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Financial statements of  
Association of Professional  
Engineers of Ontario

December 31, 2019

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## Independent Auditor's Report

To the Members of the  
Association of Professional Engineers of Ontario

### Opinion

We have audited the accompanying financial statements of the Association of Professional Engineers of Ontario which comprise the Statement of financial position at December 31, 2019, and the statements of operations and 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association of Professional Engineers of Ontario as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 of Professional Engineers of Ontario in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association of Professional Engineers of Ontario'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 of Professional Engineers of Ontario or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Association of Professional Engineers of Ontario'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 GAAS 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 GAAS, 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 of Professional Engineers of Ontario'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 of Professional Engineers of Ontario'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 of Professional Engineers of Ontario 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.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
March 20, 2020

**Association of Professional Engineers of Ontario**  
**Statement of operations and changes in net assets**  
Year ended December 31, 2019

	Notes	2019 \$	2018 \$
<b>Revenue</b>			
P. Eng revenue		<b>16,617,881</b>	15,731,903
Application, registration, examination and other fees		<b>8,507,693</b>	6,966,526
Building operations	4	<b>2,063,933</b>	2,058,844
Investment income		<b>572,499</b>	64,460
Advertising income		<b>214,087</b>	270,005
		<b>27,976,093</b>	25,091,738
<b>Expenses</b>			
Staff salaries and benefits/retiree future benefits	9	<b>11,948,676</b>	11,778,442
Building operations	4	<b>2,497,508</b>	2,494,427
Purchased services		<b>1,295,698</b>	1,620,259
Amortization		<b>1,182,780</b>	1,210,440
Engineers Canada		<b>1,009,422</b>	982,774
Computers and telephone		<b>1,001,350</b>	968,239
Chapters	13	<b>942,292</b>	817,850
Occupancy costs	4	<b>845,733</b>	885,083
Legal (corporate, prosecution and tribunal)		<b>720,790</b>	1,072,994
Transaction fees		<b>650,829</b>	544,817
Volunteer expenses		<b>614,032</b>	726,230
Contract staff		<b>551,099</b>	305,197
Postage and courier		<b>417,773</b>	529,756
Consultants		<b>255,675</b>	235,196
Recognition, grants and awards		<b>152,623</b>	141,498
Professional development		<b>143,358</b>	86,057
Office supplies		<b>129,224</b>	134,263
Insurance		<b>128,505</b>	127,030
Printing		<b>97,200</b>	102,310
Staff expenses		<b>89,783</b>	88,055
Advertising		<b>74,808</b>	99,268
		<b>24,749,158</b>	24,950,185
Excess of revenue over expenses before the undernoted		<b>3,226,935</b>	141,553
Council discretionary reserve expenses	8	<b>298,827</b>	18,472
Excess (deficiency) of revenue over expenses		<b>2,928,108</b>	123,081
Remeasurement and other items	6	<b>4,647,153</b>	934,800
Net assets, beginning of year		<b>17,152,436</b>	16,094,555
<b>Net assets, end of year</b>		<b>24,727,697</b>	17,152,436

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

# Association of Professional Engineers of Ontario

## Statement of financial position

As at December 31, 2019

	Notes	2019 \$	2018 \$
<b>Assets</b>			
Current assets			
Cash in interest bearing accounts		<b>3,031,510</b>	2,773,438
Accounts receivable		<b>767,025</b>	433,467
Prepaid expenses and deposits		<b>363,272</b>	404,162
Other assets		<b>328,077</b>	456,308
		<b>4,489,884</b>	4,067,375
Marketable securities, at fair value		<b>11,303,103</b>	6,819,008
Capital assets	3	<b>33,301,183</b>	34,615,613
		<b>49,094,170</b>	45,501,996
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	15	<b>2,024,830</b>	2,215,435
Fees in advance and deposits		<b>11,048,555</b>	9,250,525
Current portion of long-term debt	5	<b>1,088,796</b>	5,607,000
		<b>14,162,181</b>	17,072,960
<b>Long-term</b>			
Long-term debt	5	<b>3,629,292</b>	—
Employee future benefits	6	<b>6,575,000</b>	11,276,600
		<b>24,366,473</b>	28,349,560
Net assets	7	<b>24,727,697</b>	17,152,436
<b>Total liabilities and net assets</b>		<b>49,094,170</b>	45,501,996
Contingencies	16		

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

Approved by the Council

*Nancy L. Hill*

\_\_\_\_\_, Director

*Marcia Sterling*

\_\_\_\_\_, Director

## Association of Professional Engineers of Ontario

### Statement of cash flows

Year ended December 31, 2019

	Notes	2019 \$	2018 \$
<b>Operating activities</b>			
Excess of revenue over expenses		2,928,108	123,081
Add (deduct) items not affecting cash			
Amortization		2,243,632	2,208,919
Amortization - other assets		178,563	77,339
Employee future benefits expensed		1,017,653	1,222,000
Change in unrealized losses (gains) on marketable securities		(337,636)	181,017
Losses (Gains) on disposal of marketable securities		25,596	(24,005)
		<b>6,055,916</b>	<b>3,788,351</b>
Change in non-cash working capital items	10	<b>1,314,757</b>	608,314
		<b>7,370,673</b>	<b>4,396,665</b>
<b>Financing activities</b>			
Payout of previous mortgage	5	(5,441,000)	—
Proceeds from refinancing of mortgage	5	5,443,952	—
Repayment of mortgage	5	(891,864)	(980,000)
Contributions to employee future benefit plans		(1,072,100)	(949,700)
		<b>(1,961,012)</b>	<b>(1,929,700)</b>
<b>Investing activities</b>			
Net change in marketable securities		(4,172,055)	(169,321)
Additions to capital assets		(929,202)	(1,745,717)
Additions to other assets		(50,332)	(132,391)
		<b>(5,151,589)</b>	<b>(2,047,429)</b>
Increase in cash		258,072	419,536
Cash, beginning of year		2,773,438	2,353,902
<b>Cash, end of year</b>		<b>3,031,510</b>	<b>2,773,438</b>

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

# Association of Professional Engineers of Ontario

## Notes to the financial statements

Year ended December 31, 2019

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### 1. Nature of operations

The Association of Professional Engineers of Ontario ("PEO") was incorporated by an Act of the Legislature of the Province of Ontario. Its principal activities include regulating the practice of professional engineering, and establishing and maintaining standards of knowledge, skill and ethics among its members in order to protect the public interest. As a not-for-profit professional membership organization, it is exempt from tax under section 149(1) of the Income Tax Act.

### 2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following accounting policies:

#### a) Financial instruments

PEO initially recognizes financial instruments at fair value and subsequently measures them at each reporting date, as follows:

<u>Asset/liability</u>	<u>Measurement</u>
Cash and marketable securities	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the financial asset shall be written down and the resulting impairment loss shall be recognized in the statement of operations and changes in net assets for the period.

Transaction costs are expensed as incurred.

#### b) Hedge accounting

PEO entered into an interest rate swap in order to reduce the impact of fluctuating interest rates on its long-term debt. The policy of PEO is not to enter into interest rate swap agreements for trading or speculative purposes.

The interest rate swap held by PEO is eligible for hedge accounting. To be eligible for hedge accounting, an instrument must meet certain criteria with respect to identification, designation and documentation. In addition, the critical terms of the derivative financial instrument must match the specific terms and conditions of the hedged item. The fair value of derivative instruments eligible and qualifying for hedge accounting is generally not recognized on the Statement of financial position. Gains and losses on such instruments are recognized in the Statement of operations and changes in net assets in the same period as those of the hedged item.

Interest on the hedged item is recognized using the instrument's stated interest rate plus or minus amortization of any initial premium or discount and any financing fees and transaction costs. Net amounts receivable or payable on the interest rate swap are recorded on the accrual basis of accounting and are recognized as an adjustment to interest on the hedged item in the period in which they accrue.

PEO may only discontinue hedge accounting when one of the following situations arises:

- (i) The hedged item or the hedging item ceases to exist other than as designated and documented;
- (ii) The critical terms of the hedging item cease to match those of the hedged item, including, but not limited to, when it becomes probable that an interest-bearing asset or liability hedged with an interest rate swap will be prepaid.

**2. Significant accounting policies (continued)**

*b) Hedge accounting (continued)*

When a hedging item ceases to exist, any gain or loss incurred on the termination of the hedging item is recognized as an adjustment of the carrying amount of the hedged item.

When a hedged item ceases to exist, the critical terms of the hedging item cease to match those of the hedged item, or it is no longer probable that an anticipated transaction will occur in the amount designated or within 30 days of the maturity date of the hedging item, any gain or loss is recognized in net income.

*c) Revenue recognition*

License fee revenue, excluding the portion related to the Building Fund, is recognized as revenue on a monthly basis over the license period. Building Fund revenue is recognized as revenue at the commencement of the license period. Other revenues are recognized when the related services are provided.

*d) Donated services*

The Association receives substantial donated services from its membership through participation on council and committees and as chapter executives. Donations of services are not recorded in the accounts of the Association.

*e) Employee future benefits*

*Pension plans*

The cost of PEO's defined benefit pension plans is determined periodically by independent actuaries using the projected benefit method prorated on service. PEO uses the most recently completed actuarial valuation prepared on the going concern basis for funding purposes for measuring its defined benefit pension plan obligations. A funding valuation is prepared in accordance with pension legislation and regulations, generally to determine required cash contributions to the plan.

*Other non-pension plan benefits*

The cost of PEO's non-pension defined benefit plan is determined periodically by independent actuaries. PEO uses an accounting actuarial valuation performed once every year for measuring its non-pension defined benefit plan obligations. The valuation is based on the projected benefit method prorated on service.

*For all defined benefit plans, PEO recognizes:*

- (i) The defined benefit obligation, net of the fair value of any plan assets, adjusted for any valuation in the statement of changes in net assets;
- (ii) The cost of the plan for the year.

## Association of Professional Engineers of Ontario

### Notes to the financial statements

Year ended December 31, 2019

## 2. Significant accounting policies (continued)

### f) Capital assets

Capital assets are recorded at cost. Amortization is calculated on the straight-line basis at the following annual rates.

Building	2%
Building improvements - PEO	5%
Building improvements - common area	3.3% to 10%
Building improvements - non-recoverable	10% to 20%
Computer hardware and software	33%
Furniture, fixtures and telephone equipment	10%
Audio visual	20%

The Association's investment in capital assets is included as part of Net assets on the Statement of financial position.

### g) 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Accounts requiring significant estimates and assumptions include capital assets, accrued liabilities, and employee future benefits.

## 3. Capital assets

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
	\$	\$	\$	\$
Building	19,414,668	4,196,073	15,218,595	15,606,888
Building improvements - PEO	8,961,068	3,792,724	5,168,344	5,596,606
Building improvements - common area	11,188,719	4,229,963	6,958,756	6,940,977
Building improvements - non recoverable	534,292	80,782	453,510	336,906
Land	4,366,303	—	4,366,303	4,366,303
Computer hardware and software	5,191,125	4,307,847	883,278	1,051,484
Furniture, fixtures and telephone equipment	1,460,916	1,259,236	201,680	299,174
Audio visual	1,008,315	975,723	32,592	72,725
Work-in-progress	18,125	—	18,125	344,550
	<b>52,143,531</b>	<b>18,842,348</b>	<b>33,301,183</b>	<b>34,615,613</b>

## Association of Professional Engineers of Ontario

### Notes to the financial statements

Year ended December 31, 2019

#### 4. Building operations

PEO maintains accounting records for the property located at 40 Sheppard Avenue West, Toronto, ON as a stand-alone operation for internal purposes. The results of the operation of the building, prior to the elimination of recoveries and expenses related to PEO, are as follows:

	2019	2018
	\$	\$
Revenue		
Rental	728,919	727,943
Operating cost recoverable - tenants	1,048,012	1,047,173
Parking	145,200	143,700
Miscellaneous	141,802	140,028
	<b>2,063,933</b>	2,058,844
Operating cost recoverable - PEO	754,538	812,793
	<b>2,818,471</b>	2,871,637
Recoverable expenses		
Utilities	449,632	574,521
Amortization	614,546	587,416
Property taxes	442,420	445,156
Payroll	258,166	253,104
Janitorial	202,931	214,395
Repairs and maintenance	119,385	193,615
Property management and advisory fees	50,000	59,244
Security	19,166	37,372
Administrative	23,180	25,034
Road and ground	27,112	24,227
Insurance	19,728	18,711
	<b>2,226,266</b>	2,432,795
Other expenses		
Interest expense on note and loan payable	211,545	301,269
Amortization of building	388,293	388,293
Amortization of deferred costs	178,563	77,339
Amortization of tenant inducements	58,012	22,770
Other non-recoverable expenses	189,367	84,754
	<b>1,025,780</b>	874,425
	<b>3,252,046</b>	3,307,220
(Deficiency) of revenue over expenses	<b>(433,575)</b>	(435,583)

For purposes of the Statement of operations and changes in net assets, the operating costs recoverable from PEO of \$754,538 (\$812,793 in 2018) have been eliminated. The portion of costs allocated to PEO is reallocated from Building operations and is included in Occupancy costs on the Statement of operations and changes in net assets.

## Association of Professional Engineers of Ontario

### Notes to the financial statements

Year ended December 31, 2019

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#### 4. Building operations (continued)

	2019	2018
	\$	\$
Building revenue per above	2,818,471	2,871,637
Eliminated PEO portion	<b>(754,538)</b>	<b>(812,793)</b>
	<b>2,063,933</b>	2,058,844
Building expenses per above	3,252,046	3,307,220
Eliminated PEO portion	<b>(754,538)</b>	<b>(812,793)</b>
	<b>2,497,508</b>	2,494,427

#### 5. Building financing

In 2009, the Association financed the cost of its building acquisition with a credit facility of \$14,100,000 from the Bank of Montreal, Capital Markets Division at a floating interest rate based on variable bankers' acceptances. This floating rate debt was swapped for a fixed rate debt at an interest rate 4.95% with a maturity date of March 11, 2019.

On March 11, 2019 upon maturity, the facility was converted to a floating rate loan at prime plus 1% until April 5, 2019 when the Association refinanced its outstanding loan of \$5,443,952 with the Bank of Nova Scotia. The refinanced loan is secured by a first mortgage on the property located at 40 Sheppard Avenue West, a general security agreement, and a general assignment of tenant leases. The loan is repayable in monthly installments of principal plus interest and bears a floating interest rate based on variable bankers' acceptances. The Association entered into a swap agreement related to this loan, where the floating rate debt is swapped for a fixed rate debt at an interest rate of 3.47% and settled on a net basis. The Notional value of the swap is \$5,443,952. The start date of the swap was April 5, 2019 with a maturity date of April 5, 2024 on which date the loan will be fully paid.

#### 6. Employee future benefits

The Association's pension plans and post-retirement benefits plan covering participating employees (full time and retirees) are defined benefit plans as defined in Section 3462 of the CPA Canada Handbook and accounted for as per Section 3463. The pension plans provide pension benefits based on length of service and final average earnings. The post-retirement benefits plan provides hospitalization, extended health care and dental benefits to retired employees. Participation in the pension plans and benefits plan (for post-retirement benefits) has been closed to all new employees as of May 1, 2006. All employees joining after this date have the option of participating in a self-directed RRSP (registered retirement savings plan). During the year, the Association recorded \$275,065 (\$261,634 in 2018) in employer contributions to the self-directed RRSP.

## Association of Professional Engineers of Ontario

### Notes to the financial statements

Year ended December 31, 2019

#### 6. Employee future benefits (continued)

The funded status of the Association's pension plans and post-retirement benefit plan using actuarial assumptions as of December 31, 2019 was as follows:

	Basic pension plan \$	Supplemental pension plan \$	Other non-pension benefit plan \$	Total \$
Accrued benefit obligation	(25,268,500)	(2,198,300)	(10,606,800)	(38,073,600)
Plan assets at fair value	29,527,500	1,971,100	—	31,498,600
Funded status - plan surplus (deficit)	4,259,000	(227,200)	(10,606,800)	(6,575,000)

The funded status of the Association's pension plans and post-retirement benefit plan using actuarial assumptions as of December 31, 2018 was as follows:

	Basic pension plan \$	Supplemental pension plan \$	Other non-pension benefit plan \$	Total \$
Accrued benefit obligation	(24,698,000)	(1,828,800)	(12,956,000)	(39,482,800)
Plan assets at fair value	26,335,600	1,870,600	—	28,206,200
Funded status - plan surplus (deficit)	1,637,600	41,800	(12,956,000)	(11,276,600)

PEO measures its defined benefit obligations and the fair value of plan assets related to the basic and supplemental pension plans for accounting purposes as at December 31 each year based on the most recently completed actuarial valuation for funding purposes. The most recently completed actuarial valuation of the pension plans for funding purposes was as of January 1, 2019. PEO measures its obligations related to its other non-pension benefit plan using an actuarial valuation prepared for accounting purposes. The most recent actuarial valuation for accounting purposes was as of December 31, 2019.

Remeasurements and other items resulting from these valuations are reported directly in net assets in the Statement of financial position and are reported separately as a change in net assets in the Statement of operations and changes in net assets.

#### 7. Net assets

The net assets of the Association are restricted to be used at the discretion of Council and includes the Association's investment in capital assets of \$28,583,095 (\$29,008,613 in 2018).

## Association of Professional Engineers of Ontario

### Notes to the financial statements

Year ended December 31, 2019

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#### 8. Council discretionary reserve

The Council discretionary reserve is an internal allocation from the operating reserve used at the discretion of Council to fund expenses related to special projects approved by Council. These figures include \$71,262 for salaries and benefits costs of full-time staff and \$21,000 for contract staff for time spent on these projects. Expenses from the discretionary reserve were incurred on the following projects:

	2019	2018
	\$	\$
Emerging Discipline Task Force	39	1,110
Governance Working Group Phase 1	—	452
30 by 30 Task Force	22,819	16,910
Regulatory Functions Review	241,597	—
Governance Advisor	34,372	—
	<b>298,827</b>	<b>18,472</b>

#### 9. Full time salaries and benefits

During the year, the Association incurred a total of \$12,019,938 (\$11,790,887 in 2018) for salary and benefits costs for its full-time staff of which \$71,262 (\$12,445 in 2018) was directly attributable to special projects approved by Council and disclosed in Note 8.

#### 10. Change in non-cash working capital items

	2019	2018
	\$	\$
Accounts receivable	(333,558)	(6,738)
Prepaid expenses and deposits	40,890	(15,073)
Accounts payable and accrued liabilities	(190,605)	427,978
Fees in advance and deposits	1,798,030	202,147
	<b>1,314,757</b>	<b>608,314</b>

#### 11. Custodial account

The Association maintains a separate bank account for the Council of Ontario Deans of Engineering. Cash held in the bank account totaling \$162,089 (\$156,437 in 2018) is not reported on the Association's Statement of financial position, as it is held in trust for the Council of Ontario Deans of Engineering.

## Association of Professional Engineers of Ontario

### Notes to the financial statements

Year ended December 31, 2019

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#### 12. Commitments

The Association has obligations under non-cancelable operating leases and agreements for various service agreements. The payments to the expiry of the leases and agreements are as follows:

	\$
2020	1,098,547
2021	305,042
2022	103,454
2023	26,027
	<u>1,533,070</u>

#### 13. Chapters of the Association

The financial information of the 36 chapters of the Association are individually not material and, therefore, have not been consolidated in these financial statements. Furthermore, management believes that the effort and cost required to prepare financial statements for each chapter for consolidation purposes far exceed the benefits of doing so.

During the year, the Association paid chapter expenses totaling \$942,292 (\$817,850 in 2018) including \$639,000 (\$524,000 in 2018) in chapter allotments and \$303,292 (\$293,850 in 2018) in other disbursements to individual chapters. During the year, the Association also incurred additional costs of \$533,458 (\$485,698 in 2018) related to chapter operations including staff salaries and benefits, and for various support activities. These amounts have been included in the various operating expenses reported on the Statement of operations and changes in net assets.

#### 14. Financial instruments and risk management

##### *Interest rate risk*

PEO is exposed to interest rate risk, which is the risk that the fair values or future cash flows associated with its investments will fluctuate as a result of changes in market interest rates. Management addresses this risk through use of an investment manager to monitor and manage investments.

##### *Liquidity risk*

PEO's objective is to have sufficient liquidity to meet its liabilities when due. PEO monitors its cash balances and cash flows generated from operations to meet its requirements. As at December 31, 2019, the most significant financial liabilities are: accounts payable and accrued liabilities, and long-term debt.

##### *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. PEO's international and US equity pooled fund investments are denominated in foreign currencies the value of which could fluctuate in part due to changes in foreign exchange rates.

#### 15. Government remittances

Accounts payables and accrued liabilities includes \$410,275 (\$307,724 in 2018), with respect to government remittances payable at year end.

## **Association of Professional Engineers of Ontario**

### **Notes to the financial statements**

Year ended December 31, 2019

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#### **16. Contingencies**

PEO has been named in litigation matters, the outcome of which is undeterminable and accordingly, no provision has been provided for any potential liability in these financial statements. Should any loss result from these claims, which is not covered by insurance, such loss would be charged to operations in the year of resolution or earlier if the loss is likely and determinable.

#### **17. Comparative figures**

Certain of prior year figures have been reclassified to conform to current year's presentation.