

AGENDA OF THE
ANNUAL MEETING OF MEMBERS

May 27, 2017 8:30 – 11:30

Delta St. John's Hotel and Conference Centre, St. John's NL

Salon A

1	Call to order and Introduction of Members
2	Approval of agenda <i>THAT the agenda be approved and the President be authorized to modify the order of discussion.</i>
3	Approval of minutes (attachment) <i>THAT the minutes of the special meeting of members held March 1, 2017 be approved.</i>
4	Annual Report from the President to the members – C. Roney (attachment)
5	Board Size – C. Zinck (attachment) <i>THAT the Engineers Canada Board be directed to develop a plan, for consideration by the Meeting of the Members no later than May 2018, to significantly reduce Board size no later than May 2020.</i>
6	Affinity Funding – C. Zinck (attachment) <i>THAT the Engineers Canada Board be directed to provide much greater transparency to constituent associations respecting affinity revenue agreements.</i>
7	Approval of Changes to Articles of Continuance – C. Roney (attachment) <i>THAT section 9 of the Articles of Continuance be amended to state:</i> <i>Any property remaining on liquidation of the Corporation, after discharge of liabilities, shall be distributed to one or more organizations in Canada having cognate or similar objects, including the members of the Corporation, provided that in the event that the Corporation is a soliciting corporation, any property remaining on liquidation of the Corporation after discharge of any liabilities, including the Corporation's obligation to return any property a person has transferred to the Corporation subject to the condition that it be returned on the dissolution of the Corporation, shall instead be distributed to one or more qualified donees, as determined by the Directors at the last Board meeting.</i>
8	Update on 2017-2019 Strategic Plan – R. Kinghorn
9	Audit Committee Report – D. Gelowitz 9.1 2016 Audited Financial Statements (attachment) <i>THAT the members approve the 2016 Audited Financial Statements.</i> 9.3 Appointment of Auditors <i>THAT KPMG be appointed as the 2017 auditors as recommended by the Audit Committee.</i>

10	Member Presentations																																				
11	<p>Election of Directors</p> <p><i>THAT the following directors be approved for the terms indicated below:</i></p> <table border="1"> <thead> <tr> <th>Director</th> <th>Jurisdiction</th> <th>Term</th> </tr> </thead> <tbody> <tr> <td>Annette Bergeron</td> <td>ON</td> <td>2017 – 2020</td> </tr> <tr> <td>Danny Chui</td> <td>ON</td> <td>2017 – 2020</td> </tr> <tr> <td>Jean Boudreau</td> <td>NB</td> <td>2017 – 2020</td> </tr> <tr> <td>Gary Faulkner</td> <td>AB</td> <td>2017 – 2020</td> </tr> <tr> <td>Lisa Doig</td> <td>AB</td> <td>2017 – 2020</td> </tr> <tr> <td>Justin Dunn</td> <td>PE</td> <td>2017 – 2020</td> </tr> <tr> <td>Bill Hunt</td> <td>NL</td> <td>2017 – 2018</td> </tr> <tr> <td>Terry Brookes</td> <td>NT</td> <td>2017 – 2020</td> </tr> <tr> <td>Sandra Gwozdz</td> <td>QC</td> <td>2017 – 2020</td> </tr> <tr> <td>Louis Champagne</td> <td>QC</td> <td>2017 – 2020</td> </tr> <tr> <td>Digvir Jayas</td> <td>MB</td> <td>2017 – 2018</td> </tr> </tbody> </table>	Director	Jurisdiction	Term	Annette Bergeron	ON	2017 – 2020	Danny Chui	ON	2017 – 2020	Jean Boudreau	NB	2017 – 2020	Gary Faulkner	AB	2017 – 2020	Lisa Doig	AB	2017 – 2020	Justin Dunn	PE	2017 – 2020	Bill Hunt	NL	2017 – 2018	Terry Brookes	NT	2017 – 2020	Sandra Gwozdz	QC	2017 – 2020	Louis Champagne	QC	2017 – 2020	Digvir Jayas	MB	2017 – 2018
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12	Other business (if any)																																				
13	<p>Next Annual Meeting of Members</p> <ul style="list-style-type: none"> • May 26, 2018, Saskatoon, SK 																																				
14	Closing																																				

UNAPPROVED MINUTES OF THE
ENGINEERS CANADA SPECIAL MEETING OF MEMBERS

Wednesday, March 1, 2017 (11:30-12:00)
Confederation III – Level 4, Westin Hotel
Ottawa, ON

<i>The following presidents were in attendance:</i>		
K. Baig	E. Barber	N. Cleary
G. Dunphy	M. Hayes	St. Hrudek
S. Jha	J. Lindsay	J. Perron
B. Stewart	C. Zinck	T. Zrymiak
<i>The following directors were in attendance:</i>		
C. Roney, President	R. Kinghorn, President-Elect	D. Jayas, Past-President
A. Bergeron	T. Brooks	D. Brown
G. Comrie	S. Devereaux	D. Ford
D. Gelowitz	Z. Ghavitian	W. Hunt
N. Lawen	D. Lynch	C. Parenteau
E. Potvin	R. Trimble	
<i>The following advisors were in attendance:</i>		
S. Price (Interim-CEO)	A. English (CEOG)	W. MacQuarrie (AB)
D. Peters (QB)		
<i>The following observers were in attendance:</i>		
G. Emberley	L. Golding	K. King
J. Landrigan	B. McDonald	G. McDonald
A. McLeod	L. White	H. Yang
<i>The following staff were in attendance:</i>		
C. Brown	B. Gibson	V. Kelly
L. Villeneuve	D. Smith	J. Southwood
B. Strawczynski	K. Sutherland	

1. CALL TO ORDER AND INTRODUCTION OF MEMBERS

The Engineers Canada Special Meeting of Members was called to order at 11:35 on Wednesday, March 1, 2017.

2. APPROVAL OF AGENDA

On a motion by C. Zinck, seconded by T. Zrymiak, it was resolved *THAT the agenda be approved with the removal of Item #5. Carried.*

3. APPROVAL OF MINUTES

On a motion by N. Cleary, seconded by B. Stewart, it was resolved
THAT the minutes of the September 27, 2016 Special Meeting of Members be approved as presented.

Carried.

4. APPROVAL OF BY-LAW AMENDMENTS

On a motion by B. Stewart, seconded by S. Hruday, it was resolved

THAT the following by-law amendments be approved:

Definitions

“Major Capital Project” means a capital project with a value of more than 10% of the annual operating budget.

“Special National Initiative” means any project or program which would require a special assessment of Members or an increase in Per Capita Assessment and any major capital project.

“Strategic Plan” means the plan to achieve Engineers Canada’s envisioned future.

Article 5.7 Approvals Requiring Two-thirds Majority

Repeal 5.7 (e) Adoption, amendment or repeal of Special National Initiative.

Re-number 5.7 (f) as 5.7 (e).

New by-law to permit electronic voting by Members

3.6 Electronic Voting Meetings of members may be held entirely by means of a telephonic, electronic or other communication facility.

Re-number current 3.6 as 3.7

Carried.

5. NEXT MEETING

Saturday, May 27, 2017, St. John’s, NL

6. ADJOURNMENT

Meeting adjourned at 11:45a.m.

Minutes prepared by D. Smith for:

C. Roney, FEC, P.Eng.
President

2016 ANNUAL REPORT FROM THE PRESIDENT TO THE MEMBERS

The Journey to Excellence

In 2016, Engineers Canada embarked on a Journey to Excellence, in which staff and the organization as a whole committed itself to continuous improvement. By the end of the year, an independent team of verifiers recognized this dedication to the principles of organizational excellence, innovation and wellness and certified Engineers Canada at the bronze level of Excellence Canada's Excellence, Wellness, and Innovation Standard.

This standard touches on almost all aspects of the organization, including Leadership and Governance, Strategy and Planning, Customer Experience, People Engagement, Process and Project Management, and Partners and Supplies. A cross-functional Excellence Council was established within Engineers Canada in early 2016 to lead staff through the process of evaluating current policies, plans and procedures, and identifying opportunities for improvement in line with the standard's criteria in those six areas.

Having achieved the bronze certification in December 2016, the Journey to Excellence will continue into 2017 and beyond as Engineers Canada undertakes further continuous improvement efforts that will ultimately enhance the organization's ability to serve the engineering profession.

End 1: Regulatory Excellence

Engineers Canada works to ensure that a current framework, standards, practices and systems, and a means to effectively transfer knowledge to facilitate regulatory excellence are available to the provincial and territorial engineering regulators.

Framework for Regulation

The Framework for Regulation is a set of aspirational elements developed through consultation with the regulators to support their mandate to regulate the practice of engineering, license the members of the profession and to serve and protect the public interest. The Framework does so by capturing excellent national and international practices, responding to emerging trends and challenges, and facilitating fair practices that are accessible, timely, monitored, transparent, objective, impartial and just.

In 2016, 17 new elements were drafted and provided to the regulators for their input and feedback. The comments received will be consolidated into the Framework as development continues.

Qualifications Board

In 2016, the Qualifications Board successfully published the following new or updated documents:

- [National guideline on assuming responsibility for the work of engineers-in-training](#)
- [National guideline on sustainable development and environmental stewardship for professional engineers](#)
- [National guideline on returning to active practice](#)
- [National guideline on the code of ethics](#)
- [National model guide: Conflict of interest](#)
- [White paper on professional practice in software engineering](#)

The Qualifications Board also held its first webinars on the new software engineering white paper and on its sustainable development and environmental stewardship guideline. These webinars were successful in providing explanation and context on the new Qualifications Board documents, and the Qualifications Board intends to hold more webinars for other new or revised guidelines.

Accreditation Board

In 2016, the Accreditation Board completed on-site peer reviews of 43 programs at 10 academic institutions to determine if those engineering programs meet or exceed the educational standards acceptable for professional engineering licensure. These peer review teams—composed of close to 100 volunteers—provided information to the Accreditation Board to make accreditation decisions.

In June, accreditation decisions were made based on the reports of these peer reviews, with two new engineering programs being granted accreditation in 2016.

The Accreditation Board also continued to review the documentation required to be completed by the programs and institutions receiving visits. It has delivered workshops to identify workload reduction for programs receiving visits and for Accreditation Board volunteers.

The Engineers Canada Board adopted a number of changes to the accreditation criteria in September 2016. These changes were published in the [2016 Accreditation Criteria and Procedures Report](#).

Accreditation Forum

In August 2016, over 100 people from the engineering community attended Engineers Canada's first Forum on Accreditation in Toronto, ON. Representatives from engineering regulators, students, deans, industry and Engineers Canada's board and committees met to clarify a shared vision for the future of accreditation of engineering education in Canada. Attendees discussed the purpose, outcomes, trends, opportunities and future solutions for accreditation, and these discussions produced recommendations that were voted on and prioritized. Engineers Canada is working with relevant stakeholders to investigate these priorities further to action the recommendations produced by the Forum.

Mutual Recognition Agreements and Mobility

In 2016, Engineers Canada continued to demonstrate its commitment to facilitating the international mobility of licensed engineers. In November, Engineers Canada launched the Engineers Canada Mobility Register, which grants qualified engineers designations that indicate they are part of an exclusive group of professionals who meet a high standard of competence and who are prepared to conduct engineering practices internationally. Engineers on the register have the right to use the APEC Engineer or IntPE designations, showing potential clients and employers that they are an experienced and well-qualified engineer. In some international jurisdictions, these engineers may also experience faster registration as a result of their inclusion on the register.

Engineers Canada also renewed its Mutual Recognition Agreement with the Texas Board of Professional Engineers in June 2016. The five-year agreement is intended to permit the recognition of professional credentials for engineers looking to relocate.

Admissions and Assessments

The National Admissions Officials Group (NAOG) met four times in 2016 to discuss registration best practices, facilitate knowledge transfer between regulators on admissions issues across the country, and share information about Engineers Canada initiatives.

Online Competency-based Assessment Project

In September 2016, Engineers Canada decided to partner with APEGBC and expand their online competency-based assessment tool into a pan-Canadian tool, available for use by interested regulators nationally. An initial pilot group consisting of APEGS, Engineers & Geoscientists New Brunswick, Engineers Nova Scotia, and Engineers PEI met in November to discuss approaches for piloting the system, establish the User Steering Group, and determine how to share best practices and lessons learned.

The Online Competency-based Assessment Project will enable the national adoption of competency-based assessment of engineering work experience with this online tool.

Discipline and Enforcement

At the annual meeting of the National Discipline and Enforcement Officials Group in June 2016, representatives from each engineering regulator shared updates about current practices, discussed relevant cases and legal challenges, and identified ways to collaborate and share information more effectively.

Professional Practice

2016 saw the creation of a National Practice Officials Group, which has been tasked with providing a liaison among the provincial/territorial regulators on matters pertaining to Professional Practice. The Group will share information, discuss policies, and learn from the promising practices of each regulator as they related to Professional Practice.

The Group had its first meeting in November 2016 to discuss issues pertaining to professional practice, including continuing professional development requirements, quality management programs, and sharing guidelines.

Case law catalogue

Engineers Canada launched an online [case law catalogue](#) in 2016, to provide a central repository of case law across Canada that is of interest to regulators and to the engineering profession. The catalogue collects and summarizes case law that could have an impact on the regulation of the engineering profession. The catalogue will be updated as new, relevant cases are decided.

End 2: Confidence in the Profession

Engineers Canada works to ensure that stakeholders have evidence that engineers meet high standards, practise with competence and integrity, and that their work and self-regulation benefit society.

Public Perceptions Survey

To better understand the public's perception of the value, impact, opportunities and challenges of the engineering profession, Engineers Canada conducted a survey of Canadians in December 2016. Overall, the [findings](#) painted a positive picture for engineering in Canada. Foundational perceptions of the profession are strong and promising, but at the same time, there is room for the profession to increase its presence in the minds of Canadians and to position itself as a leader on key issues facing the country.

National Position Statements

Engineers Canada's Public Affairs team reviewed and updated all Engineers Canada National Position Statements to bring them up-to-date and ensure that they properly reflect the profession's position on key issues. In addition, given shifting government priorities and new areas of focus, three new National Position Statements were written and adopted by the Board:

- [Science, Technology, Engineering and Math \(STEM\) education](#)
- [Infrastructure on First Nations Reserves and in Remote Communities](#)
- [Innovation and Productivity](#)

Issue Statements

New Issue Statements were released in 2016 on three key national issues that relate to engineering and that describe the work that Engineers Canada is undertaking with the provincial and federal governments to advance the interests of the engineering profession:

- [Incorporating climate vulnerability assessments into infrastructure design/build requests for proposals](#)
- [A national dialogue to modernize maternity and parental leave](#)
- [Professional practice in software engineering](#)

Contact Day 2016

In March 2016, Engineers Canada hosted its most successful Contact Day on Parliament Hill. Members of the Bridging Government and Engineers Committee, an engineering student, and Engineers Canada staff met with 40 members of Parliament (MP) from three parties and representing nine provinces and territories. The meetings were a way of introducing many of the new MPs to the engineering profession, and they touched on a number of the profession's government relations priority issues, including climate-resilient infrastructure, diversity in the engineering profession, and the important role that engineers play in safeguarding the environment, the economy and Canadians. The meetings also demonstrated to the MPs how the engineering profession could be a valuable resource in providing the evidence base for public policy decision-making.

Senate testimony

In April 2016, Engineers Canada was invited to provide written and oral [testimony](#) to the Standing Senate Committee on Banking, Trade and Commerce during its study on internal trade barriers. The resulting report from the Standing Committee made seven recommendations to help reduce internal barriers to trade and improve labour mobility in Canada, and it looked favourably upon the work that the engineering profession has done to improve the mobility of engineers across Canada.

Government submissions

Engineers Canada also submitted recommendations and comments to the federal government on a range of issues that impact the profession, including:

- [The 2016 federal budget](#)
- The [draft terms of reference for the expert panel](#) that will advise on the National Energy Board's modernization
- The [draft terms of reference for the expert panel](#) that will advise on environmental assessment processes
- [Immigration](#)
- [The importance of improving infrastructure climate resiliency](#)
- [Community infrastructure](#)
- [The Federal Sustainable Development Strategy for Canada, 2016-2019](#)
- [Innovation](#)
- [Maternity and parental leave benefits](#)

Public Infrastructure Engineering Vulnerability Committee

The past year saw a significant increase in awareness and utilization of the Public Infrastructure Engineering Vulnerability Committee (PIEVC) Protocol, not only among infrastructure engineers, but also in industries that work closely with engineers or that call upon their expertise on a regular basis. For example, the PIEVC Protocol was included for the first time in recommendations made by the Canadian Electricity Association to Canadian electric utilities as a climate adaptation tool that should be integrated into the electricity sector's planning.

As part of this effort to increase the awareness of the PIEVC Protocol as a climate adaptation tool, the Protocol was presented at eight conferences and at five presentations at forums and annual general meetings. 2016 saw the delivery of seven PIEVC workshops and the completion of five projects using the Protocol, with several more in progress by the year's end.

Infrastructure Resilience Professional

In June 2016, Engineers Canada launched a new [Infrastructure Resilience Professional](#) (IRP) certification program for professional engineers. The training that this program provides equips engineers with the additional knowledge and competencies they need to plan, design and manage resilient infrastructure in the face of a changing climate.

The first cohort of IRP program graduates were presented with their designations in June. Infrastructure owners and operators, governments, and the public can have increased confidence that the recommendations and approvals made by these IRP-certified engineers are supported by advanced training and experience in climate vulnerability assessment, risk management and climate adaptation.

World Federation of Engineering Organizations

Engineers Canada continued its participation in the World Federation of Engineering Organization's Committee on Engineering and the Environment, with a focus on climate change adaptation and the international application of the PIEVC Protocol.

In May 2016, Engineers Canada participated in the UN Framework Convention on Climate Change (UNFCCC) Meetings in Bonn, Germany, where it delivered a workshop on the PIEVC Protocol and hosted a daily "Engineers Hour" to engage delegates and attending engineers on the role of engineering in climate adaptation and mitigation. 2016 also saw the UNFCCC Adaptation Fund supply funding for its first PIEVC project when the protocol was applied to local water systems in Costa Rica. The project got underway in the fall of 2016.

EngStudio

Engineers Canada launched a Photo Contest in November 2016, in an effort to engage the engineering community in celebrating Canadian engineering achievements and Canadian engineers. The contest was hosted on its new [EngStudio website](#), which received approximately 200 photo submissions from individuals across Canada, including professional engineers, engineering students, engineering companies, and others.

Engineers Canada, with the generous support of Great-West Life, selected eight weekly winners, a community favourite winner, and three grand prize winners.

End 3: Sustainability of the Profession

Engineers Canada works to ensure that stakeholders have information regarding how engineering is practised in Canada and that engineering is recognized as an attractive profession.

Women in engineering

Engineers Canada published [Managing Transitions: Before, During and After Leave](#) in January 2016, a planning resource guide for employers and employees in the engineering and geoscience professions to better plan for and manage maternity and parental leaves.

Engineers Canada's publication of *Managing Transitions* coincided with its call for improved maternity and parental leave options and its endorsement of Bill C243—a national maternity assistance program and changes to the Employment Insurance Act, which it believes would be a strong first step towards eliminating barriers that women still experience in and out of the engineering profession. The bill successfully passed the House of Commons in October.

2016 also saw the creation of a 30 by 30 Champions group, composed of representatives from each organization who have pledged support for the 30 by 30 goal—Engineers Canada's commitment to raising the percentage of newly licensed engineers who are women to 30 per cent by the year 2030. The Champions group held its first meeting to share ideas and promising practices from across the country aimed at increasing the representation of women in engineering.

Engineers Canada also hosted five sessions during the 2016 Conference of the Canadian Coalition of Women in Engineering, Science, Trades and Technology (CCWESTT), including a political panel with members of Parliament Marilyn Gladu, P.Eng., Chair of the Standing Committee on the Status of Women and Conservative Critic for Science, and Sheila Malcolmson, NDP Critic for Status of Women.

Indigenous peoples' representation in engineering

In 2016, Engineers Canada published a new report to support the development of engineering access programs for Indigenous peoples across Canada. [Indigenous Peoples' Access to Post-Secondary Engineering Education](#), reviews and identifies seven practices that contribute to the success of Indigenous students as they navigate the transition to post-secondary engineering programs. It is hoped that this report will foster a discussion that will lead to better representation of Indigenous peoples in Canadian engineering.

Engineers Canada also attended the American Indian Science and Engineering Society (AISES) National Conference in Minneapolis, MN, in November 2016, and met with the AISES executive to discuss collaborative efforts and the establishment of a Canadian branch.

National Engineering Month

National Engineering Month 2016 saw more than 500 events take place across the country organized by hundreds of volunteers from the provincial and territorial regulators. Engineers Canada introduced a new theme for the year's celebrations—There's A Place For You—that aims to demonstrate to young Canadians that with engineering's wide range of disciplines and uses, they can find something that speaks to them.

Engineers Canada also unveiled a redesigned [National Engineering Month website](#) for the 2016 celebrations, with new features that included a place to discover the different engineering disciplines, profiles of everyday engineers, and a Chart Your Course interactive feature that allows visitors to learn how their interests might lead to a career in engineering.

Future City

In 2016, Engineers Canada partnered with DiscoverE, an American not-for-profit organization that has been organizing the Future City Competition in the United States since 1992, which asks middle-school students to imagine, design, and build cities of the future. In September 2016, Engineers Canada brought the competition to Canadian classrooms for the first time, with 50

classrooms from the Durham District School Board in Ontario and eight classrooms in Prince Edward Island participating in the competition.

Girl Guides crest

Inspired by Engineers Nova Scotia's provincial Girl Guides program, Engineers Canada released a new Girl Guides crest in late 2016, to be presented to Girl Guides nation-wide who complete engineering-related activities under the supervision of an engineer or an engineer-in-training. These activities are designed to expose young girls to the engineering that can be found in everyday life and give them an understanding of how the world around them works.

Engineers Canada's 2016 holiday card

During the 2016 holiday season, Engineers Canada hosted a drawing contest that provided the basis of its unique holiday greetings for the year. The contest asked students from across the country to show us how engineering could make their favourite winter or holiday activity more special. [Here](#) is some of what they shared.

Canadian Federation of Engineering Students

Engineers Canada deepened its relationship with the Canadian Federation of Engineering Students (CFES) in 2016, engaging with more than 600 students at CFES' three key events: the Canadian Engineering Competition, the CFES Congress, and the Conference on Diversity in Engineering. CFES representatives also participated in Engineers Canada's Forum on Accreditation in August. This strengthened relationship with CFES enables Engineers Canada to better reach out to engineering students to promote the value of becoming a member of the engineering profession once they graduate.

Affinity and Insurance Programs

Engineers Canada continued to grow and augment its insurance plans and financial services for professional engineers in 2016:

- In partnership with Manulife, Engineers Canada launched a Retiree Health and Dental Program to specifically cater to the next life stage with three levels of coverage to suit members' specific needs and/or budget.
- Engineers Canada, in collaboration with Manulife, put in place a first-time applicant offer of an extra \$50,000 of term life insurance for first-time applicants.
- A successful collaboration between TD and Engineers Canada resulted in the continued offering of the home and auto insurance program to OIQ members.
- Engineers Canada, in partnership with Pro-Form Sinclair Professional developed an educational presentation for use by the engineering regulators to build awareness of the Secondary Professional Liability Insurance Program and its increased protection for engineers and geoscientists.

Research

Engineers Canada produced three major research reports in 2015: the Enrolment and Degrees Awarded Report; the National Membership Report; and the Final Year Student Exit Report. These provided information to be used by policy-makers and by members of the engineering community. On the whole, the reports indicated strong growth in the membership of the engineering profession, and in the number of students pursuing an engineering education.

EngScape

Engineers Canada launched [EngScape](#) in 2016, a valuable tool for anyone looking for information about engineering, or attempting to navigate the world of engineering careers. With statistics and

data about employment rates, salary, post-secondary enrolment and diversity, EngScape breaks this information down by engineering discipline and by province. EngScape also profiles individual engineers, provides typical job descriptions and requirements, and includes career outlooks for each discipline to give visitors a true sense of the engineering profession. Additionally, the site compiles engineering job postings from a variety of online sources, providing one-stop-shopping for anyone looking for engineering jobs in Canada.

Engineering Change Lab

Engineers Canada, a co-founder and champion of the Engineering Change Lab, attended the three Change Lab workshops held in 2016, including one hosted in Ottawa, ON, by the Ministry of Science, Innovation, and Economic Development Services.

The Change Lab also launched a new initiative in August 2016 to create a dialogue on how best to integrate leadership training into engineering curriculum. The two-day inaugural conference of the National Initiative on Capacity Building and Knowledge Creation for Engineering Leadership (NICKEL) gathered 40 engineering academics, industry representatives and policy-makers from across Canada at the University of Toronto. These participants discussed and shared experiences and best practices on leadership, creativity, innovation and entrepreneurship.

End 4: Protection of the Engineering Term

In order to ensure the public is not misled by persons improperly using engineering terms, titles, images and words in federal corporations and trademarks, Engineers Canada administers a program to protect against misuse.

On behalf of the provincial engineering regulators, Engineers Canada holds and administers a portfolio of intellectual properties that includes official marks and registered trademarks, including registered certification marks. Engineers Canada is the owner of an official mark for each of the following professional engineering designations:

ENGINEER	GÉNIE
ENGINEERING	INGÉNIERIE
CONSULTING ENGINEER	INGÉNIEUR CONSEIL
PROFESSIONAL ENGINEER	INGÉNIEUR
P.ENG.	ING.

In 2016, Engineers Canada obtained either consent agreements or voluntary withdrawals of 20 trademark applications filed with the Canadian Intellectual Property Office. Twelve of these applications were voluntarily withdrawn or deemed abandoned, one decision was granted in favour of the applicant, and seven consent agreements were reached. Consent agreements are typically entered into by Engineers Canada with engineers or companies that are members of a provincial or territorial engineering regulator.

Working with the provincial and territorial regulators, Engineers Canada provided its consent to 37 requests in 2016 from engineers looking to register a federally incorporated company containing “engineering” or related terms in their names.

Our Culture

In 2016, Engineers Canada staff continued to demonstrate their deep community involvement and volunteerism:

- In celebration of National Cupcake Day on February 29, 2016, Engineers Canada staff hosted a bake sale to benefit the Ottawa Humane Society. Staff baked hundreds of sweet treats and exceeded the fundraising goal of \$1,000.

- Engineers Canada staff participated in the Big Bike Ride for the Heart and Stroke Foundation, raising over \$2,160 through staff fundraising efforts and Engineers Canada's corporate donation.
- Engineers Canada staff voluntarily donate to the Canadian Engineering Memorial Foundation (CEMF) through a payroll deduction.
- In December, the Engineers Canada Social Committee donated \$500 to the Door Youth Centre as part of its holiday charitable giving. The Centre is a place for youth to access educational and employment support, health promotion and recreational programs and to establish links to other youth-oriented programs and services in the community.
- Also in December, Engineers Canada organized a holiday food drive that collected food and gifts for High Jinx, a social enterprise in downtown Ottawa that offers meals, products and services—and more importantly, a sense of belonging and community—to those who need it.

Briefing Note on Engineers Canada Board Size
Prepared by Engineers Nova Scotia
May 2017

Most literature regarding good governance indicates that an effective Board size is somewhere in the range of 7 to 11 people.

The current Engineers Canada Board consists of 27 people including 5 Advisors. Given our formula for determining Board membership, an annual 3% growth in licensed engineers in Canada will translate to an additional Board member being added about every 18 months.

Engineers Nova Scotia does not believe the current Board is effective, largely due to size. Engineers Nova Scotia further believes that the Meeting of the Members should direct the Board to develop an approved plan to reduce its size over the next several years.

Engineers Nova Scotia believes that such a motion would enable the Board to become much more effective, without impacting current Board participants.

Motion:

THAT the Engineers Canada Board be directed to develop a plan, for consideration by the Meeting of the Members no later than May 2018, to significantly reduce Board size no later than May 2020.

Briefing Note on Engineers Canada Affinity Funding
Prepared by Engineers Nova Scotia
May 2017

Engineers Canada is party to a number of agreements with financial services companies. Under these agreements Engineers Canada derives revenues (“affinity revenues”), based on the purchase of goods and services by the members of Engineers Canada’s constituent associations. Engineers Canada has historically taken the approach that these agreements are confidential and the contents of these agreements will not be shared with constituent associations.

A presentation to the CEO Group in March 2012 indicated that the legal and engineering professions were the only ones in Canada with a completely national approach to insurance programs, and the legal profession carries out their program through an independent sister organization called the Canadian Bar Insurance Association. A provincial or regional approach is used by the broader accounting and medical professions. The engineering profession seems to be unique, but I am not aware of a good reason for that uniqueness.

The Engineers Canada audited financial statements show that from 2011 to 2015 Engineers Canada membership fees grew by 15%, while affinity revenues grew by 38%. In 2015 affinity revenues were \$5.9 million and accounted for 68% of total Engineers Canada funding excluding “special project” government contributions. The 2016 financial statements, when released, will very likely show those numbers continuing to grow significantly.

Engineers Nova Scotia believes that it is inherently wrong for the leadership of the engineering profession in Canada to be funded almost entirely with direct payments by insurance companies. We also believe it is inherently wrong for the owners, the constituent associations, to be denied access to the terms of those agreements. We believe that the current situation reduces the financial accountability of Engineers Canada and does not encourage effective input by the owners.

Motion:

THAT the Engineers Canada Board be directed to provide much greater transparency to constituent associations respecting affinity revenue agreements.

BRIEFING NOTE
SOLICITING CORPORATIONS

1. Purpose

The purpose of this note is to inform the Board of the steps that are required to bring Engineers Canada into compliance with the *Canada Not-for-profit Corporations Act* (“NFP Act”).

2. Background

Every year, under the NFP Act, Engineers Canada is required to file an annual return. On the return, among other things, Engineers Canada must identify whether it is a “soliciting corporation.” A corporation is considered “soliciting” when it receives more than \$10,000 in income from public sources in a single financial year. Public sources include grants or similar financial assistance from the federal government or a provincial or municipal government, or an agency of such a government.¹

In the past, Engineers Canada has indicated that it was not a soliciting corporation. However, late in 2015, we received funding from ESDC in the amount of \$150,000 in respect of the Online Competency Assessment Project. Receipt of these monies brought us within the definition of a soliciting corporation, which means that we now must satisfy additional requirements under the Act. In particular, Engineers Canada must:

- File its financial statements within 21 days before each annual meeting, and
- Include a provision in its articles that any property remaining on liquidation of the corporation be distributed to a qualified donee, as defined in the *Income Tax Act*.²

The first requirement can easily be accomplished, and Finance will take steps to ensure that the Director of Corporations Canada receives a copy of the Financial Statements after they have been finalized by the public accountant.

The second requirement, however, requires that we amend our articles of continuance. Currently, Engineers Canada’s articles state that “any property remaining on liquidation of the Corporation, after discharge of liabilities, shall be distributed to one or more organizations in Canada having cognate or similar objects, including the members of the Corporation.”

Our current statement of the treatment of residual assets on dissolution reflects the reality that our primary source of revenue comes from the affinity programs and professional dues that are collected by our members. The ESDC grant represents only a minor source of Engineers Canada revenues and further, by the terms of the agreement, there will be no public monies remaining in Engineers Canada at the end of the OCA agreement or upon the winding up of the corporation. Nevertheless, since soliciting corporations receive public funds, they are required to meet the specified requirements to “ensure transparency and accountability” of the income they receive from public sources.

3. Steps to achieve compliance with the NFP Act

Although we have technically been non-compliant with the NFP Act since May 27, 2016³, if we take the following steps, we can remedy the breach without incurring any penalty:

Notes:

¹ Once a corporation becomes a soliciting corporation, it remains a soliciting corporation for three years.

² A “qualified donee” is an organization that can issue official donation receipts for gifts they receive from individuals and corporations, and includes registered charities, registered Canadian municipalities, registered public bodies performing a function of government in Canada, etc. The engineering regulators do not qualify as qualified donees.

- a) Amend Engineers Canada's articles of continuance;
- b) Send financial statements for 2016; and
- c) Correct information on 2016 annual return (to indicate we were a soliciting corporation in 2016) and re-file the return.

4. Recommendation regarding the revision of articles

The following provisions under the NFP Act apply:

- s. 234: "If a person has transferred property to a corporation subject to the condition that it be returned on the dissolution of the corporation, the liquidator shall transfer that property to that person."
- S. 235(2): "the articles of a corporation shall provide that any property remaining on liquidation after the discharge of any liabilities of the corporation, other than property referred to in section 234, shall be distributed to one or more qualified donees ..."

Taken together, Engineers Canada should be able to amend its articles to reflect a tiered distribution of property, as follows:

Any property remaining on liquidation of the Corporation, after discharge of liabilities, shall be distributed to one or more organizations in Canada having cognate or similar objects, including the members of the Corporation, provided that in the event that the Corporation is a soliciting corporation, any property remaining on liquidation of the Corporation after discharge of any liabilities, including the corporation's obligation to return any property a person has transferred to the corporation subject to the condition that it be returned on the dissolution of the corporation, shall instead be distributed to one or more qualified donees, as determined by the Directors at the last Board meeting.

This reflects the fact that we may not always be a soliciting corporation, and that, regardless of whether we are or not, we would like to have property distributed first to organizations with similar objects (including the regulators), and then to qualified donees, who shall be determined by the Directors.

³ The requirements do not automatically apply at the time a corporation receives more than \$10,000 in public funds. Instead, the requirements apply when the corporation holds its annual meeting of members following that financial year-end. The annual meeting allows the corporation to make any changes needed to meet the requirements.



Financial Statements of

ENGINEERS CANADA

Year ended December 31, 2016



KPMG LLP
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Ottawa ON K2P 2P8
Canada
Telephone 613-212-5764
Fax 613-212-2896

INDEPENDENT AUDITORS' REPORT

To the Members of Engineers Canada

We have audited the accompanying financial statements of Engineers Canada, which comprise the statement of financial position as at December 31, 2016, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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 our 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, we 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 Engineers Canada as at December 31, 2016, and its results of operations, changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small arrowhead pointing to the right.

Chartered Professional Accountants, Licensed Public Accountants

April 19, 2017

Ottawa, Canada

ENGINEERS CANADA

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash (note 3)	\$ 796,855	\$ 895,623
Amounts receivable (note 4)	1,192,884	1,280,064
Prepaid expenses	291,125	134,985
	<u>2,280,864</u>	<u>2,310,672</u>
Investments (note 5)	6,475,345	5,959,388
Tangible capital and intangible assets (note 6)	1,447,164	1,721,609
	<u>\$ 10,203,373</u>	<u>\$ 9,991,669</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 579,628	\$ 702,504
Deferred contributions	170,899	126,724
	<u>750,527</u>	<u>829,228</u>
Deferred lease inducement (note 8)	833,200	514,531
Net assets (note 9):		
Internally restricted:		
Four-year rolling operational reserve	4,000,000	4,000,000
General contingency reserve	1,325,000	1,325,000
Capital reserve for the purchase of assets	250,000	250,000
Other internally restricted	211,400	211,400
Invested in tangible capital and intangible assets	1,039,265	1,273,421
Unrestricted	1,793,981	1,588,089
	<u>8,619,646</u>	<u>8,647,910</u>
Commitments (note 10)		
	<u>\$ 10,203,373</u>	<u>\$ 9,991,669</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

ENGINEERS CANADA

Statement of Operations

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Regulator assessment	\$ 2,931,587	\$ 2,836,879
Affinity and insurance (note 11)	5,594,769	5,200,086
Investment	550,954	285,255
Online competency project	29,451	13,870
Research and outreach	190,000	171,814
Secondary professional liability insurance	711,431	683,408
Public policy	26,209	154,117
Accreditation	22,369	6,272
National Council of Deans of Engineering and Applied Science	17,500	21,875
Rent revenue	28,809	5,211
Other	3,238	40,450
	10,106,317	9,419,237
Expenses:		
Governance and executive office	295,727	142,233
Board meetings	523,315	544,543
Board committees	90,229	74,992
CEO and President's travel	183,286	200,788
Human resources	5,048,572	4,688,881
Finance and administration	1,348,248	1,298,145
Information services	75,915	45,172
Affinity and insurance programs	883,582	808,519
Research and outreach	438,858	456,884
Communications	211,199	211,040
Accreditation	351,575	403,230
Regulatory support	311,173	466,641
Qualifications	92,505	94,702
Public affairs	56,236	59,525
Public policy	121,609	137,468
Legal and brand protection	102,552	122,253
	10,134,581	9,755,016
Deficiency of revenue over expenses	\$ (28,264)	\$ (335,779)

See accompanying notes to financial statements.

ENGINEERS CANADA

Statement of Changes in Net Assets

Year ended December 31, 2016, with comparative information for 2015

	Four-year rolling operational reserve (note 9)	General contingency reserve (note 9)	Capital reserve for the purchase of assets (note 9)	Other internally restricted (note 9)	Invested in tangible capital and intangible assets (note 9)	Unrestricted	2016	2015
Balance, beginning of year	\$ 4,000,000	\$ 1,325,000	\$ 250,000	\$ 211,400	\$ 1,273,421	\$ 1,588,089	\$ 8,647,910	\$ 8,983,689
Excess (deficiency) of revenue over expenses	-	-	-	-	(337,022)	308,758	(28,264)	(335,779)
Additions to tangible capital and intangible assets	-	-	-	-	102,866	(102,866)	-	-
Balance, end of year	\$ 4,000,000	\$ 1,325,000	\$ 250,000	\$ 211,400	\$ 1,039,265	\$ 1,793,981	\$ 8,619,646	\$ 8,647,910

See accompanying note to financial statements.

ENGINEERS CANADA

Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (28,264)	\$ (335,779)
Items not involving cash:		
Amortization of tangible capital and intangible assets	376,948	297,665
Amortization of lease inducement	(62,673)	(8,892)
Loss on disposal of tangible capital and intangible assets	363	119,945
Change in net unrealized gain on investments (note 5)	304,023	76,422
Change in non-cash operating working capital:		
Decrease (increase) in amounts receivable	87,180	(7,078)
Decrease (increase) in prepaid expenses	(156,140)	60,375
Increase (decrease) in accounts payable and accrued liabilities	(122,876)	355,338
Increase in deferred contributions	44,175	126,724
	<u>442,736</u>	<u>684,720</u>
Financing activities:		
Withdrawals from investments	-	750,000
Lease inducements received	381,342	523,423
	<u>381,342</u>	<u>1,273,423</u>
Investing activities:		
Purchase of investments	(819,980)	(324,848)
Additions to tangible capital and intangible assets	(102,866)	(1,341,994)
	<u>(922,846)</u>	<u>(1,666,842)</u>
Increase (decrease) in cash	(98,768)	291,301
Cash, beginning of year	895,623	604,322
Cash, end of year	<u>\$ 796,855</u>	<u>\$ 895,623</u>

See accompanying notes to financial statements.

ENGINEERS CANADA

Notes to Financial Statements

Year ended December 31, 2016

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 their articles of incorporation from the 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 are 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) Basis of presentation:

Engineers Canada follows the deferral method of accounting for contributions for not-for-profit organizations.

(b) Revenue recognition:

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

Revenues for the provincial assessment fees are recognized when the constituent members have been invoiced. The amounts are included in finance and administration revenues on the statement of operations. Revenues from the Affinity Programs are recognized when the amount becomes collectible according to the terms of the arrangement.

Government funding that is externally restricted for specific projects are deferred and recognized as revenue in the period in which the related expenses are incurred. Funding received for tangible capital and intangible assets is deferred and amortized over the same term and on the same basis as the related asset.

Interest 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.

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2016

2. Significant accounting policies (continued):

(b) Revenue recognition (continued):

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.

(c) 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.

(d) Tangible capital and intangible assets:

Tangible capital and intangible assets are recorded at cost less accumulated amortization. When a tangible capital or intangible 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 and intangible assets is provided on the straight-line basis as follows:

Asset	Terms
Tangible capital:	
Furniture, fixtures and equipment	4 years
Computer hardware	4 years
Leasehold improvements	Remaining term of lease
Intangible:	
Computer software	4 years
Engineering Talent Project	4 years

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2016

2. Significant accounting policies (continued):

(e) Deferred lease inducement:

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

(f) 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.

(g) 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.

(h) 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.

3. Cash:

Engineers Canada's operating cash is held in Canadian chartered banks. Substantially all the accounts are Canadian dollar accounts and earn interest at variable rates established from time to time by the bank based on its prime rate less 2.75% (2015 prime rate less 2.75%).

Line of credit

Engineers Canada has a line of credit allowing it to borrow up to \$500,000 (2015 \$Nil) at an interest rate of prime plus 1%. That line of credit is subject to annual renewal. There was no outstanding balance as at December 31, 2016 (2015 \$Nil).

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2016

4. Amounts receivable:

	2016		2015	
Affinity and insurance programs	\$	1,096,700	\$	1,096,191
Due from members		14,880		124,419
Government remittances receivable		81,304		59,454
	\$	1,192,884	\$	1,280,064

5. Investments:

	2016		2015	
	Fair value	Cost	Fair value	Cost
Cash and cash equivalents	\$ 421,537	\$ 421,537	\$ 18,718	\$ 18,718
Bonds	2,389,089	2,330,571	1,901,982	1,890,848
Canadian equities	1,449,360	982,882	1,907,983	1,669,541
U.S. equities	1,512,723	1,056,638	1,401,690	1,019,378
Other foreign equities	702,636	609,506	729,015	590,715
	\$ 6,475,345	\$ 5,401,134	\$ 5,959,388	\$ 5,189,200

Investments are held by Engineers Canada in accordance with an investment policy approved by the Board of Directors to fund its internally restricted net assets for the purposes specified in note 8(a).

At the end of 2016, the net unrealized gain on Engineers Canada's investments is \$1,074,211 (2015 \$770,188).

6. Tangible capital and intangible assets:

	2016		2015	
	Cost	Accumulated amortization	Net book value	Net book value
Tangible capital:				
Furniture, fixtures and equipment	\$ 162,944	\$ 65,891	\$ 97,053	\$ 111,620
Computer hardware	444,109	330,552	113,557	158,050
Leasehold improvements	1,020,497	114,005	906,492	998,776
Intangible asset:				
Computer software	597,213	347,213	250,000	392,163
Engineering Talent project	91,500	11,438	80,062	61,000
	\$ 2,316,263	\$ 869,099	\$ 1,447,164	\$ 1,721,609

Cost and accumulated amortization at December 31, 2015 amounted to \$2,246,498 and \$524,889, respectively.

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2016

7. Accounts payable and accrued liabilities:

	2016	2015
Operating	\$ 537,712	\$ 662,057
Secondary Professional Liability insurance premiums repayable to members	41,916	40,447
	<u>\$ 579,628</u>	<u>\$ 702,504</u>

Included in accounts payable and accrued liabilities are government remittances such as sales and payroll-related taxes of \$498 (2015 \$5,360).

8. Deferred lease inducement:

In the prior year, 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	\$ 66,343	\$ 448,188	\$ 514,531
Plus additional leasehold inducements	381,342	-	381,342
Less amortization	(22,384)	(40,289)	(62,673)
Balance, end of year	<u>\$ 425,301</u>	<u>\$ 407,899</u>	<u>\$ 833,200</u>

9. Net assets:

Engineers Canada's overall objective with regard to its net assets is to fund future projects, ongoing operations and tangible capital and intangible assets. Engineers Canada manages its net assets by establishing restricted funds and committing amounts in the internally restricted net assets for anticipated future projects, contingencies and other capital requirements. These allocations are presented in the statement of changes in net assets and disclosed in note 9(a).

Engineers Canada's objective with respect to unrestricted net assets is to maintain a balance sufficient to meet the needs associated with ongoing operations and to finance any unrealized losses on Engineers Canada's investments. Engineers Canada's net assets invested in its tangible capital and intangible assets is equal to their net book value less the corresponding lease inducement.

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2016

9. Net assets (continued):

Engineers Canada is not subject to externally imposed capital requirements and its overall strategy with respect to net assets remains unchanged from the year ended December 31, 2015.

(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 Four Year Rolling Operational Reserve is to provide Engineers Canada with sufficient resources to identify other sources of revenue in the eventuality that significant sources of revenues are no longer available, or in the event of a severe disruption of operations to downsize activities in a rational matter. This reserve is being maintained at a target level of \$4,000,000.

The General Contingency Reserve ensures that funds are available in case of legal challenge, to provide funds to cover the deductibles for insurances, and to assist the constituent members where it is demonstrated 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 members. This reserve has a target level of \$1,325,000.

The Capital Reserve for the Purchase of Assets is to provide funds which are available to allow for replacement of capital assets. This reserve has a target level of \$250,000.

The other internally restricted net assets category was effectively established by Engineers Canada's Board of Directors to reflect budgetary decisions made by Engineers Canada's Board of Directors when the funding source is not budgeted revenue. As at December 31, 2016, these decisions relate to legal defence costs and other program enhancements of \$211,400 (2015 \$211,400).

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

10. Commitments:

(a) Engineers Canada leases office space under an operating lease which expires on June 30, 2026. The future minimum rental payments required over the next five years and thereafter are as follows:

2017	\$	315,000
2018		315,000
2019		315,000
2020		315,000
2021		315,000
Thereafter		1,920,000
	\$	3,180,000

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2016

10. Commitments (continued):

- (b) Engineers Canada is committed to payments under operating leases for photocopier equipment. Minimum annual payments are approximately as follows:

2017	\$	3,670
2018		3,670
	\$	7,340

- (c) Engineers Canada is committed to payments under a contract for secretarial services. Minimum annual payments are approximately as follows:

2017	\$	12,500
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- (d) In connection with its operations, Engineers Canada regularly enters into agreements for the purchase of various supplies and services including the rental of equipment and facilities. Certain of these agreements extend beyond the end of the 2016 fiscal year. In the opinion of management, these agreements are in the normal course of Engineers Canada's operations, are not abnormal in amount or nature and do not include a high degree of speculative risk.

- (e) Engineers Canada has entered into contracts with various hotels related to Engineers Canada's events during the 2016 year. These contracts are in the normal course of Engineers Canada's operations and as of December 31, 2016, Engineers Canada would be responsible for approximately \$183,239 (2015 \$191,792) of liquidated damages if all of the contracts were to be terminated. These liquidated damages would serve to compensate the hotels for estimated losses based on room and food and beverage revenues.

11. Affinity and insurance programs:

The 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 programs revenues, 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 ongoing until terminated with notice by either party.

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2016

11. Affinity and insurance programs (continued):

The two most significant agreements account for 88% of the 2016 (2015 87%) affinity programs revenues and have the following terms:

- twelve-year term expiring December 2019 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 64% of the 2016 (2015 61%) affinity programs revenues; and
- on-going with no fixed expiry date which accounts for 24% of the 2016 (2015 - 26%) affinity programs 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 for 2016 are \$173,946 (2015 \$147,956), which are included in salaries and benefits expense.

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 Investment Policy, 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.

(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. Engineers Canada is exposed to market risk with respect to its investments, as disclosed in note 5.

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2016

13. Financial risk management (continued):

(b) Foreign currency risk:

Engineers Canada is exposed to foreign currency risk with respect to U.S. currency holdings and investments in U.S. and other foreign equity mutual funds. As at December 31, 2016, \$898 USD (2015 \$383 USD) currency was held along with \$1,512,723 CDN of U.S. Equities Mutual Funds (2015 \$1,401,691 CDN) and \$702,636 CDN of other foreign equities mutual funds (2015 \$729,015 CDN).

(c) Credit and interest and rate risk:

Engineers Canada is exposed to credit and interest risk with respect to its interest-bearing investments. The Bond Mutual Funds held by Engineers Canada bear interest at fixed rates and Engineers Canada is therefore, exposed to the risk resulting from interest rate fluctuations. As at December 31, 2016, \$2,389,089 of Bond Mutual Funds (2015 \$1,901,983) were held. Engineers Canada's other financial assets and financial liabilities do not bear significant amounts of interest at fixed rates and therefore do not comprise any significant interest rate risk exposure to Engineers Canada. Engineers Canada does not use derivative financial instruments to reduce its interest rate risk exposure.

(d) 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.

There has been no change to the risk exposures from 2015.

14. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.