

2021

ANNUAL REPORT

# renew & refresh



**pegni**



professional excellence.  
public trust.



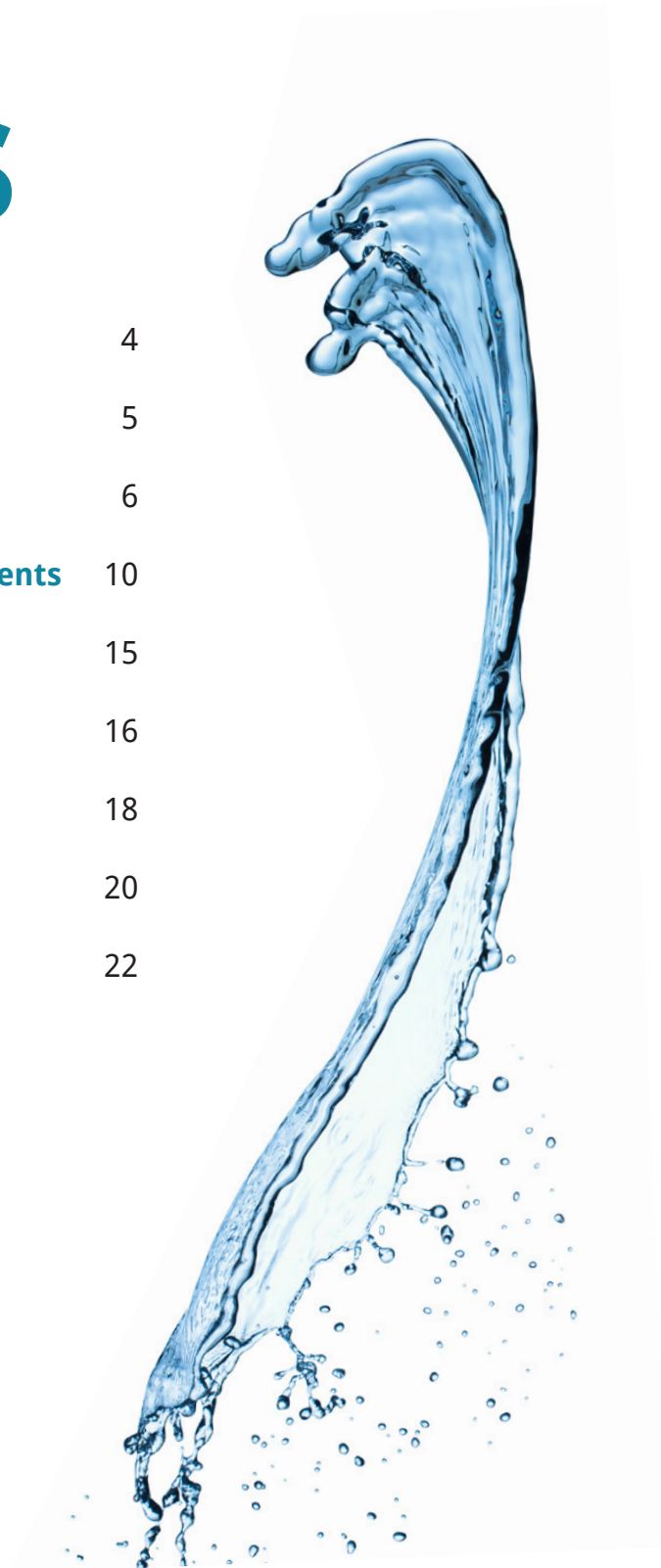
PROFESSIONAL  
ENGINEERS &  
GEOSCIENTISTS  
NEWFOUNDLAND  
& LABRADOR

**professional excellence. public trust.**



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# Board of Directors

## 2021-2022

Back (standing) L-R: Front (seated): L-R:

Derek Follett	Dr. Titia Praamsma
Dr. Jacques Guigné	Janet Bradshaw
Bill O’Keefe	Liz Palmera-Nuñez
Andrea Stack	Alex Gibson
Sudeshna Abbott	<b>Missing:</b>
Nicole Myers	Steve Emberley
Natalie Hallett	Louise Pinsent Parsons

## Executive

Bill O’Keefe, P. Eng.  
 Dr. Jacques Guigné, P. Geo.  
 Natalie Hallett, P. Eng., FEC

Chair (Elected)  
 Chair-Elect (Elected)  
 Past Chair (Elected)

## Directors

Sudeshna Abbott, P. Eng.  
 Steve Emberley, P. Geo.  
 Derek Follett, P. Eng.  
 Alex Gibson, CPHR  
 Nicole Myers, P. Eng.  
 Liz Palmera-Nuñez, P. Eng.  
 Louise Pinsent Parsons  
 Dr. Titia Praamsma, P. Geo.  
 Andrea Stack, CFP, CLU, FCSI

Director (Elected)  
 Director (Elected)  
 Director (Elected)  
 Director (Ministerial Appointee)  
 Director (Elected)  
 Director (Elected)  
 Director (Ministerial Appointee)  
 Director (Elected)  
 Director (Ministerial Appointee)

# Staff



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



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



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



**Heather Appleby**  
P. Eng.  
Special Projects Manager



**Justin Haley**  
Communications Advisor



**Jennifer Lane**  
Administrative Assistant



**Lesley Oakley-Foster**  
Registration Coordinator



**Andrew Peach**  
Operations Coordinator



**Kevina Willmott**  
FEC (Hon)  
Office Manager



# 2021 Time for a Refresh

## Chair and CEO Report

During the last two years, many organizations have seen more than their fair share of disruption. We have all needed to adjust the way we work and live. As 2021 drew to a close, the pandemic had certainly not reached conclusion, but the collective mood was generally becoming more positive; people were hopeful for a refresh and looking forward to a renewed season.



**Bill O'Keefe, P. Eng.**  
Chair



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

**DURING 2021, PEGNL UNDERTOOK SEVERAL INITIATIVES WHICH PROMISE TO ENERGIZE AND REJUVENATE THE ORGANIZATION INCLUDING:**

- Move to New Office Space
- Proposed Regulations Update
- Implementation of Competency Based Assessment (CBA)
- Adoption of New Environmental Stewardship Policy
- Board Envisioned Futures Exercise



## New Office Space

After 21 years in the Baine Johnston Centre, PEGNL has moved its office space to the Prince Charles Building at 120 Torbay Rd., St. John’s. Long time members may recall that PEGNL “lived” here once before, prior to our move downtown. With the Baine Johnston lease due to expire in the fourth quarter of 2021, a search for new space began in the summer of 2020. The key objectives included a reduction in square footage, reduced lease cost, better visitor parking, easy access to public transit, and improved internet service.

Eight commercial spaces were considered by the search committee, with the Prince Charles Building meeting all the key objectives.

Our new space includes a reception area, nine individual offices, kitchen, meeting room, boardroom, data closet and storage room. The reduction in square footage was achievable in part through ongoing digitizing of all paper files resulting in less floor space being required for file storage.

## Updated Legislation

The Engineers and Geoscientists Regulations, 2011 under the Engineers and Geoscientists Act, 2008 became effective April 27, 2011. With evolving regulatory processes, some aspects of the Regulations have become inconsistent with PEGNL and national practice. PEGNL therefore undertook a full review of the Regulations in 2021 and is proposing changes which are summarized as follows:

- Changes to reflect the CBA model of determining experiential eligibility for licensure.
- Remove requirement to issue Permits to Practice by discipline as it is the responsibility of individual professionals to define and confine their practice to their own area of competence.
- Remove the reference to “registering” examination candidates as it is inconsistent with actual practice.
- Include ability to register students.
- Wording changes are proposed to clarify the Board’s responsibility for registration processes and policies.
- Refine language to better accommodate parental and other temporary leave.
- Change references to “seals” (which are no longer used) to “stamps” and clarify when use of stamp is required.
- Clarify timeline for Complaints Authorization Committee to provide notification of its intent to investigate.
- Add the provision to prescribe practice standards (consistent with the Act).
- Change all gender references to neutral terms.
- Miscellaneous language changes to align with PEGNL practice.

In October, the Board approved the initiation of member and stakeholder consultations on the proposed changes. Looking forward, these consultations would take place in 2022 with feedback received being brought back to the Board prior to submission of the proposal to Government later in the year.

## Implementation of Competency Based Assessment (CBA)

There is movement across the country and globally, not just among engineering and geoscience regulators, but regulators of many different professions, towards competency-based assessments for licensure. The new model, which is used by most of the Canadian engineering and geoscience regulators, assesses an applicant’s suitability based on outputs (what competencies have been gained) versus inputs (how much time has been spent). There is evidence that an outputs-based evaluation of experience is a better method for assessing a person’s suitability for licensure, thereby providing better public protection. After significant planning and testing, the CBA model was implemented by PEGNL in September 2021.

CBA includes a multi-step review process where applicants must demonstrate their competencies in pre-established professional and technical categories. Through an online system, applicants describe actions and outcomes related to specific required competencies. Following a self-assessment by the applicant, the competencies are reviewed and confirmed by validators identified by the applicant, and then evaluated by trained third-party assessors consisting of licensed professional engineers and geoscientists.

Further information about CBA can be found on the PEGNL website.



## New Environmental Stewardship Policy

In December 2021, the Board considered the issue of PEGNL’s greenhouse gas (GHG) emissions and adopted a new Environmental Stewardship Policy to help address them. It is planned that in 2022 an audit of PEGNL emissions will be undertaken and the means to reduce and/or offset those emissions will be assessed. An update on these efforts will be provided next year.

## Board Envisioned Futures Exercise

In October 2021, the Board undertook a facilitated envisioning exercise. This involved assessing information gathered through an environmental scan and considering possible future scenarios that could result if certain predictions were to come to fruition. The process is strategic and outward-looking. It enables the Board to project various possible futures for our self-regulated professions, to assess the associated risks and to then consider policy-development options to help mitigate those risks. This is the second such exercise the Board has undertaken; the first was in 2017/2018. The outputs from this exercise are then used by the Board in their review and assessment of the PEGNL Ends policies. These are the policies that state the organizational purpose and goals and set PEGNL’s direction for the future.



# Independent Auditor's Report



## 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, 2021, and 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, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- 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.

## Statement of Financial Position

Year Ended December 31

	2021 Total	2020 Total
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$1,599,207	\$2,213,988
Marketable securities	1,089,374	874,318
Accounts Receivable	6,036	6,178
Prepaid Expenses	23,093	32,060
Interfund receivables	12,737	10,594
<b>TOTAL CURRENT ASSETS</b>	<b>2,730,447</b>	<b>3,137,138</b>
<b>CAPITAL ASSETS</b>	<b>442,544</b>	<b>251,920</b>
<b>LONG TERM INVESTMENTS</b>	<b>1,209,021</b>	<b>532,537</b>
<b>TOTAL ASSETS</b>	<b>4,382,012</b>	<b>3,921,595</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	227,989	212,104
Deferred income	1,386,120	1,248,479
Interfund payable	12,737	10,594
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,626,846</b>	<b>1,471,177</b>
<b>NET ASSETS</b>		
Unrestricted	1,005,813	1,053,920
Capital asset fund	442,061	251,438
Board restricted reserve fund	624,160	599,577
Externally restricted	683,132	545,483
<b>TOTAL NET ASSETS</b>	<b>2,755,166</b>	<b>2,450,418</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$4,382,012</b>	<b>\$3,921,595</b>

## Statement of Operations

Year Ended December 31

	2021 Total	2020 Total
<b>INCOME</b>		
Membership fees	\$1,182,601	\$1,184,785
Permit fees	413,322	416,255
Unrealized gain (loss) on investments	193,238	(71,334)
Application fees	144,400	111,033
Other	77,570	79,823
Donation revenue	69,801	16,845
Seals & examinations	61,415	57,119
Interest and investment revenue	26,949	70,953
Chapter revenue	7,935	48,235
<b>TOTAL INCOME</b>	<b>2,177,231</b>	<b>1,913,714</b>
<b>EXPENSES</b>		
Salaries and wages	835,887	807,257
Administration	479,256	525,367
Amortization	160,453	96,299
Professional fees	108,861	95,356
Engineers/Geoscientists Canada	62,552	66,361
Board governance	48,959	51,204
Seals and exams	42,536	42,212
Scholarships and student support	40,997	35,289
Chapter expense	31,592	12,288
Membership services	24,260	20,350
Internal and external communications	20,511	35,953
Other	8,809	36,711
Meetings expense	6,254	4,044
Travel	1,554	2,709
<b>TOTAL EXPENSES</b>	<b>1,872,481</b>	<b>1,831,400</b>
<b>EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES</b>	<b>\$304,750</b>	<b>\$82,314</b>

## Statement of Cash Flows

Year Ended December 31

	2021 Total	2020 Total
<b>OPERATING ACTIVITIES</b>		
Cash receipts from members	\$2,315,015	\$1,914,095
Cash paid to suppliers and employees	(1,705,115)	(1,702,433)
Interest and dividends received	26,949	70,953
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>636,849</b>	<b>282,615</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(351,076)	(120,689)
Proceeds on disposal of investments	113,418	688,974
Purchase of investments	(1,013,972)	(63,899)
<b>CASH FLOW FROM (USED BY) INVESTING ACTIVITIES</b>	<b>(1,251,630)</b>	<b>504,386</b>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(614,781)</b>	<b>787,001</b>
Cash- beginning of year	2,213,988	1,426,987
<b>CASH- END OF YEAR</b>	<b>\$1,599,207</b>	<b>\$2,213,988</b>



Bill O'Keefe, P. Eng.  
Chair



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

# Professional Standards Report



**Bill Hunt**, P. Eng., FEC

## Allegations and Disciplinary Activities

At the start of 2021, there were three active discipline files before the Complaints Authorization Committee (CAC). During the year, two new allegations were received by the Registrar, and both were referred to the CAC. One case was decided by the CAC during the year, resulting in a caution and counsel. Four active cases remained before the CAC at the end of 2021.

## 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 informed 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 2021, 326 compliance files were opened and 305 were 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 2021. These meetings and the relationships built, enable a high level of co-operation among Canadian D&E officials, which is largely fostered by Engineers Canada. This collaboration is invaluable for the sharing of best practices across the country.

## Practice Standards and Guidelines

PEGNL issued two new guidelines during the year; the *Guideline for the Provision of Engineering Services for Facilities* and the *Guideline for Permit Holders and Companies Employing Engineers and Geoscientists*. In addition the *Professional Conduct Procedure Guideline* was reviewed and updated.

## Ethics and Professional Practice Seminars

An introductory *Professionalism and Ethics in the Workplace* lecture was delivered twice (winter and fall semester) to first year engineering students about to embark on their first work term. An ethics and professionalism lecture was also delivered to Term 4 engineering students during the summer semester.

In 2021, PEGNL expanded its online Professionalism and Ethics learning modules to include a new module entitled Professional Self-Regulation. PEGNL now has four modules available through the member portal and each of these can be utilized to fulfill the minimum mandatory professional development requirement in the Ethical Practice category.

# Registration Report



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



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

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.

With the 2020 renewal having concluded prior to the Covid 19 pandemic hitting our province, the membership numbers for that year were steady. PEGNL had anticipated feeling the true effect of the pandemic in 2021. However, renewal rates and new applications in 2021 were comparable to the previous year, with small growth in several categories.

Overall PEGNL experienced a net decrease in membership of less than 1%, which is mainly attributed to a reduction in the non-Practicing category.

The number of permits to practice increased by 4.3%. The Registration Committee evaluated a total of 399 applications in 2021, with 196 of those for professional licensure and 203 for Member-in-Training registration. In addition, the committee evaluated 56 applications for permits to practice and 82 requests for revisions to permits.

The Registration Committee also endorsed 225 transfer applications for professional licensure as required under the Canadian Free Trade Agreement. Transfer applicants are those who hold a professional license in good standing in another province or territory.

PEGNL's registration process went through a significant transition in 2021. In the fall of 2021, PEGNL officially moved to the national competency-based framework for the assessment of engineering and geoscience experience for new applicants. The transition to this framework has improved fairness and transparency for applicants, as well as ensuring optimal protection of the public. PEGNL thanks the pilot project participants who volunteered to be the first to use this framework, as well as our volunteer Professional Assessors, without whom the adoption of this framework would not be possible.

Volunteers are vital to the successful function of organizations such as PEGNL. Thank you to all PEGNL members who have helped with the academic and experience evaluation processes as well as members of the Registration Committee and its two subcommittees - the Experience Review Committee and the Limited License Assessment Committee - for their time, dedication, and expertise. A special mention to Dr. Steve Piercey, P. Geo., FGC, and Gary Murray, P. Eng., FEC, who both completed their third three-year term on the Registration Committee in 2021. PEGNL thanks you for your many years of service to the committee and to the professions.



# Registration Statistics 2012-2021

Year Ended December 31

MEMBERSHIP CATEGORY	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Non-Practicing Members (Life, Retired, Non-Practicing)	238	244	271	298	330	356	371	519	427	402
Professional Engineers	3108	3362	3614	3808	3795	3956	3962	3727	3743	3752
Professional Geoscientists	294	296	306	325	320	332	341	307	323	336
Dual P. Eng. / P. Geo.	13	14	15	12	12	13	14	13	15	16
Engineers-in-Training	398	482	523	523	532	529	523	515	517	520
Geoscientists-in-Training	51	58	55	58	74	62	77	85	82	71
Limited Licensee - Eng. L.	0	2	8	11	13	13	15	16	15	16
Limited Licensee - Geo. L.	0	0	0	0	0	1	1	1	1	1
<b>TOTAL MEMBERSHIP</b>	<b>4102</b>	<b>4458</b>	<b>4792</b>	<b>5035</b>	<b>5076</b>	<b>5262</b>	<b>5304</b>	<b>5183</b>	<b>5123</b>	<b>5114</b>
Annual Growth	12.5%	8.7%	7.5%	5.1%	0.8%	3.7%	0.8%	-2.3%	-1.2%	-0.2%

PERMITS TO PRACTICE	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Engineering	426	486	510	534	544	578	595	559	562	579
Geoscience	26	26	28	31	28	25	27	24	25	29
Engineering & Geoscience	11	12	14	15	16	18	19	18	18	23
<b>TOTAL PERMITS TO PRACTICE</b>	<b>463</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>631</b>
Annual Growth	16.0%	13.2%	5.3%	5.1%	1.4%	5.6%	3.2%	-6.2%	0.7%	4.3%



# Diversity & Inclusion at **PEGNL**

## **New End and Strategy**

One of the key functions of the PEGNL Board of Directors is to set out the Ends of the organization. The Board defines the broad goals while the CEO develops the strategic plan and determines the means by which staff will achieve those goals. The Board subsequently monitors and measures the success of PEGNL in achieving the Ends.

An End regarding diversity and inclusion was first established by the Board in 2017. The initial End focused on increasing the numbers of underrepresented groups in the profession which was largely outside the control of PEGNL as a regulator. The End was amended in 2021 to focus more on achieving an inclusive culture in the professions. It now states, “License holders support equity, diversity and inclusion, and respect differences. To establish a baseline for measuring progress toward achievement of this End, PEGNL included questions on equity, diversity and inclusion in its biennial license holder survey. Having now established a baseline, PEGNL will set targets for improvement going forward. These will be incorporated into our Diversity & Inclusion strategic plan.



## Update on 30 by 30 Engineering Initiative

Women make up more than half of the Canadian population but are significantly underrepresented in engineering education and in the engineering profession. To try to address this chronic underrepresentation, PEGNL, together with Engineers Canada and the other provincial and territorial engineering regulators, has adopted the 30 by 30 Initiative. Led by Engineers Canada, the 30 by 30 Initiative is the national goal of raising the percentage of newly licensed engineers who are women to 30 per cent by the year 2030. Newly licensed engineers are defined as those who became licensed for the first time in the previous 12 months. Thirty per cent is universally held as the tipping point for sustainable change – reaching 30 by 30 will help drive the shift in the overall membership of the engineering profession as more and more women continue to enter the profession.

We are very pleased to report that in 2021 the percentage of newly licensed engineers who are women was

**30.2%**

# Volunteer Committees

## 2021

- Honesty
- Trust
- Public Welfare
- Fairness
- Accountability
- Openness
- Integrity
- Competence

### Professional Development

The Professional Development (PD) Committee conducts audits of member PD reports in addition to reviewing and updating the PEGNL PD program as required.

In 2021, the PD Committee oversaw the audit of 120 member PD reports and held several meetings to consider potential improvements to the PD program.

### National Engineering and Geoscience Month (NEGM)

The NEGM committee conducted its second annual online Scavenger Hunt. This year, the hunt was expanded to include engineering components after solely focussing on geoscience components in year one. In 2021 the annual NEGM bridge building competition was moved to an on-line format, with bridges being sent in to the PEGNL office from various schools around the province.

### Connections East

Connections East continued to hold popular professional development virtual luncheons, having organized 10 PD sessions with special guests speaking on a wide range of topics. They also held both in-person and virtual social and recreation events such as golf, curling, dinner theatre, cooking lessons, and an array of family-related events.



## Guidelines

The Committee is tasked with reviewing and updating PEGNL's existing professional and practice guidelines, as well as developing new guidelines. The Guidelines committee updated and issued three guidelines in 2021 and began drafting several others for consultation in 2022.

## Awards

In 2021 the Awards Committee conducted a significant review of PEGNL's annual membership awards program, including researching award programs at other professional regulators in NL as well as the engineering and geoscience regulators in other provinces. Through this research, the committee learned that many regulators either do not have awards programs (e.g. College of Physicians and Surgeons NL) or are taking steps to move away from membership awards (e.g. College of Registered Nurses NL). It was also noted by the committee that awards programs fit better with the mandates of industry associations than those of regulators.

The committee recommended that in order to better align with its regulatory mandate, PEGNL should focus its awards efforts on annual bursaries and scholarships for post-secondary students attending Memorial University's engineering and earth sciences programs. In 2021, PEGNL awarded \$1,500 needs-based bursaries to 16 students totalling \$24,000 from our Endowment Fund as well as two academic scholarships and three work-term excellence awards totalling \$5,000 from our operating budget.

# 2021 PEGNL Volunteers



Sudeshna Abbott, P. Eng.  
Rafael Albernaz Alves, P. Eng.  
Eric Albrechtsons, P. Geo.  
Carolyn Anstey-Moore, P. Geo.  
Matthew Appleby, P. Eng.  
Richard Appleby, P. Eng.  
Michelle Baikie  
Sheldon Baikie, P. Eng.  
Kristine Bailieu, P. Eng.  
Joanna Barnard, P. Eng. (Retired), FEC  
Stephen Barnes, J.D.  
Eric Barrett, P. Eng.  
Scott Batt, P. Eng.  
Byron Bennett, P. Eng.  
Darryl Benson, P. Eng., FEC  
Alexandre Berman, P. Eng.  
Andrew Blundon, P. Eng., FEC  
Lorne Boone, P. Eng., P. Geo., FEC, FGC  
Danielle Bowering, P. Eng.  
Ann Bridger, P. Eng. (Retired)  
Derek Brown, P. Eng. (Retired), FEC  
Brian Bugden, P. Eng.  
Sarah Burden, P. Eng.  
Dr. Susan Caines, P. Eng.  
Jonathan Caines, P. Eng.  
Deric Cameron, P. Eng.  
Nic Capps, P. Geo.  
Jeff Card, P. Eng., FEC  
Michael Carroll, P. Eng.  
Rod Churchill, P. Geo., FGC  
Ben Collingwood, P. Eng.  
Ryan Cooper, P. Eng.  
Steve Corbett, P. Eng.  
Alison Cox, P. Geo.  
Dr. Claude Daley, P. Eng., FEC  
Sarah Dalton, P. Eng.  
Frank Davis, P. Eng. (Retired), FEC  
Tony Dawe, P. Eng., FEC  
Brad Dawe, P. Eng.  
Paul Deering, P. Eng., P. Geo.  
Peter Dimmell, P. Geo., FGC  
Logan Drum, E.I.T.  
Troy Duffy, P. Eng.

Sherry Dunsworth, P. Geo.  
Robert Edwards, P. Eng.  
Jordan Elliot  
Steve Emberley, P. Geo.  
Geoff Emberley, P. Eng. (Retired), FEC  
Dawn Evans-Lamswood, P. Geo.  
Don Finch, P. Eng. (Retired), FEC  
Derek Follett, P. Eng.  
Bob Forbes, P. Eng. (Retired)  
Steven Frizzel, P. Eng.  
Mike Furey, P. Eng.  
Terry Gardiner, P. Eng.  
Michael Gehue, P. Eng.  
Dr. Glynn George  
Alex Gibson, CPHR  
Dr. Eric Gill, P. Eng.  
Nick Gillis, P. Eng.  
Erin Gillis, P. Geo.  
Jennifer Glasgow, P. Geo.  
David Goosney, P. Eng., FEC  
Dr. Ray Gosine, P. Eng., FEC  
Steven Greeley, P. Eng.  
Brad Greene, P. Eng.  
Shawn Griffin, P. Eng.  
Dr. Jacques Guigné, P. Geo.  
Natalie Hallett, P. Eng., FEC  
Dorothea Hanchar, P. Geo.  
Dr. Kelly Hawboldt, P. Eng.  
Jill Henderson, P. Eng.  
Susann Hickey, P. Eng., FEC  
Bahar Farhadi Hikoei, P. Eng.  
Michael Hogan, P. Eng., FEC  
Patrick Holloway, E.I.T.  
Grant Horwood, P. Eng.  
Mark Howell, P. Eng.  
Stewart Hughes, P. Eng.  
Dr. Syed Imtiaz, P. Eng.  
Tony Jones, P. Eng.  
Mark Kenny, P. Eng.  
Kim Kieley, P. Eng., FEC  
Alan Kirby, P. Eng. (Retired), FEC  
Bikky Kumar, P. Eng.  
Rob Langridge, P. Geo.



Darin LeBlanc, FEC  
Bill Legge  
Dave Leonard, P. Eng.  
Rayna Luther, P. Eng.  
Dr. Leonard Lye, P. Eng. (Retired), FEC  
Bill Maybee, P. Eng. (Retired), FEC  
Mervin McDonald, P. Eng.  
Shafiul Mintu, P. Eng.  
Kimberly Mitchell, P. Eng.  
Patrick Moran, P. Geo.  
Mervin Morris, P. Eng.  
Egil Earl Mortensen, P. Eng.  
Thomas Mullins  
Stephen Mulrooney, P. Eng.  
Paul Murphy, P. Eng.  
Michael Murphy, P. Eng.  
Jennifer Murray, P. Eng.  
Gary Murray, P. Eng.  
Nicole Myers, P. Eng.  
Ryan Newbury, P. Eng.  
William Newton, P. Eng. (Retired), FEC  
Sandra Oickle  
Bill O'Keefe, P. Eng.  
Jeff O'Keefe, P. Eng., P. Geo., FGC  
Michael Okonkwo, P. Eng.  
Marion Organ, P. Eng.  
Ian Osmond, P. Eng., FEC  
Liz Palmera-Nuñez, P. Eng.  
Ellen Patrick, P. Eng.  
Kimberley Pearce, P. Eng.  
Kirk Peddle, P. Eng.  
Elizabeth Percy, P. Eng.  
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Dr. Stephen Piercey, P. Geo., FGC  
Louise Pinsent Parsons  
Kevin Power, P. Eng., FEC  
Dr. Titia Praamsma, P. Geo.  
Dr. John Quaicoe, P. Eng., FEC  
Paul Reid, P. Eng.  
Dean Reid, P. Eng.  
Amanda Rietze, P. Geo.  
Jonathan Rodway, P. Eng.  
Keith Rowe, P. Eng.



Dr. Scott Schillereff, P. Geo., FGC  
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Rick Spurrell, P. Eng.  
Andrea Stack, CFP, CLU, FPSI  
Adam Stanley, P. Eng.  
Leanne Stein, P. Eng.  
Amy Stewart, P. Eng.  
Jason Strickland, P. Eng.  
Mark Stuckless, P. Eng.  
Brian Taite, P. Eng.  
Ehsan Tawhidi, P. Eng.  
Olga Telecka, P. Eng.  
Joanna Ting, P. Eng.  
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John Townsley, P. Geo.  
Matthew Tracey, P. Geo.  
Karen Traverse, P. Eng.  
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Onochie Umeogu, E.I.T.  
Spencer Vatcher, P. Geo.  
Suraj Wadhawan, P. Eng. (Retired)  
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Victoria Warford, P. Eng. (Retired), FEC  
Michel Wawrzkow, P. Eng., P. Geo.  
Dr. Kim Welford, P. Geo.  
Darlene Whalen, P. Eng., FEC  
Kenneth Wheeler, P. Eng.  
Jennifer Williams, P. Eng., FEC  
Dr. Derek Wilton, P. Geo., FGC  
David Winsor, P. Eng.  
Chad Wiseman, P. Eng.  
Dr. Christopher Woodworth-Lynas, P. Geo.  
Babatunde Yusuf, P. Eng.  
Dr. Helen Zhang, P. Eng.



PROFESSIONAL  
ENGINEERS &  
GEOSCIENTISTS  
NEWFOUNDLAND  
& LABRADOR

professional excellence. public trust.





**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**  
**Financial Statements**  
**Year Ended December 31, 2021**

**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**  
**Index to Financial Statements**  
**Year Ended December 31, 2021**

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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, 2021, and 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, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

(continues)

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

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.

St. John's, Newfoundland and Labrador

CHARTERED PROFESSIONAL ACCOUNTANTS

**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**

**Statement of Financial Position**

**December 31, 2021**

	General Fund	Future Set Fund	Endowment Fund	2021 Total	2020 Total
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash	\$ 1,576,632	\$ 2,686	\$ 19,889	\$ 1,599,207	\$ 2,213,988
Marketable securities (Note 2)	1,089,374	-	-	1,089,374	874,318
Accounts receivable	-	6,036	-	6,036	6,178
Prepaid expenses	23,093	-	-	23,093	32,060
Interfund receivables	-	-	12,737	12,737	10,594
	<u>2,689,099</u>	<u>8,722</u>	<u>32,626</u>	<u>2,730,447</u>	<u>3,137,138</u>
CAPITAL ASSETS (Note 3)	442,158	386	-	442,544	251,920
LONG TERM INVESTMENTS (Note 4)	558,515	-	650,506	1,209,021	532,537
	<u>\$ 3,689,772</u>	<u>\$ 9,108</u>	<u>\$ 683,132</u>	<u>\$ 4,382,012</u>	<u>\$ 3,921,595</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT</b>					
Accounts payable and accrued liabilities (Note 5)	\$ 227,989	\$ -	\$ -	\$ 227,989	\$ 212,104
Deferred income	1,386,120	-	-	1,386,120	1,248,479
Interfund payable	6,991	5,746	-	12,737	10,594
	<u>1,621,100</u>	<u>5,746</u>	<u>-</u>	<u>1,626,846</u>	<u>1,471,177</u>
<b>NET ASSETS</b>					
Unrestricted	1,002,451	3,362	-	1,005,813	1,053,920
Capital asset fund	442,061	-	-	442,061	251,438
Board restricted reserve fund	624,160	-	-	624,160	599,577
Externally restricted	-	-	683,132	683,132	545,483
	<u>2,068,672</u>	<u>3,362</u>	<u>683,132</u>	<u>2,755,166</u>	<u>2,450,418</u>
	<u>\$ 3,689,772</u>	<u>\$ 9,108</u>	<u>\$ 683,132</u>	<u>\$ 4,382,012</u>	<u>\$ 3,921,595</u>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**

**Statement of Operations**

**Year Ended December 31, 2021**

	General Fund 2021	Future Set Fund 2021	Endowment Fund 2021	<b>Total 2021</b>	Total 2020
<b>INCOME</b>					
Membership fees	\$ 1,182,601	\$ -	\$ -	\$ 1,182,601	\$ 1,184,785
Permit fees	413,322	-	-	<b>413,322</b>	416,255
Unrealized gain (loss) on investments	108,688	-	84,550	<b>193,238</b>	(71,334)
Application fees	144,400	-	-	<b>144,400</b>	111,033
Other (Note 6)	77,570	-	-	<b>77,570</b>	79,823
Donation revenue	-	-	69,801	<b>69,801</b>	16,845
Seals & examinations	61,415	-	-	<b>61,415</b>	57,119
Interest and investment revenue	14,165	-	12,784	<b>26,949</b>	70,953
Chapter revenue	7,935	-	-	<b>7,935</b>	48,235
	<u>2,010,096</u>	<u>-</u>	<u>167,135</u>	<u><b>2,177,231</b></u>	<u>1,913,714</u>
<b>EXPENSES</b>					
Salaries and wages	835,887	-	-	<b>835,887</b>	807,257
Administration	475,270	-	3,986	<b>479,256</b>	525,367
Amortization	160,445	8	-	<b>160,453</b>	96,299
Professional fees	108,861	-	-	<b>108,861</b>	95,356
Engineers / geoscientists canada	62,552	-	-	<b>62,552</b>	66,361
Board governance	48,959	-	-	<b>48,959</b>	51,204
Seals and exams	42,536	-	-	<b>42,536</b>	42,212
Scholarships and student support	12,597	2,900	25,500	<b>40,997</b>	35,289
Chapter expense	31,592	-	-	<b>31,592</b>	12,288
Membership services	24,260	-	-	<b>24,260</b>	20,350
Internal and external communications	20,511	-	-	<b>20,511</b>	35,953
Other	8,809	-	-	<b>8,809</b>	36,711
Meetings expense	6,254	-	-	<b>6,254</b>	4,044
Travel	1,457	97	-	<b>1,554</b>	2,709
	<u>1,839,990</u>	<u>3,005</u>	<u>29,486</u>	<u><b>1,872,481</b></u>	<u>1,831,400</u>
<b>EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES</b>	<u>\$ 170,106</u>	<u>\$ (3,005)</u>	<u>\$ 137,649</u>	<u>\$ 304,750</u>	<u>\$ 82,314</u>

**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**

**Statement of Changes in Net Assets**

**Year Ended December 31, 2021**

	GENERAL FUND	Future Set Fund	Endowment Funds	Board Restricted Reserve Fund	Capital Assets Fund	2021	2020
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 1,053,110	\$ 810	\$ 545,483	\$ 599,577	\$ 251,438	<b>\$ 2,450,418</b>	\$ 2,368,105
Excess (deficiency) of income over expenses	330,559	(3,005)	137,649	-	(160,453)	<b>304,750</b>	82,313
Capital purchases	(351,076)	-	-	-	351,076	-	-
Interfund transfers	(30,140)	5,557	-	24,583	-	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,002,453</b>	<b>\$ 3,362</b>	<b>\$ 683,132</b>	<b>\$ 624,160</b>	<b>\$ 442,061</b>	<b>\$ 2,755,168</b>	<b>\$ 2,450,418</b>

**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR****Statement of Cash Flows****Year Ended December 31, 2021**

	<b>2021</b>	2020
<b>OPERATING ACTIVITIES</b>		
Cash receipts from members	<b>\$ 2,315,015</b>	\$ 1,914,095
Cash paid to suppliers and employees	<b>(1,705,115)</b>	(1,702,433)
Interest and dividends received	<b>26,949</b>	70,953
	<hr/>	<hr/>
Cash flow from operating activities	<b>636,849</b>	282,615
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(351,076)</b>	(120,689)
Proceeds on disposal of investments	<b>113,418</b>	688,974
Purchase of investments	<b>(1,013,972)</b>	(63,899)
	<hr/>	<hr/>
Cash flow from (used by) investing activities	<b>(1,251,630)</b>	504,386
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(614,781)</b>	787,001
Cash - beginning of year	<b>2,213,988</b>	1,426,987
	<hr/>	<hr/>
<b>CASH - END OF YEAR</b>	<b>\$ 1,599,207</b>	\$ 2,213,988



**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

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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 Board Restricted Reserve Fund represents 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 4/12 of actual yearly expenses.

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:

Computer equipment	20% & 50% declining balance method
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*(continues)*

# PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR

## Notes to Financial Statements Year Ended December 31, 2021

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

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.

#### 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.

**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

2. MARKETABLE SECURITIES

	2021	2020
Marketable securities, at cost	\$ 887,264	\$ 784,813
Adjustment to fair value	<b>202,110</b>	89,505
	<b>\$ 1,089,374</b>	\$ 874,318

3. PROPERTY, PLANT AND EQUIPMENT

	2021		2020	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computer equipment	\$ 215,288	\$ 169,197	\$ 211,982	\$ 158,086
Database	254,375	154,724	210,275	77,283
Furniture and fixtures	177,390	148,985	170,906	142,695
Furniture and equipment	57,605	57,025	57,605	56,880
Leasehold improvements	417,508	149,691	120,322	84,225
	<b>\$ 1,122,166</b>	<b>\$ 679,622</b>	\$ 771,090	\$ 519,169
Net book value	<b>\$ 442,544</b>		\$ 251,921	

4. LONG TERM INVESTMENTS

	2021	2020
Long-term investments, at cost	\$ 559,564	\$ 216,655
Adjustment to fair value	<b>(1,049)</b>	2,866
	<b>558,515</b>	219,521
	<b>2021</b>	2020
Endowment Funds - Long-term investments, at cost	<b>516,012</b>	263,072
Endowment Fund - Adjustment to fair value	<b>134,494</b>	49,944
	<b>650,506</b>	313,016
Grand total	<b>\$ 1,209,021</b>	\$ 532,537

5. GOVERNMENT REMITTANCES

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

**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

6. OTHER REVENUE

	2021	2020
Insurance programs	\$ 77,310	\$ 69,088
Sundry (other)	260	10,735
	\$ 77,570	\$ 79,823

7. MEMBER SERVICES

Member services expense relates to secondary professional liability premiums.

8. LEASE COMMITMENTS

The Association has a lease with respect to its office space and parking that expires on December 31, 2026. Under the lease, the Association is required to pay a base rate of \$8,970 per month, which includes all operating costs, realty taxes and electricity.

Contractual obligation repayment schedule:

2022	\$ 107,640
2023	107,640
2024	107,640
2025	107,640
2026	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, 2021.

**(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.

**(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.

*(continues)*

**PROFESSIONAL ENGINEERS AND GEOSCIENTISTS NEWFOUNDLAND AND LABRADOR**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

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9. FINANCIAL INSTRUMENTS *(continued)*

***(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.

***(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, 2021. 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.