

AGENDA

232nd ENGINEERS CANADA BOARD MEETING

April 2, 2025 | 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](#)

1.	Opening (11:00-11:05am)	
	1.1 Call to order and approval of agenda – M. Wrinch (pages 1 – 3) <i>THAT the agenda be approved and the President be authorized to modify the order of discussion.</i>	
	1.2 Declaration of conflict of interest – M. Wrinch (pages 4 - 6)	
2.	Board business/required decisions (11:05-11:30am)	
	2.1 2024 audited financial statements – M. Rose (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, 2024, as audited by Raymond Chabot Grant Thornton, and be placed before the Members at the 2025 Annual Meeting of Members.</i>	
3.	Next meetings (11:30-11:35am)	
	Board meetings	
	<ul style="list-style-type: none"> May 23, 2025 (Vancouver, BC) 	<ul style="list-style-type: none"> June 16, 2025 (Waterton, AB)
	2024-2025 Committee and task force meetings	
	<ul style="list-style-type: none"> HR Committee: April 1, 2025 (virtual) FAR Committee: May 8, 2025 (virtual) 	<ul style="list-style-type: none"> All 2025-2026 committees and task forces: June 16, 2025 (Waterton, AB)
4.	In-camera sessions (11:35-12:00pm)	
	4.1 Board Directors, Direct Reports and CEO Group Advisor <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, Engineers Canada CEO, the chairs of the CEAB and CEQB, the Secretary, and the CEO Group Advisor.</i>	
	4.2 Board Directors and CEO <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>	
	4.3 Board Directors only <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"> Meeting evaluation 	
5.	Closing (motion not required if all business has been completed)	

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 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.

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 Board¹ or, in the case where membership approval is sought, to the members,² 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:

¹ Section 141(1) and (2) of the CNCA

² 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.³

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).⁴ The limited case law dealing with the nature and scope of the disclosure required by a conflicted Director suggests that disclosure must make the

³ Section 141(1) of the CNCA

⁴ 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).⁵ 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.⁶ Further, as a best practice, they should leave the room and not participate in the salient part of the Board meeting.

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

⁶ Section 141(5) of the CNCA

BRIEFING NOTE: For decision

2024 audited financial statements		2.1
Purpose:	To approve the 2024 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, 2024, as audited by Raymond Chabot Grant Thornton, and be placed before the Members at the 2025 Annual Meeting of Members.</i>	
Vote required to pass:	Simple majority	
Transparency:	Open session	
Prepared by:	Derek Menard, CFO	
Presented by:	Marlo Rose, Chair, 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 2024 audit was performed in February 2025, 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, 2024, 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 2025 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, 2024 with Raymond Chabot Grant Thornton (RCGT), the public accountants (appointed by the Members in 2024), to discuss the proposed audit plan.
- The FAR Committee met with the RCGT auditors on March 6, 2025 to review the draft financial statements and the audit findings report.

Next steps (if motion approved)

- 2024 audited financial statements to be circulated to the Members with the AMM agenda book.

Appendix

- **Appendix 1:** 2024 draft audited financial statements



engineerscanada
ingénieurscanada

Financial Statements of

ENGINEERS CANADA

And Independent Auditor's Report thereon

Year ended December 31, 2024

DRAFT



Independent Auditor's Report

**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, 2024, 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, 2024, and the results of its operations and its cashflows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Chartered Professional Accountants,
Licensed Public Accountants

Ottawa, Canada
DATE

ENGINEERS CANADA

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents (note 3)	\$ 2,340,727	\$ 3,371,784
Amounts receivable (note 4)	1,154,077	1,196,755
Prepaid expenses and deposits	178,746	251,367
	3,673,550	4,819,906
Investments (note 5)	11,292,068	12,848,207
Tangible capital assets (note 6)	327,086	492,378
	\$ 15,292,704	\$ 18,160,491
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 617,298	\$ 653,502
Deferred revenue	52,644	71,083
	669,942	724,585
Deferred lease inducement (note 8)	131,180	218,633
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	263,060	385,667
Unrestricted	8,228,522	10,831,606
	14,491,582	17,217,273
Commitments (note 10)		
	\$ 15,292,704	\$ 18,160,491

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

ENGINEERS CANADA

Statement of Operations

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
National programs (note 11)	\$ 7,644,389	\$ 8,491,665
Corporate services	2,717,196	3,407,345
Investment income	696,571	579,868
Outreach	135,908	55,934
Unrealized gain in investments	1,135,548	942,583
	12,329,612	13,477,395
Expenses:		
Operating expenses:		
Accreditation	434,894	308,115
Fostering working relationships	139,817	176,217
Services and tools	119,572	190,010
National programs	874,778	894,086
Advocating to the Federal government	61,130	48,908
Research and regulatory changes	10,864	34,159
International mobility	81,507	85,433
Promotion and outreach	309,527	325,610
Diversity and inclusion	150,281	138,863
Protect official marks	192,280	164,347
Secretariat services	1,072,934	1,095,966
Corporate services (note 12)	7,685,586	7,603,288
	11,133,170	11,065,002
Excess of revenue over expenses before the undernoted	1,196,442	2,412,393
Projects spending:		
Accreditation improvement project	211,821	234,051
Services and tools – competency-based assessment	–	6,449
Service and tools – NMDB	–	5,000
Investigate and validate the purpose and scope of accreditation	715,054	727,874
Reinforce trust and the value of licensure	2,616,449	2,841,277
Strengthen collaboration and harmonization	2,782	143,190
Accelerate 30 by 30	317,332	233,149
Mobility register improvements	58,695	38,306
	3,922,133	4,229,296
Deficiency of revenue over expenses	\$ (2,725,691)	\$ (1,816,903)

See accompanying notes to financial statements.

ENGINEERS CANADA

Statement of Changes in Net Assets

Year ended December 31, 2024, with comparative information for 2023

	Contingency (note 9)	Legal contingency reserve (note 9)	Strategic priorities reserve (note 9)	Invested in tangible capital assets	Unrestricted	2024 Total	2023 Total
Balance, beginning of year	\$ 2,500,000	\$ 1,500,000	\$ 2,000,000	\$ 385,667	\$ 10,831,606	\$ 17,217,273	\$ 19,034,175
Deficiency of revenue over expenses	—	—	—	—	(2,725,691)	(2,725,691)	(1,816,903)
Amortization of tangible capital assets	—	—	—	(199,484)	199,484	—	—
Additions to tangible capital assets	—	—	—	34,192	(34,192)	—	—
Amortization of leasehold inducement	—	—	—	42,685	(42,685)	—	—
Balance, end of year	\$ 2,500,000	\$ 1,500,000	\$ 2,000,000	\$ 263,060	\$ 8,228,522	\$ 14,491,582	\$ 17,217,273

See accompanying notes to financial statements

ENGINEERS CANADA

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (2,725,691)	\$ (1,816,903)
Items not involving cash:		
Amortization of tangible capital assets	199,484	195,637
Amortization of lease inducement	(87,453)	(87,453)
Change in net unrealized gain on investments	(1,135,548)	(942,583)
Change in non-cash operating working capital:		
Decrease (increase) in amounts receivable	42,678	(3,278)
Increase in prepaid expenses and deposits	72,621	16,143
Increase (decrease) in accounts payable and accrued liabilities	(36,204)	102,104
Decrease in deferred revenue	(18,439)	(3,297)
	(3,688,552)	(2,539,630)
Investing activities:		
Net sale of investments	2,691,687	3,855,269
Additions to tangible capital assets	(34,192)	(46,031)
	2,657,495	3,809,238
Increase (decrease) in cash	(1,031,057)	1,269,608
Cash, beginning of year	3,371,784	2,102,176
Cash, end of year	\$ 2,340,727	\$ 3,371,784

See accompanying notes to financial statements.

ENGINEERS CANADA

Notes to Financial Statements

Year ended December 31, 2024

1. Governing statutes and nature of operations:

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

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

2. Significant accounting policies:

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

(a) Revenue recognition:

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

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

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

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

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2024

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.

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2024

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.

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2024

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.

	2024	2023
Operating cash	\$ 685,419	\$ 767,242
Canadian money market fund	1,655,308	2,604,542
	\$ 2,340,727	\$ 3,371,784

(b) Line of credit

Engineers Canada has a line of credit allowing it to borrow up to \$500,000 (2023 - \$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, 2024 or 2023.

4. Amounts receivable:

	2024	2023
National programs	\$ 1,119,210	\$ 1,136,472
Government remittances receivable	34,544	56,748
Due from members	323	3,535
	\$ 1,154,077	\$ 1,196,755

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2024

5. Investments:

	2024 Fair value	2024 Cost	2023 Fair value	2023 Cost
Bond funds	\$ 4,937,018	\$ 5,009,918	\$ 6,767,294	\$ 7,060,403
Canadian equity funds	1,434,405	1,083,520	1,478,253	1,296,519
International equity funds	1,376,729	1,213,946	1,262,537	1,241,923
U.S. equity funds	1,492,911	825,542	1,327,424	932,451
Global equity funds	1,266,108	1,110,521	1,086,109	1,110,521
Alternative – Global	784,897	796,707	926,590	961,805
	\$ 11,292,068	\$ 10,040,154	\$ 12,848,207	\$ 12,603,622

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	2024 Net book value	2023 Net book value
Furniture, fixtures and equipment	\$ 346,456	\$ 301,556	\$ 44,900	\$ 74,492
Computer hardware	516,003	437,426	78,577	84,026
Leasehold improvements	1,186,958	983,349	203,609	333,860
	\$ 2,049,417	\$ 1,722,331	\$ 327,086	\$ 492,378

Cost and accumulated amortization at December 31, 2023 amounted to \$2,015,225 and \$1,522,847, respectively.

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2024

7. Accounts payable and accrued liabilities:

	2024	2023
Operating	\$ 265,590	\$ 375,388
Payroll related accruals	208,613	155,754
Accrued liabilities	100,675	81,681
Secondary Professional Liability insurance premiums repayable to members	42,420	40,679
	\$ 617,298	\$ 653,502

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	\$ 111,922	\$ 106,711	\$ 218,633
Less: amortization	(44,768)	(42,685)	(87,453)
Balance, end of year	\$ 67,154	\$ 64,026	\$ 131,180

9. Net assets:

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

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2024

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

2025	\$	675,304
2026		337,402
	\$	1 012 706

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2024

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 87% (2023 - 88%) 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 66% (2023 - 69%) of the national program revenues; and
- on-going with no fixed expiry date which accounts for 21% (2023 - 19%) 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 \$412,943 (2023 - \$420,133), which are included in corporate services expense.

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2024

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.

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2024

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, 2024, the allowance for doubtful accounts was \$Nil (2023 - \$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.

DRAFT