



pegnl 

ANNUAL REPORT  
2020



# BOARD OF DIRECTORS

## 2020-2021

# STAFF

## EXECUTIVE



**Natalie Hallett**  
P. Eng., FEC  
Chair (Elected)



**Bill O' Keefe**  
P. Eng.  
Chair-Elect (Elected)



**David Goosney**  
P. Eng., FEC  
Past Chair (Elected)



**Janet Bradshaw,**  
P. Eng., FEC  
CEO & Registrar



**Mark Fewer,**  
GSP, FEC (Hon)  
COO & Deputy Registrar



**Bill Hunt,**  
P. Eng., FEC  
Professional Standards Director



**Kevina Willmott,**  
FEC (Hon)  
Compliance Officer

## DIRECTORS



**Sudeshna Abbott**  
P. Eng.  
Elected



**Derek Follett**  
P. Eng.  
Elected



**Alex Gibson**  
CPHR  
Government-Appointed



**Rayna Luther**  
P. Eng.  
Elected



**Nicole Myers**  
P. Eng.  
Elected



**Andrew Peach**  
Operations Coordinator



**Lesley Oakley-Foster**  
Registration Coordinator



**Justin Haley**  
Communications Advisor



**Jennifer Lane**  
Administrative Assistant



**Louise Pinsent Parsons**  
Government-Appointed



**Dr. Titia Praamsma**  
P. Geo.  
Elected



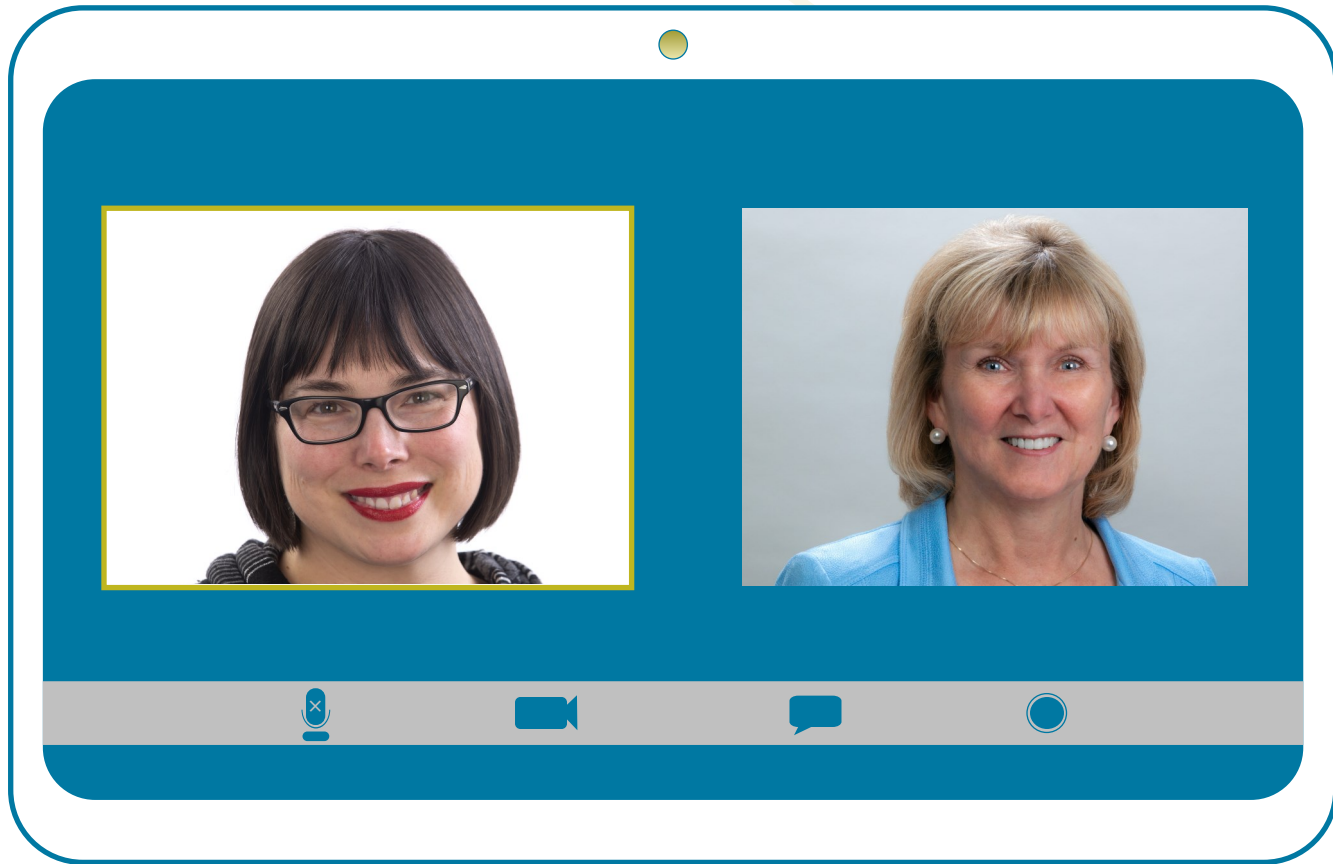
**Andrea Stack**  
CFP, CLU, FCSI  
Government-Appointed



**Trina Troke**  
P. Eng.  
Elected

*Competent and ethical engineers and geoscientists safeguarding a better future for the people, environment and economy of Newfoundland & Labrador.*

- PEGNL Vision



## CHAIR AND CEO REPORT

### 2020—What a year!

Although we are all growing tired of the myriad of cliché references to the Covid-19 pandemic that has been “unprecedented” and has forced us to “pivot” and adjust to a “new normal”, our 2020 Annual Report cannot avoid its mention. The year was marked by many changes for PEGNL as well as for the professions; some that we will gladly eventually abandon but others that we have adopted as our new (and better) way of doing things. While most will agree

that the pandemic was anything but positive, a few unexpected silver linings have arisen for some.

In June of 2020 we surveyed the PEGNL membership to ask how the pandemic had affected or was projected to affect them. The reported impacts were significant, with just over 50% anticipating loss of personal income and almost 80% reporting a negative impact on their organization.

The public health restrictions were disastrous for some businesses, causing them to shut down and lay off their employees. Many others closed their doors temporarily and had their employees work from home. While this arrangement was detrimental for many, others have reported that it has worked so well that they have fully adopted the work-from-home model and abandoned their traditional office space.

We will briefly share with you some of the impacts of the pandemic on PEGNL as well as some of our resulting adaptations.

### Work From Home

The PEGNL office closed to the public on March 17, 2020 and a rotating schedule for staff was adopted that saw 2-3 staff in the office at any given time. While this arrangement worked reasonably well, some functions were much more easily and efficiently performed in the office and for some staff — particularly those with young children — working from home was less than ideal. All staff were eager to return to the office environment when that was permitted by public health authorities on May 11.

To accommodate employees working from home, an upgraded Virtual Private Network as well as additional laptop computers & audiovisual equipment were needed. In addition, modifications were made to our office telephone system which now enables our employees to access it remotely. These changes made the transition to the subsequent office closure in early 2021 much more seamless.

### Board and Committee Meetings

Our current Board of Directors has never yet met face-to-face.

In May of 2020, our Board welcomed two new Ministerial Appointees, and in June, three new Elected Members, none of whom have yet attended a “live” meeting. All Board meetings have been conducted virtually while this arrangement is functional, it lacks the rapport and comradery that often develops through colleagues working side by side. On a positive note, they have had the pleasure of (virtually) meeting one another’s children and pets, and have visited each other’s kitchens, basements, closets and backyards!

For the first time in PEGNL’s history, the Annual General Meeting (AGM) was broadcast live via webcast. Members were able to attend, take part in discussions and vote on agenda items virtually. This format enabled many more members from outside the North-east Area to participate. The response to the virtual meeting was very positive and it recorded the highest number of attendees in recent memory. It is planned that future AGMs will also incorporate a virtual component.

Similarly, PEGNL volunteer committees ceased meeting face-to-face and switched to virtual meetings in 2020. Again, while this arrangement has been functional, for some committees it has not been ideal with respect to fostering the typical debates and discussions held at an in-person meeting. Not only did the health restrictions change the way that these committees work, but they also seriously hampered the very work of some committees. Some National Engineering and Geoscience Month events as well as the annual PEGNL Awards Ceremony were cancelled in 2020 and will be further impacted in 2021.

At the same time there were positive outcomes. Some committees have found that they prefer the virtual format for meetings and eliminates the need to travel and saves them time away from their professional work. These committees plan to continue to meet virtually even when restrictions are fully lifted.

### Administrative Processes

The temporary closure of the office led to changes in many internal processes — from the processing of accounts payable to the administration of candidate examinations. Applicants for licensure could no longer visit the office to discuss their applications and drop off original documents. The year-end license renewal was conducted online with all annual Professional Development (PD) reports being entered by members through the PEGNL log-in portal. While the switch to full online renewals had begun in 2019, the ongoing pandemic restrictions emphasized the need for these changes which was understood by the membership. Once again, some changes are more permanent than others. While we will eventually welcome applicants and examination candidates back into the PEGNL office, we will not be reverting back to paper PD submissions.

### Membership Impacts

The renewal of PEGNL licenses occurs at the end of each calendar year. Therefore, by the time the pandemic hit in March, our membership had already renewed for 2020. However, as our member survey on COVID-19 indicated, many PEGNL members were impacted negatively by the combined effects of the pandemic, the downturn in the oil and gas industry and the winding down of some large industrial projects. This led to some uncertainty as to the potential impact on total membership going forward.

Due to the hardships being faced by some, PEGNL accommodated record numbers of members through fees abatement for 2021 and professional development (PD) exemptions for 2020. We sincerely hope that these members will rebound quickly from the adversities they have been facing.

In order to assist members who had lost access to many of their traditional PD opportunities, PEGNL sought out and promoted an abundance of online (many free of charge) professional development opportunities in our regular “Member Announcements” emails.

### Contributions to Society

Unlike health care professionals, our members are not typically found on the front lines battling the pandemic, however some engineers and geoscientists have played an integral role in finding solutions to needs that have arisen due to the disease. These include:

- Fabrication and testing of personal protective equipment,
- Development of robotic nursing assistants,
- Advising on industrial disinfection techniques, and
- Assessing the privacy and security of contact tracing applications.

The contributions of engineers and geoscientists to initiatives such as these in the way that they protect the public interest and contribute to societal well-being. In addition, their work in the more traditional areas has been impacted and they have responded accordingly to the changes required in telecommunications, software development, manufacturing, shipping, mineral and resource development and so many more facets of everyday life.

We also know that when the pandemic is finally “over”, engineers and geoscientists will play a pivotal role in economic recovery locally and globally.

*Pandemic aside, here is a summary of three of PEGNL’s key regulatory functions for 2020:*

### Registration

Registration statistics remained relatively unchanged from 2019 with a slight drop (1.2%) in individual memberships and a slight rise (0.7%) in company permits. An in-depth report on Registration can be found on page 14.

### Discipline & Enforcement

PEGNL’s Complaints Authorization Committee (CAC) was busy in 2020 dealing with seven allegations of conduct deserving of sanction. Details on our discipline and enforcement efforts are provided in the Professional Standards Director’s Report on Page 13.

### Professional Development

After an early-2020 member consultation, the Board of Directors approved several amendments to the Professional Development Guideline, the most notable of which was a requirement for all licensed members to complete at least two PD hours in the new Ethical Practice category annually.

In tandem with this change, a new educational module was developed on Diversity & Inclusion, which, together with ethics, respectful workplace and sustainable development, is one of the topics eligible to be claimed in the Ethical Practice category. The new module was made available free of charge to members in early December 2020. The module received over 800

views in its first month and is the third ethics module released by PEGNL after previous installments on Introductory Ethics and Conflict of Interest.

It is planned that three more modules will be released by 2023, all of which will be made available to members and will be eligible to be claimed each year towards PD reporting.

### Conclusion

What might 2021 bring for PEGNL? While we have definite plans and strategies, after the year that we just experienced our expectations are somewhat tempered. We understand better than we ever have just what an impact external events can suddenly have on everyone and everything. While 2020 was not what we may have hoped it would be, we have come out of it with heightened patience, resilience, and adaptability; skills that can only serve us well in our rapidly changing professions in the years to come.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Professional Engineers and Geoscientists Newfoundland and Labrador

## Opinion

We have audited the financial statements of Professional Engineers and Geoscientists Newfoundland and Labrador (the Association), which comprise the statement of financial position as at December 31, 2020, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2020, 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.

## Other Matter

The financial statements for the year ended December 31, 2019 were audited by another auditor who expressed an unqualified opinion on those financial statements dated May 4, 2020.

## 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:

- 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.

**Power & Associates**

# STATEMENT OF FINANCIAL POSITION

## FOR THE YEAR ENDED DECEMBER 31, 2020

	DECEMBER 31, 2020	DECEMBER 31, 2019
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$2,213,988	\$1,426,987
Investments	\$874,318	\$1,052,622
Accounts Receivable	\$6,178	\$13,007
Prepaid Expenses	\$32,060	\$26,015
Interfund Receivables	\$10,594	\$8,490
<b>SUBTOTAL</b>	<b>\$3,137,138</b>	<b>\$2,527,121</b>
Long-Term Investments	\$532,537	\$900,857
Capital Assets	\$251,920	\$227,530
<b>TOTAL ASSETS</b>	<b>\$3,921,595</b>	<b>\$3,655,508</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable & Accrued Liabilities	\$212,104	\$146,720
Deferred Revenue	\$1,248,479	\$1,132,193
Interfund Payable	\$10,594	\$8,490
<b>SUBTOTAL</b>	<b>\$1,471,177</b>	<b>\$1,287,403</b>
<b>NET ASSETS</b>		
Unrestricted	\$1,053,920	\$897,836
Capital Asset Fund	\$251,438	\$214,462
Legal & Miscellaneous Contingency Fund	\$599,577	\$673,229
Externally Restricted	\$545,483	\$582,578
<b>SUBTOTAL</b>	<b>\$2,450,418</b>	<b>\$2,368,105</b>
<b>TOTAL</b>	<b>\$3,921,595</b>	<b>\$3,655,508</b>

Approved on Behalf of The Board of Directors:

*Natalie Hallett*

Natalie Hallett,  
P. Eng., FEC  
Chair

*Janet Bradshaw*

Janet Bradshaw  
P. Eng., FEC,  
CEO & Registrar

# STATEMENT OF OPERATIONS

## FOR THE YEAR ENDED DECEMBER 31, 2020

REVENUE	2020 TOTAL	2019 TOTAL
Membership Fees	\$1,184,785	\$1,118,105
Permit Fees	\$416,255	\$443,941
Registration Fees	\$111,033	\$101,878
Seals & Examinations	\$57,119	\$69,796
Other	\$79,823	\$68,212
Chapter Revenue	\$48,235	\$49,766
Interest & Investment Revenue	\$70,953	\$70,716
Unrealized Gain (Loss) on Investment	(\$71,334)	\$113,635
Donations	\$16,845	\$9,766
<b>TOTAL</b>	<b>\$1,913,714</b>	<b>\$2,045,815</b>
<b>EXPENSES</b>		
Administration	\$525,367	\$516,461
Amortization of Capital Assets	\$96,299	\$59,379
Board Governance	\$51,204	\$157,455
Chapter Expense	\$12,288	\$42,062
Engineers Canada/Geoscientists Canada	\$66,361	\$78,668
Internal & External Communications	\$35,953	\$76,643
Meetings Expense	\$4,044	\$19,429
Member Services	\$20,350	\$21,135
Other	\$36,711	\$15,426
Professional Fees	\$95,356	\$146,447
Salaries & Wages	\$807,257	\$789,884
Scholarships & Student Support	\$35,289	\$51,064
Seals & Examinations	\$42,212	\$60,768
Travel	\$2,709	\$13,948
<b>TOTAL</b>	<b>\$1,831,400</b>	<b>\$2,048,769</b>
<b>Excess (Deficiency) of Revenues Over Expenses</b>	<b>\$82,314</b>	<b>(\$2,954)</b>

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED DECEMBER 31

	2020	2019
<b>CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES</b>		
Cash Receipts From Members	\$1,914,095	\$1,822,392
Cash Paid to Suppliers & Employees	(\$1,702,433)	(\$2,010,464)
Interest & Dividends Received	\$70,953	\$74,351
<b>TOTAL</b>	<b>\$282,615</b>	<b>(\$113,721)</b>
<b>CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES</b>		
Purchase of Investments	(\$63,899)	(\$167,984)
Proceeds on Disposal of Investments	\$688,974	\$296,522
Acquisition of Capital Assets	(\$120,689)	(\$136,738)
<b>TOTAL</b>	<b>\$504,386</b>	<b>(\$8,200)</b>
<b>TOTAL CASH FLOWS</b>		
Net Increase (Decrease) in Cash	\$787,001	(\$121,921)
Cash, Beginning of Year	\$1,426,987	\$1,548,908
<b>CASH, END OF YEAR</b>	<b>\$2,213,988</b>	<b>\$1,426,987</b>

Professional Engineers and Geoscientists Newfoundland & Labrador (PEGNL) is the operating name of The Association of Professional Engineers and Geoscientists of Newfoundland & Labrador.

# PROFESSIONAL STANDARDS REPORT

## Allegations and Disciplinary Activities

At the start of 2020, there were four active discipline files before the Complaints Authorization Committee (CAC). During the year, three new allegations were received by the Registrar and all were referred to the CAC. Four cases were decided by the CAC during the year with all four cases resulting in dismissals. Three active cases remained before the CAC at the end of 2020.

## Compliance and Enforcement Activities

Compliance and enforcement activities are mainly proactive and are focused on ensuring individuals and firms are aware of the requirement to obtain appropriate licensure. Companies and individuals that appear to be practicing the professions, and/or using protected titles, but who are not licensed by PEGNL are contacted and made aware of the legislative requirements. Most compliance issues are resolved on initial contact but in some cases follow-up is required and, in those cases, a compliance file is opened. In 2020, 40 compliance files were opened with 36 being successfully resolved by year-end.

## National Discipline and Enforcement Activities

The Discipline and Enforcement (D&E) staff at Engineers Canada and the D&E representatives from the provinces and territories met virtually in March, June and November of 2020. These meetings and the relationships built foster a high level of collaboration among D&E officials

which is invaluable for the sharing of best practices across the country.

## Practice Standards and Guidelines

In 2020 PEGNL updated two existing guidelines: the **Environmental Stewardship & Sustainable Development Guideline** as well as the **Practice Guideline for Authenticating Professional Documents**. In addition, a new guideline was developed covering the requirements for the **Preparation of Drawings and Specifications**.

## Ethics and Professional Practice Seminars

An introductory *Professionalism and Ethics in the Workplace* lecture was delivered twice (winter and fall semesters) to first year engineering students about to embark on their first work term and an *Ethics and Professionalism* lecture was delivered to Term 5 engineering students during the winter semester.

Most allegations of conduct deserving of sanction received by PEGNL relate to unethical and/or unprofessional conduct. To make ethics information more widely available to professional members and members in training, the suite of online Professionalism and Ethics modules was expanded to include one entitled Introduction to Diversity and Inclusion. All three modules are available through the member portal and can be utilized to fulfill the minimum mandatory requirement in the Ethical Practice category.



Bill Hunt, P. Eng., FEC,  
Professional Standards  
Director

# REGISTRATION REPORT

## Committee Purpose

The Registration Committee determines the eligibility of new applicants for the right to practice engineering and geoscience in the province. It does so through the assessment of applications for registration under the following categories: Professional Engineer, Professional Geoscientist, Engineer-In-Training, Geoscientist-In-Training, Limited Licensee, and Permit to Practice.

## Pandemic Impacts

The impacts of COVID-19 in 2020 have been felt by many, including those in the engineering and geoscience professions. While the number of licenses and permits renewed in 2020 were comparable to 2019, the renewal process had already concluded just prior to the pandemic hitting the province. In contrast, there was significant change in the number of new applications received. New applications decreased in 2020 by approximately 14%. Applications for professional licensure were down 22% compared to 2019, while member-in-training applications were down 4%. New permit applications were consistent with last year.

## Statistics

Overall PEGNL experienced a net decrease in membership of 1.2%, whereas the number of permits increased by 0.7%. The Registration Committee evaluated a total of 327 applications in 2020, with 152 of those for professional licensure and 175 for Member-in-Training registration. The committee also evaluated 62 applications

for permits to practice and 85 requests for revisions to permits.

The Experience Review Committee (ERC) and Limited License Assessment Committee (LLAC), both sub-committees of the Registration Committee, assessed 8 and 4 files respectively in 2020.

The Registration Committee also endorsed 198 transfer applications for professional licensure as required under the Canadian Free Trade Agreement. Transfer applicants are those that hold a professional license in good standing in another province or territory.

## Competency-Based Assessment

PEGNL is moving to a national competency-based framework for the assessment of engineering and geoscience experience for new applicants. The transition to this framework began in late 2020 and we are on target for full implementation by fall of 2021.

As is the case with other PEGNL committees, the Registration Committee had to significantly shift how meetings and application assessments were conducted in 2020. Many of these changes had to be made swiftly and required patience and hard work from staff and volunteers alike. PEGNL would like to thank the Registration Committee, ERC and LLAC not only for their usual dedication, but also for their positivity and adaptability during this shift in process.

# SUMMARY OF REGISTRATIONS FOR THE YEAR ENDED DECEMBER 31

Membership Category	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Non-Practicing Members	226	238	244	271	298	330	356	371	519	427
Professional Engineers	2,755	3,108	3,362	3,614	3,808	3,795	3,956	3,962	3,727	3,743
Professional Geoscientists	252	294	296	306	325	320	332	341	307	323
Dual P. Eng./P. Geo.	13	13	14	15	12	12	13	14	13	15
Engineers-In-Training	360	398	482	523	523	532	529	523	515	517
Geoscientists-In-Training	42	51	58	55	58	74	62	77	85	82
Limited Licensee, Eng. L.	0	0	2	8	11	13	13	15	16	15
Limited Licensee, Geo. L.	0	0	0	0	0	0	1	1	1	1
<b>TOTAL MEMBERS</b>	<b>3,648</b>	<b>4,102</b>	<b>4,458</b>	<b>4,792</b>	<b>5,035</b>	<b>5,076</b>	<b>5,262</b>	<b>5,304</b>	<b>5,183</b>	<b>5,123</b>
<b>ANNUAL GROWTH (%)</b>	<b>12.0</b>	<b>12.5</b>	<b>8.7</b>	<b>7.5</b>	<b>5.1</b>	<b>0.8</b>	<b>3.7</b>	<b>0.8</b>	<b>-2.3</b>	<b>-1.2</b>

Permit Category	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Engineering	366	426	486	510	534	544	578	595	559	562
Geoscience	22	26	26	28	31	28	25	27	24	25
Engineering & Geoscience	11	11	12	14	15	16	18	19	18	18
<b>TOTAL PERMITS</b>	<b>399</b>	<b>462</b>	<b>524</b>	<b>552</b>	<b>580</b>	<b>588</b>	<b>621</b>	<b>641</b>	<b>601</b>	<b>605</b>
<b>ANNUAL GROWTH (%)</b>	<b>12.7</b>	<b>16.0</b>	<b>13.2</b>	<b>5.3</b>	<b>5.1</b>	<b>1.4</b>	<b>5.6</b>	<b>3.2</b>	<b>-6.2</b>	<b>0.7</b>



Dr. Steve Piercey,  
P. Geo., FGC, Chair -  
Registration Committee



Mark Fewer, GSP,  
FEC (Hon), COO &  
Deputy Registrar



## PROFESSIONAL DEVELOPMENT

The PD Committee oversaw the audit of 117 member reports and held several meetings to discuss potential improvements to the PD program.

The Diversity & Inclusion Committee prepared and released an ethics module available to all members and completed planning on improving D and I for PEGNL.

## DIVERSITY & INCLUSION

## NATIONAL ENGINEERING & GEOSCIENCE MONTH

Despite COVID-19, the NEGM committee conducted a successful bridge event and also introduced an online geoscience scavenger hunt.

# VOLUNTEER COMMITTEES

The Endowment Committee gave bursaries amounting to \$24,000 to students at Memorial University, while the Awards Committee gave out four awards on behalf of PEGNL.

## AWARDS & ENDOWMENT

## CONNECTIONS EAST

The Committee switched to online events for its monthly member luncheons and, in the process, increased attendance at some events by as much as 500%.

The Guidelines Committee updated two existing guidelines, and introduced one new guideline. The committee also began drafting several others for consultation in 2021.

## GUIDELINES

# PEGNL VOLUNTEERS 2020

Colin Abbott, P. Eng.  
Michael Abbott, P. Eng.  
Sudeshna Abbott, P. Eng.  
Carolyn Anstey-Moore, P. Geo.  
Heather Appleby, P. Eng.  
Matthew Appleby, P. Eng.  
Michelle Baikie  
Sheldon Baikie, P. Eng.  
Robert Baker, P. Eng.  
Ray Bailey, P. Eng.  
Joanna Barnard, P. Eng. (Retired), FEC  
Stephen Barnes, J.D.  
Scott Batt, P. Eng.  
Darryl Benson, P. Eng., FEC  
Byron Bennett, P. Eng.  
Andrew Blundon, P. Eng., FEC  
Lorne Boone, P. Eng., P. Geo., FEC, FGC  
Virginia Borges, P. Eng.  
Ann Bridger, P. Eng. (Retired)  
Derek Brown, P. Eng. (Retired), FEC  
Alex Bugden  
George Butt, E.I.T.  
Ken Butt, P. Eng. (Retired)  
Dr. Susan Caines, P. Eng.  
Deric Cameron, P. Geo.  
Alex Campbell  
Nic Capps, P. Geo.  
Jeff Card, P. Eng., FEC  
Gary Caul, P. Eng.  
Rod Churchill, P. Geo., FGC  
Ben Collingwood, E.I.T.  
Melissa Cook  
Ryan Cooper, P. Eng.  
Steve Corbett, P. Eng.  
Cassidy Cunliffe  
Dr. Claude Daley, P. Eng., FEC  
Sarah Dalton, P. Eng.  
Frank Davis, P. Eng. (Retired), FEC  
Tony Dawe, P. Eng., FEC  
Paul Deering, P. Eng., P. Geo.  
Peter Dimmell, P. Geo., FGC  
Troy Duffy, P. Eng.  
Liam Dunphy

Sherry Dunsworth, P. Geo.  
Henry Jordan Elliot  
Justin Elliott, E.I.T.  
Geoff Emberley, P. Eng. (Retired), FEC  
Dawn Evans-Lamswood, P. Geo.  
Dr. Ahmed Ewida, P. Eng.  
Don Finch, P. Eng., (Retired), FEC  
Marie Flanagan  
Derek Follett, P. Eng.  
Bob Forbes, P. Eng. (Retired)  
Mike Furey, P. Eng.  
Terry Gardiner, P. Eng., FEC  
Caroline Gehue  
Michael Gehue, P. Eng.  
Dr. Glyn George  
Dr. Hassan Gharahbagheri, P. Eng.  
Alex Gibson, CPHR  
Dr. Eric Gill, P. Eng.  
Randy Gillespie, FGC  
Nick Gillis, P. Eng.  
David Goosney, P. Eng., FEC  
Dr. Ray Gosine, P. Eng., FEC  
Brad Greene, P. Eng.  
Nathan Guimont  
Terry Gulliford, P. Eng.  
Dr. Robert Hall, P. Eng.  
Natalie Hallett, P. Eng., FEC  
Dorothea Hanchar, P. Geo.  
Dr. Kelly Hawboldt, P. Eng.  
Natasha Healy  
Jill Henderson, P. Eng.  
Susann Hickey, P. Eng., FEC  
Dr. Alana Hinchey, P. Geo.  
Michael Hogan, P. Eng., FEC  
Grant Horwood, P. Eng.  
Mark Howell, P. Eng.  
Stewart Hughes, P. Eng.  
Michelle Hung, P. Geo.  
Dr. Amgad Ahmed Hussein, P. Eng.  
Salman Jamal  
Nathan James  
Jack Jarvi, P. Eng.  
Hayley Johnson

Sarah Johnson  
Kim Kieley, P. Eng., FEC  
Alan Kirby, P. Eng. (Retired), FEC  
Brent Lackey, P. Eng.  
Rob Langridge, P. Geo.  
Amanda Langille  
Dr. Graham Layne, P. Geo.  
Darin LeBlanc, FEC  
Bill Legge  
Amy Lester, P. Eng.  
Timothy Little, P. Eng.  
Gavin Luffman  
Rayna Luther, P. Eng.  
Dr. Leonard Lye, P. Eng. (Retired), FEC  
Kayla Lynn  
Dragon Malesevic  
Omega Malisa  
Andrew Martin  
Bill Maybee, P. Eng., FEC  
Chris McKean  
Rob McKeown, P. Geo.  
Andrea Mills, P. Geo.  
Shafiul Mintu, P. Eng.  
Paul Murphy, P. Eng.  
Gary Murray, P. Eng., FEC  
Tendai Mudunge, P. Eng.  
Thomas Mullins  
Jennifer Murray, P. Eng.  
Nicole Myers, P. Eng.  
Jenna Neville  
Bill Newton, P. Eng. (Retired), FEC  
Camryn Nichols  
Bill O'Keefe, P. Eng.  
Jeff O'Keefe, P. Eng., P. Geo., FGC  
Ian Osmond, P. Eng., FEC  
Muhammad Humza Pasha, P. Eng.  
Kimberley Pearce, P. Eng.  
Elizabeth Percy, P. Eng.  
Gerard Piercey, P. Eng.  
Dr. Steven Piercey, P. Geo., FGC  
Louise Pinsent Parsons  
Doug Power, P. Eng.

Kevin Power, P. Eng., FEC  
Dr. Titia Praamsma, P. Geo.  
Dr. John Quaicoe, P. Eng., FEC  
Kent Randell, P. Eng., FEC  
Paul Reid, P. Eng.  
Amanda Rietze, P. Geo.  
Dr. Scott Schillereff, P. Geo.  
Nola Sharpe, P. Eng.  
Cameron Shaw  
Ahmed Shokr  
Gabe Sindol  
Krista Simmons, P. Eng.  
Ashley Skinner, P. Eng., FEC  
Renee Smith, P. Eng., FEC  
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Chris Soper, P. Eng. (Retired), FEC  
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Rick Spurrell, P. Eng.  
Andrea Stack, CFP, CLU, FPSI  
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Jason Swain, P. Eng.  
Brian Taite, P. Eng.  
Zarin Tasnim  
Ben Taylor, G.I.T.  
Ken Tobin, P. Eng., FEC  
John Townsley, P. Geo.  
Karen Traverse, P. Eng.  
Trina Troke, P. Eng.  
Bob Tulp  
Onochie Umeogu, E.I.T.  
Spencer Vatcher, P. Geo.  
Suraj Wadhawan, P. Eng. (Retired)  
Victoria Warford, P. Eng. (Retired), FEC  
Michel Wawrzakow, P. Eng., P. Geo.  
Dr. Kim Welford, P. Geo.  
Darlene Whalen, P. Eng., FEC  
Jennifer Williams, P. Eng., FEC  
Dr. Chris Woodworth-Lynas, P. Geo.  
Karen Yang, P. Eng.  
Babatunde Yusuf, P. Eng.  
Tima Zarj, E.I.T.

## Thank You!



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**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**  
**Financial Statements**  
**Year Ended December 31, 2020**

**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**  
**Index to Financial Statements**  
**Year Ended December 31, 2020**

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# POWER & ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Professional Engineers and Geoscientists Newfoundland and Labrador

### *Opinion*

We have audited the financial statements of Professional Engineers and Geoscientists Newfoundland and Labrador (the Association), which comprise the statement of financial position as at December 31, 2020, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2020, 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.

### *Other Matter*

The financial statements for the year ended December 31, 2019 were audited by another auditor who expressed an unqualified opinion on those financial statements dated May 4, 2020.

### *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.

(continues)

*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.

**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**

**Statement of Financial Position**

**December 31, 2020**

	General Fund	Future Set Fund	Endowment Fund	<b>2020 Total</b>	2019 Total
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash	\$ 1,991,989	\$ 126	\$ 221,873	\$ 2,213,988	\$ 1,426,987
Marketable securities (Note 2)	874,318	-	-	874,318	1,052,622
Accounts receivable	143	6,035	-	6,178	13,007
Prepaid expenses	32,060	-	-	32,060	26,015
Interfund receivables	-	-	10,594	10,594	8,490
	<u>2,898,510</u>	<u>6,161</u>	<u>232,467</u>	<u>3,137,138</u>	<u>2,527,121</u>
CAPITAL ASSETS (Note 3)	251,438	482	-	251,920	227,530
LONG TERM INVESTMENTS (Note 4)	219,521	-	313,016	532,537	900,857
	<u>\$ 3,369,469</u>	<u>\$ 6,643</u>	<u>\$ 545,483</u>	<u>\$ 3,921,595</u>	<u>\$ 3,655,508</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT</b>					
Accounts payable and accrued liabilities (Note 5)	\$ 212,104	\$ -	\$ -	\$ 212,104	\$ 146,720
Deferred revenue	1,248,479	-	-	1,248,479	1,132,193
Interfund payable	4,761	5,833	-	10,594	8,490
	<u>1,465,344</u>	<u>5,833</u>	<u>-</u>	<u>1,471,177</u>	<u>1,287,403</u>
<b>NET ASSETS</b>					
Unrestricted	1,053,110	810	-	1,053,920	897,836
Capital asset fund	251,438	-	-	251,438	214,462
Board restricted reserve fund	599,577	-	-	599,577	673,229
Externally restricted	-	-	545,483	545,483	582,578
	<u>1,904,125</u>	<u>810</u>	<u>545,483</u>	<u>2,450,418</u>	<u>2,368,105</u>
	<u>\$ 3,369,469</u>	<u>\$ 6,643</u>	<u>\$ 545,483</u>	<u>\$ 3,921,595</u>	<u>\$ 3,655,508</u>

**APPROVED BY THE DIRECTORS**

\_\_\_\_\_ Director

\_\_\_\_\_ Director



# PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR

## Statement of Operations

Year Ended December 31, 2020

	General Fund 2020	Future Set Fund 2020	Endowment Fund 2020	Total 2020	Total 2019
<b>INCOME</b>					
Membership fees	\$ 1,184,785	\$ -	\$ -	\$ 1,184,785	\$ 1,118,105
Permit fees	416,255	-	-	416,255	443,941
Registration fees	111,033	-	-	111,033	101,878
Other (Note 6)	79,823	-	-	79,823	68,060
Interest and investment revenue	65,931	-	5,022	70,953	70,716
Seals & examinations	57,119	-	-	57,119	69,796
Donations	-	-	16,845	16,845	9,766
Chapter revenue	48,235	-	-	48,235	49,766
Conference revenue	-	-	-	-	152
Unrealized gain (loss) on investments	(41,401)	-	(29,933)	(71,334)	113,635
	1,921,780	-	(8,066)	1,913,714	2,045,815
<b>EXPENSES</b>					
Salaries and wages	807,257	-	-	807,257	789,884
Administration	521,838	-	3,529	525,367	516,461
Amortization of capital assets	96,178	121	-	96,299	59,379
Professional fees	95,356	-	-	95,356	146,447
Engineers Canada/Geoscientists Canada	66,361	-	-	66,361	78,668
Board governance	51,204	-	-	51,204	157,455
Seals & examinations	42,212	-	-	42,212	60,768
Other	36,711	-	-	36,711	5,518
Internal and external communications	35,953	-	-	35,953	76,643
Scholarships and student support	7,429	2,360	25,500	35,289	51,064
Member services	20,350	-	-	20,350	21,135
Chapter expense	12,288	-	-	12,288	42,062
Meetings expense	4,044	-	-	4,044	19,429
Travel	2,352	357	-	2,709	13,948
Conference	-	-	-	-	9,908
	1,799,533	2,838	29,029	1,831,400	2,048,769
<b>EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES</b>	<b>\$ 122,247</b>	<b>\$ (2,838)</b>	<b>\$ (37,095)</b>	<b>\$ 82,314</b>	<b>\$ (2,954)</b>

**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**

**Statement of Changes in Net Assets**

**Year Ended December 31, 2020**

	GENERAL FUND	Future Set Fund	Endowment Fund	Capital Assets Fund	Board Restricted Reserve Fund	<b>2020</b>	2019
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 896,188	\$ 1,648	\$ 582,578	\$ 214,462	\$ 673,229	\$ <b>2,368,105</b>	\$ 2,371,061
Excess (deficiency) of income over expenses	218,424	(2,838)	(37,095)	(96,178)	-	<b>82,313</b>	(2,956)
Capital purchases	(120,689)	-	-	120,689	-	-	-
Interfund transfers	59,187	2,000	-	12,465	(73,652)	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 1,053,110	\$ 810	\$ 545,483	\$ 251,438	\$ 599,577	\$ <b>2,450,418</b>	\$ 2,368,105

**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR****Statement of Cash Flows****Year Ended December 31, 2020**

	<b>2020</b>	2019
<b>OPERATING ACTIVITIES</b>		
Cash receipts from members	<b>\$ 1,914,095</b>	\$ 1,822,392
Cash paid to suppliers and employees	<b>(1,702,433)</b>	(2,010,464)
Interest and dividends received	<b>70,953</b>	74,351
	<hr/>	<hr/>
Cash flow from (used by) operating activities	<b>282,615</b>	(113,721)
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(120,689)</b>	(136,738)
Proceeds on disposal of investments	<b>688,974</b>	296,522
Purchase of investments	<b>(63,899)</b>	(167,984)
	<hr/>	<hr/>
Cash flow from (used by) investing activities	<b>504,386</b>	(8,200)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>787,001</b>	(121,921)
Cash - beginning of year	<b>1,426,987</b>	1,548,908
	<hr/>	<hr/>
<b>CASH - END OF YEAR</b>	<b>\$ 2,213,988</b>	\$ 1,426,987
	<hr/>	<hr/>

**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

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1. SIGNIFICANT ACCOUNTING POLICIES

Nature and Purpose of Association

The Association was incorporated without share capital under the laws of the Province of Newfoundland and Labrador as a non-profit organization on March 7, 1995. Its principal activities include the registration and regulation of the engineering and geoscience professions, as well as the promotion of the proficiency of professional engineers and geoscientists in the Province of Newfoundland and Labrador. The Association is a non-profit organization under the Income Tax Act and is exempt from income tax.

Basis of Accounting

The financial Statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund Accounting

The Association follows the deferral method of accounting for contributions and presents using fund accounting.

Revenues and expenses related to program delivery and administrative activities are reported in the General Fund. The General Fund also reports activity for unrestricted funds where no separate fund is presented. This includes Capital Asset Fund, Legal and Miscellaneous Contingency Fund and Wind-up Contingency Fund.

The Endowment Fund is an unincorporated registered charity and is not subject to income tax. The purpose of the Endowment Fund is to receive donations from members of Professional Engineers and Geoscientists Newfoundland and Labrador to aid in the provision of scholarships and bursaries to worthy students.

The Future Set Fund was formed in 1995 and is unincorporated registered charity and is not subject to income tax. The purpose of the division is to advance the education of school age children through camps and school workshops. Also, the National Engineering and Geoscience Month (NEGM) program commenced in 2010. This program focuses on the sustainability of the professions of engineering and geoscience by promoting interest in these professions among youth.

Internally Restricted Contingency Funds

The legal and miscellaneous contingency fund and wind-up contingency fund represent internally restricted appropriated surplus funds set aside by the board of directors to ensure the long-term financial viability of Professional Engineers and Geoscientists Newfoundland and Labrador. These funds are not to be used for operating purposes without specific approval of the Board of Directors

The Board of Directors approved that balances of these appropriated surplus funds shall be adjusted annually to 3/12 of actual yearly expenses for the legal and miscellaneous contingency fund and 1/12 of actual yearly expenses for the wind-up contingency fund

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

*(continues)*

# PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR

## Notes to Financial Statements

Year Ended December 31, 2020

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### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Computer equipment	20% & 50%	declining balance method
Database	3 years	straight-line method
Furniture and equipment	20%	declining balance method
Leasehold improvements	5 years	straight-line method

The Association regularly reviews its property, plant and equipment to eliminate obsolete items.

#### Revenue Recognition

The Association follows the deferral method of accounting for contributions.

Revenue from membership fees, licenses to practice and permits to practice are recognized in full during the period which they were received as payment of these fees is voluntary. The revenue is not considered collectible until the fees are received.

The Association sends reminder notices to its members in October of upcoming membership renewals. All membership fees received after this time are treated as membership revenue for the upcoming fiscal year, and are adjusted to deferred revenue.

Unrestricted net investment income is recognized as revenue when earned.

Endowment contributions are recognized as net assets when received.

Net investment income earned on endowment fund resources are fully restricted and are recognized as revenue of the fund when earned.

All other revenue is recognized on the accrual basis, when performance is achieved and collectability is reasonably assured.

#### Financial instruments

Financial instruments are recorded at fair value when acquired or issued.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. The risk of impairment has increased as a result of the COVID-19 pandemic, as described in Note 9, other price risk.

#### Contributed services

Volunteers contribute many hours per year to assist the division in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

*(continues)*

**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**

**Notes to Financial Statements**

**Year Ended December 31, 2020**

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 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. Significant estimates include deferred revenue and the useful lives of capital assets.

2. MARKETABLE SECURITIES

	<u>2020</u>	<u>2019</u>
Marketable securities, at cost	\$ 784,813	\$ 922,163
Adjustment to fair value	<b>89,505</b>	130,459
	<b>\$ 874,318</b>	<b>\$ 1,052,622</b>

3. PROPERTY, PLANT AND EQUIPMENT

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Computer equipment	\$ 211,982	\$ 158,086	\$ 174,858	\$ 149,250
Database	210,275	77,283	126,710	21,118
Furniture and equipment	228,511	199,575	228,511	192,342
Leasehold improvements	120,322	84,226	120,322	60,161
	<b>\$ 771,090</b>	<b>\$ 519,170</b>	<b>\$ 650,401</b>	<b>\$ 422,871</b>
Net book value	<b>\$ 251,920</b>		<b>\$ 227,530</b>	

**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

4. LONG TERM INVESTMENTS

	2020	2019
Long-term investments, at cost	\$ 216,655	\$ 333,548
Adjustment to fair value	2,866	3,314
	<b>219,521</b>	336,862
	2020	2019
Endowment Funds - Long-term investments, at cost	263,072	484,118
Endowment Fund - Adjustment to fair value	49,944	79,877
	<b>313,016</b>	563,995
Grand total	<b>\$ 532,537</b>	\$ 900,857

5. GOVERNMENT REMITTANCES

Included in accounts payable and accrued liabilities are government remittances payable of \$130,631 (2019 - \$71,599).

6. OTHER REVENUE

	2020	2019
Insurance programs	\$ 69,088	\$ 67,284
Sundry (other)	10,735	776
	<b>\$ 79,823</b>	\$ 68,060

7. MEMBER SERVICES

Member services expense relates to secondary professional liability premiums.

PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements  
Year Ended December 31, 2020

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8. LEASE COMMITMENTS

The Association has a lease with respect to its office space and parking that expires on October 1, 2021. Under the lease, the Association is required to pay a base rate of \$17,348 per month, which includes all operating costs, realty taxes and electricity. Included in the administration expense are payments of \$208,176 (2019 - \$208,176) pertaining to this lease.

The Association also has a lease with respect to the office equipment that expires on October 31, 2021. Under the lease, the Association is required to pay a base rent of \$214 per month. Included in the administration expense are payments of \$2,568 (2019 - \$2,563) pertaining to this lease.

Subsequent to year end, the Association entered into a new lease with respect to its office space commencing October 1, 2021 and expiring on December 31, 2026. The annual lease payments are \$8,970 per month.

Contractual obligation repayment schedule:

2021	\$	185,182
2022		107,640
2023		107,640
2024		107,640
2025		107,640

9. 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, 2020.

**(a) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Association will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Association is exposed to the risk mainly through its accounts payable and accrued liabilities. Liquidity risk has not changed significantly from the prior year.

**(b) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Association is mainly exposed to interest rate risk and other price risk.

**(c) Interest rate risk**

The Association is exposed to interest rate fair value risk on its fixed rate investments. The Association's primary objective is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory return. The Association mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time. The risk has increased from the prior year due to significant increase in fixed income investments.

(continues)



**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

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9. FINANCIAL INSTRUMENTS *(continued)*

***(d) 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 investment in quoted shares. The risk has decreased from the prior year due to decrease in marketable securities.

COVID-19 has had a significant effect on the financial markets. The Association's investments in marketable securities (see notes 2 and 3) are reported in these financial statements at their fair values on December 31, 2020. The Association's equity portfolio has experienced a decline in value. This may impact the amount of scholarships the Association is able to provide in the future as well as the excess working capital available to the entity. The extent of any future impact on the Association's investments or operations as a result of COVID-19 is unknown.

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