

**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS  
NEWFOUNDLAND AND LABRADOR**

**Financial Statements**

**Year Ended December 31, 2014**

PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR

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Year Ended December 31, 2014

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Professional Engineers and Geoscientists Newfoundland and Labrador

We have audited the accompanying financial statements of Professional Engineers and Geoscientists Newfoundland and Labrador, which comprise the statement of financial position as at December 31, 2014 and the statements of operations, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*(continues)*

Independent Auditor's Report to the Members of Professional Engineers and Geoscientists Newfoundland and Labrador *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Professional Engineers and Geoscientists Newfoundland and Labrador as at December 31, 2014 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

St. John's, Newfoundland and Labrador  
April 10, 2015

  
BDO Canada LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**  
**Statement of Financial Position**  
**December 31, 2014**

	2014	2013
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 2)	\$ 1,490,236	\$ 1,210,076
Short-term investments (Note 3)	71,361	62,440
Accounts receivable	1,223	2,978
Prepaid expenses	11,313	11,313
	<u>1,574,133</u>	1,286,807
CAPITAL ASSETS (Note 4)	66,548	60,324
LONG-TERM INVESTMENTS (Note 5)	1,202,002	1,198,438
INTANGIBLE ASSET (Note 6)	41,943	35,030
	<u>\$ 2,884,626</u>	<u>\$ 2,580,599</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Notes 7, 8)	\$ 163,954	\$ 174,872
Current portion of obligation under capital lease (Note 11)	3,449	3,125
Deferred income	980,004	882,590
Due to related parties (Note 10)	4,908	6,385
	<u>1,152,315</u>	1,066,972
OBLIGATION UNDER CAPITAL LEASE (Note 11)	1,542	4,991
	<u>1,153,857</u>	1,071,963
<b>NET ASSETS</b>		
Unrestricted fund	1,129,243	1,250,422
Legal and miscellaneous contingency fund	404,977	197,890
Wind-up contingency fund	134,992	-
Invested in capital assets	61,557	60,324
	<u>1,730,769</u>	1,508,636
	<u>\$ 2,884,626</u>	<u>\$ 2,580,599</u>

The accompanying notes are an integral part of these financial statements.

**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2014**

	Unrestricted Fund	Legal and Miscellaneous Contingency Fund	Wind-up Contingency Fund	Invested in Capital Assets	2014	2013
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 1,250,422	\$ 197,890	\$ -	\$ 60,324	\$ 1,508,636	\$ 1,124,866
Capital purchases, net	(20,485)	-	-	20,485	-	-
Reallocation (Note 1)	(342,079)	207,087	134,992	-	-	-
Obligation under capital lease	4,991	-	-	(4,991)		
Excess of revenues over expenses	236,394			(14,261)	222,133	383,770
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,129,243</b>	<b>\$ 404,977</b>	<b>\$ 134,992</b>	<b>\$ 61,557</b>	<b>\$ 1,730,769</b>	<b>\$ 1,508,636</b>

The accompanying notes are an integral part of these financial statements.

**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**  
**Statement of Operations**  
**Year Ended December 31, 2014**

	Budget (Unaudited) 2014	2014	2013
<b>REVENUES</b>			
Membership fees	\$ 1,020,000	\$ 1,028,950	\$ 954,748
Permit fees	350,000	360,018	340,336
Other (Note 12)	145,000	195,985	163,980
Registration fees	112,000	154,488	166,595
Interest and investment revenue (Note 13)	20,000	138,769	20,657
Conference revenue	25,000	31,779	30,402
	<u>1,672,000</u>	<u>1,909,989</u>	<u>1,676,718</u>
<b>EXPENSES</b>			
Administration (Note 14)	366,400	393,329	316,933
Board governance	68,900	66,421	56,196
CCPE / CCPG	90,000	92,085	78,782
Conference	55,000	51,433	46,848
Internal and external communications	116,900	123,622	83,767
Meetings	14,300	9,037	13,061
Member services (Note 15)	20,000	15,159	18,241
Other (Note 14)	139,500	187,277	168,958
Professional fees	150,000	109,076	42,839
Salaries and wages	515,000	534,292	501,658
Scholarships and donations	29,000	23,463	11,564
Travel	22,000	14,712	7,015
	<u>1,587,000</u>	<u>1,619,906</u>	<u>1,345,862</u>
<b>EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	85,000	290,083	330,856
Unrealized gain (loss) on investments (Note 17)	-	(67,950)	52,914
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 85,000</u>	<u>\$ 222,133</u>	<u>\$ 383,770</u>

The accompanying notes are an integral part of these financial statements.

**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**

**Statement of Cash Flow  
Year Ended December 31, 2014**

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 1,870,389	\$ 1,770,351
Cash paid to suppliers and employees	(1,517,287)	(1,219,563)
Interest paid	(62,450)	(53,699)
Cash flow from operating activities	<u>290,652</u>	<u>497,089</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(20,485)	(27,523)
Purchase of intangible assets	(43,740)	(38,349)
Interest and dividends received	49,414	22,749
Purchase of long-term investments	(1,231,154)	(410,612)
Proceeds on disposal of short-term investments	60,000	47,000
Proceeds on disposal of long-term investments	1,180,075	-
Cash flow used by investing activities	<u>(5,890)</u>	<u>(406,735)</u>
<b>FINANCING ACTIVITIES</b>		
Advances to related parties	(1,477)	(261)
Repayment of obligation under capital lease	(3,125)	(3,483)
Cash flow used by financing activities	<u>(4,602)</u>	<u>(3,744)</u>
<b>INCREASE IN CASH FLOW</b>	<b>280,160</b>	<b>86,610</b>
CASH - BEGINNING OF YEAR	<u>1,210,076</u>	<u>1,123,466</u>
<b>CASH - END OF YEAR</b>	<b><u>\$ 1,490,236</u></b>	<b><u>\$ 1,210,076</u></b>

The accompanying notes are an integral part of these financial statements.



PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements

Year Ended December 31, 2014

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

Professional Engineers and Geoscientists Newfoundland and Labrador (PEG NL), "the organization", 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 organization is a non-profit organization under the Income Tax Act and is exempt from income tax.

Basis of presentation/ revenue recognition

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) except that revenue from membership fees, licenses to practice and permits to practice are recognized in full during the period in which they are received. All other revenue is recognized on the accrual basis.

The organization 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.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Computer equipment	20%
Computer equipment under capital lease	50%
Equipment under capital lease	20%
Furniture and equipment	20%

The organization regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and are tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements

Year Ended December 31, 2014

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1. SUMMARY OF 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.

Internally restricted assets

The Restricted funds represent funds set aside by the Board of Directors to ensure the long-term financial viability of PEG NL. These funds are not to be used for operating purposes without specific approval of the Board of Directors.

In the current year, the Board of Directors approved the creation of two appropriated surplus funds; A legal and contingency fund that will be 3/12 of actual yearly expenses and a wind-up contingency fund that will be 1/12 of actual yearly expenses.

Controlled entities

Controlled not-for-profit organizations are not consolidated in the organization's financial statements.

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2. CASH

	<u>2014</u>	<u>2013</u>
Chequing account	\$ 744,058	\$ 960,200
Manulife Securities savings account	660,193	200,559
Cash balance in Manulife investment account	85,844	49,176
Petty cash	141	141
	<u>\$ 1,490,236</u>	<u>\$ 1,210,076</u>

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3. SHORT-TERM INVESTMENTS

	<u>2014</u>	<u>2013</u>
GE CAP CDA 5.28% 22 Oct 2014	\$ -	\$ 64,117
Bell CDA 3.6% 02Dec2015	69,941	-
Adjustment to market value	1,420	(1,677)
	<u>\$ 71,361</u>	<u>\$ 62,440</u>

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PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements

Year Ended December 31, 2014

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4. CAPITAL ASSETS

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Computer equipment	\$ 138,049	\$ 103,153	\$ 34,896	\$ 27,871
Computer equipment under capital lease	10,500	10,254	246	492
Equipment under capital lease	69,972	61,508	8,464	10,580
Furniture and equipment	127,826	104,884	22,942	21,381
	<u>\$ 346,347</u>	<u>\$ 279,799</u>	<u>\$ 66,548</u>	<u>\$ 60,324</u>

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PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements  
Year Ended December 31, 2014

5. LONG-TERM INVESTMENTS

	2014	2013
Alimentation Couche-Tard Inc. Class B (market value \$23,225)	\$ 13,900	\$ -
Altagas Ltd (market value \$12,395)	13,898	-
Bank of Nova Scotia (market value \$13,395)	13,908	-
Bell CDA 3.6% 02Dec2015	-	69,941
Canadian Natural Resources Ltd. (market value \$11,423)	13,932	-
Enbridge Inc. (market value \$16,130)	13,943	-
Encana Corp. (market value \$9,136)	13,933	-
Horizons Active Corporate Bond Class E Units ETF (market value \$83,916)	83,488	-
Horizons Active Preferred SH Class E Units ETF (market value \$111,213)	111,655	-
iShares 1-5 YR Laddered Corp BD Index Common Unit ETF (market value \$275,579)	278,828	-
iShares Alternatives Completion Portfolio Builder ETF (market value \$33,849)	34,894	-
iShares Canadian Hybrid Corp Bond Index ETF (market value \$82,661)	83,752	-
iShares S&P/TSX Completion Index ETF (market value \$13,222)	13,937	-
iShares MSCI EAFE Minimum Volatility Index ETF (market value \$35,149)	34,807	-
iShares MSCI USA Minimum Volatility Index ETF (market value \$41,312)	34,856	-
Manufacturers Life Insurance 4.165% 01JUN2022 Fixed Floating Callable 01JUN2017 (market value \$90,676)	91,513	-
Manulife Financial Corp (market value \$15,304)	13,952	-
Manulife FNCL 4.448% 15DEC2026 Callable 15DEC2016 (market value \$88,029)	89,111	-
Manulife Trust Investment Savings MS-NL (market value \$1,424)	1,424	793,285
Northern Property REIT TR UT (market value \$12,123)	13,984	-
Potash Corp of Sask Inc. (market value \$14,539)	13,948	-
RBC Call 4.35% F/F 15JUN15/20 (market value \$88,179)	89,424	-
Sun Life FXD/FLT SR B 4.95% 01JUN2016/2936 (market value \$89,899)	91,056	-
Vanguard Dividend Appreciation ETF (market value \$39,225)	34,934	-
AGF All-Cap30 Canadian Equity Fund Series F-FE	-	35,644
CIF CAP International Global Equity Class F-NL	-	59,771
Fidelity Canadian Disciplined Equity Fund Series F-NL	-	65,342
Harbour Fund Class F-FE	-	32,588
MAC Cundill Value Class Series F-FE	-	32,208
Manulife Global Real Estate Fund Series F-NL	-	35,689
	<b>1,199,077</b>	<b>1,124,468</b>
Adjustment to market value	<b>2,925</b>	<b>73,970</b>
	<b>\$ 1,202,002</b>	<b>\$ 1,198,438</b>

PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements

Year Ended December 31, 2014

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6. INTANGIBLE ASSET

	<u>2014</u>	<u>2013</u>
Database, online payment and professional development reporting system	\$ 215,391	\$ 171,651
Accumulated amortization	<u>(173,448)</u>	<u>(136,621)</u>
	<u>\$ 41,943</u>	<u>\$ 35,030</u>

The intangible asset is being amortized on a straight line basis over three years.

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7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2014</u>	<u>2013</u>
Chapter dues	\$ 37,032	\$ 33,729
Harmonized sales tax payable	82,020	85,293
Accounts payable and accrued liabilities	<u>44,902</u>	<u>55,850</u>
	<u>\$ 163,954</u>	<u>\$ 174,872</u>

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8. COLLECTIONS ON BEHALF OF PROVINCIAL DISTRICTS

The following amounts were collected on behalf of the Provincial Districts. Amounts that have not yet been forwarded to the appropriate districts are included in "Accounts payable and accrued liabilities".

	<u>2014</u>	<u>2013</u>
Central Newfoundland	\$ 4,270	\$ 1,370
Eastern Newfoundland Engineering Society	29,657	37,994
Labrador	825	1,395
West Coast	<u>2,280</u>	<u>1,290</u>
	<u>\$ 37,032</u>	<u>\$ 42,049</u>

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9. CONTROLLED NOT-FOR-PROFIT ORGANIZATIONS AND RELATED PARTY TRANSACTIONS

The organization controls a small not-for-profit organization called Professional Engineers and Geoscientists of Newfoundland and Labrador Endowment Fund. The organization 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 to worthy students. Following is the summarized financial statements for Professional Engineers and Geoscientists of Newfoundland and Labrador Endowment Fund as at December 31, 2014:

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PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements

Year Ended December 31, 2014

9. CONTROLLED NOT-FOR-PROFIT ORGANIZATIONS AND RELATED PARTY TRANSACTIONS  
(continued)

	<u>2014</u>	<u>2013</u>
<b>Statement of Financial Position</b>		
Cash	\$ 8,949	\$ 7,067
Short-term investments	530,328	497,134
Due from related party	3,908	5,385
Net assets	<b>(543,185)</b>	(509,586)
<b>Statement of Cash Flow</b>		
Cash flows from (used by) operating activities	1,691	(5,773)
Cash flows from (used by) investing activities	(1,286)	14,079
Cash flows from (used by) financing activities	1,477	(1,239)
<b>Statement of Operations</b>		
Donation revenue	7,050	7,820
Fees	(3,956)	(728)
Scholarships	-	(7,500)
Bursaries	(23,000)	(16,000)
Investment income	53,505	49,214
Excess of revenue over expenses	<b>\$ 33,599</b>	<b>\$ 32,806</b>

The organization also controls a small not-for-profit organization called Professional Engineers and Geoscientists of Newfoundland and Labrador Future Scientists, Engineers and Technologists (PEG NL - Future SET). The organization advances the education of school age children through camps and school workshops. The following is the summarized financial statements for PEG NL - Future SET as at December 31, 2014:

**Statement of Financial Position**

Cash	\$ 4,829	\$ 255
Harmonized sales tax receivable	2,040	1,328
Due from related party	1,000	1,000
Capital assets	2,175	2,900
Net assets	<b>(10,044)</b>	(5,483)

**Statement of Cash Flow**

Cash flows from operating activities	4,574	47
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**Statement of Operations**

Donation revenue	24,108	17,000
Operating expenses	<b>(19,547)</b>	(18,732)
Excess (deficiency) of revenue over expenses	<b>\$ 4,561</b>	<b>\$ (1,732)</b>

**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**

**Notes to Financial Statements**

**Year Ended December 31, 2014**

**10. DUE TO RELATED PARTIES**

	<u>2014</u>	<u>2013</u>
Due to PEG NL - Endowment Fund	\$ 3,908	\$ 5,385
Due to PEG NL - Future SET	<u>1,000</u>	<u>1,000</u>
	<u>\$ 4,908</u>	<u>\$ 6,385</u>

The balance owing to related parties is non-interest bearing and is expected to be repaid within the next fiscal year.

During 2014, the organization transferred \$8,527 to PEG NL - Endowment Fund's Manulife Securities account and received \$23,000 from this account in order to pay bursaries. During 2014, the organization made donations of \$15,000 to PEG NL - Future SET (2013 - \$12,500). These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**11. OBLIGATION UNDER CAPITAL LEASE**

	<u>2014</u>	<u>2013</u>
CIT Financial Ltd. lease bearing interest at 9.88% per annum, repayable in monthly blended payments of \$316. The lease is due to mature on May 12, 2016 and is secured by a photocopier with a carrying value of \$6,857.	\$ 4,991	\$ 8,116
Amounts payable within one year	<u>(3,449)</u>	<u>(3,125)</u>
	<u>\$ 1,542</u>	<u>\$ 4,991</u>

Future minimum capital lease payments are approximately:

2015	\$ 3,787
2016	<u>1,579</u>
Total minimum lease payments	5,366
Less: amount representing interest at various rates	<u>(375)</u>
	<u>\$ 4,991</u>

**12. OTHER REVENUE**

	<u>Budget</u>	<u>2014</u>	<u>2013</u>
Dialogue	\$ 5,000	\$ 1,000	\$ 1,200
Insurance programs	17,000	20,827	13,176
Professional seals	20,000	35,036	32,274
Professional practice	95,000	136,451	112,212
Sundry	8,000	2,671	5,118
	<u>\$ 145,000</u>	<u>\$ 195,985</u>	<u>\$ 163,980</u>

PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements

Year Ended December 31, 2014

13. INTEREST AND INVESTMENT INCOME

	2014	2013
Interest and dividend income	\$ 49,414	\$ 22,749
Gain (loss) on disposal of investments	89,355	(2,092)
	<b>\$ 138,769</b>	<b>\$ 20,657</b>

14. ADMINISTRATION AND OTHER EXPENSES

	Budget	2014	2013
<u>Administration expenses</u>			
Activity fee expense - bank	\$ -	\$ 6,618	\$ 4,350
Amortization (see note below)	-	14,261	12,011
Amortization - intangible asset	-	36,827	27,290
Equipment service and repairs	25,000	21,278	25,037
Freight and courier	8,000	8,679	7,505
Insurance	20,000	8,422	6,854
Credit card discount fees	22,500	24,276	21,990
Interest on obligations under capital lease	-	662	1,018
Leased equipment (see note below)	5,000	-	1,406
Miscellaneous (see note below)	10,000	8,018	6,456
Office accommodations (Note 16)	180,000	179,841	124,529
Office supplies	20,000	17,813	16,522
Payroll	45,000	40,371	38,751
Postage	13,500	11,468	9,744
Printing/copying	2,400	3,566	2,683
Telephone and telecommunications	15,000	11,229	10,787
	<b>366,400</b>	<b>393,329</b>	<b>316,933</b>
<u>Other expenses</u>			
Activity fee expense - bank	-	6,618	4,350
Examinations	90,000	127,483	114,530
Credit card discount fees	22,500	24,276	21,990
Miscellaneous (see note below)	10,000	8,018	6,457
Professional seal	17,000	20,882	21,631
	<b>139,500</b>	<b>187,277</b>	<b>168,958</b>

Amortization expense includes \$2,362 for the amortization of assets under capital lease.

The budget for leased equipment includes interest on obligations under capital lease.

The budget for miscellaneous expense includes bank fees.

15. 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, 2014

16. LEASE COMMITMENTS

The organization has a long term lease with respect to its office space and parking that expires on October 1, 2015. Under the lease, the organization is required to pay a base rent of \$146,129 and its proportionate share of utilities, property taxes, maintenance and other related costs for the leased premises. Included in the Administration expense are payments of \$179,841 (2013 - \$124,529) pertaining to this lease. Future minimum lease payments as at December 31, 2014, are as follows:

2015 \$ 109,597

17. UNREALIZED GAIN (LOSS) ON INVESTMENTS

	2014	2013
Market value of long-term investments	\$ 1,202,001	\$ 1,198,438
Adjusted cost base of long-term investments	(1,199,077)	(1,124,467)
Market value of short-term investments	71,361	62,440
Adjusted cost base of short-term investments	(69,941)	(64,117)
Subtotal	4,344	72,294
Reversal of prior year adjustment to market value	(72,294)	(19,380)
Unrealized gain (loss) on investments	\$ (67,950)	\$ 52,914

18. FINANCIAL INSTRUMENTS RISKS

The organization is exposed through its operations to the following financial risks:

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 organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. The organization is exposed to this risk mainly in respect of its receipt of funds from its members, accounts payable and accrued liabilities, due to related parties and obligation under capital lease. Liquidity risk did not change materially through the year.

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. The organization is exposed to fluctuations in equity markets on its long-term investments. Market risk did not change materially through the year.

Interest rate risk

The organization is exposed to changes in interest rates related to its investments in marketable securities. The organization'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 organization mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time. Interest rate risk did not change materially through the year.