

**ANNUAL  
REPORT  
2013**

**10**

**STORIES**

ABOUT A RE-ENERGIZED AND REFOCUSED APEGA



The Association of Professional  
Engineers and Geoscientists of Alberta

## **APEGA'S MISSION**

We serve the public interest by regulating the practices of engineering and geoscience in Alberta, by providing leadership for our professions, and by upholding our Members in their professional practices.

## **APEGA'S VISION**

We will be a valued agent of excellence in professional practice and an internationally respected leader of the engineering and geoscience professions.



**APEGA's Annual Report 2013**

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## HOW WE'RE IMPROVING THE WAY WE WORK WITH APPLICANTS

Many of our applicants — nearly 40 per cent of them — arrive here from abroad. Alberta is the place they have chosen to begin a new life. One journey has ended, and another is just beginning.

It's fitting, then, that APEGA is on its own applications journey. As much as we can, we're reimagining our Registration Department processes through the eyes and experiences of potential Members. We're changing the way we operate to better serve everyone involved, including a public that needs more Professional Engineers and Geoscientists without quality and safety being sacrificed.

Indeed, serving the public interest is a fundamental part of our mission, and it very much drives this initiative. We are becoming more effective and efficient, while continuing to uphold public safety with the high licensure standards expected of Professional Engineers and Geoscientists.

When it comes to processing applications, APEGA is the busiest self-regulating organization in Western Canada and perhaps the busiest in the nation. Our growth is no minor blip. In 2003 about 2,600 applications arrived at our offices; in 2013 the total was nearly 9,000.

With growth like that, it's become clear that we need a better way of delivering these critical services. So we embarked on a review of our registration processes, with a major overhaul in mind.

- Our goals are to
- Restructure our staff organization to enhance efficiency
  - Invest in customer service training and delivery
  - Streamline our processes
  - Enhance how we interact with applicants and Members
  - Invest in more effective tools

Under the leadership of a new director, the Registration Department started restructuring in 2013 to better triage and manage applications. We hired more staff to build capacity. A number of new positions were created and many employees took on redefined roles within the new structure. We improved our web-based system that allows applicants to check the status of their files online. We started pre-screening applicants to speed up their assessments.

What staff do, however, is just part of the process. Our Board of Examiners is also playing a key role in this restructuring. The board — about 60 volunteers strong — makes 5,000-plus licensure decisions

a year. The workload is great and there are no signs of it letting up. So the board struck an efficiency task force in 2013 to examine all of its processes. It is exploring more efficient ways to assess applicants as quickly as possible, without compromising the professional standards so important to the work APEGA professionals do.

By the end of 2014, we will have a far more robust and efficient system to handle continued growth.

With challenges come opportunities. The opportunity this time is to make APEGA much more effective and sustainable — by doing our best to help Alberta and our future Members meet their full potential. And it all starts with an application. ■

### IEG LIAISON

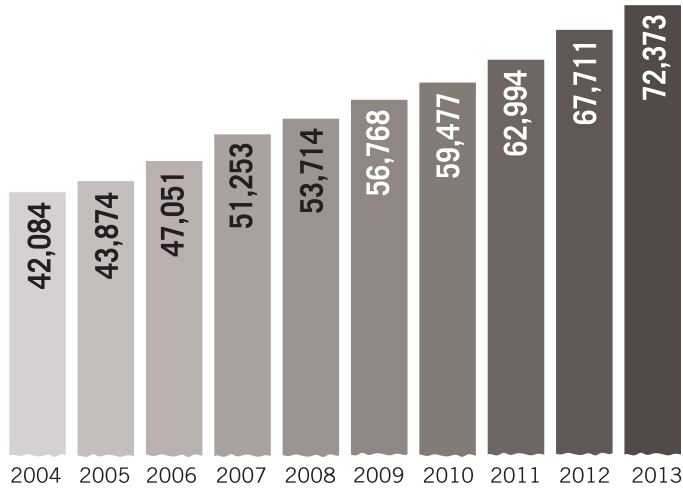
We're welcoming internationally educated graduates (IEGs) to our professional fold. A few years ago, in fact, we hired a liaison manager to work directly with applicants from educational institutions outside of Canada. This manager's role is to help them succeed.

### ALIGNS WITH

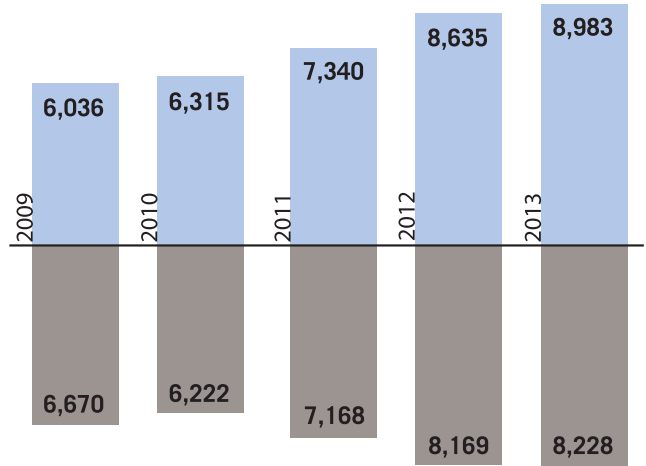
**Strategic Priority 3:** Attraction, Retention and Advancement of Individuals in Our Professions

**Strategic Priority 4:** Organizational Renewal and Continuity

### 10-Year Membership Growth

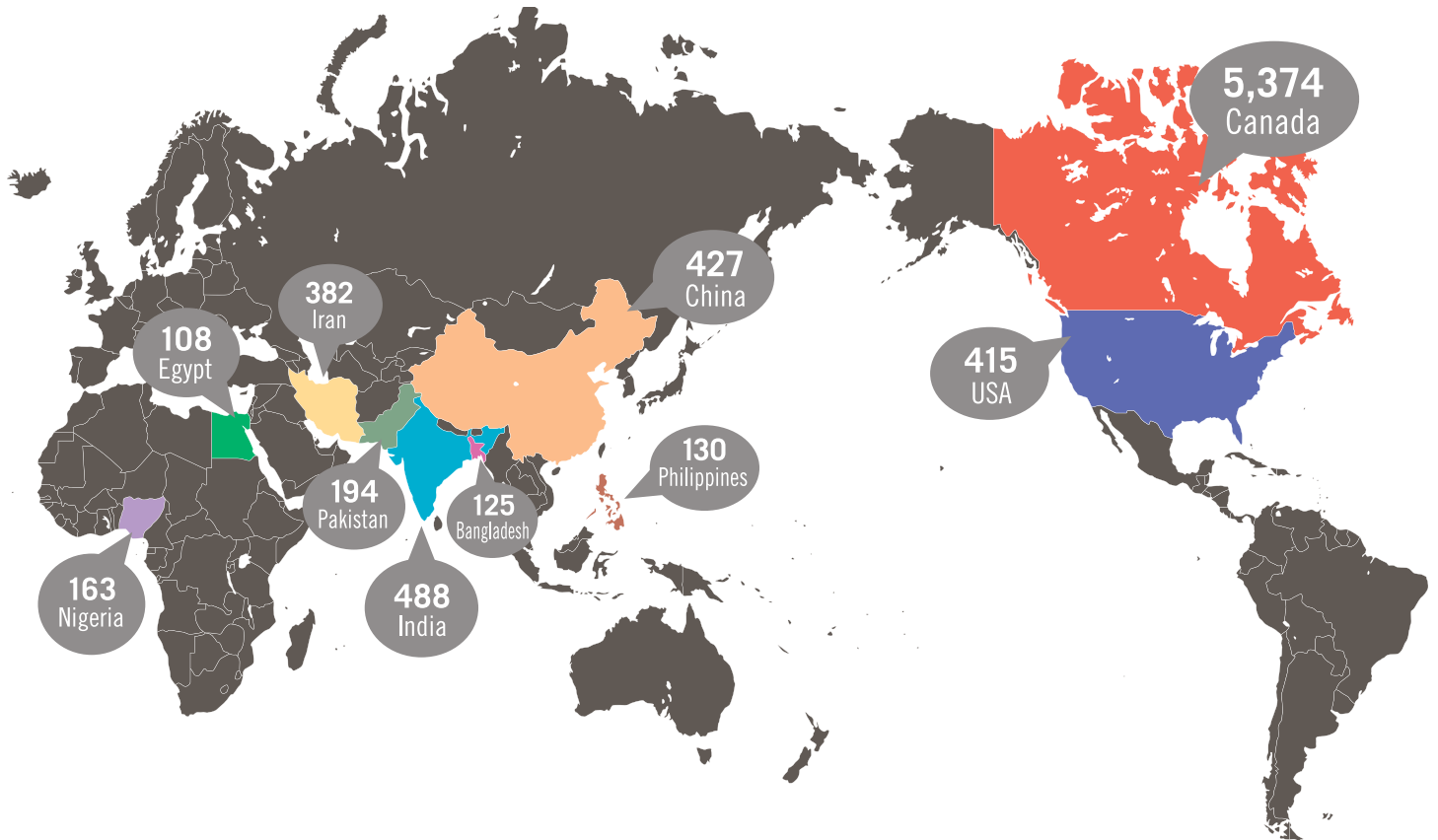


### Applications Received



### Applications Approved

### Application Origins – Top 10 Countries





## NEW REGISTRAR

Registrar Carol Moen, P.Eng., began her position with APEGA in December. She replaced Al Schuld, P.Eng., FEC, FGC (Hon.), who, after 32 years of service to APEGA, is now special advisor to CEO Mark Flint, P.Eng.

As Registrar, Ms. Moen oversees the licensing, practice and regulation of the Engineering and Geoscience Professions in Alberta. She is also second-in-command to the CEO.

A mechanical engineer, Ms. Moen has more than 25 years of experience in the petrochemical sector in Alberta. She served on the APEGA Board of Examiners for six years and is an active community volunteer.



# 2

## HOW APEGA, OUR MEMBERS AND OUR PERMIT HOLDERS RESPONDED TO THE FLOODS OF 2013

The June floods were among the major Alberta stories of 2013. They washed away homes, roads, railway tracks and bridges, and devastated entire communities, resulting in billions of dollars in damages. But what the floods couldn't destroy was the can-do spirit of Albertans — including, of course, our Members and Permit Holders.

This was APEGA's story too. The Association helped match professionals with the agencies that needed them. We went to our Members to raise money for the Red Cross. We worked with a major insurance provider to improve coverage for our Members.

Professional Engineers and Geoscientists were among the thousands of Albertans who stepped forward to help communities recover and rebuild. They inspected homes, buildings and infrastructure to ensure public safety. They were on the frontlines, cleaning muck and mould from flooded homes. They

flipped burgers and baked muffins to feed volunteers, raised money for relief efforts and donated professional services to those in need.

Permit Holders large and small provided expertise and resources to flood-ravaged communities — everything from cleaning supplies to fuel cards to pumping services. They organized teams of employees to help with clean-up. They pledged thousands and even millions of dollars to relief organizations.

Members and Permit Holders also played leading roles as cities and towns began to rebuild. They were at the forefront of public policy discussions on how to reduce future flood risks. They brought forward innovative ideas and solutions. APEGA supported them by telling their stories in an award-winning video and on the pages of our Member magazine.

Take, for instance, Alberta WaterSMART.

Just six weeks after flood waters hit, the consulting company released

a detailed report called *The 2013 Great Alberta Flood: Actions to Mitigate, Manage and Control Future Floods*. The report contains numerous science-based recommendations on how Alberta can manage, mitigate and control floods and severe droughts. Alberta WaterSMART brought together leading engineering and geoscience experts and stakeholders, including key members of APEGA, to produce a document that provides the public with trustworthy facts and information.

Through our website, we connected agencies in need of engineering expertise to qualified Members. We partnered with the Canadian Red Cross to make it easy for Members to donate, raising more than \$17,000 under the APEGA banner.

We supported the Alberta Government, which asked us to second our Director of Corporate Services to the Southern Alberta Flood Recovery Task Force. He lent his expertise for two weeks, helping coordinate recovery efforts.



APEGA created an award-winning video about our Members' response to the floods.



The supply of safe drinking water in Calgary carried on through the floods. Holding a glass of it is Dan Limacher, P.Eng., City of Calgary Director of Water Services.

We put two staff on the ground in Calgary and High River to talk to Members about their flood experiences. We wanted to celebrate the volunteer and professional efforts of Members during and after the floods. From that and multiple interviews, we produced a 35-page special flood report for the September 2013 issue of *The PEG* magazine, and a mini-documentary video, *Engineers and the Southern Alberta Floods of 2013*.

### Insurance Issues

In the days after the flooding, hundreds of homeowners learned that their insurance policies did not cover overland flooding. This included many of our own Members who were insured though one of our group benefit insurance providers

Members turned to us for assistance and we worked closely with the insurance provider to find a resolution. We're pleased to note

that the company did change its position and decided to pay losses, even if properties were impacted by overland flooding which was technically not covered. ■

### ALIGNS WITH

**Strategic Priority 2:** Policy and Engagement

**Strategic Priority 3:** Attraction, Retention and Advancement of Individuals in Our Professions



Many of our Permit Holders — corporate Members of APEGA — provided volunteer cleanup crews. Here, volunteers with Opus Stewart Weir take a break for a photo.



# 3

## HOW WE'RE REVAMPING OUR GOVERNING LEGISLATION TO BETTER REFLECT THE TIMES

Three decades is a long time in the life of a province. It's also a long time in the progression of Professional Engineering and Geoscience, particularly when you consider how dynamic and critical to Alberta's success our professions are.

Our membership has grown increasingly diverse, with 40 per cent of applicants coming from outside of Canada. New technology has given our Members a greater ability to do business and practise their professions locally and globally. With a few simple keystrokes, services are sent to other countries or pulled into Alberta.

Oil sands development and hydraulic fracturing have grown, creating economic successes and environmental challenges. The public has become increasingly demanding and questioning of corporations, governments and regulators. The concept of a social licence to operate is now part of the narrative of our times.

Three decades is also a long time in the life of any piece of governing legislation. It has, in fact, been more than 30 years since the *Engineering and Geoscience Professions Act (EGP Act)* was updated in a major way.

So these are the underpinnings of a comprehensive overhaul of the Act. We must embrace — and drive — a

next several years will help us develop proposed amendments to the Act, along with its bylaws and regulations. There will be opportunities for stakeholders to not only question and debate these proposed changes, but also to help develop them. APEGA Council and Member approvals are part of the process.



**APEGA must determine how we can best serve the public interest as a provincial regulatory body in a global economy, given the resources available to us**



— A Renewed Vision for APEGA Leadership — A Strategic Plan for 2013-2016

renewal of our self-regulatory model. We need modern legislation. We need better powers and tools to self-regulate in a global economy, focusing on safety, sustainability and prosperity for Albertans.

### The Conversation Begins

Work on the legislative renewal began in 2012 and continued through 2013. Our goal is to have a new *Engineering and Geoscience Professions Act* ready for provincial approval in 2017.

We began extensive research last year to help us identify and better understand our current and future needs. We started consultations with stakeholders and struck an expert advisory panel to help guide the process. We also developed the framework for an interactive website — launching in 2014 — to make it easy for stakeholders to share their ideas with us.

Open discussions with the public, Members, Permit Holders, government and other stakeholders over the

A final draft will then be submitted to the Government of Alberta for its consideration — marking the start of a new era in APEGA's self-regulatory model. ■

### QUICK FACT

The *Engineering and Geoscience Professions Act* shapes the day-to-day practice of Professional Engineers and Geoscientists by defining the kinds of work they can and cannot do, and the ethical and professional standards they must meet.

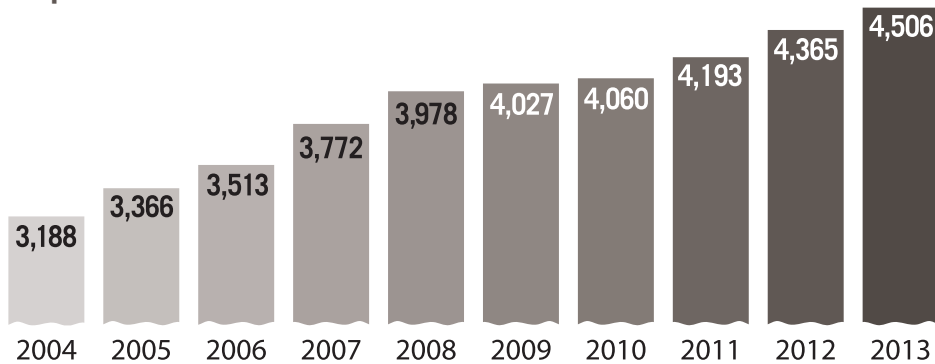
### ALIGNS WITH

**Strategic Priority 1:** Regulatory Influence and Leadership

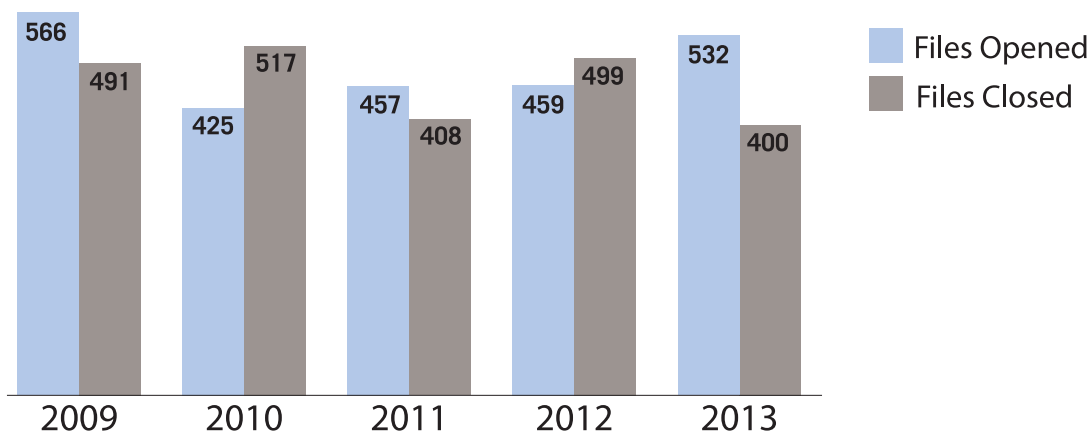
**Strategic Priority 2:** Policy and Engagement

**Strategic Priority 3:** Attraction, Retention and Advancement of Individuals in Our Professions

## Corporate Members (Permit Holders)

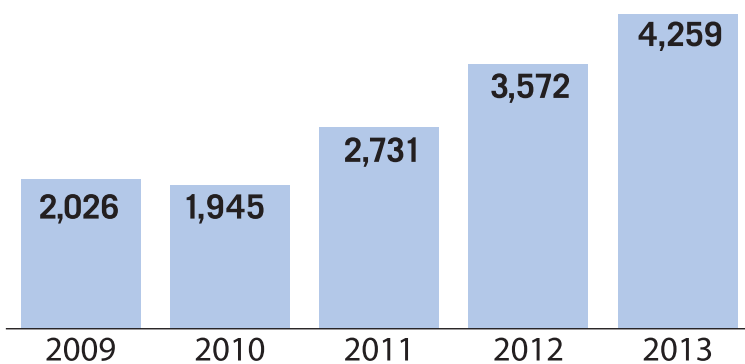


## Non-Member Investigations



Note: The above represents investigations of non-members — unlicensed individuals and companies that may be presenting themselves as APEGA professionals or actually practising.

## Professional Development Attendance



Note: The above represents registrations at professional development opportunities offered through APEGA's Professional Development & Mentoring Department. Every day, Members take part in countless other professional development events, offered by other providers.



# 4

## HOW APEGA SUPPORTS DIVERSITY IN THE PROFESSIONS, PART 1

Human resources professionals refer to “on-ramps” and “off-ramps.” On-ramps lead new staff members into an organization or career. Off-ramps lead them away.

And sometimes — particularly for women — those off-ramps lead people out of their professions, too.

That’s a loss that doesn’t sit well with APEGA. In fact, the Association is committed to helping employers not only attract a diverse workforce but also retain one.

The province needs more skilled workers, so it makes sense to draw from as large a pool as possible and attempt to retain those already in the professions. As well, diverse professions are strong professions. Indeed, research confirms that a diverse workplace leads to increased innovation and economic growth —

good for Alberta, good for APEGA, and good for employers and their bottom line.

In 2013 we launched two, hands-on resource guides to help Engineering and Geoscience Professionals and companies build a more inclusive and diverse workforce. Both guides were developed in consultation with Permit Holders and Member volunteers. The documents are designed to open a dialogue between professionals and their employers.

The first is our *Workplace Assessment Tool*. It’s a one-page guide that helps Members evaluate their companies to determine if they have a diverse and inclusive workplace culture. The assessment tool looks at three different areas — management support, workplace policy and worker-focused questions.

The second is a handbook titled *Managing Transitions: Before, During and After Leave*. It assists Members who are taking a maternity or paternity leave. This is often a time when Members — women in particular — end up leaving the professions. The handbook is a guide to help ensure a smooth transition between their leave and their return to work.

The handbook includes a step-by-step checklist of important things to consider in the months prior to a leave, during a leave and before work begins again. There are ideas on how employees can stay connected to their career while they’re away. Members can use the checklist to develop a transition plan with their employer, so they

can resume their job with minimal disruption.

*Managing Transitions* also provides recommendations for employers on policies and practices they can offer to support professionals taking leave.

The principles in the guide can be extended to other types of employment transitions both men and women may encounter, including medical or family leaves and sabbaticals.

The end result of these best practices? The retention of highly skilled professionals and the preservation of their career paths.

We have a number of other initiatives underway to support diversity in the Engineering and Geoscience Professions, including our outreach and mentoring programs.

APEGA was, as an employer, an early adopter of *Managing Transitions* principles. We introduced our new *Maternity, Parental & Adoption Leave Policy* for employees in July 2013. ■

### ALIGNS WITH

**Strategic Priority 2:** Policy and Engagement

**Strategic Priority 3:** Attraction, Retention and Advancement of Individuals in Our Professions

**Strategic Priority 4:** Organizational Renewal and Continuity

### TARGET AUDIENCE (right)

Meagan Schulmeister, P.Eng., and her four-month-old son attend a presentation on *Managing Transitions* in Edmonton.





# 5

## HOW WE'RE BECOMING BETTER INVESTIGATORS

If you're building your own home, you're going to need the services of a Professional Engineer. But if someone breaks into your house, it's time to call the police.

That explains the reasoning for one of the new positions created at APEGA in 2013.

A former police detective has joined the Association to help streamline the way we investigate complaints against Members and Permit Holders. A former major crimes investigator with the Edmonton Police Service, his job is to help the APEGA Investigative Committee, which is made up of volunteers, conduct timely and consistent investigations.

Our complaints-to-membership ratio remains extremely low — less than one complaint per 1,000 Members. This reflects well on the professionalism of our Professional Engineers and Geoscientists. Complaints are becoming more complex — an ongoing trend that is likely to continue as the province and our membership continue to grow.

Because of our new investigative horsepower, complaints that go to the Investigative Committee are more thoroughly prepared. Complaints without a sound basis are also rejected

sooner. And reports from investigative panels are improving, too. Our new investigator is assisting panel volunteers in writing them, which will help make them more consistent.

This more robust investigative process will also produce better evidence. That's going to result in more sanctions, and findings of unskilled practice or unprofessional conduct, in those files we advance to the discipline process. ■

### ALIGNS WITH

**Strategic Priority 1:** Regulatory Influence and Leadership

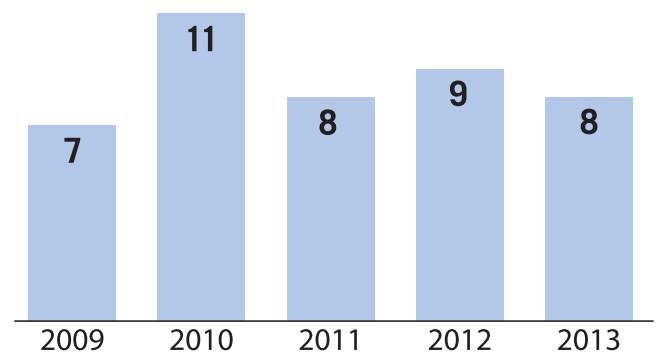
**Strategic Priority 2:** Policy and Engagement

**Strategic Priority 4:** Organizational Renewal and Continuity

### Investigations



### Discipline Decisions



Note: To ensure decisions are impartial, the disciplinary process is administered by a different department than the investigative process is. Think of the APEGA Investigative Committee as the police, the APEGA Discipline Committee as the courts.

# 6

## HOW WE EARN AND ENHANCE OUR SOCIAL LICENCE TO REGULATE

APEGA's duty to uphold the public interest goes beyond the regulation of our professions. We need to instill a sense of confidence in the public that Engineering and Geoscience Professionals are competent and acting in the public interest.

Disasters like the Lac-Mégantic train derailment in Quebec, the Algo

“ While regulation of the professions is our core business, our Members have valuable insight to offer and are frequently sought after to comment on policy development ”

– APEGA CEO Mark Flint, P.Eng.

Mall collapse in Ontario and flooding in Alberta have put our professions in the spotlight. Public expectation is high — as it should be — and we're taking a leadership role.

Here's one important example.

On June 11, two members of APEGA's senior staff testified in Ottawa before the Standing Senate Committee on Energy, the Environment and Natural Resources. They answered questions the committee had about the safe movement of hydrocarbons in Canada. Their input helped inform the committee's final report, *Moving Energy Safely: A Study of the Safe Transport of Hydrocarbons by Pipelines, Tankers and Railcars in Canada*.

We also worked with the public, Members and Permit Holders to provide facts, trustworthy information, and resources on other issues relevant to our professions.

Continued consultation and dialogue is an important part of practising in the public interest. This is how we will earn and maintain a social licence to operate. ■

### ALIGNS WITH

**Strategic Priority 1:** Regulatory Influence and Leadership

**Strategic Priority 2:** Policy and Engagement

# 7

## HOW WE'RE IMPROVING THE MANAGEMENT OF A PRECIOUS RESOURCE: OUR VOLUNTEERS

Volunteers are critical to APEGA. They represent the self in self-regulation, helping ensure the Association operates on a foundation of professionalism. They share their enthusiasm for math, science and our professions with students and others in the larger community. And they help keep Association costs down.

Who are our volunteers? They're people like Jessie Roy, P.Eng., Keith Diakiw, P.Geo., and Dave Rumbold, P.Eng.

Jessie volunteers with the APEGA Calgary Science Olympics. Keith donates his time to the APEGA Rock & Fossil Clinic in Edmonton. Both hope to inspire young people to become Professional Engineers and Geoscientists.



Jessie Roy, P.Eng.  
... Science Olympics



Keith Diakiw, P.Geo.  
... Rock & Fossil Clinic

### ALIGNS WITH

**Strategic Priority 3:** Attraction, Retention and Advancement of Individuals in Our Professions

**Strategic Priority 4:** Organizational Renewal and Continuity



Dave Rumbold, P.Eng.  
...Act, Regulations and Bylaws

Dave has volunteered on numerous APEGA committees over the past two decades and currently sits on the APEGA Act, Regulations and Bylaws Committee. Volunteering, he says, is a rewarding way to give back to his profession and help guide the direction of his Association.

We've singled out Jessie, Keith and Dave to personalize the role of APEGA volunteers. But they're just three of an estimated 2,000 APEGA Members who give their time and enthusiasm each year as Association volunteers.

We want to recognize these dedicated individuals, enhance their overall volunteer experience and leverage our volunteer pool to its full potential. So early in 2013, we hired a coordinator to develop and run a volunteer management system. Over the last year, new policies and procedures were established to recruit, motivate, retain and reward our volunteers.

Included in these policies and procedures are

- An updated screening and application process to best match volunteers' skills with available opportunities
- A new volunteer recognition program that's consistent across the organization
- New risk management and records management procedures
- Position descriptions for all our existing and anticipated volunteer programs

We also began planning a volunteer web portal to make it easier for us to communicate with volunteers. Via this portal, prospective volunteers will be able to

- Learn about our volunteer opportunities
- Create a volunteer profile
- Apply for volunteer positions
- Track their volunteer hours

Volunteer management is helping us continue to nurture the culture of volunteer engagement that already exists among Members and staff. And to keep adding dedicated Members to our volunteer roster. ■

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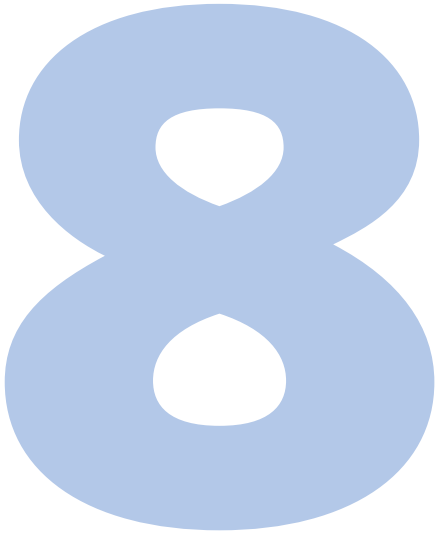
## QUICK FACTS

A recent survey of APEGA staff found that there may be more than 3,200 volunteer positions at APEGA in about 100 different volunteer functions, including

- Committees
- Boards
- Branches
- Council
- Outreach
- Mentoring
- Special Events

The survey also found that volunteers contribute upwards of 48,000 hours each year, representing millions of dollars of professional time given to the Association and the community.

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## HOW APEGA SUPPORTS DIVERSITY IN THE PROFESSIONS, PART II

We've been on the road in 2013, strengthening our connection to Alberta's Aboriginal communities, hearing their stories — and sharing *our* stories about the wonderful worlds opened up by science and mathematics studies.

APEGA's Aboriginal Program Lead has spent much of the past year travelling to First Nations and Métis communities around Alberta, from Stoney and Siksika in the south to Driftpile and Bigstone in the north. She's attended Treaty 6, Treaty 7 and Treaty 8 education conferences, career fairs and science fairs, building relationships and breaking down

cultural barriers. She's been working with Aboriginal educators on new ways to infuse science curricula with First Nations culture.

In 2012, we signed an historic memorandum of agreement with Treaty 8 First Nations of Alberta — the first of its kind in Alberta — to build on each other's strengths while removing barriers and improving educational outcomes for First Nations youth.

Our work in this area is guided by the Association's goal of increasing numbers of Aboriginals in Professional Engineering and Geoscience. It may be decades before there's a noticeably bigger percentage of Aboriginals on our register. But we're doing the groundwork now.

Why does it matter? Our reasoning is much the same as it is for attracting and retaining women in the APEGA professions.

The province needs more skilled workers. APEGA should therefore draw from as large a pool as possible. And the research says that diverse professions and workplaces are strong, innovative and successful professions and workplaces.

APEGA supports diversity in other ways too. We offer professional development opportunities for improving cultural understanding in the workplace. Many of the participants in our formal

mentoring program for Members are internationally educated graduates (IEGs). And we're improving our licensing processes and materials for IEGs.

But back to our Aboriginal connection. Aboriginals are traditionally under-represented in the APEGA professions — professions that offer secure, rewarding and well-compensated careers.

More than ever before, Aboriginal youths in Alberta are hearing about APEGA's professions and careers, and often it's happening right in their own communities and schools. The APEGA Aboriginal Initiative is an outreach program connecting Aboriginal students to science, and also raising their awareness about career opportunities in Professional Engineering and Geoscience.

Communication and collaboration are a key part of the program's success. On reserves and off, we've been connecting with communities and organizations. Consultations have taken place with school districts, engineering and geoscience organizations, educators and community leaders.

The Aboriginal community has responded positively. Invitations come in regularly from First Nations and Métis communities interested in collaborating with us. Calls are also coming in from engineering and geoscience sister

“ One of the messages it's so important for me to get to the kids is that you can be an engineer, you can work in industry, and you can help Mother Earth — at the same time ”

— Deanna Burgart, APEGA Aboriginal Mentor





Volunteer Frank Postill, P.Eng.  
 . . . shares his love of science and math with  
 Aboriginal students.

## ALIGNS WITH

**Strategic Priority 3:** Attraction, Retention and Advancement of Individuals in Our Professions

**Strategic Priority 4:** Organizational Renewal and Continuity

associations interested in starting their own Aboriginal programs. We are recognized as a national leader in mentoring, outreach and engagement in Aboriginal communities.

As part of the initiative, we're also collaborating with major Permit Holders — large employers of engineering and geoscience professionals — and sharing best practices on how to build strong

relationships with Aboriginal communities.

Members have also stepped up to provide support. Increasing numbers of professionals are volunteering with our outreach mentoring program for Aboriginal youth. They are mentoring students in the classroom, at science nights and at career fairs in First Nations schools in Sturgeon Lake, Wabasca, Edmonton and Calgary. ■

# 9

## HOW WE'RE CREATING A BETTER EDMONTON WORKPLACE

It's not an exaggeration to say that the story of APEGA, these days, is one of transformation. We're adopting new directions, we're restructuring, we're changing processes. All the while, our membership keeps growing.

Understandably, our staffing complement is growing too. In fact full-time positions increased 25 per cent in 2013 alone. Only six years ago we had just 68 employees. At the end of 2013 we had more than 100.

More than 90 per cent of our employees are based in Edmonton, and recently they've been spread across five floors (not all of them contiguous). Clearly, a renovation of our Scotia Place location has become an essential part of organizational renewal. We need more space and we need more functional space.

### ALIGNS WITH

**Strategic Priority 4:**  
Organizational Renewal and  
Continuity



-artist's rendering

That's why at the end of 2013 we were finalizing plans to optimize our space and expand our existing footprint.

Rethinking and repurposing our Edmonton home will improve the way staff work together and interact. A more effective work environment will improve our efficiency, which will help us better serve applicants, Members and, ultimately, the public.

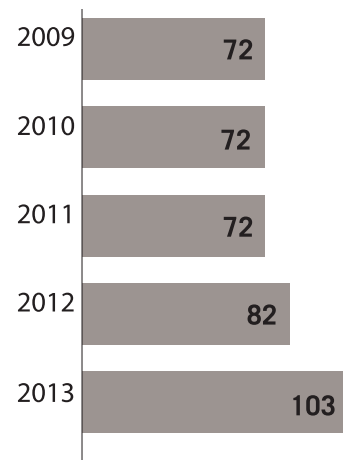
Part of the improved customer service will be a modern, enhanced reception area. It will include common rooms where employees can meet with Members and applicants. Our conference centre will be larger, and will feature the latest in communications and audio-visual technology.

We worked with a consultant last year to design our new space. We also began detailed planning and preparations for a move to temporary quarters in our building during construction, which begins in May 2014. The goal is to make the transition with minimal disruption to Members, staff and the public. Most of the construction is expected to be complete by the end of 2014. ■

### QUICK FACTS

- Our footprint in Scotia Place is growing by more than 18 per cent from 33,000 square feet to 39,075 square feet
- The new space will be big enough for 135 workstations, providing us with room to grow well into the future
- Staff will be better connected on three contiguous floors adjoined by a central staircase. Right now, they are spread over five floors

### Full-Time Positions



# 10

## HOW WE BEGAN AN OVERHAUL OF OUR WEBSITE

Websites today do more than inform. They provide dynamic links to an organization, its functions and its services. Websites are multiple gateways to a wide range of interactions, from paying dues and registering for seminars to watching videos and discussing issues. They connect stakeholders to their organization and its business, and they connect stakeholders to each other.

To better meet the needs of Members and others who use our site, in 2013 we initiated the consultation phase of a major upgrade of apega.ca. This will lead to a re-design of the site — but the overhaul is really much more than that.

We're examining the needs of our various audiences and creating a site to match those needs. We're examining all the materials on our site and asking fundamental questions: Does it belong on the site at all? Is it presented in the most appropriate format? Is it worded, categorized and presented in a way our audiences understand? Can our audiences find it quickly and intuitively?

We're also aligning the website with the strategic priorities of the Association.

So far, we've conducted the research we need to design and plan the site. We looked at our existing content and reviewed other websites.

We analyzed data on where and how visitors use our site, including the devices and browsers they use. We listened to volunteers, one-on-one, as they actually performed website functions and searched for content.

We conducted card sorting exercises with volunteers — learning how our audiences categorize our different roles and the information we provide, and learning which words and phrases resonate with them and which do not. We consulted staff.

A renewed APEGA is emerging. And hand-in-hand, a renewed website is emerging, too. ■

### ALIGNS WITH

**Strategic Priority 2:** Policy and Engagement

**Strategic Priority 3:** Attraction, Retention and Advancement of Individuals in Our Professions

**Strategic Priority 4:** Organizational Renewal and Continuity

## Social Media

### Twitter Followers

January 30, 2013

1,275



January 30, 2014

2,592

### LinkedIn Group Members

January 30, 2013

8,919



January 30, 2014

12,943

# REPORT FROM THE PRESIDENT

## APEGA Keeps Improving to Meet the Challenges of Growth

It's about growth — sustained and significant growth. This is the reality for APEGA and for Alberta, and it will continue to be our reality for the foreseeable future.

Natural resources are being developed, the environment is being protected, new infrastructure is being built to accommodate newly arrived citizens, and our cities and towns are getting bigger. All of this activity increases the demand for Professional Engineers and Geoscientists.

APEGA must respond by licensing applicants in a timely, fair and transparent manner, while ensuring they are qualified. We received nearly 9,000 applications for membership in 2013, and we forecast a similar number for 2014. Just a little over a decade ago, we were receiving half that many applications per year.

Dealing with this significant growth in applications was, I believe, the major issue in 2013. Our Board of Examiners has been busy reviewing files and assessing candidates. Yet the board is also finding time to review its own processes. Our new Registrar, with the help of a new Director of Registration, is

also making changes to increase efficiencies in the way staff members process applications.

The public rightfully expects that graduates from universities in other countries, who make up 40 per cent of all applicants, will be assessed efficiently — while being held to the same high standard that Canadian-trained professionals are.

While growth and all its ramifications have demanded the Association's attention, we have held fast to our commitment to implementing our strategic plan. Regulatory renewal is well underway, as we begin the process of reviewing and improving the *Engineering and Geoscience Professions Act*. We put considerable effort in 2013 into engaging our Permit Holders (corporate Members of APEGA) in this process, asking them how they foresee our professions evolving.

Our strategy of engaging policy-makers and the public is starting to gain momentum. APEGA is well known to the Government of Alberta and its departments, and to provincial and national regulators. Our Permit Holders have engaged the public through their work with various stakeholders. APEGA, as an organization, engages with the public through media releases, advertising, sponsorship and outreach programming. I think there is still more to do in this area, but we are developing a strong foundation and a new, issues-oriented focus.

Our priority of attracting, retaining and advancing our Members will take time to generate strong results. The Women in APEGA Committee produced an excellent document, *Managing Transitions: Before During and After Leave*. This planning resource guide for employees and employers offers low-cost, high-

impact suggestions for engaging those Members on parental leave. However, our efforts to secure more seats in our two engineering faculties have been disappointing. For every engineering student our universities accept, between three and four qualified, potential students are turned away.

Organizational renewal is being fully implemented at APEGA. Changes are being made to improve both efficiency and effectiveness by aligning operations with the strategic priorities, a process you can read more about in this document.

Council has changed the way it governs itself. We have reduced the number of standing committees to allow Council to focus on the larger, more strategic questions of where the professions are headed in this era of globalization, how we will maintain public confidence in our ability to regulate the professions, and how we will continue to provide value to Members.

To that end, Council will be concentrating its efforts on regulatory renewal, ethics, defining the role of advocacy, and tackling emerging issues. If APEGA is to achieve its vision of being a valued agent of professional excellence and an internationally respected leader in the Engineering and Geoscience Professions, hard decisions will have to be made about our purpose, who we serve and how we can exceed the expectations of our customers.

This will be the work of next year's Council, and we are ready to do it.

One final note: thank you to all APEGA volunteers and public members who serve and support our Association. We could not do it without you.

**-Colin Yeo, P.Geo., FGC, FEC (Hon.)**



# REPORT FROM THE CEO

## Fundamental Review of Governance is Critical To a Refocused APEGA

From my perspective, 2013 was a year of significant change at APEGA. For those of you tracking what I said in last year's report, you might think that this is simply more of the same. Well, not really.

As President Colin Yeo, P.Geo., has mentioned, Council has undertaken a fundamental review of its very function as a governing body. This entailed a significant commitment in terms of reflection and development, which has enabled APEGA Council to better understand its role as the topmost leader of the Association. The new direction set by Council will include a committee structure based on four Council committees. These committees will support Council's work regarding its executive, governance, nominating and audit functions.

Succession in all areas of an organization is important. The main tool for the succession of APEGA Council is the annual election. The election was not a resounding success in 2013, in terms of participation. Turnout was somewhat disappointing with

only 13.6 per cent of eligible voting Members exercising their franchise. This was, however, an opportunity to learn about our processes and procedures. Based on the election returns for 2014, I assess that we have largely improved the processes already.

Within APEGA itself, a longtime pillar of APEGA, Registrar Al Schuld, P.Eng., FEC, FGC (Hon.), transitioned his duties to new Registrar Carol Moen, P.Eng. Mr. Schuld is also a former Acting CEO of APEGA.

There have been other staffing additions and transitions in 2013 and the first part of 2014. Among them was the hiring of a new Finance Manager. From a financial management perspective, that can be a turbulent period. Add to that a new outside auditor and it can become even more stressful. That said, our new auditor, Ernst & Young, did a great job on the 2013 audit and has identified some areas in which we could improve. More importantly, the auditor confirmed my belief that APEGA's new Finance Manager has a sound grasp on the Association's finances and that our internal controls are appropriate and robust.

One of the most significant challenges that fully emerged in 2013 is APEGA's continuing increase in application volumes. In 2013, APEGA received 8,983 applications for registration. Our average year-to-year increase since 2009 is 10.5 per cent.

APEGA's Board of Examiners continued to provide outstanding service, making 5,000-plus licensure decisions in 2013. Approvals by the board and those delegated to staff totaled 8,227 applications. Nevertheless, there remain about

9,000 applications still being processed — our so-called backlog. This is our single most important issue to tackle in 2014. The Board of Examiners is working closely with the Registration Department to process more files, modify processing policies and implement new software solutions.

Finally, the review of the *Engineering and Geoscience Professions Act (EGP Act)* continues to be a major APEGA activity. After engaging a broad range of our membership and government, we have identified several issues and recurring themes. It is clear, from the perspective of our Permit Holders, what is foremost in Members' minds and what it is Members would like the Association to focus on. However, APEGA is one of two parties that share the *EGP Act*. It is less clear to me that the Association of Science and Engineering Technology Professionals of Alberta (ASET) is as engaged in transforming the Act as APEGA is. I hope to gain greater clarity on this in 2014.

As I take stock of my second year as your CEO, there is no doubt that it has been a very challenging year for volunteers and staff alike. The support and dedication I've received has been first-rate. I could not have achieved my mandate as CEO without such ardent support. I heartily thank all of them for helping us achieve our mission.

Clearly, there is more change ahead. However, I hope to reach a plateau in 2015, at which time we can take a brief operational pause before we fully engage in the final push on renewing our legislation.

**-Mark Flint, P.Eng.**



# PUBLIC MEMBERS' REPORTS

## APEGA Council

The public interest is reflected in the regulatory work of APEGA and, additionally, in the leadership that Council provides. We, as the representatives of the public appointed by the province, are an integral part of this critical process.

We serve as public oversight on Council and on committees and

working groups to which we're appointed. In addition to acting as the eyes and ears of the public, we provide input from the perspectives of our own professions and experiences.

APEGA takes the public interest seriously. In 2013, a major focus of Council was improvement of its governance processes. This is extremely important to the public interest.

First, it clearly establishes the boundaries between operational concerns and governance. And second, more than ever APEGA Council is free to focus on the big picture of improving and sustaining self-regulation. The expertise and experience of Councillors have been clearly separated from day-to-day concerns and operational committees.

We support this shift. It keeps operational responsibility where it belongs — with the APEGA CEO. And it allows the body elected by Members to provide the guidance and

wise counsel to which it is so very well suited.

Already, the change in focus is improving the delivery of self-regulation to the public and Members. APEGA has become more nimble, its operations more robust. Organizational renewal is in full swing, and we predict great accomplishments ahead for the Association.

We also note that we were full participants in this refocusing of Council and in the discussions of other issues Council addressed. Our comments, ideas and perspectives continued to be invited and respected.

Once again in 2013, the public was well served by Council and APEGA. Just as importantly, the public will be even better served in the years to come.

**Gary G. Campbell, QC**  
**Mary Phillips-Rickey, CA**  
**Fred Stewart, QC**  
**Public Members**

# PUBLIC MEMBERS' REPORTS

## Practice Review Board

My fall 2012 appointment by the province as the public member of the APEGA Practice Review Board has provided me with an opportunity to learn more about the important role that APEGA plays in Alberta. The board's work is an integral regulatory component of APEGA, ensuring that the standards and competencies of the Association's Members are at the highest professional level.

The heart and soul of the board is the 21 volunteers who dedicate countless hours of their time

and expertise to review dozens of individual cases. Their attention to detail and the rigour of the process reflects a strong commitment to their professions.

It is my observation that the Practice Review Board plays a critical role in protecting the safety and best interest of the citizens of Alberta by ensuring compliance with professional standards.

**Paul J. Byrne, PhD**  
**Public Member**

# PUBLIC MEMBERS' REPORTS

## APEGA Appeal Board

I was honoured to learn in June 2013 that the Hon. Thomas Lukaszuk, then the Minister of Enterprise and Advanced Education, had reappointed me to a second three-year term as the public member to the APEGA Appeal Board.

One Appeal Board hearing was held in 2013. In December 2009, a member of the public filed a complaint alleging that an APEGA Member had engaged

in unprofessional conduct when documents were improperly authenticated and submitted to Alberta Environment regarding a waste management landfill. The APEGA Investigative Committee found that there were technical issues in the authentication procedure. But it said these were dealt with by instructing the Member on proper procedure. The Investigative Committee further noted that the work had been reviewed by Alberta Environment and the Alberta Environmental Appeals Board, both of which found no deficiencies. The Investigative Committee found insufficient evidence of unprofessional conduct and dismissed the complaint.

This led to the appeal, which the board heard in Edmonton in November 2013.

The appellant sought to introduce new information that had come to light since the original complaint. The Appeal Board determined it would limit its review to the materials the Investigative Committee used in arriving at its decision. Upon reviewing relevant documents and after hearing

presentations from the appellant, the investigated Member, and the Chair of the Investigative Committee, the Appeal Board deliberated.

The board dismissed the appeal because it found that the Investigative Committee had duly considered what had been available to it in rendering a decision. There was insufficient evidence of unprofessional conduct on the part of the Member.

I believe the APEGA Appeal Board maintains the highest level of professionalism and ethics in its work. APEGA's staff members are also thorough in the preparation of documents for the hearings and are diligent in covering relevant information in the pre-hearing reviews and the discussions that follow the hearing.

I believe that the best interests of Alberta's public have been well served by the Appeal Board during the past year, and I am pleased to continue to work on the board on behalf of the public in the coming year.

**Harold Neth**  
**Public Member**

# PUBLIC MEMBERS' REPORTS

## APEGA Board of Examiners

It is a privilege to serve as public members on the APEGA Board of Examiners. Our responsibility is to bring an objective viewpoint to the table on behalf of Albertans. Throughout 2013, APEGA Registration Department staff, the board's chair, and the academic and experience examiners conducted the registration of applicants in a professional, ethical, unbiased, equitable and transparent manner.

However, the year proved to be challenging. First, the board's already heavy workload continued to increase. Second, APEGA expressed a view that the time required to register applicants should be reduced significantly. In other words, the speeding up of the system, board members worried, could threaten the Board of Examiners' fundamental responsibility of registering Professional Engineers and Geoscientists. Third, unexpected personnel changes in APEGA's Registration Department could impact the work of the board. Fourth, a long-serving and much-respected academic member of the board resigned, creating a vacancy in a specific discipline.

The potential for differing points of view and/or misunderstandings with respect to the above challenges is obvious. Board members expressed

some discomfort and concern because they wanted more information regarding the impact of these changes on the board's operations. There was a sense that the value and relevance of board members might be diminished; that modifying the system could compromise standards; that personnel changes and resignations could affect the board's ability to do its work.

Beginning mid-year, to allay discomfort and concern, the President, the CEO, and the Director of Registration met with board members. They provided reassurance that the fundamental issue was the increasing volume of applications and not APEGA's bowing to criticism or pressure. They identified that the review system was simply unable to cope. They reassured the board that remedial measures to address processing times should not be interpreted as reflections of the board's performance. And they reassured the board that standards would definitely not be compromised for speed.

The President and CEO were similarly informative and reassuring in articles in APEGA's Member publication, *The PEG*. In order to get a better understanding of how the board functions, Councillors and the President attended board meetings. To deal with improvements to the registration process, APEGA has created a Board of Examiners Task Force.

### In conclusion:

1. The chair and the academic and experience examiners of the board, along with the staff from the Registration Department, continue to perform their duties competently, focusing on the fundamental principle of public safety and the public's expectation of high standards
2. Every organization requires a sustainability and succession plan, and must renew itself. It

is imperative that, on a regular basis, APEGA review its purpose and goals, identify its assets and resources, and determine how the assets and resources can best be used for APEGA to retain its credibility and its status as a self-regulatory organization. We have no objection to APEGA's short- and long-term institutional plans. However, any proposed changes to personnel and process that directly affect the work of the board must be done with proper transparency, consultation and communication with the board

3. As public members representing the views of Albertans, we wish to make a final comment about the possibility that the proposed restructuring might after all compromise safety and the public interest. We note that official statements that changes must be balanced with APEGA's legislative mandate to uphold the public interest and safety of Albertans are reassuring. Nonetheless, we also believe that Albertans are far less concerned about criticisms regarding the time required to register their Professional Engineers and Geoscientists than they are about remaining confident that registration standards not be watered down, and that the types of accidents and scandals that have been so prominently reported in the media do not occur in Alberta

We look forward to continuing to work cooperatively with colleagues on the Board of Examiners, as well as with other colleagues in the broader context of APEGA's organizational renewal.

**Ernest Skakun, PhD**  
**Laura Schuler, LL.M., ICD.D**  
**Lucien Villeneuve, MA**  
**Public Members**

## PUBLIC MEMBERS' REPORTS

### APEGA Investigative Committee

I have enjoyed another interesting year representing the public on the APEGA Investigative Committee.

I continue to be impressed by the diligent work put into this committee by APEGA volunteers. Countless hours are spent reviewing reports, conducting interviews with parties to the files, and working in person and via email with the other panel members.

A welcome addition to the staff team is Rick Thiessen, APEGA Assistant Director, Investigations. Rick has been providing excellent service to the committee and much needed help to Ross Plecash, P.Eng., FEC, FGC (Hon.), Director of Corporate Affairs & Investigations, and Sandy Roth, Executive Assistant.

This additional support is helping the committee deal with complaints in a more timely fashion, a concern

in the past. I am always surprised by the number of complaints that are received and handled in any given year.

The regular meetings, both by video conference and in person, have been conducted in a very professional manner. Special educational presentations have been appreciated by both experienced and new members of the committee.

Last year was my third year on the Investigative Committee, and I sincerely hope I can be reappointed for a second three-year term. Working with the APEGA Investigative Committee is a very rewarding experience — one that I wish to continue.

**Gordon Graydon**  
Public Member

## PUBLIC MEMBERS' REPORTS

### Joint Board of Examiners

In August 2010, I was appointed by the Hon. Thomas Lukaszuk, who was then the Alberta Minister of

Employment and Immigration, as the public member for the APEGA/ASET Joint Board of Examiners.

The board is in its third year of existence. Its main focus is to consider applications for registration under the designation and title of Professional Technologist (P.Tech.) within a scope of practice designated by the board.

Professional Technologists of this type are currently unique to Alberta. They practise independently in accordance with established methodologies in the fields of engineering, geology or geophysics, and they have the authority to sign off and stamp work within their prescribed scope of practice.

They are members of the Association of Science and Engineering Technology Professionals of Alberta (ASET). Although APEGA is involved

in their regulation, they are not APEGA Members.

Last year the board considered over 150 applications. These applications are considered when the board meets every two months.

As the public member I can state how well and collaboratively members of the board have worked. Each member has demonstrated that the interest and safety of the public is of foremost consideration.

For myself, I enjoy working with my board colleagues and I have every confidence that the board will continue to carry out its responsibilities in an exemplary fashion to the credit of both associations.

**Steven Jewell, LL.M., DPL**  
Public Member



## A Few Words About Pension Obligation Reporting

The reporting of APEGA's Unfunded Pension Obligation warrants explanation. Although the matter is addressed in the notes to this year's financial statements, we decided, for clarity's sake, to point out and explain the increase here as well.

Under Liabilities and Net Assets, on page 28, APEGA reports an Unfunded Pension Obligation of \$2.34 million. Prior to 2012, this obligation was not reported on the Statement of Financial Position but was reported in the notes to the

financial statements, consistent with financial reporting standards. In 2012, APEGA was required to report its financial statements in accordance with new Not-For-Profit Financial Reporting Standards. As permitted under these new standards, APEGA elected to record the full amount of the unfunded pension obligation on its Statement of Financial Position.

The amount of the Unfunded Pension Obligation is determined based on an actuarial valuation. Professional actuaries external to APEGA estimate the future pension payout obligations using sophisticated models and a set of assumptions. Based on these assumptions, APEGA's Unfunded Pension Obligation decreased to \$2.34 million at December 31, 2013, from \$5.96 million at December 31, 2012 (\$2.29 million at December 31, 2011). Whether the obligation is reported on the Statement of Financial Position or in a note to the financial statements is not relevant to the actual estimation of the obligation. The significant swings in value, mainly due to market fluctuations, were originally reported on the Statement of Operations, but new standards allow for those changes

in valuation to be reported on APEGA's Statement of Changes in Net Assets.

The amount of the Unfunded Pension Obligation is recorded as a long-term liability as it represents the amount to be funded in future periods over several years. APEGA is not required to fund this obligation immediately, and it is important to note that it is subject to change. Investment returns have a significant impact on the amount of the obligation and are subject to market fluctuations and risks.

We believe the disclosure provided in the 2013 financial statements highlights the risks and obligations of a defined benefit pension plan. Management is monitoring this exposure and has taken steps to mitigate some of the risks inherent in the current pension plan. A new defined contribution pension plan was established in 2013 for newly hired employees, and the defined benefit pension plan is now closed to new entrants. This change in pension plans will diminish the obligation over time as new entrants are not entering the plan, and also as staff are retiring and drawing down from the plan.

# INDEPENDENT AUDITORS' REPORT

To the Members of the  
**Association of Professional Engineers and Geoscientists of Alberta**

We have audited the accompanying financial statements of the **Association of Professional Engineers and Geoscientists of Alberta**, which comprise the statement of financial position as at December 31, 2013 and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's responsibility for the financial statements

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

## Auditor's responsibility

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

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

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

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Association of Professional Engineers and Geoscientists of Alberta** as at December 31, 2013, 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.

## Other matter

The prior year financial statements were audited by other auditors, who expressed an unmodified opinion on February 21, 2013.

Edmonton, Canada  
March 20, 2014

*Ernst + Young LLP*  
Chartered Accountants

# STATEMENT OF FINANCIAL POSITION

## Association of Professional Engineers and Geoscientists of Alberta

As at December 31

(in thousands of dollars)

	2013	2012
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	336	608
Accounts receivable	911	865
Prepaid expenses	183	273
	<b>1,430</b>	1,746
Tangible capital assets <i>[note 3]</i>	990	711
Intangible assets <i>[note 4]</i>	975	1,229
Investments <i>[note 5]</i>	17,292	14,696
	<b>20,687</b>	18,382
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	1,220	1,113
Government remittances payable	—	46
Prepaid dues and fees	8,987	8,653
	<b>10,207</b>	9,812
Unfunded pension obligation <i>[note 6]</i>	2,340	5,960
Deferred lease inducement	9	17
	<b>12,556</b>	15,789
Commitments <i>[note 7]</i>		
<b>Net assets</b>	<b>8,131</b>	2,593
	<b>20,687</b>	18,382

*See accompanying notes*

On behalf of Council:

Colin Yeo, P.Geo., FGC, FEC (Hon.)  
President

Mark Flint, P.Eng.  
Chief Executive Officer

# STATEMENT OF CHANGES IN NET ASSETS

Association of Professional Engineers and Geoscientists of Alberta

Year ended December 31

(in thousands of dollars)

	2013		
	Invested in capital and intangible assets	Unrestricted	Total
	\$	\$	\$
<b>Balance, beginning of the year</b>	1,940	653	2,593
Excess of revenues over expenses	—	1,568	1,568
Pension remeasurements and other items	—	3,970	3,970
Purchases of tangible capital assets	567	(567)	—
Amortization of tangible capital assets	(288)	288	—
Purchases of intangible assets	291	(291)	—
Amortization of intangible assets	(545)	545	—
<b>Balance, end of the year</b>	<b>1,965</b>	<b>6,166</b>	<b>8,131</b>

	2012		
	Invested in capital and intangible assets	Unrestricted	Total
	\$	\$	\$
		[restated – note 10]	
<b>Balance, beginning of the year</b>	2,185	3,595	5,780
Excess of revenues over expenses	—	298	298
Pension remeasurements and other items	—	(3,485)	(3,485)
Purchases of tangible capital assets	242	(242)	—
Amortization of tangible capital assets	(322)	322	—
Purchases of intangible assets	614	(614)	—
Amortization of intangible assets	(779)	779	—
<b>Balance, end of the year</b>	<b>1,940</b>	<b>653</b>	<b>2,593</b>

See accompanying notes



# STATEMENT OF OPERATIONS

Association of Professional Engineers and Geoscientists of Alberta

Year ended December 31

(in thousands of dollars)

	2013	2012
	\$	\$
		<i>[restated – note 10]</i>
<b>REVENUES</b>		
Dues	15,537	14,491
General	2,192	1,559
Registration fees	1,770	1,737
Examination fees	1,606	1,392
Permit fees	1,485	1,423
Realized investment income	542	1,107
Grants	5	644
	<b>23,137</b>	22,353
<b>EXPENSES</b>		
Salaries and benefits	8,699	6,681
Meetings	2,693	2,331
General <i>[Schedule]</i>	2,023	2,148
Consulting	1,953	1,525
Office rent and parking	1,493	1,710
Pension benefit costs	1,655	977
Amortization of tangible capital and intangible assets	833	1,101
National assessment CCPE/CCPG	781	699
Printing and stationery	686	567
Public awareness	670	689
Professional fees	624	813
Sponsorships	537	614
Examination administration	530	576
Postage and courier	516	610
Outreach website and game development	—	993
	<b>23,693</b>	22,034
<b>Excess (deficiency) of revenues over expenses before unrealized investment gain (loss)</b>	<b>(556)</b>	319
Unrealized investment gain (loss)	2,124	(21)
<b>Excess of revenues over expenses</b>	<b>1,568</b>	298

See accompanying notes

# STATEMENT OF CASH FLOWS

Association of Professional Engineers and Geoscientists of Alberta

Year ended December 31

(in thousands of dollars)

	2013	2012
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Cash received from members	20,686	20,042
Cash received from general revenues	2,245	1,559
Cash received from grants	5	207
Cash paid for salaries and benefits and pensions	(7,969)	(7,336)
Cash paid for materials and services	(14,390)	(12,792)
<b>Cash provided by operating activities</b>	<b>577</b>	<b>1,680</b>
<b>INVESTING ACTIVITIES</b>		
Purchases of tangible capital assets	(567)	(242)
Purchases of intangible assets	(291)	(614)
Proceeds from realized investment income	542	1,107
Reinvestment of realized investment income	(533)	(1,031)
Purchase of investments from excess operating cash	—	(4,100)
<b>Cash used in investing activities</b>	<b>(849)</b>	<b>(4,880)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(272)</b>	<b>(3,200)</b>
Cash and cash equivalents, beginning of the year	608	3,808
<b>Cash and cash equivalents, end of the year</b>	<b>336</b>	<b>608</b>

See accompanying notes

## SCHEDULE OF GENERAL EXPENSES

### Association of Professional Engineers and Geoscientists of Alberta

Year ended December 31

(in thousands of dollars)

	2013	2012
	\$	\$
Bank and credit card service charges	504	485
Miscellaneous and general	433	560
Member insurance program	347	325
Office materials	207	195
Certificates and diplomas	131	116
Telephone and data line	102	123
Awards	95	73
Seals and stamps	87	116
Contribution to APEGA Education Foundation <i>[note 8]</i>	37	55
Public relations	36	35
Insurance	35	65
Government relations	9	—
	<b>2,023</b>	<b>2,148</b>

*See accompanying notes*

# NOTES TO FINANCIAL STATEMENTS

## Association of Professional Engineers and Geoscientists of Alberta

December 31, 2013

(dollar amounts in thousands)

### 1. NATURE OF THE ORGANIZATION

The Association of Professional Engineers and Geoscientists of Alberta ["APEGA"] is incorporated under the Engineering and Geoscience Professions Act of Alberta with the mission of serving the public interest by regulating the practices of engineering and geosciences in Alberta, by providing leadership for our professions, and by upholding our members in their professional practices. As a not-for-profit organization under the Income Tax Act (Canada), APEGA is not subject to income taxes.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Part III of the Chartered Professional Accountants ["CPA"] Canada Handbook — Accounting standards for not-for-profit organizations, which sets out generally accepted accounting principles for not-for-profit organizations in Canada ["GAAP"], and include the significant accounting policies summarized below.

#### Revenue recognition

APEGA follows the deferral method of accounting for contributions, which include grants and donations. Grants are recognized in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations are recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized.

Specific revenue recognition policies include the following:

- [a] Dues and permit fees are set annually by Council and recognized as revenue proportionately over the fiscal year to which they relate.
- [b] Registration fees are recognized when received.
- [c] Examination fees are recognized when the examination is presented.
- [d] General revenue is recognized when the related services are provided or goods are shipped.

Investment income, which includes interest, dividends, and realized and unrealized gains and losses, is recorded in the statement of operations.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and short term investments with periods to initial maturity of less than 90 days.

#### Financial instruments

Investments are recorded at fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Other financial instruments, including accounts receivable and accounts payable and accrued liabilities, are initially recorded at fair value and subsequently measured at amortized cost.

#### Tangible capital assets

Tangible capital assets are recorded at acquisition cost. Contributed tangible capital assets are recorded at fair value at the date of the contribution. Amortization is determined using the straight-line method over the estimated useful lives of the assets as follows:

Computer hardware	4 years
Leasehold improvements	Lease term
Audio/Visual equipment	5 years
Furniture and equipment	10 years

#### Intangible assets

Intangible assets are recorded at acquisition cost. Contributed intangible assets are recorded at fair value at the date of the contribution. Amortization is determined using the straight-line method over the estimated useful lives of the assets as follows:

Computer software	4 years
Membership database	6 years
Outreach website	1 year
Reviewers portal	6 years



## NOTES TO FINANCIAL STATEMENTS (continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

#### Leases

Leases are classified as capital or operating leases. Leases that transfer substantially all of the benefits and risks incident to the ownership of property are classified as capital leases. All other leases are accounted for as operating leases, wherein rental payments are expensed as incurred.

#### Lease inducements

Tenant lease inducements are recorded as a liability and amortized on a straight-line basis over the term of the lease.

#### Defined contribution pension plan

APEGA closed entry to the defined benefit pension plan at December 31, 2012 and initiated a new defined contribution pension plan for employees commencing after January 1, 2013, with a plan start date of July 1, 2013. Contributions to the defined contribution pension plan are recognized on the accrual basis. Total contribution expense for the year ended December 31, 2013 was \$74 [2012 – nil].

#### Defined benefit pension plan

APEGA accounts for its defined benefit pension plan using the immediate recognition method. APEGA recognizes the amount of the accrued benefit obligation, net of the fair value of any assets measured at the year end date, adjusted for any valuation allowance, in the statement of financial position. The accrued benefit obligation for the pension plan is determined based on an actuarial valuation report prepared for funding purposes, which is required to be prepared at least on a triennial basis. During those years where an actuarial valuation is not prepared, APEGA estimates the obligation.

The annual current service and finance costs of the defined benefit pension plan are recorded as pension benefit costs in the statement of operations. Remeasurements and other items, which include the difference between the actual return on plan assets and the return calculated using the annual discount rate, actuarial gains and losses, past service costs and gains and losses arising from settlements and curtailments are recorded as pension remeasurements and other items in the statement of changes in net assets.

#### Contributed materials and services

Contributed materials and services are not recognized in the financial statements.

#### Foreign currency translation

Investments in foreign currencies have been translated into Canadian dollars at year end exchange rates. Revenues and expenses have been translated at the average rate of exchange during the year. Foreign exchange gains and losses are included in the statement of operations.

#### Use of estimates and key judgments

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related amounts of revenue and expenses, and disclosure of contingent assets and liabilities. The most significant estimates made by management include the allowance for doubtful accounts, the estimated useful lives of tangible capital and intangible assets, and assumptions used in the valuation of pension obligations. Actual results could differ from those estimates.

### 3. TANGIBLE CAPITAL ASSETS

	2013			2012		
	Cost \$	Accumulated amortization \$	Net carrying value \$	Cost \$	Accumulated amortization \$	Net carrying value \$
Computer hardware	838	630	208	672	556	116
Leasehold improvements	1,705	1,297	408	1,487	1,218	269
Audio/Visual equipment	706	504	202	534	398	136
Furniture and equipment	938	766	172	927	737	190
	<b>4,187</b>	<b>3,197</b>	<b>990</b>	<b>3,620</b>	<b>2,909</b>	<b>711</b>

# NOTES TO FINANCIAL STATEMENTS (continued)

## 4. INTANGIBLE ASSETS

	2013			2012		
	Cost \$	Accumulated amortization \$	Net carrying value \$	Cost \$	Accumulated amortization \$	Net carrying value \$
Computer software	297	262	35	249	242	7
Membership database	3,215	2,333	882	2,972	1,853	1,119
Outreach website	142	142	—	142	142	—
Reviewers portal	172	114	58	172	69	103
	<b>3,826</b>	<b>2,851</b>	<b>975</b>	<b>3,535</b>	<b>2,306</b>	<b>1,229</b>

## 5. INVESTMENTS

Investments consist of fixed income and equity-based instruments. The investment portfolio, managed by a third party investment manager, is subject to an investment policy set by Council. APEGA's primary investment objective is the preservation of capital. Fixed income investments, consisting of federal, provincial, and corporate bonds, are capable of prompt liquidation. The equity-based investments are widely held and diversified, and are traded on a regular basis at the discretion of the investment manager.

	2013 \$	2012 \$
Fixed income	6,349	5,876
Canadian equity funds	5,569	4,410
International equity funds	5,374	4,410
	<b>17,292</b>	<b>14,696</b>

Fixed income securities have terms maturing between one and nine years and yields between 1.25% and 6.00%.

## 6. DEFINED BENEFIT PENSION PLAN INFORMATION

	2013 \$	2012 \$
<b>Unfunded pension obligation</b>		
Plan assets at fair value	15,563	13,002
Accrued benefit obligations	17,903	18,962
	<b>2,340</b>	<b>5,960</b>

Contributions to the plan by APEGA during the year were \$1,305 [2012 – \$790] and by employees were \$371 [2012 – \$344]. Benefit/termination payments from the plan during the year were \$862 [2012 – \$408].

The significant actuarial assumptions adopted in measuring APEGA's accrued benefit obligation and pension benefit costs include an annual discount rate of 4.80% [2012 – 4.10%], an annual rate of return on plan assets of 6.00% [2012 – 6.00%], an annual rate of salary increase of 4.00% [2012 – 4.00%] and an annual inflation rate of 2.5% [2012 – 2.5%].

The most recent actuarial valuation of the plan for funding purposes was performed December 31, 2012.

## 7. COMMITMENTS

APEGA is committed to lease agreements relating to its office premises in Edmonton and Calgary, as well as certain office equipment. Minimum future lease payments under the agreements are as follows:

	\$
2014	1,628
2015	1,887
2016	1,894
2017	2,021
2018	2,031
Thereafter	11,787
	<b>21,248</b>

## NOTES TO FINANCIAL STATEMENTS (continued)

### 8. RELATED PARTY TRANSACTIONS

APEGA is related to the APEGA Education Foundation [the "Foundation"] as membership in the Foundation can occur only on the recommendation of APEGA's council.

During the year APEGA's contributions to the Foundation of \$37 [2012 – \$55] were funded by:

	2013	2012
	\$	\$
Direct contributions	16	34
Summit Awards	21	21
	<u>37</u>	<u>55</u>

The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 9. FINANCIAL INSTRUMENTS

APEGA is exposed to various financial risks through transactions in financial instruments.

#### Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. APEGA is exposed to credit risk from accounts receivable. In the normal course of business, APEGA evaluates the financial condition of its members and customers on a continuing basis and reviews the credit worthiness of all new applicants. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. APEGA has a significant number of members which minimizes concentration of credit risk.

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, APEGA manages exposure through its normal operating activities. APEGA is exposed to interest rate risk

primarily through its fixed income investments. The fair value of these investments could be significantly impacted by a change in interest rates.

#### Liquidity risk

APEGA is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. APEGA's financial instruments include cash and cash equivalents, accounts receivable, investments and accounts payable and accrued liabilities, and government remittances payable.

#### Currency risk

Currency risk is the risk to APEGA's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. APEGA is exposed to foreign currency exchange risk on cash and investments held in U.S. dollars. APEGA does not use derivative instruments to reduce its exposure to foreign currency risk.

### 10. RESTATEMENT

During the year, APEGA retroactively adopted Section 3463, Reporting Employee Future Benefits by Not-For-Profit Organizations, of the CPA Canada Handbook — Accounting standards for not-for-profit organizations. Under this section, current service and finance costs related to the defined pension benefit plan are expensed in the statement of operations and remeasurements and other items are recorded directly in the statement of changes in net assets. As a result of the retroactive adoption of this accounting policy, pension benefit costs have increased from \$540 to \$977 and the actuarial loss on pension obligations has decreased from \$3,922 to nil in the statement of operations for the year ended December 31, 2012, and remeasurements and other items has increased from nil to \$(3,485) in the statement of changes in net assets for the year ended December 31, 2012. The change in accounting policy had no net impact on the net assets of APEGA.

### 11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted for the current year.





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