

**ASSOCIATION OF PROFESSIONAL
ENGINEERS AND GEOSCIENTISTS
OF THE PROVINCE OF MANITOBA**

Financial Statements
For the year ended June 30, 2008

ASSOCIATION OF PROFESSIONAL ENGINEERS AND GEOLOGICISTS OF THE PROVINCE OF MANITOBA

Financial Statements
For the year ended June 30, 2008

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Auditors' Report

**To the Members of the
ASSOCIATION OF PROFESSIONAL ENGINEERS AND GEOSCIENTISTS
OF THE PROVINCE OF MANITOBA**

We have audited the statement of financial position of the **ASSOCIATION OF PROFESSIONAL ENGINEERS AND GEOSCIENTISTS OF THE PROVINCE OF MANITOBA** as at June 30, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit examination did not include a review of the 2008 budget numbers and consequently we do not express an opinion on these numbers.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
July 24, 2008

**ASSOCIATION OF PROFESSIONAL ENGINEERS AND
GEOLOGICISTS OF THE PROVINCE OF MANITOBA
Statement of Financial Position**

June 30 **2008** **2007**

Assets

Current Assets

Cash	\$	77,306	\$	7,651
Accounts receivable		29,360		56,392
Prepaid expenses		34,982		20,619
		141,648		84,662

Investments (Page 16) 2,050,772 1,833,760

Capital assets (Note 3) 121,128 89,989

2,313,548 **2,008,411**

Designated Funds - Discipline By-law

Investments (Page 16) 100,000 100,000

\$ 2,413,548 **\$ 2,108,411**

Liabilities and Net Assets

Current Liabilities

Deposits on applications pending	\$	-	\$	3,756
Accounts payable		35,803		69,341
Accrued vacation pay		56,863		56,629
		92,666		129,726

Deferred revenue 765,000 668,600

Net assets 1,555,882 1,310,085

\$ 2,413,548 **\$ 2,108,411**

Approved on behalf of the Council:



President



Executive Director

**ASSOCIATION OF PROFESSIONAL ENGINEERS AND
GEOLOGICISTS OF THE PROVINCE OF MANITOBA
Statement of Operations**

For the year ended June 30	2008		2007
	Budget	Actual	Actual
Revenue			
Assessments	\$ 31,135	\$ 36,781	\$ 24,529
Deregistration/reinstatements	3,310	-	2,630
Engineers in training (Note 5)	127,045	126,431	108,061
Exam administration and exam fees	29,185	24,400	28,822
Investment income	66,200	71,482	70,702
Insurance program	12,530	24,330	14,967
Licences	2,405	3,096	2,294
Members' annual fees (Note 2)	1,100,355	1,134,562	993,254
Student memberships	3,535	3,773	3,329
Meeting and professional development recoveries	63,085	80,110	88,113
Other	48,370	62,866	55,818
Registration fees	34,080	53,865	37,546
Certificate of Authorization	107,310	127,388	113,149
	1,628,545	1,749,084	1,543,214
Deferred revenue, beginning of year	668,600	668,600	629,000
Deferred revenue, end of year	(758,600)	(765,000)	(668,600)
	1,538,545	1,652,684	1,503,614
Expenditures			
Administration (Page 17)	1,133,315	1,032,864	982,436
Amortization of capital assets	48,000	36,020	25,625
Appropriation to the APEGM Foundation Inc.	42,400	42,400	42,400
Awards program	9,800	288	661
CCPE and CCPG	55,850	57,595	55,595
Certificates and seals	16,000	12,696	17,450
Meeting	109,915	130,511	134,428
Secondary professional liability insurance	45,000	33,485	36,146
Student support and scholarships	12,275	9,059	10,629
Travel	61,950	40,482	40,038
	1,534,505	1,395,400	1,345,408
Excess of revenue over expenditures for the year	\$ 4,040	\$ 257,284	\$ 158,206

**ASSOCIATION OF PROFESSIONAL ENGINEERS AND GEOSCIENTISTS
OF THE PROVINCE OF MANITOBA
Statement of Changes in Net Assets**

For the year ended June 30

2008

2007

	Unrestricted	Internally Restricted for Capital Asset Replacement	Internally Restricted for Continuing Professional Education (Note 4)	Internally Restricted for Hearings (Note 4)	Invested in Capital Assets	Restricted for Discipline By-law (Note 6)	Internally Restricted for APEGM Foundation Inc. (Note 9)	Total	Total
Balance, beginning of year	\$ 923,844	\$ 126,462	\$ 15,000	\$ 4,889	\$ 89,989	\$ 100,000	\$ 49,901	\$ 1,310,085	\$ 1,170,245
Excess of revenue over expenditures for the year	293,304	-	-	-	(36,020)	-	-	257,284	158,206
Investment income - Discipline By-law	-	-	-	-	-	3,184	-	3,184	3,356
Capital assets purchased	(67,159)	-	-	-	67,159	-	-	-	-
Transfer to Discipline By-law	(13,358)	-	-	-	-	13,358	-	-	-
Appropriation to APEGM Foundation Inc.	-	-	-	-	-	-	42,400	42,400	42,400
Other contributions	-	-	-	-	-	-	3,783	3,783	5,630
Expenditures	-	-	-	-	-	(16,542)	(44,312)	(60,854)	(69,752)
Balance, end of year	\$ 1,136,631	\$ 126,462	\$ 15,000	\$ 4,889	\$ 121,128	\$ 100,000	\$ 51,772	\$ 1,555,882	\$ 1,310,085

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**ASSOCIATION OF PROFESSIONAL ENGINEERS AND
GEOLOGICISTS OF THE PROVINCE OF MANITOBA
Statement of Cash Flows**

For the year ended June 30	2008	2007
Cash Flows from Operating Activities		
Cash receipts from members and others	\$ 1,701,002	\$ 1,442,703
Cash paid to suppliers and employees	(1,464,242)	(1,367,288)
	236,760	75,415
Cash Flows from Investing Activities		
Purchase of investments	(217,012)	(279,120)
Investment income earned	74,666	74,058
Purchase of capital assets (from operations)	(67,159)	(26,892)
Appropriation to the APEGM Foundation Inc.	42,400	42,400
	(167,105)	(189,554)
Net increase (decrease) in cash and cash equivalents	69,655	(114,139)
Cash and cash equivalents, beginning of year	7,651	121,790
Cash and cash equivalents, end of year	\$ 77,306	\$ 7,651

ASSOCIATION OF PROFESSIONAL ENGINEERS AND GEOLOGICISTS OF THE PROVINCE OF MANITOBA

Summary of Significant Accounting Policies

June 30, 2008

Capital Assets

Capital assets are recorded at cost in the statement of financial position. Amortization based on the estimated useful life of the asset is calculated as follows:

Computer equipment	33 1/3% declining balance
Computer software	33 1/3% declining balance
Office furniture and equipment	10% declining balance
Leasehold improvements	Straight-line basis over the term of the lease

In the year of acquisition, half of the applicable rate is applied.

The cost of replacements and improvements to capital assets are charged against the reserve for capital asset replacement (Note 3).

Vacation Pay

Vacation pay is recorded as an accrued liability as earned by the employee.

Reserve for Capital Asset Replacement

In order to ensure the financial statements reflect a provision for future replacements and improvements to capital assets, the organization has an internally restricted reserve for capital asset replacement.

Revenue Recognition

Members are charged an annual fee based on the calendar year January 1 to December 31; however, the organization has a fiscal year end of June 30. The organization recognizes revenue from member fees on a pro-rata basis to June 30.

Other fees and revenue are recognized as revenue when the registration or licensing has occurred or the services have been performed and the collection is reasonably assured.

Investment income is recognized on an accrual basis as earned.

Deferred Revenue

Deferred revenue represents the members' fees and other revenues for the six month period from July to December which are deferred and recognized as revenue in the next fiscal year to match with operating expenditures during that period as well as budgeted additional expenditures.

ASSOCIATION OF PROFESSIONAL ENGINEERS AND GEOLOGISTS OF THE PROVINCE OF MANITOBA

Summary of Significant Accounting Policies

June 30, 2008

Financial Instruments

The organization utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

All transactions related to financial instruments are recorded on a settlement date basis.

The organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The organization's accounting policy for each category is as follows:

Held-for-trading - This category is comprised of cash, and investments in guaranteed investment certificates. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Loans and Receivables - These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services to customers, but also incorporate other types of contractual monetary assets comprised of accounts receivable. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred.

Held-to-maturity Investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the organization's management has the positive intention and ability to hold to maturity and comprises bonds and debt instruments. These assets are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to held-to-maturity investments are expensed as incurred.

Other Financial Liabilities - Other financial liabilities includes all financial liabilities other than those classified as held-for-trading and comprises accounts payable and accruals. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

ASSOCIATION OF PROFESSIONAL ENGINEERS AND GEOLOGICISTS OF THE PROVINCE OF MANITOBA

Summary of Significant Accounting Policies

June 30, 2008

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the organization, are as follows:

Financial Instruments - Disclosures and Presentation - CICA Handbook Section 3862, Financial Instruments - Disclosure, increases the disclosures currently required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. CICA Handbook Section 3863, Financial Instruments - Presentation, replaces the existing requirements on the presentation of financial instruments, which have been carried forward unchanged. These standards are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The organization is currently evaluating the impact of the adoption of these changes on the disclosure and presentation within its financial statements.

General Standards on Financial Statement Presentation - CICA Handbook Section 1400, General Standards on Financial Statement Presentation, has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The changes are effective for interim and annual financial statements beginning on or after January 1, 2008. The organization does not expect the adoption of these changes to have a material impact on its financial statements.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

ASSOCIATION OF PROFESSIONAL ENGINEERS AND GEOLOGICISTS OF THE PROVINCE OF MANITOBA

Notes to Financial Statements

June 30, 2008

1. Entity Definition

The organization is incorporated under the laws of the Province of Manitoba and is engaged with the administration of The Engineering and Geoscientific Professions Act of Manitoba.

The Association of Professional Engineers and Geoscientists of the Province of Manitoba is a not-for-profit organization and as such is exempt from tax under *The Income Tax Act*.

2. Members' Annual Fees

	2008	2007
Practicing	\$ 1,081,115	\$ 950,630
Late fees	9,111	5,462
Retired	37,986	31,884
Combined practicing/non-practicing	-	47
Non-practicing - unemployed	6,350	5,231
	\$ 1,134,562	\$ 993,254

3. Capital Assets

	2008		2007	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 273,998	\$ 238,518	\$ 254,415	\$ 225,673
Computer software	89,744	56,894	69,810	45,455
Office furniture and equipment	79,688	45,338	78,480	41,588
Leasehold improvements	26,434	7,986	-	-
	\$ 469,864	\$ 348,736	\$ 402,705	\$ 312,716
Cost less accumulated amortization		\$ 121,128		\$ 89,989

**ASSOCIATION OF PROFESSIONAL ENGINEERS AND
GEOLOGICISTS OF THE PROVINCE OF MANITOBA
Notes to Financial Statements**

June 30, 2008

4. Restrictions on Net Assets

Hearings

The organization has internally restricted \$4,889 of net assets (\$4,889 in 2007) to cover possible expenditures incurred for the conduct of hearings relative to appeals on rejected applications for membership as provided for under Section 23(1) of the Act.

Continuing Professional Education

The organization has internally restricted \$15,000 of net assets (\$15,000 in 2007) to be used in support of a continuing professional education program for members.

5. Members in Training

As at June 30, 2008, there were 782 (735 in 2007) members in training enrolled with the organization.

6. Net Assets Restricted for Discipline By-law

The By-laws of the organization directs the Council to establish and maintain a special fund for the purpose of administering and enforcing the discipline provisions of the By-laws. The fund shall be maintained by assessing the general membership an amount set by Council. Disbursements of funds will be as required for the purposes of investigations conducted by the investigation committee and for the purpose of formal hearings of the discipline committee and appeals therefrom.

7. Unrestricted Net Assets

Unrestricted net assets are intended to be used to provide protection against unanticipated costs. A goal has been established by Council to have a minimum amount of \$1,000,000 of unrestricted net assets.

**ASSOCIATION OF PROFESSIONAL ENGINEERS AND
GEOLOGICISTS OF THE PROVINCE OF MANITOBA
Notes to Financial Statements**

June 30, 2008

8. Contractual Obligations

Premises and Signage

The organization has entered into a ten year lease agreement for premises at 870 Pembina Highway that is to commence on or around November 1, 2008 with an option to renew for an additional five years. The minimum lease payments for the newly developed premises will be \$106,080 annually for the first 5 years and \$120,224 for the remainder of the lease. The organization is also obligated to pay a proportionate share of building operating costs plus a management fee not to exceed three percent of the Basic Rent.

The current lease agreement for premises at 850A Pembina Highway have been extended to November 1, 2008 at a cost of \$65,000 per annum.

Sign

The organization has a lease commitment for the APEGM sign that expires August 31, 2012 with lease payments of \$234 monthly.

Office Equipment

The organization has a lease commitment for office equipment of \$6,384 annually until June 2011, \$5,885 for the year ending June 2012 and \$330 for the year ending June 2013.

**ASSOCIATION OF PROFESSIONAL ENGINEERS AND
GEOLOGICISTS OF THE PROVINCE OF MANITOBA**
Notes to Financial Statements

June 30, 2008

9. Disclosure of Controlled Entity

The APEGM Foundation Inc. ("foundation") is a separately incorporated organization that is a registered charity under *The Income Tax Act*. The intended purpose of the foundation is to raise, receive, maintain and manage funds, and/or to receive and hold capital property, both of which are to be applied for charitable purposes through donations to recipients qualified under *The Income Tax Act*.

The foundation pledged a donation of \$350,000 to the Engineering and Information Technology Complex Capital Fund at the University of Manitoba. The pledge is payable over several years. The first payment of \$190,000 was due December 31, 2004, followed by four payments of \$40,000 payable on December 31 the following four years. The foundation has not been consolidated in the organization's financial statements. The unaudited financial summaries as at December 31, 2007 are as follows:

Assets	
Cash	\$ 19,868
Due from APEGM	<u>9,065</u>
Unrestricted net assets	<u>\$ 28,933</u>
<u>Results of Operations and Cash Flows</u>	
Donation revenue	<u>\$ 50,281</u>
Expenditures	
General and administration	1,175
Donations	<u>55,000</u>
Total expenditures	<u>56,175</u>
Deficit for the year	<u>\$ (5,894)</u>
Cash flows from operating activities	<u>\$ (5,894)</u>

**ASSOCIATION OF PROFESSIONAL ENGINEERS AND
GEOSCIENTISTS OF THE PROVINCE OF MANITOBA
Notes to Financial Statements**

June 30, 2008

10. Change in Accounting Policy

On July 01, 2007, the organization retroactively adopted, without restatement of prior periods, CICA Handbook Section 3861, "Financial Instruments - Disclosure and Presentation", Section 3855, "Financial Instruments - Recognition and Measurement". These new Handbook Sections provide comprehensive requirements of the recognition and measurement of financial instruments.

Under these new standards, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair market value or, in limited circumstances, at cost or amortized cost.

The adoption of these new standards had no material impact on the organization's statement of operations.



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Auditors' Comments on Supplementary Financial Information

**To the Members of the
ASSOCIATION OF PROFESSIONAL ENGINEERS AND GEOSCIENTISTS
OF THE PROVINCE OF MANITOBA**

We have audited, in accordance with Canadian generally accepted auditing standards, the financial statements of **ASSOCIATION OF PROFESSIONAL ENGINEERS AND GEOSCIENTISTS OF THE PROVINCE OF MANITOBA**. The audited financial statements of the organization as at June 30, 2008 are presented in the preceding sections of this annual report.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the organization taken as a whole. The financial information presented hereinafter was derived from the accounting records and is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information tested by us as part of the auditing procedures followed in our examination of the financial statements, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

This information is intended solely for the information of the board and management who have previously received the financial statements of the organization as at and for the year ended June 30, 2008 and our opinion thereon, for use in evaluating those financial statements and should not be used for any other purpose.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
July 24, 2008

**ASSOCIATION OF PROFESSIONAL ENGINEERS AND
GEOLOGICISTS OF THE PROVINCE OF MANITOBA
Schedule of Investments**

June 30	2008	2007
Investments held-to-maturity, at amortized cost		
Operations	\$ 882,200	\$ 1,182,200
Designated funds - Discipline By-law	100,000	100,000
	982,200	1,282,200
Investments held-for-trading, at fair value	1,168,572	651,560
Total investments	\$ 2,150,772	\$ 1,933,760
Investments allocated as follows:		
Operations	\$ 2,050,772	\$ 1,833,760
Designated funds - Discipline By-law	100,000	100,000
	\$ 2,150,772	\$ 1,933,760

At June 30, 2008, the fair value of investments held-to-maturity is \$969,918 (\$1,275,317 in 2007).

Investment portfolio as at June 30, 2008:

	<i>Interest Rate</i>	<i>Maturity</i>	<i>Cost</i>	<i>Fair Value</i>
<u>Investments held-to-maturity</u>				
Royal Bank of Canada Bond	4.150 %	November 4, 2013	\$ 207,000	\$ 197,936
Manitoba Hydro Savings Bond	4.600 %	June 15, 2010	62,000	62,526
Manitoba Hydro Savings Bond	4.600 %	June 15, 2010	412,200	409,479
Manitoba Builder Bonds	4.450 %	June 15, 2009	301,000	299,977
			\$ 982,200	\$ 969,918
<u>Investments held-for-trading</u>				
Royal Canadian T-Bill Fund	Variable		\$ 1,236	\$ 1,236
Canadian Money Market Fund	Variable		19,523	19,523
TD Mortgage Corp GIC	3.200 %	June 19, 2009	169,000	169,000
GIC	2.750 %	March 5, 2009	128,813	128,813
GIC	3.250 %	January 7, 2009	200,000	200,000
GIC	3.250 %	January 7, 2009	200,000	200,000
GIC	3.000 %	January 22, 2009	200,000	200,000
GIC	2.850 %	February 28, 2009	150,000	150,000
GIC	2.850 %	February 28, 2009	100,000	100,000
			\$ 1,168,572	\$ 1,168,572

**ASSOCIATION OF PROFESSIONAL ENGINEERS AND
GEOLOGICISTS OF THE PROVINCE OF MANITOBA
Schedule of Expenditures**

For the year ended June 30	2008		2007
	Budget	Actual	Actual
Administration			
Advertising	\$ 18,000	\$ 9,092	\$ 9,774
Bank charges*	27,900	31,196	24,619
Car allowance	1,000	286	350
Computer support	3,600	5,386	5,136
Courier	8,100	6,527	6,993
Dues and subscriptions	2,550	1,142	1,558
Governance	5,500	-	3,120
Insurance	12,000	23,710	15,022
Internet	11,400	8,417	8,884
Leasehold	2,170	681	603
Mailing services	20,650	7,474	11,429
Miscellaneous	500	1,087	1,821
Office occupancy	111,845	65,297	58,536
Outside services	17,800	19,946	18,030
Postage	55,500	33,851	35,772
Printing, office supplies and equipment	108,215	91,354	98,218
Professional fees	36,100	12,886	34,663
Salaries and benefits	654,935	658,289	609,491
Sponsorships	17,950	38,644	20,033
Staff training	5,000	3,195	5,766
Telephone	12,600	14,404	12,618
Net administration expenditures	\$ 1,133,315	\$ 1,032,864	\$ 982,436

*Includes cost of processing payments by credit and debit cards.

**ASSOCIATION OF PROFESSIONAL ENGINEERS AND
GEOLOGICISTS OF THE PROVINCE OF MANITOBA
Schedule of Changes in Members' Roll**

For the year ended June 30, 2008

Members on Roll, June 30, 2007		4,373
Reinstatements	21	
Registrations	134	
Registrations - mobility	201	356
		4,729
Members deceased	10	
Resignations	112	
Written-off for non-payment of dues	48	170
Members on Roll, June 30, 2008		4,559
