES							
Cash collected from members, customers and other sources	2,693,026	2,008,784	2,146,437	550,000	-	2,696,437	2,099,090
Investment income (loss)	56,646	(11,820)	87,772	-	7,837	95,609	119,956
Cash paid to suppliers and employees	<u>(2,124,966)</u>	<u>(1,842,531)</u>	<u>(2,191,597)</u>	<u>(466,103)</u>	<u>-</u>	<u>(2,657,700)</u>	<u>(3,617,478)</u>
	<u>624,706</u>	<u>154,433</u>	<u>42,612</u>	<u>83,897</u>	<u>7,837</u>	<u>134,346</u>	<u>(1,398,432)</u>
INVESTING ACTIVITIES							
(Increase) decrease in investments	(551,677)	(33,490)	(103,134)	-	4,324	(98,810)	(222,250)
Purchase of capital assets	<u>(2,000)</u>	<u>(3,420)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(553,677)</u>	<u>(36,910)</u>	<u>(103,134)</u>	<u>-</u>	<u>4,324</u>	<u>(98,810)</u>	<u>(222,250)</u>
NET INCREASE (DECREASE) IN CASH							
	71,029	117,523	(60,522)	83,897	12,161	35,536	(1,620,682)
Cash position at the beginning of the year	746,809	627,417	102,501	102,501	-	205,002	1,827,553
Interfund transfers	12,161	1,869	-	-	(12,161)	(12,161)	(1,869)
CASH POSITION AT THE END OF THE YEAR							
	829,999	746,809	41,979	186,398	-	228,377	205,002

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, 2021**

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, credit card fees and other income are recognized as revenue 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, 2021**

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 2021.

(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. These collections are recorded at nominal value.

(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, 2021**

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	
	2021	2020
	\$	\$
Guaranteed investment certificates (GICs)	411,945	203,439
Bonds	1,790,050	1,562,117
Equity	2,238,766	1,657,334
	4,440,761	3,422,890

The GICs and bonds mature from November 2022 to August 2085, and earn interest at rates between 2.955% and 4.986% (2020 - 2.063% and 6.75%).

3 CAPITAL ASSETS

	Cost	Accumulated Amortization	2021	2020
			Net Book Value	Net Book Value
	\$	\$	\$	\$
Building	582,677	(466,574)	116,103	117,049
Furniture and fixtures	243,295	(238,000)	5,295	6,291
Computer equipment	103,737	(98,368)	5,369	12,087
	929,709	(802,942)	126,767	135,427

Amortization expense for the year is \$10,660 (2020 - \$12,626), of which \$6,460 (2020 - \$9,126) is included in office and general expense and \$4,200 (2020 - \$3,500) 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 payment next year:

	\$
2022	2,150

**ASSOCIATION OF ONTARIO LAND SURVEYORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2020 TO OCTOBER 31, 2021**

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.

	2020	Funds Received	Revenue Recognized	2021
	\$	\$	\$	\$
Fees and licences	273,035	1,465,430	1,462,545	275,920
Survey Review Department	412,090	827,873	624,192	615,771
Survey Records Index	20,000	119,400	134,000	5,400
Cost-related activities	-	279,413	278,873	540
Continuing education	59,665	12,118	10,093	61,690
Internship program	10,853	-	-	10,853
	775,643	2,704,274	2,509,743	970,174

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, 2021, the balance sheet includes \$1,343,961 (2020 - \$1,100,943) 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, 2021**

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 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 (2020 - \$30,000) 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, 2021, \$12,161 was transferred from the Compensation Fund to the General Operating Fund (2020 - \$1,869).

9 ALLOCATION OF EXPENSES

	2021	2020
	\$	\$
Salaries, benefits and consultants:		
Survey Review Department	27,600	23,000
Survey Records Index	3,000	3,000
Office and general:		
Survey Review Department	16,200	13,500
Building:		
Survey Review Department	14,700	12,250
Amortization:		
Survey Review Department	4,200	3,500

10 CHANGE OF YEAR END

The financial year end of the Association was changed from December 31 to October 31 in 2020. Accordingly, the prior year financial statements were prepared for 10 months for the period 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.

11 FUTURE UNCERTAINTY RESULTING FROM THE PANDEMIC

There is significant uncertainty around the long-term economic and business consequences of COVID-19. The extent to which COVID-19 impacts the future financial results of the Association will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and actions taken to contain the virus or its impact, among others. It is not possible to estimate the extent of the financial effects at this time.