

# APEGA Annual Report | 2015



*Renewing Our Social Partnership*



The Association of Professional  
Engineers and Geoscientists of Alberta

## **APEGA Explained**

Under the direction of the *Engineering and Geoscience Professions Act*, APEGA regulates the practices of engineering and geoscience in Alberta on behalf of the Government of Alberta.

APEGA, our Members, and our Permit Holders – companies and other organizations that practise engineering, geoscience, or both – have a shared commitment to public safety and well-being through the self-regulation of the professions. Serving the public interest is our privilege and our responsibility.

We are the largest organization of self-regulated professionals in Western Canada. Our Members work in diverse industries, contributing significantly to Alberta's economic success and enhancing the quality of life Albertans enjoy.

Our main regulatory function is licensing individuals and companies that want to practise engineering and geoscience in Alberta. Applicants and companies that meet APEGA's standards for ethical, professional, and technical competency earn the right to practise and use reserved titles and designations.

## **APEGA's Key Responsibilities**

- License Professional Engineers and Geoscientists
- Set practice standards
- Develop codes of conduct and ethics that govern Members and Permit Holders
- Investigate and discipline Members and Permit Holders
- Investigate and take action against individuals and organizations that practise our professions without licences or Permits to Practice
- Investigate and take action against individuals and organizations that use our protected titles without licences or Permits to Practice
- Provide services to Members and Permit Holders to support them in their professional practices

## **APEGA Annual Report 2015**

ISSN 0030-7912

April 2015

Published by the Association of Professional  
Engineers and Geoscientists of Alberta



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## PRESIDENT'S REPORT



Connie Parenteau,  
P.Eng., FEC, FGC (Hon.)

For several years now, APEGA's focus has been on transforming our business and governance models to become a more efficient licenser and a stronger regulator. Key to this transformation is enhancing our relationship with our stakeholders, including Members, Permit Holders, the public, and the provincial government. That goal is reflected in the theme of this report: *Renewing Our Social Partnership*. We're working hard to engage our partners through open and transparent dialogue, building a foundation of trust that allows them to have confidence in the work we're doing – and in the changes we're making.

My role as President allowed me to witness the tremendous efforts underway to strengthen these social partnerships. Below are just a few examples.

I'll start with the legislative review, APEGA's biggest priority for 2015. For the first time in more than 30 years, the *Engineering and Geoscience Professions Act* is being reviewed to ensure that it continues to serve the public interest and reflect business practices in a global environment. Modernizing the legislation will ensure that our professions – and our province – remain at the forefront of leadership and innovation.

Legislative consultations with Members, Permit Holders, and other stakeholders began in earnest in 2015. What I witnessed – by attending consultation sessions and talking with professionals – is that Members and Permit Holders are very passionate about the future of our professions. This was, for me, the highlight of the year. Thousands of professionals have provided feedback, sharing their ideas, support and concerns. I've heard very positive comments on the approach we've taken.

Updating APEGA's strategic plan was another priority in 2015. Identifying significant risks for the professions was our first step. Our planning sessions included analysis of engineering and geoscience failures in other provinces – events like the Algo Centre Mall collapse in Ontario and the Mount Polley Mine failure in British Columbia. As a result, we've developed four new strategic priorities for 2017-2019, each created with the interests of the public, government, and Members in mind. During this process, I witnessed the creation of a plan that will effectively guide APEGA and improve our ability to regulate. Council was set to approve this new plan early in 2016, and by the time you read this it may even be available for review and downloading on [apega.ca](http://apega.ca).

Here's something else I witnessed in 2015 – ongoing improvements to our governance model are paying dividends. Last year, previously approved changes to APEGA's Council nominations came into effect, including new election timelines and candidate endorsement criteria. There's no question it was an improvement to the election process and the self-regulation of our professions.

The year 2015 was also the first year APEGA operated with just four Council committees, down from the previous 11. Committees that didn't report to Council were changed to groups that now report, thorough staff, to the CEO. This change streamlined Council's ability to respond quickly to emergent issues. As a result, Council has become far more agile than I've ever witnessed before.

Finally, I'd like to share something I witnessed in my travels as APEGA President, meeting with professionals across the province. Although the current economic climate has adversely affected many of our Members, they expressed to me a determination to overcome these challenges. We Albertans – Professional Engineers and Geoscientists in particular – are nothing if not resilient.

We've always been a province of highly skilled professionals known for our innovative and entrepreneurial spirit. Now is the time to take those skills and apply them to the challenge of building a sustainable and diversified economy.

Being your President has been a great honour and privilege. Thank you.

As I reflect on 2015 and take stock of what we have accomplished as an organization, a consistent thread of thought emerges. APEGA has been thinking about its role and how we can improve to better serve the Alberta public. We have been rethinking the value proposition of the APEGA professions and how to strengthen our effectiveness as a regulator. We have strengthened APEGA's strategic leadership by overhauling the succession process for Council. And we have built an outstanding team of senior leaders within APEGA's administration.

As we consult with stakeholders to assess and make recommendations on amending our legislation, it occurs to me that all these efforts are indicators of how APEGA is renewing its commitment to the public it serves. This commitment is sometimes referred to as a social licence, but I think social partnership states the concept more powerfully. While as professions our commitment is to the public, I am mindful that we also serve our Members and other stakeholders, and that we have a social partnership with them as well.

We're rethinking how we regulate, and we're reimagining how the *Engineering and Geoscience Professions Act (EGP Act)* might enable us to achieve our vision of an improved social partnership. A partner I haven't mentioned yet is actually an extension of the public. It is the Government of Alberta, the owners of the *EGP Act*. We follow the Act's direction, and through our legislative review we will recommend to government what we think are important improvements. These are being shaped in large part by the input we've received from Members and other stakeholders.

A desire for excellence drives what we do at APEGA. Whether it's ensuring that APEGA's statutory obligations are executed efficiently and effectively, working within our communities to promote geoscience and engineering, or ensuring that the business of APEGA is optimized, through clear communication and with a professional attitude APEGA's Senior Leadership Team is committed to delivering the very best service to all our stakeholders. Ironically, with such a widespread appetite to excel, the biggest challenge that now exists is to identify just which efforts require the most attention, so we can focus on improvements and enhancements in a measured fashion.

Effective partners need to be able to listen, empathize, and communicate. Effective partners must be willing to go the extra mile to achieve understanding and to be available when needed. Our Senior Leadership Team recognizes this and shares this philosophy. Core values developed by APEGA's employees themselves indicate that the same level of commitment exists throughout our organization.

APEGA has now launched an enhanced nominating process for Council. I am more confident than ever that this system will continue to find the very best leaders for our Members to choose from, allowing them to elect great governors for this organization as it progresses through 2016 and the years ahead.

There is still plenty of work to do at APEGA as we prepare to embark on our next series of strategies and continue to strengthen our social partnership. We do so with the knowledge that a great team of leaders, employees, and volunteers are ensuring that, when the people of Alberta look to APEGA for leadership, that's exactly what they receive.



Mark Flint, P.Eng.



# LEGISLATIVE review

We're modernizing our governing legislation, the *Engineering and Geoscience Professions Act (EGP Act and General Regulation)*, to ensure it reflects today's business practices and continues to protect the public interest. It's been over 30 years since the Act was last updated and the professions have experienced major changes in that time. As the largest professional self-regulator in Alberta, we're committed to renewing our social partnership with Albertans by demonstrating leadership in this important endeavour.

Reviewing the *EGP Act and General Regulation* is a complex and lengthy process – and a key priority in APEGA's strategic plan. By reviewing the *EGP Act* first, we reached several significant milestones in our process in 2015. This is in part thanks to the input we received from stakeholders, among them Members, Permit Holders, and engineering and geoscience regulatory associations in other provinces and territories.

We also worked closely and consulted with other stakeholders, including the Association of Science and Engineering Technology Professionals of Alberta (ASET), other self-regulating organizations and professions, and the Government of Alberta (GOA). The province has encouraged APEGA to update the legislation, and we met with provincial representatives regularly in 2015 to discuss the concepts brought forward and keep them informed of our progress.

Two rounds of consultation sessions were held, one in the spring and one in the fall. Professionals across the province stepped up to help shape our new Act. The result was a year of exceptional Member engagement, with almost 4,000 engineering and geoscience professionals providing feedback on dozens of proposed changes.

Stakeholder input is vital to this process. The GOA – which owns the *EGP Act* – will have the opportunity to base future changes on the recommendations coming out of our consultations. Decisions made during the review, if the GOA accepts them, will result in clearer, more modern ways of defining the work professionals can and can't do, and the ethical and professional standards they must meet.

The spring consultations gathered input on six proposed changes. Another 15 recommendations were reviewed in the fall. Along with in-person consultations, we gathered feedback through two surveys. All input was compiled into two *We're Listening* summary reports, which you can read online at [apegalegislativereview.ca](http://apegalegislativereview.ca).



## Did You Know?

There are three phases to the legislative review. The first phase, undertaken in 2015, was a review of the *Engineering and Geoscience Professions Act*. This phase continues in 2016. We'll start reviewing the *General Regulation* later in 2016, and then we'll start looking at the bylaws in 2018. Proposed changes to the *General Regulation* will be brought forward at the APEGA Annual General Meeting in 2017, and bylaws will follow two years later at the 2019 Annual General Meeting

Proposed recommendations that have been endorsed by APEGA Council are being passed along to the Government of Alberta on an ongoing basis for consideration.

### 2015 Topics Recap

Six topics were reviewed in the spring relating to the Members-in-Training, Licensee, Professional Licensee, and Student membership categories, as well as issues surrounding implied authority versus explicit authority to delegate, and *Alberta Building Code* exemptions. In October, APEGA Council endorsed all six proposed recommendations, after making a few clarifications in response to Member and Permit Holder feedback.

Another 15 proposed recommendations were examined in the fall, with discussions centred on proposed improvements to regulatory efficiencies. They included:

- modernizing the investigative process
- revising the maximum amounts of fines and penalties
- improving the enforcement and recovery of fines and penalties
- publishing names and orders
- formalizing the mobility of discipline orders
- improving capacity to practise
- strengthening the Registrar's authority to initiate investigations, terminate complaints, and suspend or place conditions on registrations

We'll continue legislative review consultations through 2016, focusing on improvements to professional practice.



## Reviewing the Numbers

**2** Rounds of legislative review consultation sessions, held in spring and fall. Stakeholders shared their input on legislative change through:  
**face-to-face meetings • surveys • email • webinars • videoconferencing**

**2,500** Stakeholders who participated in consultation sessions

**2,132** Stakeholders who completed legislative review surveys

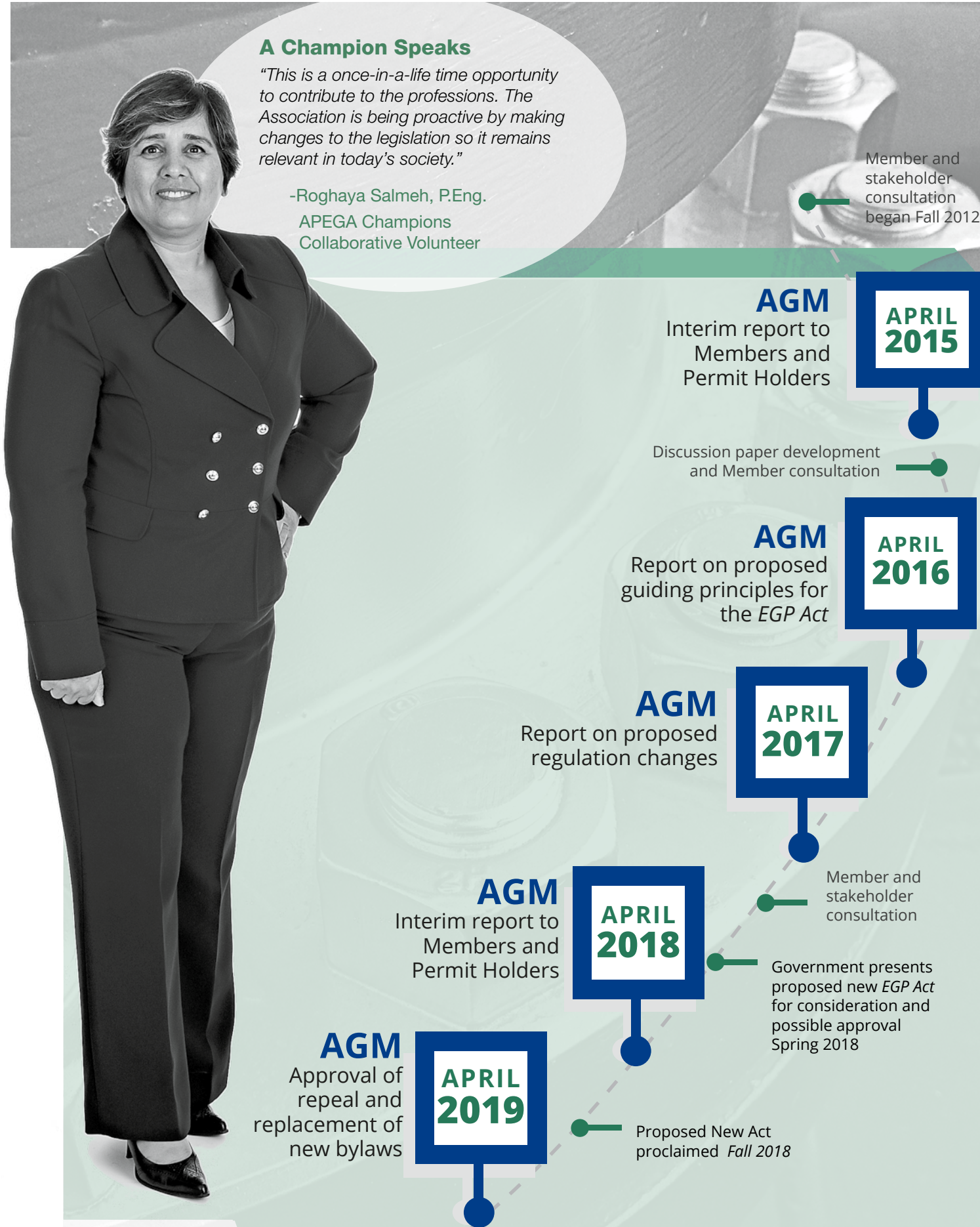
**200** Proposed legislative changes under consideration

**40** Professional Engineers and Geoscientists who make up the champions collaborative, a group of professionals engaging Members and Permit Holders in the legislative renewal process and leading discussions on proposed changes

**15** Proposed recommendations examined in fall consultations

**6** Proposed recommendations examined in spring consultations

**6** Communities where in-person consultation sessions were held — Calgary, Edmonton, Fort McMurray, Grande Prairie, Lethbridge, and Red Deer



### A Champion Speaks

"This is a once-in-a-life time opportunity to contribute to the professions. The Association is being proactive by making changes to the legislation so it remains relevant in today's society."

-Roghaya Salmeh, P.Eng.  
APEGA Champions  
Collaborative Volunteer

Member and stakeholder consultation began Fall 2012

### AGM

Interim report to Members and Permit Holders

APRIL 2015

Discussion paper development and Member consultation

### AGM

Report on proposed guiding principles for the EGP Act

APRIL 2016

### AGM

Report on proposed regulation changes

APRIL 2017

### AGM

Interim report to Members and Permit Holders

APRIL 2018

Member and stakeholder consultation

Government presents proposed new EGP Act for consideration and possible approval Spring 2018

### AGM

Approval of repeal and replacement of new bylaws

APRIL 2019

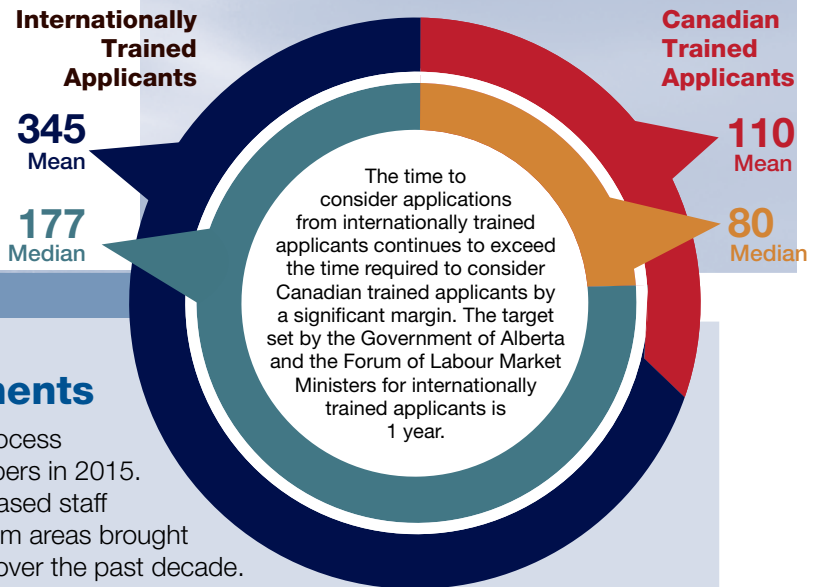
Proposed New Act proclaimed Fall 2018



Although we are within the current target, considerable effort is being undertaken in 2016 to reduce the amount of time it takes to consider international qualifications. This effort includes changes to how academics and experience are assessed and the tools used by applicants, staff, and the Board of Examiners. Our first priority is always to uphold the public interest through fair, effective, and appropriate qualification standards, and we believe we can do this while decreasing processing times overall for internationally trained applicants.

## APPLICATION PROCESSING TIME

Internationally Trained vs Canadian Trained (in days)



## Applicant Experience Improvements

In measurable ways, our application and registration process became a better experience for potential APEGA Members in 2015. We continued to streamline our tools and service, increased staff dedicated to registration, and continued tackling problem areas brought to light by a more than doubling of annual applications over the past decade.

## Faster Response Times

Not long ago, a potential Member might wait weeks for a reply after applying. That's not the story today. By the end of 2015, our response times ranged from one to five business days, depending on volume. We now have two full-time staff members responding to phone and email queries from applicants, which has helped us eliminate a backlog of emails.

Application reviews by admissions staff members and the APEGA Board of Examiners – which evaluates applications – are also quicker. Reviews were up 60 per cent in the first eight months of 2015 over the same period in 2014.

## New System For Work Experience

In 2015 our system of gathering work experience records from applicants switched to a web-based, mobile-friendly platform. This includes reference gathering – a common source of delays in the past. Because the system is now simple and convenient, references almost always respond the same day, an improvement which has resulted in quicker application processing.

The work experience record is also more structured and easier to understand. There's less chance an applicant will fill it out incorrectly, which speeds up processing times.

Our online tools were also upgraded in 2015, making them more stable and reliable and easier to navigate. There's less likelihood of technical glitches like freezes during the application process, and it's easier to start or resume an application.

Overall applicant numbers dropped off in 2015 from their all-time high in 2014. This was predominantly in response to economic pressures in Alberta, which kept many potential applicants in their home jurisdictions.

Each application is considered by the APEGA Board of Examiners, a group of volunteer Professional Members, prior to the applicant receiving a decision. The Board of Examiners also includes three members of the public appointed by the Government of Alberta to ensure that the work of the board continues to uphold the public interest.

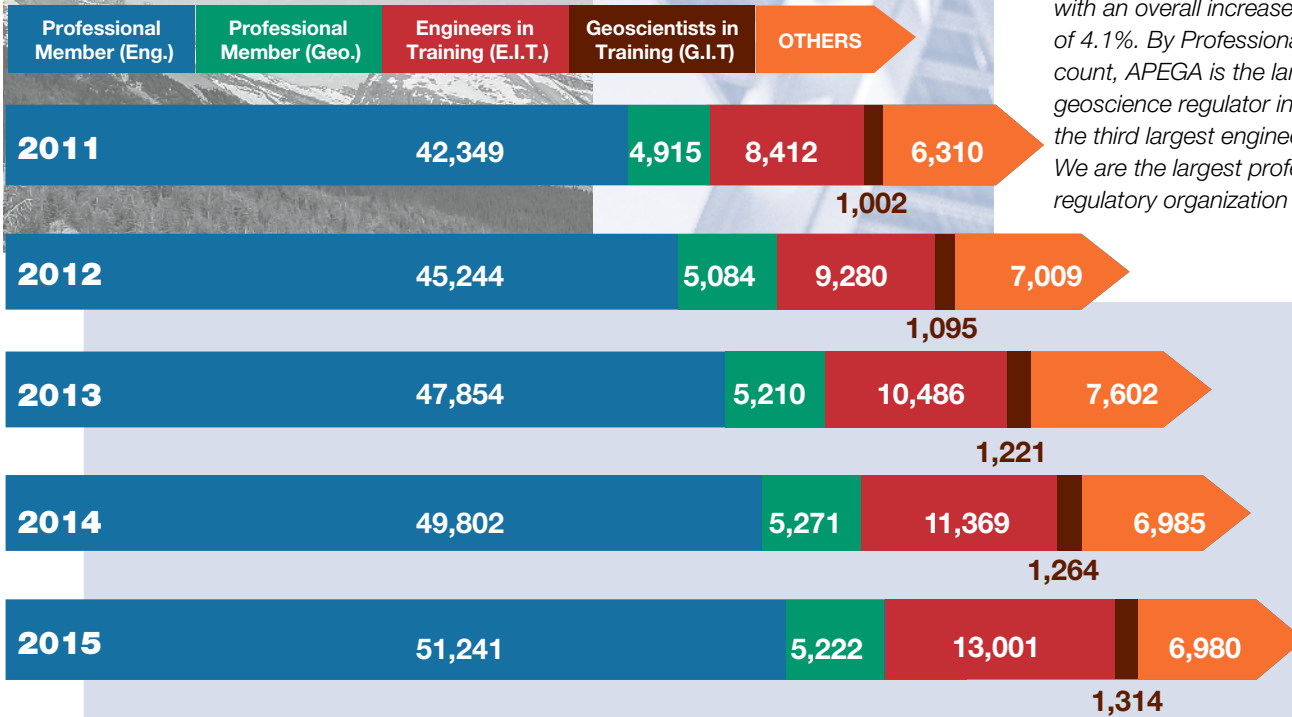
The percentage of applicants who were first trained outside of Canada remained proportionately high at roughly 53%. APEGA remains a leader in foreign qualification assessment in Alberta by sheer volume of individuals considered in any given year.

## VOLUME OF APPLICANTS

Canadian Trained vs Internationally Trained



# MEMBERSHIP BY DESIGNATION



Growth continued in all APEGA membership categories in 2015, with an overall increase in membership of 4.1%. By Professional Membership count, APEGA is the largest geoscience regulator in Canada and the third largest engineering regulator. We are the largest professional regulatory organization west of Ontario.

## Major Projects Under Development

In 2015, we worked on two important restructuring projects to further improve our service to applicants, especially those from other countries.

The first is our new competency-based assessment (CBA) tool, which will help clarify and streamline the registration of engineering applicants. The CBA approach will enhance how we evaluate the work experience and competency of applicants, making the process more effective and efficient.

- CBA will make it easier for applicants to understand the exact experience qualifications required for licensure and how their skills will be recognized in Alberta. It will also make it less complicated for the APEGA Board of Examiners to determine whether candidates meet those standards
- Work began on the CBA project early in 2015, and in March the Government of Alberta approved a partnership grant to support its creation and launch. The goal is to roll out the new system in late 2016
- A new process for academic assessment was also approved last year, for introduction in early 2016. Internationally Trained Applicants (ITAs) in 2016 contact World Education Services (WES) to obtain an academic credential evaluation report. WES will provide each ITA's report to APEGA, and the report will be among the inputs we use to assess each ITA's academics. WES is expected to be faster and more efficient at:
  - obtaining transcripts from international academic institutions
  - authenticating educational credentials
  - determining Canadian equivalency



**3**  
per cent

resolved through  
court action

**12**  
per cent

could not be pursued  
due to lack of evidence

In **2015**, we opened **315** compliance case files based on information provided to us by various sources, including the public, APEGA Members, and staff.

**85**  
per cent

resolved without  
court action

## Title Protection Improvement

An often misunderstood part of our regulatory work actually looks at the actions of non-Members. That's because only Members and Permit Holders can use protected terms like engineer and geoscientist in ways that imply to the public of Alberta that they can practise.

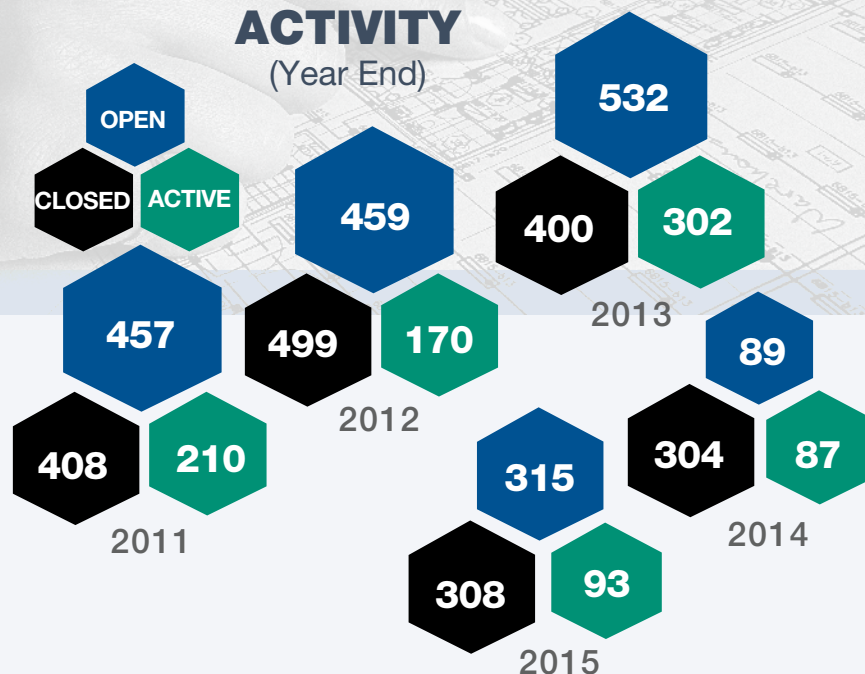
When unlicensed individuals and companies practise or even suggest that they practise, APEGA investigates and enforces the right-to-title and right-to-practice provisions of the *Engineering and Geoscience Professions Act (EGP Act)*.

This compliance work, as it is called, is going through process changes to become more efficient and accountable. In 2015 we focused on training and orienting new staff, creating handbooks, and drafting new policies. We also updated an orientation process for professionals on the Enforcement Review Committee (ERC), which directs staff when cases are not clear cut. The new process ensures ERC volunteers have a clear understanding of how to execute on their regulatory role.

One way we're closing files sooner is by contacting violators by phone or email right away, rather than sending out formal letters. Often, a conversation ends the problem quickly – there's a simple fix like changing an employee's title, or there's been an honest misunderstanding of the rules.

## COMPLIANCE ACTIVITY

(Year End)



APEGA's compliance role involves non-Members and non-Permit Holders operating against provisions in the *EGP Act*. These situations include:

- violating restrictions on use of title
- holding out as qualified to practise
- practising without a licence

## TOTAL ACTIVE PERMITS

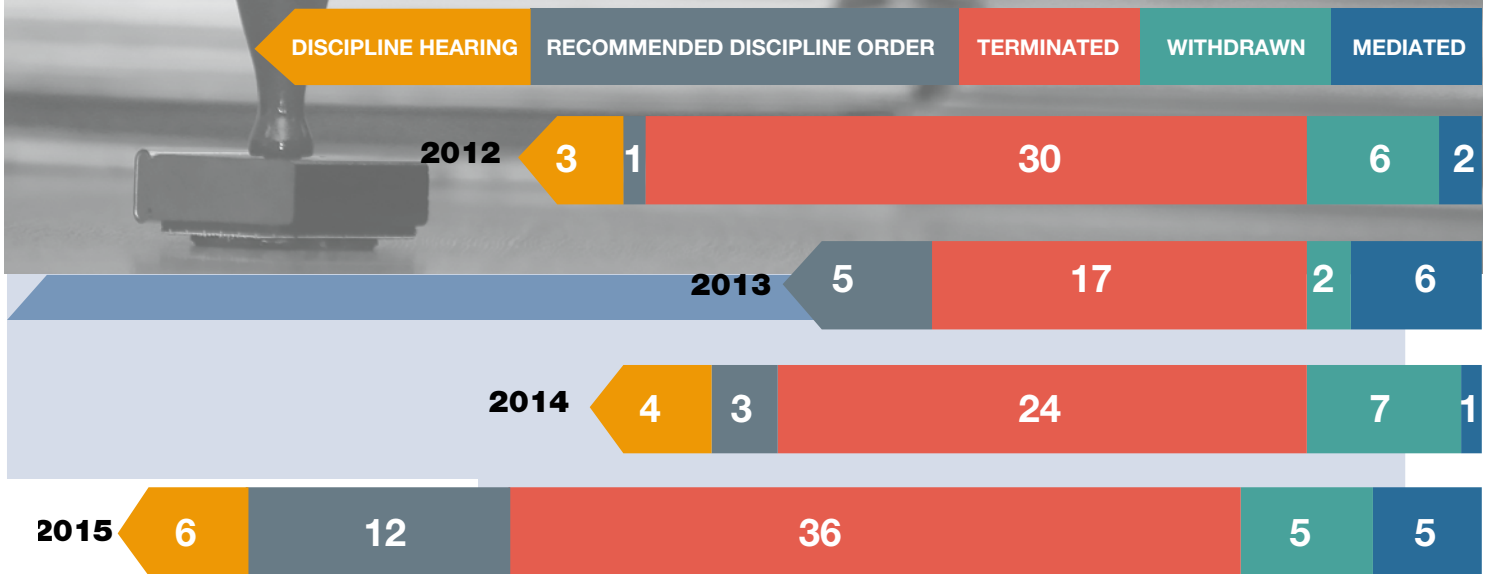
(Year End)



APEGA issues licences — called Permits to Practice — to companies that engage in the practices of engineering, geoscience, or both in Alberta. The year 2015 saw a slight decrease in Permits to Practice issued to companies, ending with a total of 4,569 Permit Holder companies. This decline was likely due to a slowdown in Alberta's economy.

One Permit Holder obligation is that individuals must be designated as a Responsible Member to help oversee the regulation of engineering and geoscience that occurs on behalf of companies. Each Responsible Member must be an APEGA Member in good standing and can be either an employee or contractor with the company. The end of 2015 saw a decrease in Responsible Members to 8,061, which correlates with the decrease in total number of Permit Holder companies.

# CASES CLOSED BY INVESTIGATION TYPE



Under the *Engineering and Geoscience Professions Act*, complaints submitted to the Investigative Committee may be concluded in one of five ways.

1. **Mediated** – the complaint has been settled with the assistance of a mediator
2. **Withdrawn** – the complaint has been withdrawn
3. **Terminated** – the investigation is closed due to insufficient evidence of unskilled or unprofessional practice
4. **Recommended Discipline Order** – the investigated Member or Permit Holder has admitted to unskilled practice, unprofessional conduct, or both
5. **Discipline Hearing** – the matter has been referred to the Discipline Committee for a formal hearing

## Investigative Capacity Grows

Complaints against APEGA Members – while small in number relative to the size of our membership – have increased on pace with membership growth. In 2015, 66 complaints were filed, which is up 83 per cent from five years ago, when there were 36 complaints.

To better meet the demand, two new professional investigators were hired in 2015, bringing the total to four.

Their expertise helps APEGA's Investigative Committee conduct more thorough investigations and write more consistent, detailed reports, which is speeding up processing times. The Investigative Committee is made up of Professional Members who review evidence for each case and make the ultimate decision about whether a complaint advances to the APEGA discipline process.

Also of note: in 2015, the Investigative Committee began sharing more detailed investigation summaries with complainants and Members under investigation, outlining in detail the reasons for its recommendations. This helps improve their understanding of the factors that were considered and should help reduce the number of appeals filed.

## INVESTIGATIVE COMMITTEE



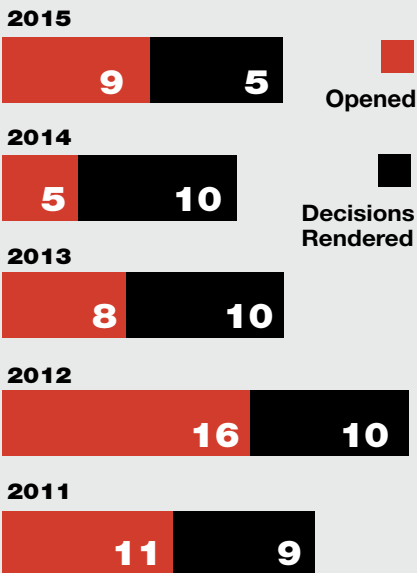
Investigates complaints against Members and Permit Holders.

## DISCIPLINE COMMITTEE



Hears cases arising from complaints against Members and Permit Holders, deciding whether they've done anything wrong and, if so, what the consequences are.

### NUMBER OF DISCIPLINE CASES Year End



A Member or Permit Holder is held accountable if it took part in unprofessional conduct or unskilled practice. Once the matter has been thoroughly investigated – and only if the complaint has not been mediated, terminated, or withdrawn – a discipline decision is made, either through a Recommended Discipline Order (RDO) or by formal hearing. An RDO is an agreement on the case's facts and the sanctions to be imposed.

In 2015, APEGA made five discipline decisions. Three of them involved accepting RDOs and two of them came out of formal hearings. All outstanding cases are being actively managed for decisions in 2016.

## WHERE APPEALS COME FROM

Appeals arise from the decisions of three different statutory boards or committees that conduct work critical to APEGA's regulatory role.



### No More Appeals Backlog

Four new appeals of APEGA decisions were filed in 2015. It was a typical year as far as incoming volume goes.

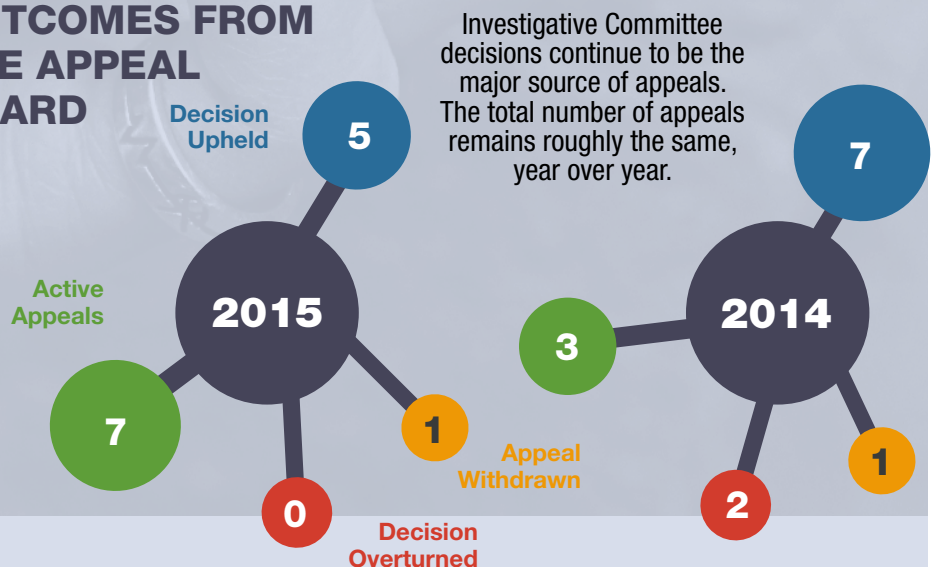
Here's what wasn't typical: for the first time in many years, the APEGA Appeal Board and APEGA staff weren't managing and administering a backlog of appeals.

Just three outstanding appeals were heard in 2015 – compared with 10 at the beginning of 2014.

A new appeals management system has made the reduction in outstanding appeals possible. The system, in place for several years now, includes key performance indicators to measure improvements and ensure accountability.

Why does this progress matter? Appeals involve the lives and careers of the public and our Members. The more timely we are in dealing with appeals, the less disruption and uncertainty there is for all parties.

### OUTCOMES FROM THE APPEAL BOARD



Investigative Committee decisions continue to be the major source of appeals. The total number of appeals remains roughly the same, year over year.



## Inspiring Tomorrow's Innovators – Our Connection Commitment

It's all about connections.

A priority in 2015 was improving the way we connect with students – and the way they connect to fulfilling career opportunities in engineering and geoscience.

The connections begin with elementary, junior, and senior high school students. Our school outreach programs engage youth in fun, hands-on experiences, designed to get them excited about science, geoscience, technology, engineering, and math.

Last year, we restructured our outreach activities to ensure that they nurture student innovation and creativity. One example is our new approach to the APEGA Science Olympics, an annual science competition for students in grades 1 to 12. We made changes that foster increased collaboration between students and connect them with Professional Engineers and Geoscientists, who support them as mentors.

But our connection commitment doesn't end when students graduate from high school. Our university outreach program builds connections with engineering and geoscience students at the University of Alberta and the University of Calgary, introducing them to APEGA – and professionalism – early in their careers. In all, 11 university student events attracted 456 students and 237 volunteers. Events were rapid resume reviews, speed mock interviews, speed networking, and, for geoscience students, GeoSkills, which brings students, industry representatives, and Professional Members together for presentations, networking, and mixing.

In the past, we organized events for post-secondary students to help them network and build soft skills. But in 2015 we took a slightly different approach. We assembled teams of enthusiastic undergrads and graduates and primed them for a more hands-on role in organizing outreach initiatives.

APEGA staff members still provide support, but these revamped Student Liaison Committees are now responsible for running their own events. That helps them develop valuable leadership and project management skills, which will serve them well in their careers.

**400**

APEGA Members helped organize and run the activities

APEGA hosted eight science olympics events and another eight elementary science nights in communities across the province

Almost **2,800** students took part



## Value Added Through Enhanced Member Benefits

APEGA strives to keep our Member benefits portfolio valuable and appropriate. With that in mind, our product and service offerings underwent an extensive review and evaluation in 2015.

Discounts are great. But we wanted to make sure we were offering benefits that Members actually need.

In completing the review and improving the portfolio, we had two main objectives:

- to provide only those products and services that enhance Members' professional and personal lives
- to provide benefits that support small and medium-sized enterprises – employers that are not as able to negotiate bulk or group discounts as large companies are

As a result of the review, we decided to focus on quality over quantity.

Our providers continue to provide great value for APEGA Members in a variety of areas, including travel, insurance, and financial services.





## Welcoming New Members

APEGA and our Branches hold Professional Member Induction Ceremonies throughout the province.

The biggest and most frequent inductions are in Calgary and Edmonton, because of the concentration of Members in and around Alberta's two largest cities.

Seven induction events were held in Calgary in 2015 and three were held in Edmonton.

## A Few Words from New Members

*This is a milestone in my life. I felt recognized, inspired, and supported by APEGA.*

*What a great way to recognize an important milestone.*

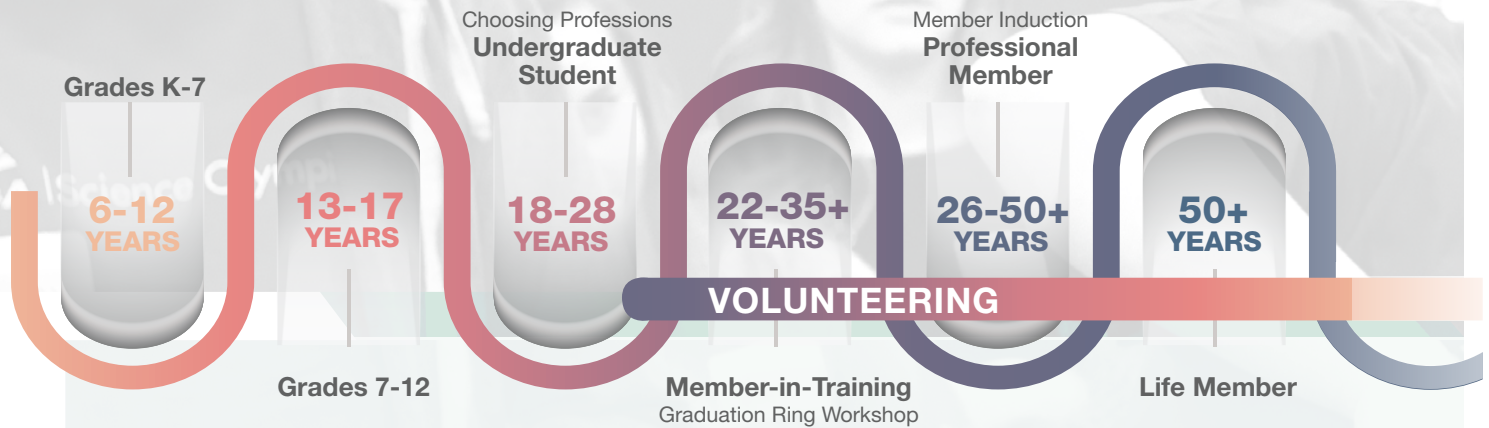
## Further Member Benefits

A popular Member benefit is our job board, which contains postings of employment opportunities in engineering and geoscience. More than 5,000 Members made use of this online resource in 2015, along with the hundreds of employers who posted about 1,100 positions.

Our annual salary survey gathered 13,000-plus data points from 156 employers throughout the province. Employers from every Branch region were represented in the survey, resulting in a publication called the Value of Professional Services. This is the most comprehensive data for our survey in 10 years.

Our Women in APEGA advisory group put on a major networking event in the fall. The biggest news arising from the group's work, however, is that a groundbreaking document outlining best practices related to parental leaves went national. *Managing Transitions: Before, During and After Leave*, a guide for employers and employees, was the foundation used for a publication of the same name that was adopted by Engineers Canada and Geoscientists Canada.

# CAREER LIFECYCLE



## Building Careers Through Professional Development

Professionals have a responsibility to uphold public safety and serve the public interest. Members do this by keeping their professional knowledge and skills current. APEGA's professional development (PD) program helps Members meet their continuing education needs, which includes meeting the requirements of APEGA's mandatory Continuing Professional Development (CPD) program.

As part of APEGA's efforts to enrich the Member experience, we began renewing our PD offerings in 2015 to deliver more value-added programming. We know that Members and employers want to invest their time and money in PD sessions that offer practical takeaways. So we put together a new PD schedule – one that delivers a diverse selection of engaging presenters and relevant topics that support applied learning and professional growth.

Our improvements include:

- a systematic process for gathering PD session proposals from presenters
- an emphasis on interactive instruction for applied learning and practical takeaways – approaches that help Members use what they have learned
- the addition of technical sessions supporting engineering and geoscience practices
- a simplified, electronic receipt process for Members
- post-session emails to share session documents, brief feedback surveys, and completion certificates to support CPD recording



## Engaging our Branches

APEGA's 10 Branches – and the volunteers who run them – are integral to our operations. Serving communities across the province, they're vital links with our offices in Edmonton and Calgary.

As voices of their Members, Branches provide feedback to APEGA on issues important to Professional Engineers and Professional Geoscientists. They also act as voices of APEGA itself, communicating important Association information to our membership.

We worked closely with Branches in 2015 to:

- standardize their operations
- improve collaboration between different regions
- share best practices
- streamline Branch events to better meet Members' needs

Improving Branch engagement – and through our Branches reaching and hearing from more Members – is an APEGA business priority. When Branches and Members are engaged, our professions are stronger, making APEGA a stronger and more representative self-regulator.

## Mentoring Program Positioned for Improvement

After 12 years of successfully matching mentors and mentees (sometimes called proteges), the APEGA Mentoring Program went on hiatus in late 2015. Existing participants continue to meet regularly, but the program is not taking on new participants during its renewal process.

Why? The time came to find a way to enhance our service to Members and create more effective matches. Over the next few months, we will improve our internal processes and work to expand the reach of the program.

At the end of 2015, we had about 200 active mentors in the program, offering guidance and support for about 210 mentees developing their employment-related soft skills.

# SUMMIT AWARDS NOMINEE NUMBERS

27

2015

24

2014

20

2013

35

2012

38

2011

## Summit 2015

APEGA Summit 2015, APEGA's annual conference, delivered

- professional development seminars and networking opportunities
- the Summit Awards Gala, highlighting our professions' best and brightest
- a forum for interaction on APEGA business during our Annual General Meeting and luncheon

## Summit Awards 2015 Recipients

*Centennial Leadership Award*

**Douglas LaValley, P.Eng.**

*Excellence in Education Award*

**Dr. Pierre Mertiny, P.Eng.**

*Environment and Sustainability Award*

**Dr. David Wood, P.Eng.**

*Outstanding Mentor Award*

**Saumya Barua, P.Eng.**

*Project Achievement Award*

**Imperial Oil's Mahkeses Heat-Recovery Steam Generator Replacement Project**

*Early Accomplishment Award*

**Dr. Anastasia Elias, P.Eng.**

*Frank Spragins Technical Award*

**Brian Howes, P.Eng.**

*Women in Engineering and Geoscience Champion Award*

**Dr. Laleh Behjat, P.Eng.**

*Community Service Award*

**Anita Rossall, P.Eng.**

## New Nomination Process Introduced

We introduced an online Summit Awards nomination form in 2015. The new system makes it easier to nominate professionals for an award. Features include

- improved access
- online sharing for multiple contributors
- the ability to pause and resume a nomination

The number of nominees increased significantly to 46.

### Council

One of the requirements of self-regulation in Alberta is the appointment of public members by the provincial government. Public members provide oversight of APEGA Council proceedings and provide oversight as representatives of the public interest and public safety. As public members we participate in meetings of Council and its working groups. We bring a critical outside voice, the expertise of our professions, and the perspective of our governance experience to all deliberations. This leads to robust debates and increases positive outcomes from APEGA's important regulatory work.

In 2015 Council continued to improve its governance. This continuous improvement is important to the public interest in that it allows for the establishment of appropriate boundaries between operational concerns and governance. This separation allows elected and public members to provide guidance and oversight to the organization, and to focus on the longer-term goal of improving self-regulation.

APEGA Council requires that new Councillors attend training for not-for-profits, which is offered by the Institute of Corporate Directors. As a result of the training, newly elected Councillors participate earlier in discussions through a common understanding of governance processes.

The Association is still actively pursuing its review of the *Engineering and Geoscience Professions Act*, under which APEGA and its Members are regulated. The focus is on working with the Government of Alberta to improve self-regulation of the professions. A redeveloped Act will reflect the changed business practices of the 21st century, and the continued need for APEGA to serve the public and Members.

Ross J. Harris, FCA, ICD.D

Robert Lloyd, QC

Mary Phillips-Rickey, FCA

### Board of Examiners

The responsibilities of public members are clearly outlined in *A Handbook for Public Members* (June 2015), a Government of Alberta document. Public members volunteer on behalf of the Minister whose responsibilities include APEGA, ensure that the APEGA Board of Examiners (BOE) is working in the best interest of the public. Public members also bear the accountabilities and responsibilities of those Members of the APEGA professions who serve on the BOE.

Public members are expected to participate in the decision-making process. They may also contribute any expertise they have that is not otherwise readily available to the professions.

Throughout 2015, Registration staff and the BOE have continued to refine initiatives that began in 2014. These initiatives, to list several, dealt with in-depth review of the board's own governance policies, processes, and succession-planning, performance reviews of its members, a new character reference procedure, evidence for English Language Competence, and outsourcing of technical exams.

A number of new initiatives were undertaken in 2015.

- A policies and procedures subcommittee became a reality. It meets monthly to review existing policies and procedures, especially areas of them open to differing interpretations. Revisions were brought to the BOE for approval. This subcommittee will continue to meet through 2016

- Registration staff and the BOE approved in principle the adoption of a competency-based assessment (CBA) model for assessing and evaluating applicants' academic and experience requirements for registration. Introducing CBA should improve the quality and worth (aspects of validity and reliability) of the assessments

Communication between the APEGA Registration Department and the BOE continues, with staff reporting to the BOE at its regular monthly meetings. The BOE is updated on all matters that have a direct bearing on the BOE.

As public members, we support the initiatives of the BOE. In this regard, APEGA and BOE are very clear about their responsibilities. The BOE should be responsible for ensuring that applicants meet the components necessary for registration. For components that are outsourced – for example, technical exams prepared by Professional Engineers Ontario and used by APEGA – it is imperative that they meet present-day standards of acceptable assessment practices. There must be sufficient evidence for validity and reliability to warrant their use for APEGA and BOE purposes. In the case of exams, this is essential because the scores form part of the requirement for meeting the academic standard. Likewise, if the BOE uses components for a different purpose than they were intended for, it is necessary for the BOE to ensure that doing so does not compromise the intended purpose.

We have every confidence that the BOE will continue to carry out its responsibilities in an exemplary fashion and to the credit of APEGA. The Chair, the academic and experience examiners on the BOE, and Registration Department staff continue to perform their duties with distinction, focusing on the fundamental principle of public safety and the public's expectation of high standards. It is our opinion that the board, supported by a diligent and hard-working staff, is meeting current challenges without compromising quality service to the professions, and is upholding the interests of the general public.

*Ernest Skakun, PhD*

*Laura Schuler, BA, LL.B, LL.M, ICD.D*

*Lucien Villeneuve, BA, MA*

## Practice Review Board

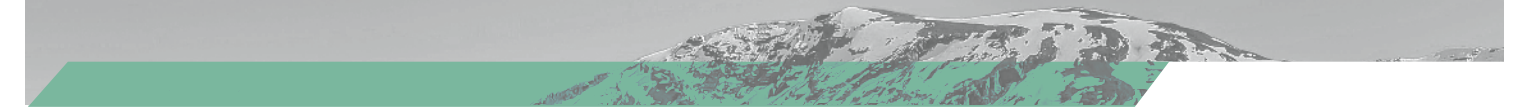
Many of us in the public do not normally think about the engineering that creates the bridges we cross or goes into the high-rise buildings we live in and visit. It seldom crosses our minds that the analyses and reports of geoscientists are foundational to the oil and gas and mining industries represented in our investments and retirement funds. We take for granted that someone has been looking out for our safety and interests.

That "someone" is, at least in part, APEGA's Practice Review Board.

The Practice Review Board helps ensure that Members of APEGA adhere to the standards of their professions and the regulations of the Province of Alberta. The board accomplishes this by:

- reviewing and making recommendations on requests for reinstatement and resumption of practice
- auditing a sampling of the Continuing Professional Development (CPD) records that Members are required to keep
- completing comprehensive reviews of the practices of individuals and organizations

The board comprises 21 individuals – 20 of them Members of APEGA – who volunteer their time, expertise, experience, and judgment to the public interest.



As the public member, I am neither a Professional Engineer nor a Professional Geoscientist. For the past three years, however, I have been able to observe – through my non-engineering and non-geoscience lens – the dedication, commitment, and integrity of the Members of APEGA who serve on the board. The rigour and thoroughness of the reviews is impressive, providing reassurance that the safety and protection of the public are paramount.

During the year covered by this report, the board, with the support of APEGA staff, met five times and conducted or approved:

- 10 practice reviews
- 850 reinstatements
- 72 resumptions
- 1,637 CPD audits

The board also launched a review of the regulations and practices pertaining to out-of-province and out-of-country engineering for Alberta projects.

These metrics and undertakings are impressive. However, of greater importance is that the reviews are conducted using a fair and transparent process. I am confident that concern for the public's safety and interests are always APEGA's priority, as demonstrated by the Practice Review Board.

As my term on the board has drawn to a close, I would like to thank the Government of Alberta, APEGA, and the other Members of the Practice Review Board for the opportunity to garner a better understanding and appreciation of the practice of the APEGA professions. Professional Engineers and Professional Geoscientists in this province are held to a very high standard.

*Paul J. Byrne, PhD*

## Investigative Committee

It has been my pleasure to represent the public on APEGA's Investigative Committee in 2015.

There were many changes, including policy changes, affecting the Investigative Committee during this reporting year. I strongly support these changes, because they will make the committee more responsive to issues raised and complaints lodged by Members of APEGA and, particularly, Members of the public.

An ongoing concern for me has been the length of time it has taken to resolve complaints that were being investigated. These delays, in my opinion, resulted from a shortage of APEGA staff assigned to investigations and the time commitment required from volunteers on the committee. The addition of investigators has significantly shortened timelines and meant less volunteer time is needed.

Members of the public filing complaints should be very pleased with the quicker response to issues they raise. Also, the additional staff are very skilled at conducting investigations in a most professional manner.

The Engineering and Geoscience Professions and the public continue to be well served by a dedicated group of volunteers and excellent APEGA staff, including those who provide us with administrative support.

*Gordon Graydon*

## Discipline Committee

It is my role as the public member sitting on APEGA's Discipline Committee to present the perspective of a non-Member of the APEGA professions and to try to ensure that the deliberations undertaken consider the need to serve the public interest.

One role of the Discipline Committee is fulfilled only by its APEGA professionals. A Member undertakes to work with an investigated Member to make sure sanctions proposed in a Recommended Discipline Order are undertaken. I am kept fully informed about the charges, sanctions, and ultimate resolution in each of these cases, and I can attest to the thoroughness of the process.

Some cases investigated by the Investigative Committee are referred to the Discipline Committee for a hearing. In each of these instances, a panel of the Discipline Committee is named to hear the case.

Depending on the nature of the charges, I have been called upon to be a member of such panels. While I was not involved in any of these hearings during 2015, I know from experience how legally correct and in depth they are. The deliberation of the panels to fully understand the nuances of the information presented from each side is a reflection of both the expertise and sense of justice of the panels. The public member is an equal member of any panel on which she sits, and ensures that the interests of the public are considered.

In 2015, APEGA undertook a thorough review of its handling of the complaints about Members brought before it. As part of this review, I as the public member participated in many discussions at meetings of the Discipline Committee. I also had a one-on-one conversation with a staff director. It is evident that there is an increased recognition at APEGA of the value the public member can provide, over and above compliance with the requirements of a self-regulating body.

I have also come to realize that not only do I bring a public perspective to meetings and deliberations of this committee, I also represent APEGA to the public. As such, I can increase public awareness of the attention that APEGA puts to serving the public interest, particularly in terms of its discipline process.

I have enjoyed having the opportunity to be engaged with this committee and look forward to doing so in 2016.

Muriel Dunnigan

## Appeal Board

APEGA continued to clear a backlog of appeals and reduce the length of the appeal process, holding four Appeal Board hearings.

- In one case, a Member appealed after the Investigative Committee terminated an investigation regarding another Member who allegedly misrepresented himself to a former employer. The investigated Member had agreed to two Recommended Discipline Orders, which are agreements on facts and sanctions. A Discipline Committee case manager, however, rejected both orders, and the Investigative Committee terminated the investigation. Under the *Engineering and Geoscience Professions Act (EGP Act)*, when a case manager rejects a Recommended Order, a formal hearing is mandatory. The Appeal Board referred the matter to the Discipline Committee



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- In the second case, a Member launched a complaint against a Member and the latter's employer, a municipality and APEGA Permit Holder. Allegedly, the engineer and the city had installed traffic signals without proper safety reviews before implementing a bike path pilot project. The Investigative Committee found insufficient evidence of violation of the Rules of Conduct listed in APEGA's *Code of Ethics*. The appellant dropped the complaint against the Professional Engineer but not against the city. The Appeal Board reviewed and dismissed the appeal
  - In the third case, a developer launched a complaint against an architectural and engineering company contracted to construct a commercial building. The company, an APEGA Permit Holder, allegedly:
    - missed deadlines for drawings
    - designed before geotechnical soil condition tests were completed
    - provided drawings that did not detail appropriate fire separation between bays
    - failed to properly design for building elevation and roof top and storm drainage
    - otherwise failed to meet the *Alberta Building Code*

C-Schedule assurance under the *Alberta Building Code* was withheld to leverage payment, and the company allegedly failed to provide other contracted services, including construction supervision. The Investigative Committee, however, found that the Permit Holder addressed all of the issues and that its actions were consistent for fast-tracked commercial projects. The complainant appealed, requesting that the appeal be held in private because of litigation. The Appeal Board decided the appeal would be public, pursuant to the *EGP Act*. Upon review, the Appeal Board upheld the Investigative Committee's decision.

- APEGA's Registrar had been considering implementing a written submission process for Sections 51 and 67 appeals – that is, appeals of Investigative Committee terminations of investigations and appeals of findings or orders of the Discipline Committee. The Appeal Board reviewed and endorsed the proposal at its annual meeting. The first written submission appeal was subsequently conducted, with the appellant and the Member invited to provide written submissions. The Investigative Committee had dismissed the appellant's complaint against a Member who had not updated his LinkedIn profile shortly after changes to his employment. The Appeal Board reviewed documents, and both parties will be advised of the decision.

These summaries reveal only some of the issues in the cases. Clear communications, clear written contracts with scope-of-work details, and clear current Professional Practice Management Plans, certainly help parties avoid the need to launch complaints.

In closing, the Appeal Board and APEGA's staff maintain the highest level of professionalism and ethics in meeting APEGA's responsibilities as a self-regulating body. The Appeal Board has served Alberta's public interest well during the past year, and I am pleased to continue to work on behalf of the public.

Harold Neth

December 31, 2015

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of The Association of Professional Engineers and Geoscientists of Alberta ("APEGA" or "the Association") and all the information in the 2015 APEGA Annual Report are the responsibility of management.

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate under the circumstances to ensure that the financial statements are presented fairly in all material respects. Management has prepared any financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

APEGA maintains systems of internal accounting and administrative controls of high quality and consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Association's assets are appropriately accounted for and adequately safeguarded.

Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for the financial statements. Council carries out this responsibility principally through its Audit Committee.

The Audit Committee, which is composed of Council and other members, reviews the annual financial statements contained in the annual report and recommends them to Council for approval. The committee meets with management as well as the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to satisfy itself that each party is discharging its responsibilities properly and to review the financial statements and the external auditors' report. The committee also recommends the engagement of the external auditors, which is reviewed by Council and approved by Members.

The financial statements have been audited by Ernst and Young LLP in accordance with Canadian generally accepted auditing standards, on behalf of APEGA Members. Ernst and Young LLP has full and free access to the Audit Committee.

Mark Flint, P.Eng.  
Chief Executive Officer

Dirk Kuntscher, CMA  
Finance Manager

December 31, 2015

## 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, 2015 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.

### Auditors' 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' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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, 2015, 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.

Edmonton, Canada  
March 23, 2016

Chartered Professional Accountants

## STATEMENT OF FINANCIAL POSITION

As at December 31

[in thousands of dollars]

|   | 2015          | 2014   |
|---|---------------|--------|
|   | \$            | \$     |
| <b>ASSETS</b>   |               |        |
| <b>Current</b>  |               |        |
| Cash and cash equivalents   | 1,567         | 1,029  |
| Accounts receivable   | 1,242         | 491    |
| Prepaid expenses  | 258           | 128    |
|   | <b>3,067</b>  | 1,648  |
| Tangible capital assets <i>[note 3]</i>                           | 5,169         | 5,400  |
| Intangible assets <i>[note 4]</i>                                 | 888           | 791    |
| Investments <i>[note 5]</i>                                       | 14,290        | 14,764 |
| Defined benefit pension plan surplus <i>[note 6]</i>              | 534           | 1,189  |
|   | <b>23,948</b> | 23,792 |
| <b>LIABILITIES AND NET ASSETS</b>                                 |               |        |
| <b>Current</b>  |               |        |
| Accounts payable and accrued liabilities                          | 863           | 2,029  |
| Current portion of obligation under capital lease <i>[note 7]</i> | 32            | —      |
| Prepaid dues and fees   | 10,766        | 8,651  |
|   | <b>11,661</b> | 10,680 |
| Deferred lease inducement   | 1,463         | 1,632  |
| Obligation under capital lease <i>[note 7]</i>                    | 100           | —      |
|   | <b>13,224</b> | 12,312 |
| Commitments <i>[note 8]</i>                                       |               |        |
| <b>Net assets</b>   | <b>10,724</b> | 11,480 |
|   | <b>23,948</b> | 23,792 |

See accompanying notes

On behalf of Council:

**Connie Parenteau, P.Eng., FEC, FGC (Hon.)**  
President

**Mark Flint, P.Eng.**  
Chief Executive Officer

## STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

[in thousands of dollars]

|   | <b>2015</b>  |  |              |               |
|---|--|--|--------------|---------------|
|   | Invested<br>in tangible<br>capital and<br>intangible<br>assets | Legislative<br>renewal/<br>website<br>projects | Unrestricted | Total         |
|   | \$   | \$   | \$           | \$            |
| <b>Balance, beginning of the year</b>               | <b>6,191</b>   | <b>—</b>                                       | <b>5,289</b> | <b>11,480</b> |
| Deficiency of revenues over expenses                | —  | —  | (569)        | (569)         |
| Pension remeasurements and other items              | —  | —  | (187)        | (187)         |
| Transfers to legislative renewal/website projects   | —  | 1,813  | (1,813)      | —             |
| Transfers from legislative renewal/website projects | 118  | (813)  | 695          | —             |
| Purchases of tangible capital assets                | 405  | —  | (405)        | —             |
| Amortization of tangible capital assets             | (768)  | —  | 768          | —             |
| Purchases of intangible assets                      | 371  | —  | (371)        | —             |
| Amortization of intangible assets                   | (392)  | —  | 392          | —             |
| <b>Balance, end of the year</b>                     | <b>5,925</b>   | <b>1,000</b>                                   | <b>3,799</b> | <b>10,724</b> |

|   | <b>2014</b>  |              |               |
|---|--|--------------|---------------|
|   | Invested<br>in tangible<br>capital and<br>intangible<br>assets | Unrestricted | Total         |
|   | \$   | \$           | \$            |
| <b>Balance, beginning of the year</b>                         | 1,965  | 9,843        | 11,808        |
| Deficiency of revenues over expenses                          | —  | (414)        | (414)         |
| Pension remeasurements and other items                        | —  | 86           | 86            |
| Purchases of tangible capital assets                          | 4,921  | (4,921)      | —             |
| Amortization of tangible capital assets                       | (457)  | 457          | —             |
| Purchases of intangible assets                                | 494  | (494)        | —             |
| Amortization of intangible assets                             | (578)  | 578          | —             |
| Loss on disposal of tangible capital and<br>intangible assets | (154)  | 154          | —             |
| <b>Balance, end of the year</b>                               | <b>6,191</b>   | <b>5,289</b> | <b>11,480</b> |

See accompanying notes

## STATEMENT OF OPERATIONS

Year ended December 31

[in thousands of dollars]

|  | 2015          | 2014          |
|--|---------------|---------------|
|  | \$            | \$            |
| <b>REVENUES</b>  |               |               |
| Dues   | 17,749        | 16,446        |
| Registration fees                                      | 2,030         | 1,850         |
| Permit fees  | 1,753         | 1,508         |
| General  | 1,721         | 1,742         |
| Examination fees                                       | 1,345         | 1,462         |
| Realized investment income                             | 1,310         | 1,264         |
| Grants   | 23            | —             |
|  | <b>25,931</b> | <b>24,272</b> |
| <b>EXPENSES</b>  |               |               |
| Salaries and benefits                                  | 11,400        | 9,989         |
| General ( <i>Schedule A</i> )                          | 2,315         | 2,255         |
| Meetings   | 2,079         | 2,635         |
| Office rent and parking                                | 1,962         | 1,567         |
| Amortization of tangible capital and intangible assets | 1,160         | 1,035         |
| Consulting   | 1,148         | 2,054         |
| Professional fees                                      | 1,050         | 870           |
| National assessment CCPE/CCPG                          | 833           | 791           |
| Legislative review                                     | 695           | —             |
| Public awareness                                       | 688           | 813           |
| Printing and stationery                                | 686           | 638           |
| Pension benefit costs                                  | 627           | 808           |
| Postage and courier                                    | 450           | 539           |
| Examination administration                             | 362           | 297           |
| Sponsorships   | 330           | 664           |
|  | <b>25,785</b> | <b>24,955</b> |
| <b>Excess (deficiency) of revenues over expenses</b>   |               |               |
| <b>before unrealized investment gain (loss)</b>        | <b>146</b>    | <b>(683)</b>  |
| Unrealized investment gain (loss)                      | (715)         | 269           |
| <b>Deficiency of revenues over expenses</b>            | <b>(569)</b>  | <b>(414)</b>  |

See accompanying notes

## STATEMENT OF CASH FLOWS

Year ended December 31

[in thousands of dollars]

|  | 2015         | 2014         |
|--|--------------|--------------|
|  | \$           | \$           |
| <b>OPERATING ACTIVITIES</b>                            |              |              |
| Cash received from members                             | 24,096       | 21,350       |
| Cash received from general revenues                    | 1,721        | 1,896        |
| Cash received from grants                              | 168          | —            |
| Cash paid for salaries and benefits and pensions       | (11,397)     | (9,837)      |
| Cash paid for materials and services                   | (14,910)     | (13,050)     |
| <b>Cash provided by (used in) operating activities</b> | <b>(322)</b> | <b>359</b>   |
| <b>INVESTING ACTIVITIES</b>                            |              |              |
| Purchases of tangible capital assets                   | (405)        | (4,921)      |
| Purchases of intangible assets                         | (489)        | (494)        |
| Proceeds from realized investment income               | 754          | 1,264        |
| Reinvestment of realized investment income             | (960)        | (627)        |
| Purchase of investments from excess operating cash     | —            | (650)        |
| Proceeds from dispositions of investments              | 1,960        | 4,074        |
| Proceeds from lease inducement                         | —            | 1,688        |
| <b>Cash provided by investing activities</b>           | <b>860</b>   | <b>334</b>   |
| <b>Increase in cash and cash equivalents</b>           | <b>538</b>   | <b>693</b>   |
| Cash and cash equivalents, beginning of the year       | 1,029        | 336          |
| <b>Cash and cash equivalents, end of the year</b>      | <b>1,567</b> | <b>1,029</b> |

See accompanying notes

## SCHEDULE OF GENERAL EXPENSES

Year ended December 31

[in thousands of dollars]

|  | 2015         | 2014         |
|--|--------------|--------------|
|  | \$           | \$           |
|  | <hr/>        | <hr/>        |
| Bank and credit card service charges                       | 530          | 476          |
| Member insurance program                                   | 351          | 370          |
| Miscellaneous and general                                  | 335          | 363          |
| Telephone and data line                                    | 225          | 130          |
| Office equipment rentals                                   | 210          | 192          |
| Professional development                                   | 195          | 143          |
| Office supplies  | 149          | 133          |
| Seals and stamps   | 125          | 120          |
| Insurance  | 62           | 49           |
| Awards   | 35           | 110          |
| Memberships  | 32           | 50           |
| Contributions to branches                                  | 27           | 27           |
| Certificates and diplomas                                  | 18           | 50           |
| Public relations   | 18           | 23           |
| Government relations                                       | 3            | 1            |
| Contribution to APEGA Education Foundation <i>[note 9]</i> | —            | 18           |
|  | <hr/>        | <hr/>        |
|  | <b>2,315</b> | <b>2,255</b> |

*See accompanying notes*



## NOTES TO FINANCIAL STATEMENTS

December 31, 2015

[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 of 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

[dollar amounts in thousands]

**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 |
| Reviewers portal    | 6 years |
| Website             | 5 years |

**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, 2015 was \$275 [2014 – \$133].

**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.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2015

[dollar amounts in thousands]

**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 benefit obligations. Actual results could differ from those estimates.

**3. TANGIBLE CAPITAL ASSETS**

|                         | 2015         |                          |                    | 2014         |                          |                    |
|-------------------------|--------------|--------------------------|--------------------|--------------|--------------------------|--------------------|
|                         | Cost         | Accumulated amortization | Net carrying value | Cost         | Accumulated amortization | Net carrying value |
|                         | \$           | \$                       | \$                 | \$           | \$                       | \$                 |
| Computer hardware       | 1,117        | 868                      | 249                | 1,028        | 743                      | 285                |
| Leasehold improvements  | 6,121        | 1,892                    | 4,229              | 6,188        | 1,589                    | 4,599              |
| Audio/Visual equipment  | 755          | 618                      | 137                | 755          | 533                      | 222                |
| Furniture and equipment | 1,360        | 806                      | 554                | 1,031        | 737                      | 294                |
|                         | <b>9,353</b> | <b>4,184</b>             | <b>5,169</b>       | <b>9,002</b> | <b>3,602</b>             | <b>5,400</b>       |

Furniture and equipment includes assets under capital lease with a cost of \$171 (2014 – nil) and accumulated amortization of \$17 (2014 – nil).

**4. INTANGIBLE ASSETS**

|                     | 2015         |                          |                    | 2014         |                          |                    |
|---------------------|--------------|--------------------------|--------------------|--------------|--------------------------|--------------------|
|                     | Cost         | Accumulated amortization | Net carrying value | Cost         | Accumulated amortization | Net carrying value |
|                     | \$           | \$                       | \$                 | \$           | \$                       | \$                 |
| Computer software   | 357          | 294                      | 63                 | 310          | 270                      | 40                 |
| Membership database | 3,326        | 2,619                    | 707                | 3,596        | 2,861                    | 735                |
| Reviewers portal    | 172          | 172                      | —                  | 172          | 156                      | 16                 |
| Website             | 118          | —                        | 118                | —            | —                        | —                  |
|                     | <b>3,973</b> | <b>3,085</b>             | <b>888</b>         | <b>4,078</b> | <b>3,287</b>             | <b>791</b>         |

The website was under development at December 31, 2015. Amortization will commence in 2016.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

[dollar amounts in thousands]

**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.

|                            | 2015          | 2014          |
|----------------------------|---------------|---------------|
|                            | \$            | \$            |
| Fixed income               | 6,545         | 5,817         |
| Canadian equity funds      | 3,700         | 4,185         |
| International equity funds | 4,045         | 4,762         |
|                            | <b>14,290</b> | <b>14,764</b> |

Fixed income securities have terms maturing between one and ten years and yields between 0.83% and 6.00% [2014 – 0.80% and 3.90%].

**6. DEFINED BENEFIT PENSION PLAN INFORMATION**

|   | 2015       | 2014         |
|---|------------|--------------|
|   | \$         | \$           |
| <b>Defined benefit pension plan surplus</b> |            |              |
| Plan assets at fair value                   | 15,628     | 17,415       |
| Accrued benefit obligations                 | (15,094)   | (16,226)     |
|   | <b>534</b> | <b>1,189</b> |

Contributions to the plan by APEGA during the year were \$159 [2014 – \$574] and by employees were \$258 [2014 – \$352]. Benefit/termination payments from the plan during the year were \$2,946 [2014 – \$626].

The significant actuarial assumptions adopted in measuring APEGA's accrued benefit obligation and pension benefit costs include an annual discount rate of 5.75% [2014 – 5.75%], an annual rate of return on plan assets of 5.75% [2014 – 5.75%], an annual rate of salary increase of 4% [2014 – 4%] and an annual inflation rate of 2.5% [2014 – 2.5%].

The most recent actuarial valuation of the plan for funding purposes was performed as at December 31, 2013.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015  
 [dollar amounts in thousands]

**7. OBLIGATION UNDER CAPITAL LEASE**

|   | <b>2015</b>        |
|---|--------------------|
|   | <u>\$</u>          |
| Obligation under capital lease for equipment,<br>interest rate of approximately 6.44%,<br>maturing in December 2019 | <b>132</b>         |
| Less current portion  | <u><b>(32)</b></u> |
|   | <u><b>100</b></u>  |

Future minimum lease payments, including principal and interest, required under the capital lease for the next four years are as follows:

|      | <u>\$</u>         |
|------|-------------------|
| 2016 | 39                |
| 2017 | 39                |
| 2018 | 39                |
| 2019 | <u>32</u>         |
|      | <u><b>149</b></u> |

The capital lease is secured by the underlying leased asset.

**8. 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:

|            | <u>\$</u>            |
|------------|----------------------|
| 2016       | 2,112                |
| 2017       | 2,239                |
| 2018       | 2,249                |
| 2019       | 2,173                |
| 2020       | 2,212                |
| Thereafter | <u>7,687</u>         |
|            | <u><b>18,672</b></u> |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

[dollar amounts in thousands]

**9. 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 nil [2014 – \$18] were funded by:

| 2015 | 2014 |
|------|------|
| \$   | \$   |
| —    | 18   |

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.

**10. 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, accounts payable and accrued liabilities, and obligation under capital lease.

**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.

**11. COMPARATIVE FIGURES**

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





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The Association of Professional  
Engineers and Geoscientists of Alberta