

**AGENDA**

225<sup>th</sup> ENGINEERS CANADA BOARD MEETING

April 3, 2024 | 11:00am – 1:00pm ET

Virtual delivery | Zoom details are provided via outlook calendar invitation

Reference materials: [Board Policy Manual](#) | [Bylaw](#) | [Corporate Risk Profile](#) | [Strategic Plan](#)

<b>1. Opening</b>	
<b>1.1 Call to order and approval of agenda</b> – N. Hill (pages 1 – 3) <i>THAT the agenda be approved and the President be authorized to modify the order of discussion.</i>	
<b>1.2 Declaration of conflict of interest</b> (pages 4 - 6)	
<b>2. Board business/required decisions</b>	
<b>2.1 2023 audited financial statements</b> – D. Nedohim-Macek (pages 7-26) <i>THAT the Board, on recommendation of the FAR Committee, approve the Engineers Canada financial statements for the year ending December 31, 2023, as audited by Raymond Chabot Grant Thornton, and be placed before the Members at the 2024 Annual Meeting of Members.</i>	
<b>2.2 Statement of Collaboration</b> – C. Bellini (pages 27-39) <i>THAT the Board recommend to the Members approval of the National Statement on Collaboration and mandate the Collaboration Task Force to make changes secretarially if required.</i>	
<b>3. Next meetings</b>	
<b>Board meetings</b>	
<ul style="list-style-type: none"> <li>May 24, 2024 (Winnipeg, MB)</li> <li>June 17, 2024 (Osoyoos, BC)</li> <li>October 10, 2024 (Ottawa, ON)</li> <li>December 9, 2024 (virtual)</li> </ul>	<ul style="list-style-type: none"> <li>February 28, 2025 (Ottawa, ON)</li> <li>April 2, 2025 (virtual)</li> <li>May 23, 2025 (TBD, BC)</li> </ul>
<b>2023-2024 Committee and task force meetings</b>	
<ul style="list-style-type: none"> <li>HR Committee: April 8, 2024 (virtual)</li> <li>Collaboration Task Force: April 11, 2024 (virtual)</li> <li>FAR Committee: May 9, 2024 (virtual)</li> </ul>	<ul style="list-style-type: none"> <li>HR Committee: May 25, 2024 (Winnipeg, MB)</li> <li>All 2023-2024 committees and task forces: June 17, 2024 (Osoyoos, BC)</li> </ul>
<b>4. In-camera sessions</b>	
<b>4.1 Board Directors and CEO</b> <i>THAT the meeting move in-camera and be closed to the public at the recommendation of the Board. The attendees at the in-camera session shall include Board Directors and the Engineers Canada CEO.</i>	
<b>4.2 Board Directors only</b> <i>THAT the meeting move in-camera and be closed to the public at the recommendation of the Board. The attendees at the in-camera session shall include Board Directors.</i> <ul style="list-style-type: none"> <li>Meeting evaluation</li> </ul>	
<b>5. Closing</b> (motion not required if all business has been completed)	

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# Board support document

## Meeting norms

Virtual participation:

- Board members and Direct Reports are asked to “show up” to the meeting a few minutes early to test their audio and video connections and are encouraged to reach out to [Boardsupport@engineerscanada.ca](mailto:Boardsupport@engineerscanada.ca) in advance if they anticipate any connection or technological issues.
- To increase meeting engagement and participation, Board members and Direct Reports are requested to turn on their cameras during the meeting, when possible. All participants will have control over their ability to mute their line upon joining the meeting. Participants are asked to self-mute when they are not speaking to minimize background noise. If a participant is muted by an organizer, this is because there was feedback on the line.
- Participants are asked to use the self-mute function and turn off their cameras, instead of leaving the meeting during all breaks. This will help minimize any technical issues and disruption upon re-connection.
- The “Raise hand” function is only to be used if a participant wishes to ask questions and/or make comments after presentations or during debate. Depending on the Zoom version, participants may find the ‘Raise hand’ button under “Reactions” or “Participants”. Participants should reach out in “Chat” if they are not able to locate it.
- If a participant wishes to speak and have not been called upon or are unable to use the “Raise hand” function, they should say their name with an un-muted microphone and obtain permission from the Chair before speaking.
- The “Chat” function will only be monitored by the offsite AV personnel in respect of technical difficulties. Non-technical questions asked through the “Chat” function will not be answered during the meeting.

To conduct the meeting with reasonable time and fairness:

1. For all motions, the meeting chair will call for abstentions and negative votes from the Directors. Directors who do not state a negative vote or an abstention will be considered in favour of the motion. If, for whatever reason, Directors are unable to speak during the motion and feel their opinion was not heard, they should raise their hand, or reach out in “Chat” for technical support.
2. Wordsmithing of motion texts should be avoided as much as possible so that the meeting can stay on track. If the proposed motion and related decision is understood, the Board should move to a debate and discussion on the proposal and should not focus attention on perfecting the text.
3. Participants are asked to speak for a maximum of two (2) minutes at a time (a timer will be projected on the screen) and will be limited to two (2) chances to speak on any one issue or motion. An opportunity to speak a second time will be granted only after everyone has had a chance to speak. The meeting chair reserves the right to allow additional chances to speak, as necessary.
4. Restating or reiterating the same point is strongly discouraged.
5. In the virtual environment where meeting participants are not able to demonstrate their agreement by nodding, they are encouraged to use the “Reaction” buttons to identify their informal support of others’ statements. A safe and respectful environment is encouraged at all times.

6. At the opening of the meeting, the meeting chair will announce which individual will be monitoring the show of hands. The chair will try to ensure that anyone with a raised hand has their point addressed.

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## Board support document

### Conflicts of interest

Board members and members of Board committees have an ongoing obligation to identify and disclose actual, reasonably perceived, and potential conflicts of interest. These obligations are set out in case law and are also codified in statute, under the *Canada Not-for-profit Corporations Act* (“CNCA”).

While not expressly defined in the CNCA, a conflict of interest is understood to comprise any situation where:

- a) an individual’s personal interests, or
- b) those of a close friend, family member, business associate, corporation, or partnership in which the individual holds a significant interest, or a person to whom the individual owes an obligation, could influence their decisions and impair their ability to:
  - i. act in the best interests of the corporation, or
  - ii. represent the corporation fairly, impartially, and without bias.

Conflicts of interest exist if a Director’s decision could be, or could appear to be, influenced. *It is not necessary that influence actually takes place.* In cases where Directors are in an actual, perceived, or potential conflict of interest, they are required to disclose the conflicting interest to the Board<sup>1</sup> or, in the case where membership approval is sought, to the members,<sup>2</sup> as well as abstain from voting.

### Handling conflicts of interest

Directors may use the following checklist when faced with a situation in which they think they might have an actual, perceived, or potential conflict of interest.

#### **Step 1 - Identify the matter or issue being considered and the potential conflicting situation in which you are involved.**

E.g. There is an item before the Board requiring discussion and a decision that involves potential litigation between Engineers Canada and the Engineering Regulator with whom you are licensed. Whether or not you are in a conflict of interest is not automatic—it will depend upon the personal circumstances of each Director.

#### **Step 2 – Assess whether a conflict of interest exists or may exist.**

In assessing whether you have an actual, reasonably perceived or potential conflict of interest, it may be helpful to ask yourself the following questions:

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<sup>1</sup> Section 141(1) and (2) of the CNCA

<sup>2</sup> Section 141(9)(a) of the CNCA

- Would I, or anyone associated with me benefit from, or be detrimentally affected by my proposed decision or action?
- Could there be benefits for me in the future that could cast doubt on my objectivity?
- Do I have a current or previous personal, professional, or financial relationship or association of any significance with an interested party?
- Would my reputation or that of a relative, friend, or associate stand to be enhanced or damaged because of the proposed decision or action?
- Do I or a relative, friend, or associate stand to gain or lose financially in some way?
- Do I hold any personal or professional views or biases that may lead others to reasonably conclude that I am not an appropriate person to deal with the matter?
- Have I made any promises or commitments in relation to the matter?
- Have I received a benefit or hospitality from someone who stands to gain or lose from my proposed decision or action?
- Am I a member of an association, club, or professional organization, or do I have particular ties and affiliations with organizations or individuals who stand to gain or lose by my proposed decision or action?
- Could this situation have an influence on any future employment opportunities outside my current duties?
- Could there be any other benefits or factors that could cast doubts on my objectivity?
- Am I confident of my ability to act impartially in the best interests of Engineers Canada?

What perceptions could others have?

- What assessment would a fair-minded member of the public make of the circumstances?
- Could my involvement on this matter cast doubt on my integrity or on Engineers Canada's integrity?
- If I saw someone else doing this, would I suspect that they have a conflict of interest?
- If I did participate in this action or decision, would I be happy if my colleagues and the public became aware of my involvement?
- How would I feel if my actions were highlighted in the media?

### **Step 3 – Is the duty to disclose triggered?**

If, in assessing the situation, you determine that you are in an actual, potential, or reasonably perceived conflict of interest, your duty to disclose is triggered. Directors disclosing a conflict must make the disclosure at the meeting at which the proposed contract or transaction is first considered and should request to have the disclosure entered into the minutes of the meeting.<sup>3</sup>

Disclosure must be made of the nature and extent of the interest that you have in the contract or transaction (or proposed contract or transaction).<sup>4</sup> The limited case law dealing with the nature and scope of the disclosure required by a conflicted Director suggests that disclosure must make the

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<sup>3</sup> Section 141(1) of the CNCA

<sup>4</sup> Section 141(1) and 141(9)(b) of the CNCA

other Directors fully informed of the real state of affairs (e.g. what your interest is and the extent of the interest).<sup>5</sup> It will rarely suffice to simply declare that you have a conflict of interest.

#### **Step 4 – What next?**

Subject to limited exceptions, the general rule is that a conflicted Director cannot vote on the approval of a proposed contract or transaction, even where their interest is adequately disclosed.<sup>6</sup> Further, as a best practice, they should leave the room and not participate in the salient part of the Board meeting.

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<sup>5</sup> *Gray v. New Augarita Porcupine Mines Ltd.*, 1952 CarswellOnt 412 (Jud. Com. of Privy Coun.)

<sup>6</sup> Section 141(5) of the CNCA

## BRIEFING NOTE: For decision

2023 audited financial statements		2.1
Purpose:	To approve the 2023 audited financial statements	
Link to the Strategic Plan / Purposes:	Board responsibility: Provides financial oversight by approving the annual budget and audited financial statements.	
Link to the Corporate Risk Profile:	Financial compliance (operational risk)	
Motion(s) to consider:	<i>THAT the Board, on recommendation of the FAR Committee, approve the Engineers Canada financial statements for the year ending December 31, 2023, as audited by Raymond Chabot Grant Thornton, and be placed before the Members at the 2024 Annual Meeting of Members.</i>	
Vote required to pass:	Simple majority	
Transparency:	Open session	
Prepared by:	D. Menard, Director, Finance	
Presented by:	D. Nedohin-Macek, Chair of the FAR Committee	

### Problem/issue definition

- The *Canada Not-for-profit Corporations Act (CNCA)* requires that the corporation’s financial statements be placed before the Members at every annual meeting.
- The 2023 audit was performed in February 2024, after the close of year-end, by Raymond Chabot Grant Thornton (RCGT).
- RCGT offered the opinion that the “financial statements present fairly, in all material respects, the financial position of Engineers Canada as at December 31, 2023, 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”.
- RCGT’s audit findings report presented to the Finance, Audit, and Risk (FAR) Committee found no issues of going concern, no corrected / uncorrected audit misstatements, or control deficiencies.

### Proposed action/recommendation

- The FAR Committee proposes that the Board approve the audited financial statements. Thereafter, they shall be presented to the Members at the 2024 Annual Meeting of the Members for information.

### Other options considered

- None. To comply with the CNCA requirements, the Members must receive the financial statements not less than 21 days and not more than 60 days before the annual meeting is held.

## **Risks**

- Failure to approve the audited financial statements and place them before the Members would be a breach of the CNCA.

## **Financial implications**

- None.

## **Benefits**

- Members will remain informed on the financial position of the organization, and Engineers Canada remains in compliance with CNCA requirements.

## **Consultation**

- The FAR Committee met on December 13, 2023 with Raymond Chabot Grant Thornton (RCGT), the public accountants (appointed by the Members in 2023), to discuss the proposed audit plan.
- The FAR Committee met with the RCGT auditors on March 8, 2024 to review the draft financial statements and the audit findings report.

## **Next steps (if motion approved)**

- 2023 audited financial statements to be circulated to the Members with the AMM agenda book.

## **Appendix**

- **Appendix 1:** 2023 draft audited financial statements





Financial Statements of

## **ENGINEERS CANADA**

And Independent Auditor's Report thereon

Year ended December 31, 2023

DRAFT



## Independent Auditor's Report

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**Raymond Chabot  
Grant Thornton LLP**  
City Park Place, Suite 200  
1900 City Park Drive  
Ottawa, Ontario  
K1J 1A3

T 613-236-2211

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, 2023, 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, 2023, 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.

### Other matter – Comparative information audited by a predecessor auditor

The financial statements of Engineers Canada for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on April 29, 2023.

## **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.

Chartered Professional Accountants,  
Licensed Public Accountants

Ottawa, Canada  
DATE

# ENGINEERS CANADA

## Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 3)	\$ 3,371,784	\$ 2,102,176
Amounts receivable (note 4)	1,196,755	1,193,477
Prepaid expenses and deposits	251,367	267,510
	<u>4,819,906</u>	<u>3,563,163</u>
Investments (note 5)	12,848,207	15,760,893
Tangible capital assets (note 6)	492,378	641,984
	<u>\$ 18,160,491</u>	<u>\$ 19,966,040</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 653,502	\$ 551,399
Deferred revenue	71,083	74,380
	<u>724,585</u>	<u>625,779</u>
Deferred lease inducement (note 8)	218,633	306,086
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	385,667	492,588
Unrestricted	10,831,606	12,541,587
	<u>17,217,273</u>	<u>19,034,175</u>
Commitments (note 10)		
	<u>\$ 18,160,491</u>	<u>\$ 19,966,040</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# ENGINEERS CANADA

## Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
National programs (note 11)	\$ 8,491,665	\$ 9,968,571
Corporate services	3,407,345	3,279,227
Investment income	579,868	589,431
Outreach	55,934	22,600
Unrealized gain (loss) in investments	942,583	(2,298,681)
	<u>13,477,395</u>	<u>11,561,148</u>
Expenses:		
Operating expenses:		
Accreditation	308,115	321,241
Fostering working relationships	176,217	148,226
Services and tools	190,010	107,494
National programs	894,086	882,694
Advocating to the Federal government	48,908	65,511
Research and regulatory changes	34,159	2,525
International mobility	85,433	66,816
Promotion and outreach	325,610	449,343
Diversity and inclusion	138,863	167,178
Protect official marks	164,347	156,746
Secretariat services	1,095,966	1,190,269
Corporate services (note 12)	7,603,288	7,354,726
	<u>11,065,002</u>	<u>10,912,769</u>
Excess of revenue over expenses before the undernoted	2,412,393	648,379
Projects spending:		
Accreditation improvement project	234,051	136,318
International mobility - IIDD one-time project	–	2,560
Services and tools – competency-based assessment	6,449	70,239
Service and tools – NMDB	5,000	184,040
Investigate and validate the purpose and scope of accreditation	727,874	992,578
Reinforce trust and the value of licensure	2,841,277	374,785
Strengthen collaboration and harmonization	143,190	95,459
Accelerate 30 by 30	233,149	208,953
Research and regulatory changes – foresight	–	133,675
Mobility register improvements	38,306	600
	<u>4,229,296</u>	<u>2,199,207</u>
Excess (deficiency) of revenue over expenses	<u>\$ (1,816,903)</u>	<u>\$ (1,550,828)</u>

See accompanying notes to financial statements.

Classification: Confidential

# ENGINEERS CANADA

## Statement of Changes in Net Assets

Year ended December 31, 2023, with comparative information for 2022

	Contingency (note 9)	Legal contingency reserve (note 9)	Strategic priorities reserve (note 9)	Invested in tangible capital assets	Unrestricted	2023 Total	2022 Total
Balance, beginning of year	\$ 2,500,000	\$ 1,500,000	\$ 2,000,000	\$ 492,588	\$ 12,541,587	\$ 19,034,175	\$ 20,585,003
Excess (deficiency) of revenue over expenses	—	—	—	—	(1,816,903)	(1,816,903)	(1,550,828)
Amortization of tangible capital assets	—	—	—	(195,637)	195,637	—	—
Additions to tangible capital assets	—	—	—	46,031	(46,030)	—	—
Amortization of leasehold inducement	—	—	—	42,685	(42,685)	—	—
<b>Balance, end of year</b>	<b>\$ 2,500,000</b>	<b>\$ 1,500,000</b>	<b>\$ 2,000,000</b>	<b>\$ 385,667</b>	<b>\$ 10,831,606</b>	<b>\$ 17,217,273</b>	<b>\$ 19,034,175</b>

See accompanying notes to financial statements

Classification: Confidential

# ENGINEERS CANADA

## Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (1,816,903)	\$ (1,550,828)
Items not involving cash:		
Amortization of tangible capital assets	195,637	180,841
Amortization of lease inducement	(87,453)	(87,453)
Change in net unrealized loss (gain) on investments	(942,583)	2,298,681
Change in non-cash operating working capital:		
Decrease (increase) in amounts receivable	(3,278)	3,637
Increase in prepaid expenses and deposits	16,143	(45,172)
Increase (decrease) in accounts payable and accrued liabilities	102,104	(140,718)
Decrease in deferred contributions	(3,297)	(12,762)
	(2,539,630)	646,226
Investing activities:		
Net sale/(purchase) of investments	3,855,269	(1,420,737)
Additions to tangible capital assets	(46,031)	(160,378)
	3,809,238	(1,581,115)
Increase (decrease) in cash	1,269,608	(934,889)
Cash, beginning of year	2,102,176	3,037,065
Cash, end of year	\$ 3,371,784	\$ 2,102,176

See accompanying notes to financial statements.

Classification: Confidential



# ENGINEERS CANADA

Notes to Financial Statements

Year ended December 31, 2023

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## 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)(I) 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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# ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 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.

Classification: Confidential

# ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 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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# ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

### 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.

	2023	2022
Operating cash	\$ 767,242	\$ 1,037,730
Canadian money market fund	2,604,542	1,064,446
	<b>\$ 3,371,784</b>	<b>\$ 2,102,176</b>

#### (b) Line of credit

Engineers Canada has a line of credit allowing it to borrow up to \$500,000 (2022 - \$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, 2023 or 2022.

### 4. Amounts receivable:

	2023	2022
National programs	\$ 1,136,472	\$ 1,133,900
Government remittances receivable	56,748	59,577
Due from members	3,535	-
	<b>\$ 1,196,755</b>	<b>\$ 1,193,477</b>

Classification: Confidential

# ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 5. Investments:

	2023 Fair value	2023 Cost	2022 Fair value	2022 Cost
Bond funds	\$ 6,767,294	\$ 7,060,403	\$ 6,482,795	\$ 7,002,609
Canadian equity funds	1,478,253	1,296,519	2,554,561	2,343,384
International equity funds	1,262,537	1,241,923	1,826,600	1,780,312
U.S. equity funds	1,327,424	932,451	2,167,331	1,877,256
Global equity funds	1,086,109	1,110,521	1,865,534	2,053,163
Alternative – Global	926,590	961,805	864,072	926,376
	<u>\$ 12,848,207</u>	<u>\$ 12,603,622</u>	<u>\$ 15,760,893</u>	<u>\$ 15,983,100</u>

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	2023 Net book value	2022 Net book value
Furniture, fixtures and equipment	\$ 340,475	\$ 265,983	\$ 74,492	\$ 108,383
Computer hardware	487,792	403,766	84,026	69,490
Leasehold improvements	1,186,958	853,098	333,860	464,111
	<u>\$ 2,015,225</u>	<u>\$ 1,522,847</u>	<u>\$ 492,378</u>	<u>\$ 641,984</u>

Cost and accumulated amortization at December 31, 2022 amounted to \$1,969,195 and \$1,327,211, respectively.

Classification: Confidential

# ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 7. Accounts payable and accrued liabilities:

	2023	2022
Operating	\$ 375,388	\$ 280,161
Accrued liabilities	81,681	67,754
Payroll related accruals	155,754	162,805
Secondary Professional Liability insurance premiums repayable to members	40,679	40,679
	\$ 653,502	\$ 551,399

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	\$ 156,690	\$ 149,396	\$ 306,086
Less: amortization	(44,768)	(42,685)	(87,453)
Balance, end of year	\$ 111,922	\$ 106,711	\$ 218,633

## 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).

Classification: Confidential

# ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 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 affect 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 April 2024 and June 2026. The future rental payments over the next four years including operating costs and taxes, are as follows:

2024	\$	665,606
2025		664,882
2026		332,191
	\$	1,662,679

Classification: Confidential

# ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 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% (2022 - 92%) 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 69% (2022 - 76%) of the national program revenues; and
- on-going with no fixed expiry date which accounts for 19% (2022 - 16%) 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 \$420,133 (2022 - \$374,074), which are included in corporate services expense.

Classification: Confidential



# ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 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.

Classification: Confidential

# ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 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, 2023, the allowance for doubtful accounts was \$Nil (2022 - \$Nil).

Management believes that Engineers Canada is not exposed to significant risks from its financial instruments, although the interest rate and other price risks have increased in the year due to rising market interest rates and equity market fluctuations.

## BRIEFING NOTE: For decision

Statement of Collaboration		2.2
Purpose:	To approve the statement of collaboration	
Link to the Strategic Plan / Purposes:	Strategic Priority 1.2 – Strengthen collaboration and harmonization	
Link to Corporate Risk Profile:	Diminished national collaboration (Board risk) Client satisfaction (operational risk) Reputation (operational risk)	
Motion(s) to consider:	<i>THAT the Board recommend to the Members approval of the National Statement of Collaboration and mandate the Collaboration Task Force to make changes secretarially if required.</i>	
Vote required to pass:	Two-thirds majority	
Transparency:	Open session	
Prepared by:	Mélanie Ouellette, Manager, Strategic and Operational Planning Megan Falle, Manager, Regulatory Liaison	
Presented by:	Christian Bellini, Chair, Collaboration Task Force	

### Problem/issue definition

- The current Strategic Priority 1.2: Strengthen collaboration and harmonization seeks to secure a long-term commitment from all 12 Regulators and Engineers Canada on national collaboration and regulatory harmonization.
- Individual Regulator consultations were held between January and June 2023. All 12 regulators indicated that they support increased regulatory collaboration and harmonization. Regulators also identified and proposed future areas of work.
- In fall 2023, a national consultation workshop was held with all Regulator presidents and CEOs and the Engineers Canada Board to allow participants to hear from one another and provide feedback into the development of the National Statement of Collaboration.
- The Collaboration Task Force and staff analyzed the feedback received and wrote a draft Statement of Collaboration.
- Regulators were asked to provide feedback on the statement between December 15, 2023, and January 26, 2024.
  - Changes were proposed and integrated from Engineers Nova Scotia, APEGA, EGBC, and PEO's Governance Committee.
  - Acknowledgement was received, and no specific changes were suggested from OIQ, EGM, PEO, APEGNB, APEGS and Engineers Yukon.
- Although it is not expected that additional feedback will be received, there is still a possibility that it might happen. Should additional feedback be received, the Collaboration Task Force is asking that the Board gives it a mandate to make changes secretarially to allow for the Statement to be signed by Members on May 23<sup>rd</sup>.

## Proposed action/recommendation

- That the Board approve the National Statement of Collaboration by recommending it to the Members for their signature at the meeting of Members in May 2024.
- The statement reflects a national willingness of provincial and territorial engineering regulators to further collaborate and harmonize.

## Other options considered

- None as the Board directed this work under the 2022-2024 strategic plan.

## Risks

- Not approving this Statement could result in:
  - Engineers Canada not completing strategic priority 1.2: Strengthen collaboration and harmonization of the 2022-2024 Strategic Plan before the end of the plan;
  - Regulators dissatisfaction, as they have invested time and resources to provide input in the development of the statement, and
  - Failure to mitigate the Board's risk of diminished national collaboration.

## Financial implications

- A process to formalize the selection of future areas of collaboration will be implemented as part of the 2025-2029 strategic plan.
- It is expected that the selection process will be to first consult officials to identify potential areas, then seek approval by the CEO Group.
- Should an initiative require more resources than what is available operationally, Board and Members' approval will be sought to agree on a collective funding model.

## Benefits

- Engineering Regulators:
  - Have more efficient internal practices, and long-term buy-in when working on national initiatives.
- Engineering profession:
  - Have improved perception of being inclusive and fair to all, regardless of where they are from.
- Others (public, government, higher education institutions, individual engineers, etc.):
  - Public is further protected by effective, fair and consistent regulation of the engineering profession.
  - Engineers have increased ability to move across borders seamlessly.

## Consultation

- All 12 Regulators were consulted on the content of the statement. Received feedback is on the [Engineers Canada members-only website](#) (log-in required).

## Next steps (if motion approved)

- Should the Board approve the motion, the draft statement will be sent to Members for signature at their May meeting.

- At the July CEO Group, specific harmonization initiative(s) will be selected for joint work with the Regulators and Engineers Canada.
- Pending approval by Members, the 2025-2029 strategic plan will operationalize collaboration and harmonization by developing systems to identify, select and implement harmonization efforts as well as execute harmonization projects selected by regulators.

## **Appendices**

- Appendix 1: National Statement of Collaboration – redlined version highlighting areas of adjustment resulting from consultations and a clean copy

# National Statement of Collaboration

**This National Statement of Collaboration (NSC) is dated as of May 25, 2024.**

**AMONG: THE MEMBERS OF ENGINEERS CANADA:**

Association of Professional Engineers of Yukon (“Engineers Yukon”)

The Association of Professional Engineers and Geoscientists of the Province of British Columbia (“EGBC”)

Association of Professional Engineers and Geoscientists of Alberta (“APEGA”)

Northwest Territories and Nunavut Association of Professional Engineers and Geoscientists (“NAPEG”)

Association of Professional Engineers and Geoscientists of Saskatchewan (“APEGS”)

Association of Professional Engineers and Geoscientists of the Province of Manitoba (“Engineers Geoscientists Manitoba”)

Association of Professional Engineers of Ontario (“PEO”)

Ordre des ingénieurs du Québec (“OIQ”)

Association of Professional Engineers and Geoscientists of New Brunswick (“Engineers and Geoscientists New Brunswick”)

Association of Professional Engineers of Nova Scotia (“Engineers Nova Scotia”)

The Association of Professional Engineers of the Province of Prince Edward Island (“Engineers PEI”)

The Association of Professional Engineers and Geoscientists of Newfoundland and Labrador (“PEGNL”)

hereinafter collectively the “Regulators”

**AND**

Engineers Canada

**WHEREAS**, there is recognition that the protection of the public requires a continued effective, fair and ~~consistent equitable~~ regulatory framework of the engineering profession;

**WHEREAS**, Engineers Canada was created by regulators to foster collaboration ~~and~~, harmonization, ~~and innovation~~, considering regional differences in engineering regulation and governance ~~as well as emerging trends~~.

**WHEREAS**, there is recognition that increased collaboration and harmonization of legislation, regulations, by-laws, policies, programs or practices will bring increased efficiency to regulators.

**WHEREAS**, there is an understanding that increased collaboration and harmonization of the regulatory framework will foster ~~consistent treatment of an equitable approach for~~ future and current license holders across jurisdictions, enhancing their perceptions of engineering regulation and facilitating their ability to work in Canada and abroad.

**Now therefore, the signatories agree to enter into this National Statement of Collaboration;**

### **1. Background of the National Statement of Collaboration**

Engineers Canada was founded in 1936 as the Dominion Council of Engineers with the goal of bringing greater harmony to the regulatory framework of engineering given the considerable variation of legislation across the provinces and territories at the time. Over time, internal mobility agreements have resulted in regulators recognizing licenses for engineers working in multiple jurisdictions, ~~yet~~ barriers remain.

In 2022, Engineers Canada adopted a new vision: *Advancing Canadian engineering through national collaboration*. To implement this future state, Engineers Canada embarked on a national engagement project to assess whether regulators were interested in realizing this vision by seeking opportunities to collaborate and harmonize, thereby reducing barriers within the regulatory framework.

Harmonization of provincial and territorial regulatory practices can take decades. To support collaboration and harmonization in the long-term, a Pan-Canadian commitment of financial and institutional support from national, provincial and territorial councils and chief executive officers is required.

This statement of collaboration reflects a commitment at all levels, of national, provincial and territorial councils and chief executive officers, to provide clear direction and criteria for long-term collaboration and harmonization. These efforts aim to overcome barriers and promote continuity within the engineering regulator leadership throughout the years. The signatories express their commitment to work together to protect the public, enhance mobility, and promote efficiencies within the regulatory framework. They are committed to creating a stronger federation, upholding the public interest, and creating a better society in Canada.

### **2. National Statement of Collaboration objectives**

- i. Promote long-term commitment of signatories to collaboration and the identification of harmonization initiatives within the regulatory framework.

- ii. Strengthen collaboration and harmonization among engineering regulators.
- iii. Define roles and responsibilities between engineering regulators and Engineers Canada.

### **3. Roles and responsibilities of the signatories**

#### **3.1 Roles and responsibilities of the engineering regulators**

- i. Proactively share information and actively pursue alignment among regulators.
- ii. Assess the impact of any changes to legislation, regulations, by-laws, policies, programs, or practices and advocate for collaboration within their jurisdiction when making changes.
- iii. Identify and work on national priorities for collaboration and harmonization initiatives and encourage consensus with other regulators on these decisions.
- iv. Participate in and, where possible, resource collaboration and harmonization initiatives or indicate their intention to not be involved.
- v. Adopt collaboration as a fundamental approach, such as by interpreting legislation in a manner that maximizes participation in national initiatives.
- vi. Advise other regulators regarding the interests of, and regulatory impact to, provincial partners and stakeholders that would be affected by national collaboration and harmonization initiatives.

#### **3.2 Role and responsibilities of Engineers Canada**

- i. Maintain processes and infrastructure to share information and collaborate.
- ii. Facilitate discussions that support alignment between regulators.
- iii. Act as a knowledge hub for regulators' information, and information regarding advances and changes in the professional regulatory framework.
- iv. Resource and provide project management to collaboration and harmonization initiatives.
- v. Maintain a process to identify, select and adequately resource collaboration and harmonization initiatives.
- vi. Be transparent with all work, providing opportunities for regulators to engage, partner, lead or innovate.
- vii. Advise regulators on the known or perceived impacts of proposed national collaboration initiatives on national and international partners and interest holders.

### **4. Evaluation**

The signatories agree to assess their performance in the implementation of this Statement of Collaboration. Such assessment will take place at least one year before the expiration of this agreement, so that the assessment results can inform future iterations of the Statement of Collaboration.

### **5. Term**

This Statement of Collaboration is effective as of May 25<sup>th</sup>, 2024, and is valid for a period of five years before it will be reviewed, and, if appropriate, renewed.

### **6. Amendment**

This Statement of Collaboration may be amended with the written consent of all signatories at any time.



**DEFINITIONS:**

**Collaboration** is the act of working respectfully with regulators to create something of mutual value. This implies both contributing and compromising and may include sharing best practices, identifying ways to align existing processes, and other activities.

**Harmonization** is the act of working respectfully with regulators to make processes, policies, systems or rules similar or the same to the extent possible per provincial/ territorial legislation.

*Signed in Winnipeg, on May 23, 2024, by:*

---

**Tracey Stock, P.Eng.**

President  
Association of Professional Engineers and  
Geoscientists of Alberta

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**Erin Moss Tressel, P.Eng., P.Geo.**

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**WHEREAS**, there is recognition that the protection of the public requires a continued effective, fair and equitable regulatory framework of the engineering profession;

**WHEREAS**, Engineers Canada was created by regulators to foster collaboration, harmonization, and innovation, considering regional differences in engineering regulation and governance as well as emerging trends.

**WHEREAS**, there is recognition that increased collaboration and harmonization of legislation, regulations, by-laws, policies, programs or practices will bring increased efficiency to regulators.

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