



Financial Statements of

ENGINEERS CANADA

And Independent Auditor's Report thereon

Year ended December 31, 2025

Independent Auditor's Report

Raymond Chabot
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To the members of Engineers Canada

Opinion

We have audited the financial statements of Engineers Canada, which comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Engineers Canada as at December 31, 2025, and the results of its operations and its cashflows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

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

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

Those charged with governance are responsible for overseeing Engineers Canada's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Engineers Canada's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Engineers Canada's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Engineers Canada to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Raymond Chabot Grant Thornton LLP

Chartered Professional Accountants,
Licensed Public Accountants

Ottawa, Canada
April 24, 2026

ENGINEERS CANADA

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents (note 3)	\$ 2,729,172	\$ 2,340,727
Amounts receivable (note 4)	1,215,645	1,154,077
Prepaid expenses and deposits	281,791	178,746
	<u>4,226,608</u>	<u>3,673,550</u>
Investments (note 5)	11,024,898	11,292,068
Tangible capital assets (note 6)	166,673	327,086
	<u>\$ 15,418,179</u>	<u>\$ 15,292,704</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 483,625	\$ 617,298
Deferred revenue	2,006	52,644
	<u>485,631</u>	<u>669,942</u>
Deferred lease inducement (note 8)	43,727	131,180
Net assets (note 9):		
Internally restricted:		
Contingency reserve	2,500,000	2,500,000
Legal contingency reserve	1,500,000	1,500,000
Strategic priorities reserve	2,000,000	2,000,000
Invested in tangible capital assets	145,332	263,060
Unrestricted	8,743,489	8,228,522
	<u>14,888,821</u>	<u>14,491,582</u>
Commitments (note 10)		
	<u>\$ 15,418,179</u>	<u>\$ 15,292,704</u>

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

ENGINEERS CANADA

Statement of Operations

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
National programs (note 11)	\$ 8,157,055	\$ 7,644,389
Corporate services	2,756,371	2,717,196
Investment income	567,997	696,571
Outreach	163,401	135,908
Unrealized gain in investments	742,751	1,135,548
	12,387,575	12,329,612
Expenses:		
Operating expenses:		
Accreditation	516,683	434,894
Fostering working relationships	111,597	139,817
Services and tools	115,907	119,572
National programs	863,390	874,778
Advocating to the Federal government	63,872	61,130
Research and regulatory changes	14,793	10,864
International mobility	131,298	81,507
Promotion and outreach	316,721	309,527
Diversity and inclusion	62,052	150,281
Protect official marks	178,610	192,280
Secretariat services	951,651	1,072,934
Corporate services (note 12)	7,797,708	7,685,586
	11,124,282	11,133,170
Excess of revenue over expenses before the undernoted	1,263,293	1,196,442
Projects spending:		
Realizing accreditation and academic assessments	315,355	–
Realizing our role in sustainability	29,840	–
Realizing a stronger federation	45,705	–
Realizing a fuller awareness of engineers	89,970	–
Realizing an inclusive profession	373,561	–
Accreditation improvement project	–	211,821
Investigate and validate the purpose and scope of accreditation	–	715,054
Reinforce trust and the value of licensure	11,420	2,616,449
Strengthen collaboration and harmonization	–	2,782
Accelerate 30 by 30	–	317,332
Mobility register improvements	203	58,695
	866,054	3,922,133
Excess (deficiency) of revenue over expenses	\$ 397,239	\$ (2,725,691)

See accompanying notes to financial statements.

ENGINEERS CANADA

Statement of Changes in Net Assets

Year ended December 31, 2025, with comparative information for 2024

	Contingency (note 9)	Legal contingency reserve (note 9)	Strategic priorities reserve (note 9)	Invested in tangible capital assets	Unrestricted	2025 Total	2024 Total
Balance, beginning of year	\$ 2,500,000	\$ 1,500,000	\$ 2,000,000	\$ 263,060	\$ 8,228,522	\$ 14,491,582	\$ 17,217,273
Excess (deficiency) of revenue over expenses	—	—	—	—	397,239	397,239	(2,725,691)
Amortization of tangible capital assets	—	—	—	(206,086)	206,086	—	—
Additions to tangible capital assets	—	—	—	45,673	(45,673)	—	—
Amortization of leasehold inducement	—	—	—	42,685	(42,685)	—	—
Balance, end of year	\$ 2,500,000	\$ 1,500,000	\$ 2,000,000	\$ 145,332	\$ 8,743,489	\$ 14,888,821	\$ 14,491,582

See accompanying notes to financial statements

ENGINEERS CANADA

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 397,239	\$ (2,725,691)
Items not involving cash:		
Amortization of tangible capital assets	206,086	199,484
Amortization of lease inducement	(87,453)	(87,453)
Change in net unrealized gain on investments	(742,751)	(1,135,548)
Change in non-cash operating working capital:		
Decrease (increase) in amounts receivable	(61,568)	42,678
Decrease (Increase) in prepaid expenses and deposits	(103,045)	72,621
Decrease in accounts payable and accrued liabilities	(133,673)	(36,204)
Decrease in deferred revenue	(50,638)	(18,439)
	(575,803)	(3,688,552)
Investing activities:		
Net sale of investments	1,009,921	2,691,687
Additions to tangible capital assets	(45,673)	(34,192)
	964,248	2,657,495
Increase (decrease) in cash	388,445	(1,031,057)
Cash, beginning of year	2,340,727	3,371,784
Cash, end of year	\$ 2,729,172	\$ 2,340,727

See accompanying notes to financial statements.

ENGINEERS CANADA

Notes to Financial Statements

Year ended December 31, 2025

1. Governing statutes and nature of operations:

Engineers Canada is a national federation of the twelve provincial and territorial associations authorized to license engineers and regulate the practice of the profession across Canada. Engineers Canada exists so that constituent associations have support for an advancing engineering profession and its self-regulation in the public interest at a cost that is justified by the results.

Engineers Canada was originally incorporated without share capital under Part II of the Canada Corporations Act. Effective October 31, 2013, Engineers Canada continued its articles of incorporation from Canada Corporations Act to the Canada Not-for-profit Corporations Act and changed its name to Engineers Canada from the Canadian Council of Professional Engineers. Engineers Canada is a not-for-profit organization and as such is exempt from income tax under Section 149(1)(l) of the Income Tax Act (Canada).

2. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting and include the following significant accounting policies:

(a) Revenue recognition:

Engineers Canada's principal sources of revenue are provincial assessment fees from members, and amounts from affinity and insurance programs.

Revenues for provincial assessment and annual per capita fees are recognized when the constituent members have been invoiced and are included in corporate services revenue on the statement of operations. Revenues from affinity programs are recognized when the amount becomes collectible according to the terms of the arrangement, the amount is fixed or determinable and collection is reasonably assured. These amounts are included in national program revenues on the statement of operations.

Investment income is recognized based on the number of days the investment was held during the year. Dividends are recognized as of the ex-dividend date. Gains or losses on the disposal of investments are determined using the average cost method. All investment revenues including realized and unrealized gains and losses on investments are recognized in the statement of operations.

Externally funded project revenues, which include government funded project revenues, are recognized using the deferral method of accounting as the related eligible expenses are incurred in accordance with the terms of each contract. Amounts received in excess of eligible expenses are disclosed as a liability. These amounts are included in outreach revenues on the statement of operations.

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Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Significant accounting policies (continued):

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Engineers Canada has elected to carry investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using straight-line rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year. Where an indicator of impairment is present, Engineers Canada determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount Engineers Canada expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(c) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. When a capital asset no longer contributes to Engineers Canada's ability to provide services, its carrying amount is written down to its residual value.

Amortization of tangible capital assets is provided on the straight-line basis as follows:

Asset	Terms
Furniture, fixtures and equipment	4 years
Computer hardware	4 years
Leasehold improvements	Remaining term of lease

(d) Deferred lease inducement:

Leasehold inducements are deferred and amortized over the term of the lease. Annual amortization is recorded as a credit to corporate services expense.

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Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Significant accounting policies (continued):

(e) Allocated expenses:

In the statement of operations, Engineers Canada presents its expenses by function.

Engineers Canada does not allocate expenses between functions subsequent to initial recognition.

(f) Foreign currency translation:

Foreign currency transactions are initially recorded at the rate of exchange prevailing at the date of translation. Thereafter, monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Revenue and expenses in a foreign currency are translated at the average monthly rate in effect during the year. Gains and losses resulting from the translation are included in investment income in the statement of operations.

(g) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

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Notes to Financial Statements (continued)

Year ended December 31, 2025

3. Cash and cash equivalents:

(a) Cash balances:

Engineers Canada's cash balances consist of operating cash held in Canadian chartered banks and amounts held in a Canadian money market fund, and can be liquidated at any time.

	2025	2024
Operating cash	\$ 874,355	\$ 685,419
Canadian money market fund	1,854,817	1,655,308
	<u>\$ 2,729,172</u>	<u>\$ 2,340,727</u>

(b) Line of credit

Engineers Canada has a line of credit allowing it to borrow up to \$500,000 (2024 - \$500,000) at an interest rate of prime plus 1%. This line of credit is subject to annual renewal. There was no outstanding balance as at December 31, 2025 or 2024.

4. Amounts receivable:

	2025	2024
National programs	\$ 1,119,000	\$ 1,119,210
Government remittances receivable	94,392	34,544
Due from members	2,253	323
	<u>\$ 1,215,645</u>	<u>\$ 1,154,077</u>

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Notes to Financial Statements (continued)

Year ended December 31, 2025

5. Investments:

	2025 Fair value	2025 Cost	2024 Fair value	2024 Cost
Bond funds	\$ 4,580,500	\$ 4,616,271	\$ 4,937,018	\$ 5,009,918
Canadian equity funds	1,558,662	966,698	1,434,405	1,083,520
International equity funds	1,456,117	1,082,488	1,376,729	1,213,946
U.S. equity funds	1,426,235	725,611	1,492,911	825,542
Global equity funds	1,179,186	1,024,983	1,266,108	1,110,521
Alternative – Global	824,198	827,043	784,897	796,707
	\$ 11,024,898	\$ 9,243,094	\$ 11,292,068	\$ 10,040,154

Investments are held by Engineers Canada to fund its internally restricted net assets for the purposes specified in Note 9(a).

6. Tangible capital assets:

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Furniture, fixtures and equipment	\$ 346,456	\$ 337,137	\$ 9,319	\$ 44,900
Computer hardware	462,185	379,682	82,503	78,577
Leasehold improvements	1,196,683	1,121,832	74,851	203,609
	\$ 2,005,324	\$ 1,838,651	\$ 166,673	\$ 327,086

Cost and accumulated amortization at December 31, 2024 amounted to \$2,049,417 and \$1,722,331, respectively.

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Notes to Financial Statements (continued)

Year ended December 31, 2025

7. Accounts payable and accrued liabilities:

	2025	2024
Operating	\$ 173,669	\$ 265,590
Payroll related accruals	234,799	208,613
Accrued liabilities	31,393	100,675
Secondary Professional Liability insurance premiums repayable to members	43,764	42,420
	<u>\$ 483,625</u>	<u>\$ 617,298</u>

There are no amounts payable for government remittances such as sales or payroll-related taxes included in operating or accrued liabilities.

8. Deferred lease inducement:

In 2015, Engineers Canada entered into a lease agreement to rent premises for the next ten years. As part of this agreement, Engineers Canada received a tenant allowance to cover fit-up costs up to a maximum of \$30 per square foot of space rented, as well as a rent-free period for nine months.

	Rent-free leasehold inducements	Tenant allowance - fit-up costs	Total
Balance, beginning of year	\$ 67,154	\$ 64,026	\$ 131,180
Less: amortization	(44,768)	(42,685)	(87,453)
Balance, end of year	<u>\$ 22,386</u>	<u>\$ 21,341</u>	<u>\$ 43,727</u>

9. Net assets:

Engineers Canada's overall objective with regard to its net assets is to ensure stability for the delivery of on-going programs and services, to fund strategic initiatives and to mitigate the financial impact of risks to its operations and achievement of strategic objectives. Engineers Canada manages its net assets by establishing restricted funds and committing amounts in the internally restricted net assets for anticipated future strategic priorities, contingencies, legal defense, and other capital requirements. These allocations are presented in the statement of changes in net assets and disclosed in Note 9(a).

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2025

9. Net assets (continued):

Engineers Canada's objective with respect to unrestricted net assets is to maintain a balance sufficient to meet the needs associated with ongoing operations. Engineers Canada's net assets invested in its capital assets is equal to their net book value less the corresponding lease inducement.

Engineers Canada is not subject to externally imposed capital requirements and it adopted a new overall strategy with respect to net assets that took effect in 2022.

(a) Internally restricted net assets:

Internally restricted net assets are funds committed for specific purposes, which reflect the application of Engineers Canada's Board policy as follows:

The Contingency Reserve is to mitigate the financial impact of the risk of future unexpected, negative events that could have a significant, adverse impact on the operations, revenues, and expenses of Engineers Canada. This reserve has a target level of \$2,500,000.

The Legal Reserve is to ensure that funds are available in case of legal challenge, to provide funds to cover deductibles for insurances, and to assist the Engineering Regulators where it is determined that they do not have the financial resources to defend an enforcement action and/or statutory obligation that has a clear and significant impact on the other Regulators. This reserve has a target level of \$1,500,000.

The Strategic Priorities Reserve is to provide funds for planned strategic initiatives, and to respond to future risks and investment needs in the performance, accessibility, and security of its information technology assets. This reserve has a target level of \$2,000,000.

Engineers Canada's Board of Directors will also create new reserves and/or discontinue existing reserves, if and when required.

10. Commitments:

Engineers Canada leases equipment and office space under operating leases which expire in June 2026. The future rental payments over the next year including operating costs and taxes, are as follows:

2026	\$ 343,073
	<hr/> \$ 343,073 <hr/>

Subsequent to year-end, Engineers Canada renewed its lease for an additional seven years until June 2033.

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Notes to Financial Statements (continued)

Year ended December 31, 2025

11. National programs:

Engineers Canada is a party to a number of agreements with financial services companies. Under these agreements Engineers Canada derives revenues, referred to in these financial statements as affinity program and secondary professional liability insurance based on the purchase of goods and services by the members of Engineers Canada's various provincial and territorial member associations.

These agreements have varying terms and conditions as well as varying termination dates and methods, some of which have fixed expiry dates with renewal options and some of which are on-going until terminated with notice by either party.

The two most significant agreements account for 88% (2024 - 87%) of the national program revenues and have the following terms:

- twelve-year term expiring December 2029 with automatic five-year renewals until terminated by either party with 180 days' notice prior to the end of any such period which accounts for 68% (2024 - 66%) of the national program revenues; and
- on-going with no fixed expiry date which accounts for 20% (2024 - 21%) of the national program revenues.

12. Pension plan contributions:

Engineers Canada is the administrator of the Staff Pension Plan for Employees of Engineers Canada, which is a defined contribution plan registered with Financial Services Commission of Ontario. The contributions to the plan are \$429,754 (2024 - \$412,943), which are included in corporate services expense.

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Notes to Financial Statements (continued)

Year ended December 31, 2025

13. Financial risk management:

Engineers Canada is exposed to various financial risks resulting from both operational and investment activities. Engineers Canada's management addresses the situation by having different related policies such as the Reserves Policy, the Financial Commitments and Payment Policy, amongst others. Engineers Canada also outsources the management of its investment portfolio to an outside firm. There have been no significant changes to Engineers Canada's policies, procedures and methods to manage these risks.

(a) Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices due to currency, interest rate and other price risks. Engineers Canada is exposed to market risk with respect to its investments, as disclosed in Note 5.

(b) Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Engineers Canada is exposed to foreign currency risk due to its investments denominated in foreign currencies within its US, International and Global equity funds as disclosed in Note 5. Engineers Canada holds minimal cash balances in foreign currencies.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Engineers Canada is exposed to interest rate risk with respect to its interest-bearing investments as disclosed in notes 3 and 5. Engineers Canada's other financial assets and financial liabilities do not bear significant amounts of interest. Engineers Canada does not use derivative financial instruments to reduce its interest rate risk exposure.

(d) Other price risk:

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Engineers Canada is exposed other price risk due to its equity investments as disclosed in Note 5.

(e) Liquidity risk:

Liquidity risk is the risk that Engineers Canada will be unable to fulfill its obligations on a timely or cost-effective manner. Engineers Canada manages its liquidity risk by monitoring its operating requirements. Engineers Canada prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

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Notes to Financial Statements (continued)

Year ended December 31, 2025

13. Financial risk management (continued):

(f) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Engineers Canada is exposed to credit risk in the event of non-payment by its counterparties in connection with its accounts receivable. In order to mitigate its credit risk, Engineers Canada has entered into long-term agreements for the majority of its receivables, employs credit policies and monitors collection. Refer to Note 11 for further details of the significant counterparty agreements. An allowance for doubtful accounts is established based on factors surrounding the credit risk of specific members, historical trends and other information. At December 31, 2025, the allowance for doubtful accounts was \$Nil (2024 - \$Nil).

Management believes that Engineers Canada is not exposed to significant risks from its financial instruments.