APEGA’s Mission
We serve the public interest by regulating the practices of engineering and geoscience in Alberta, by providing leadership for our professions, and by upholding our Members in their professional practices.

APEGA’s Vision
We will be a valued agent of excellence in professional practice and an internationally respected leader of the engineering and geoscience professions.
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Report from the President

As I look back on 2014, I’m impressed by the groundwork Presidents before me have laid. A renewed APEGA is taking shape in tangible ways, and my predecessors are very much responsible for allowing that to happen. I am in the right place at the right time – a time when I can confidently say that APEGA’s much-discussed transformation is beginning to pay dividends. Members and applicants can count themselves as recipients of these benefits, and so too can the public.

We are becoming a stronger regulator. We are modernizing our professionalism. We are developing ways to leverage the knowledge and expertise of our membership in the public arena. We are enhancing the value of our corporate licence, called the Permit to Practice. We are improving regulatory processes. These are just some of the exciting and important developments underway and beginning to show results.

More and more, Council’s time is spent looking ahead and shaping the future. We are leaving operations where they belong: in the hands of CEO Mark Flint, P.Eng., and his staff. Our confidence in staff and this separation of our roles means we are reacting less, and anticipating and planning more. One way we’ve done this is by eliminating operational committees and putting that energy into working groups that inform strategic planning. We created four of these groups in 2014 – ethics, value for membership, sustainability of the professions, and legislative renewal. They capitalized on the expertise of Council and allowed us to develop a broader understanding of the direction we need to take.

Because of APEGA’s legislative renewal and strengthened attention to APEGA’s key function as a regulator, the future holds great things for the Association and stakeholders. But what are some of the dividends that we’ve already realized? Let me list a few of the major ones of 2014.

**Improvement of Registration Processes.** The addition of more software-based processes and better service to applicants is, for me, the story of the year. Some people balk at calling applicants customers, but I have no problem with the word. Applicants represent the near future of our Association. Their licensure is the beginning of an important relationship with APEGA – and with the professional standards and ethics Albertans expect and require of them. I look forward to seeing continued progress in this area.

**Advancement of Legislative Renewal.** APEGA created its champions collaborative in 2014, to bring the grassroots of APEGA into the process of developing a new and modernized Engineering and Geoscience Professions Act. Our recommended new Act will be presented to the Government of Alberta for consideration in 2018.

I would also like to acknowledge the role our partners under the EGP Act play in legislative renewal. With the Association of Science and Engineering Technology Professionals of Alberta (ASET), APEGA jointly regulates Professional Technologists. ASET’s participation is very important as the renewal proceeds.

**Improved Public Profile.** The advancements are small but significant in this area. Our most recent research confirms what I’ve observed – the public’s perception of our professions is positive and strong.

Although they would not take hold until later this year, I must also mention proposed changes to our nomination process. Contingent on approvals at our 2015 Annual General Meeting, we are improving the APEGA Nominating Committee’s ability to propose the most strategically suitable candidates for Council, year to year.

APEGA is a busy, vibrant and purposeful organization. As such, there is never enough space to say all there is to say. I hope, however, that I’ve captured some of the high points of how far we’ve come in 2014 – and provided glimpses of the great things ahead.

It’s an honour to serve Alberta and our Members as President, and I look forward to a year of even more APEGA improvements.

-Connie Parenteau, P.Eng., FEC, FGC (Hon.)
Report from the CEO

“To improve is to change; to be perfect is to change often.”
Winston Churchill

The year 2014 was an important one for APEGA. It was a year of continued growth in capacity and capability and a consolidation of the senior leadership team. This growth was funded from two main sources: an expanding membership and significant operating cost savings due to a diligent review of our business practices.

APEGA also completed the bulk of the Edmonton office project. These renovations have dramatically changed the way employees integrate and work together, while creating a contemporary home for our professions for at least the next decade.

In short, it was an important year for APEGA as the acceptance of change and ultimately improvement became self-sustaining.

A key component of this momentum ties directly to APEGA’s ability to plan and manage change. After 18 months of attempting to create and sustain a planning and coordinating function in APEGA, I am happy to report that APEGA’s Operations Department has a small but very capable group of people providing us the ability to examine problems, and then create and implement solutions. This enables APEGA to respond, learn and adapt more efficiently, and also to influence other efforts in the geoscience and engineering realms across Canada.

APEGA’s legislative review process completed some wide-ranging and detailed consultation with Permit Holders and Members about the future of the Engineering and Geoscience Professions Act (EGP Act). We have assembled a great team of people with significant experience in legislative work.

Early last year, I was personally involved with consultations. It was amazing that many people identified similar issues. This common ground will make much of our work easier than we first anticipated.

We have secured an incredible team of senior Members, Permit Holders, Branch representatives, educators and highly engaged volunteers to help us. These people make up our champions collaborative, and they will engage widely across Alberta to explain what we are proposing and to garner feedback from Members. From our consultations over the last two years, we have about 200 individual changes we’re looking at, related to about 16 thematic areas.

Although there is a lot left to do before we take this proposal to the Government of Alberta, I am very excited about the initiative and what it will enable the professions to do.

Finally, I would like to briefly say thank you to the two leaders driving much of APEGA’s change. Carol Moen, P.Eng., Registrar, and Heidi Yang, P.Eng., FEC, FGC (Hon.), Director, Member Services, are making extraordinary efforts to review how APEGA does its business in order to make us more effective. As the leader of our Regulatory Group, Ms. Moen has done an outstanding job of starting to overhaul APEGA’s registration system, close out almost all of APEGA’s remaining appeals and explore new ways for us to be a more effective regulator. In Member Services, Ms. Yang has conducted a fundamental review of what APEGA does to support its Members. I am confident that in both cases, APEGA will continue to evolve and improve.

New people bring a new perspective. I am very satisfied that 2014 saw key leaders settle in and drive the essential process of rejuvenation. I have every confidence that in 2015 we will start to see the benefits of this new influx of energy, and that APEGA will continue to evolve and improve. APEGA is a great institution. With the sustained support of our Members, the Government of Alberta, and our highly motivated team of employees and volunteers, we aspire to be even better. It continues to be a privilege to serve as your Chief Executive Officer.

-Mark Flint, P.Eng.
Legislative Review Timeline

The *Engineering and Geoscience Professions Act* is undergoing its first major review since the 1980s. Consultation and revision are now underway and scheduled to continue into 2019.
Legislative Review

April 2017 AGM

Member and stakeholder consultation

Government presented proposed new EGP Act for consideration and possible approval

Spring 2018

Report on proposed regulation changes

Intermediate report to Members and Permit Holders

April 2018 AGM

April 2019 AGM

Approval of repeal and replacement of new bylaws

*This step occurs if the Government of Alberta has approved the new EGP Act
Membership Breakdown By Designation

*Provisional Licensees have completed all requirements for becoming a Professional Member except one year of equivalent Canadian experience

**Professional Licensees are qualified to take responsibility for their work within restricted scopes of practice

***Foreign Licensees have met all the requirements for Professional Engineering or Geoscience but do not have permanent resident or citizenship status in Canada

NOTE: The above graph does not represent membership in three categories – Exam Candidates, Students and APEGA Student Advantage Program (ASAP) members
Registration Activity

*At end of each quarter (includes all previous carryover)
Application Processing Times

*CEAB applicants are graduates from programs accredited by the Canadian Engineering Accreditation Board

**Days measured to first Board of Examiners decision from date of submission of complete application
Regulatory Investigations

Cases are referred to the APEGa Discipline Committee for a full hearing or for consideration of a Recommended Discipline Order (RDO), or they are dismissed. An RDO is a proposed agreement on facts, findings and orders between APEGa and the Member or Members under investigation. If the Discipline Committee accepts an RDO, it has the same force and standing as a Discipline Committee decision.

Appeal Board Outcomes

*Sent to discipline for hearing
**Overview**

APEGA’s Member Services motto is Enriching the Member Experience. From those words stem plans to ensure all our services are relevant to Members’ needs, wherever they are on their career path.

To make sure we’re accomplishing this to the best of our abilities, APEGA began refocusing its delivery of services to Members in 2014. The process continues into 2015.

Highlights of this refocusing effort are

- Rejuvenating engagement with Branches across Alberta
- Improved programming in all areas of Member Services
  - **Professional Development** – align offering with Members’ needs, and APEGA’s expectations and needs; complement APEGA’s mandatory Continuing Professional Development requirements
  - **Product Services** – emphasize quality not quantity to ensure relevant products are available to Members
  - **Mentoring** – expand into rural Branch locations and improve categories of mentorship to meet Member needs beyond soft skills
  - **Outreach** – focus activities on allowing youth to experience the exciting possibilities in careers in engineering and geoscience
  - **University Outreach** – focus events and programs on leadership skill development, networking opportunities and ethics
  - **Member Recognition** – make recognition more meaningful to more Members

**Career Lifecycle**

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<th>18–28</th>
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<td>7–12</td>
<td><strong>Undergraduate Student</strong></td>
<td><strong>Member-in-Training</strong></td>
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</table>

▲ **Choosing Professions**

▲ **Graduation Ring Workshop**
More About APEGA Events and Member Recognition

In 2014, APEGA continued its focus on Members by improving ways to recognize them as they achieved various career milestones.

Events span the career lifecycle of Members, beginning with the moment they first become engaged with science, technology, engineering and math.

From

Outreach – allowing youth to experience the excitement of science and math

University – connecting students to their future Association, and providing opportunities to network and learn more about their future careers

Ethics Workshops and Luncheons – helping introduce university graduates to their professional futures

Professional Member Induction Ceremonies – celebrating the attainment of professional status

Volunteer Recognition Dinners – celebrating the contributions of some of the 1,200 volunteers who help APEGA perform its duties

Life Member Dinners – celebrating careers well spent

26–50+

Professional Member

Member Induction

Life Member
More About Mentoring

The APEGA Mentoring Program has been Enriching the Member Experience since 2004. The program has traditionally focused on the transfer of work-related soft skills from more-experienced to less-experienced Members.

Ten years later, we’re looking at expanding into more categories of mentorship and building upon an already strong and successful program.

- We work with 225 matched mentoring pairs in Edmonton, Calgary and Red Deer. An additional 160 mentors and proteges have registered for the program but await training
- 50 per cent of our mentors and proteges are internationally educated
- 25 per cent are women
- Seven per cent are Professional Geoscientists or Geoscientists-in-Training

We are now expanding the program into rural areas and moving into other kinds of mentoring, such as

- Career planning
- Entrepreneurship
- Support for achieving Professional Member status
- Application and exam guidance
Summit 2014

The APEGA Summit 2014, APEGA’s annual conference, delivered
• professional development seminars
• the Summit Awards® Gala – highlighting our professions' best and brightest
• a forum for interaction on APEGA business during our Annual General Meeting and luncheon
• social and networking opportunities

Summit Awards® 2014 Recipients

Honorary Life Membership Award
Colin Yeo, P.Geo., FGC, FEC (Hon.)

Research Excellence Award
Dr. Biao Huang, P.Eng.

Frank Spragins Technical Award
Satinder Chopra, P.Geoph., FGC

Excellence in Education Award
Dr. David Pattison, P.Geol.

Early Accomplishment Award
Claire Ennis, P.Eng.

Community Service Award
Mark Bellamy, P.Eng., FEC, FGC (Hon.)

Outstanding Mentor Award
Lorna Harron, P.Eng.

Women in Engineering and Geoscience Champion Award
Gail Powley, P.Eng.

Environment and Sustainability Award
ENMAX Energy Corporation

Project Achievement Award
Laricina Energy’s Saleski Pilot Project
General Public Survey

Professionals Provide Benefits to Albertans

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<tr>
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NOTES

*In 2011, Professional Geoscientists were categorized as Professional Geologists and Professional Geoscientists. This percentage is an average of the percentages from the two designations.

- 2014 results collected on behalf of APEGA by Ipsos Reid in an online survey of 801 adult Albertans in November
- Data considered representative of the Alberta population and accurate to within plus or minus 3.5 percentage points, 19 times out of 20
- 2014 data gathered from questions centring on perceptions and awareness of APEGA and the APEGA professions. This graph represents a small portion of full results
- 2011 data also collected on behalf of APEGA by Ipsos Reid
**Member Survey**

How would you rate APEGA’s performance on each of the following roles or activities?

4 or 5 on a scale of 1 (Very Poor) to 5 (Excellent)

- **Self-regulation**: 89% (2014), 86% (2011)
- **Discipline**: 82% (2014), 75% (2011)
- **Licensing**: 80% (2014), 79% (2011)
- **Public Interest**: 80% (2014) (not asked)
- **Practice Guidelines**: 67% (2014), 62% (2011)

**NOTES**

- 2014 results gathered on APEGA’s behalf by Ipsos Reid from mid-November to early December
- Survey hyperlink distributed in email invitations to Professional Members who had previously agreed to receive email from APEGA
- 7,518 Professional Members or 15 per cent of those who received the survey completed it
- Results considered accurate to within plus or minus 1.1 percentage points, 19 times out of 20
- 2014 data gathered from questions centring on Member knowledge of and satisfaction with APEGA and its roles. This graph, representing a small portion of full results, excludes Don’t Know responses
- Comparison is to similar data collected in 2011
- 2011 data also collected on behalf of APEGA by Ipsos Reid
Council

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

In 2014 Council continued to improve its governance. This is important to the public interest because it clearly establishes the boundaries between operational concerns and governance. This separation allows elected and public members to provide guidance and direction to the organization, and to focus on the longer-term goal of improving self-regulation.

APEGA Council has undertaken to have its new councillors attend training for not-for-profits offered by the Institute of Corporate Directors. This decision has already led to improved discussions through a common understanding of governance, and to very inclusive and engaging debates on Council matters.

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

We wish to thank long-serving public members Gary G. Campbell, QC, and Fred Stewart, QC. As our predecessors, they forged a relationship of respect with Council and a legacy of strong public voices helping govern APEGA.

Ross J. Harris, FCA, ICD.D
Robert Lloyd, QC
Mary Phillips-Rickey, CA

*Public Members*
Reports of Public Members

Board of Examiners

We are appointed by the Government of Alberta to the APEGA Board of Examiners (BOE) to ensure that the board discharges its registration responsibility in a fair, transparent and equitable manner. Our role also includes making sure the BOE addresses the principal concern of public safety and meets the public’s expectation of high professional standards.

A number of initiatives were taken in 2014 to respond to an unprecedented increase in applications. For example, the BOE initiated an in-depth review of its own governance policies and processes, centring on succession planning and performance reviews of its members. In addition

- A new character reference procedure has been implemented
- Work on the revision of the current work experience record is continuing
- Evidence for English Language Competence was revised
- Outsourcing for technical exams was initiated
- The idea of a policy committee was developed (this became a reality in 2015)

We have every confidence that the BOE will continue to carry out its responsibilities in an exemplary fashion, to the credit of APEGA.

The increasing volume of applications for professional licensure continues to place a strain on APEGA staff and on the board. The demanding and rigorous review of individual applications is an intense and time-consuming process. The chair, the academic and experience examiners on the BOE, and Registration Department staff continue to perform their duties with distinction, focusing on the fundamental principle of public safety and the public’s expectation of high standards. It is our opinion that the board, supported by a diligent and hard-working staff, is meeting current challenges without compromise in quality service to the profession and is upholding the interests of the general public.

We support APEGA’s review of short- and long-term institutional plans related to the BOE, as long as the work of the board is not jeopardized or compromised. In this regard, APEGA and BOE should be very clear as to their responsibilities. The BOE should be responsible for ensuring that applicants meet the components necessary for registration. For components that are outsourced and especially components that contribute or form part of the requirement for meeting a standard, it is imperative that they are of superior quality. Likewise, if the BOE uses components for a different purpose for which they were intended, it is necessary for the BOE to ensure that doing so does not compromise the intended purpose.

As public members we continue to have complete confidence in the positive outcomes of the evaluation process of standards and accreditation policies in which we are engaged. We recognize that these standards and policies are a significant contributor to the achievement of excellence within Professional Engineering and Geoscience, and that they benefit all Albertans.

Ernest Skakun, PhD
Laura Schuler, LL.B, LL.M, ICD.D
Lucien Villeneuve, MA

Public Members
Joint Board of Examiners

The Joint Board of Examiners is in its fourth year of existence. Its main focus is to consider applications for registration under the designation and title of Professional Technologist (P.Tech.).

Professional Technologists work within a scope of practice designated by the board. They practise independently, in accordance with established methodologies in engineering and geoscience, and they have the authority to sign off and stamp work within their prescribed scope of practice.

They are members of the Association of Science and Engineering Professionals of Alberta (ASET). Although APEGA is involved in their regulation, they are not APEGA Members.

The board meets every two months. In 2014, we considered more than 180 applications for the P.Tech. designation.

As the public member I can state how well and collaboratively members of the board have worked. Each member has demonstrated that the interest and safety of the public are of foremost concern.

I enjoy working with my board colleagues. I have every confidence that the board will continue to carry out its responsibilities in an exemplary fashion, to the credit of both associations.

Steven Jewell, LL.M., DPL

Public Member
Reports of Public Members

Practice Review Board

The primary role of the Practice Review Board (PRB) for APEGA is ensuring that APEGA Members and applicants for membership meet or exceed standards for practice in Alberta. The board's members volunteer their time to review and adjudicate each case. The PRB’s APEGA Members use their professional experience and commitment to excellence to ensure public safety.

The majority of the work for 2014 was conducted between the seven meetings of the board. A total of 252 cancellations from practice were processed, for reasons ranging from non-compliance with Continuing Professional Development requirements to non-payment of dues to voluntary withdrawal. There were also 71 resumptions of practice.

As the public member on the PRB, I continued to be impressed by the thoroughness of the reviews and the board's regard for the public interest.

Paul Byrne, PhD

Public Member
Investigative Committee

I am very pleased to provide my annual report on activities of the APEGA Investigative Committee.

An ongoing issue has been the length of time it takes to see an investigation through to completion. However, some very progressive changes in committee procedures are in the works to speed up this process.

Also, the hiring of more APEGA investigative staff should really help. Volunteers can only do so much; they have their own employers to satisfy.

I continue to be impressed with APEGA’s support and the ongoing contribution of time and knowledge of the volunteer members of the committee. I look forward to another productive year as the member representing the public on the Investigative Committee.

Having public members on committees contributes to the very positive reputation APEGA enjoys.

Gordon Graydon

Public Member
Reports of Public Members

**Discipline Committee**

As the public member of the APEGA Discipline Committee, I bring a perspective from outside the APEGA professions to the discipline process. It is my job to look critically at the work the committee does and to do my best in ensuring the public interest is well served.

In 2014, I have been provided the documentation for Recommended Discipline Orders (RDOs). An RDO is an agreed way forward in a discipline case that avoids the necessity of a full hearing. A Member being disciplined agrees to charges, facts, orders and penalties, and the resulting RDO then has the same standing and force as the decision of a full hearing.

I can say without hesitation that the documents I’ve reviewed demonstrate rigour and thoroughness. The public is well served, because disciplined Members receive appropriate orders and penalties, detailed descriptions of how they erred, and clear explanations of why they are being disciplined.

Hearings are carried out by panels of the full committee. I sat in on one of these hearings. I listened to submissions and participated in discussions of the case. The process was fair and thorough. My input was sought and I believe it influenced some of the outcomes.

From what I have observed, the public interest is well served by a fair and impartial discipline process, through the APEGA Discipline Committee.

**Muriel Dunnigan**

*Public Member*
**Appeal Board**

APEGA made strong efforts in 2014 to eliminate a backlog of appeals and reduce the time it takes to complete the appeal process. Each appeal begins with a notice of appeal. This is followed by a hearing. After the board reaches a decision, the decision is released to the appellant and the APEGA Member or Members under investigation.

Nine Appeal Board hearings were held during the year, all under Section 51 of the *Engineering and Geoscience Professions Act*.

- Several cases involved members of the public appealing decisions by the Investigative Committee not to advance matters to the discipline process. In one case, homeowners believed a Professional Engineer was unskilled in practice in his assessment of the quality of the footings and foundation for their new home. They also believed he was unprofessional in conduct in his alleged communications with a contractor. In another case, a member of the public believed a Professional Engineer under contract to a county had demonstrated unskilled practice in assessments for the placement of a waste disposal site. In still another, several homeowners believed a Professional Engineer and his employer were unskilled in practice and unprofessional in their conduct in assessing alleged damage to house foundations caused by a city contractor pounding pipe into the ground. In these three cases, the Appeal Board upheld the Investigative Committee’s decisions.

- In another case, a condo owner believed a Professional Engineer demonstrated unskilled practice in the design and assessment of a contractor’s work in an arguably failed foundation repair. A further case had a member of the public allege that individual engineers and their employing firms had engaged in unskilled practice and unprofessional conduct in the placement of a solid overhead sign post in a median on a major roadway. The Appeal Board sent these two cases to the Discipline Committee.

- Other cases involved one Member alleging another Member had violated the Rules of Conduct in the *APEGA Code of Ethics*. In one of these cases, a Professional Engineer appealed an Investigative Committee decision not to advance a case to the discipline process. The case involved the actions of another Professional Engineer, whom the appellant believed had not provided a skilled assessment of the quality of a foundation and the construction of a new log home. In another, a Professional Engineer alleged that another Professional Engineer and the engineering company both of them had been employed by had engaged in unskilled practice and unprofessional conduct in the design of oil processing equipment. In these two cases, the Appeal Board upheld decisions of the Investigative Committee.

While these brief summaries do not reveal underlying issues, virtually every case demonstrated the need for clear communications among Professional Engineers and those they serve. Also, clear, written contracts that include the scope of work are essential. Within companies, clear, current Professional Practice Management Plans are critical.

The Appeal Board maintains the highest level of professionalism and ethics in its work in meeting APEGA’s responsibilities as a self-regulating body. APEGA staff is thorough in the preparation of documents and in covering relevant information in pre-hearing reviews, as well as in the discussions following hearings.

The Appeal Board has served Alberta’s public interest well during the past year, and I am pleased to continue to work on behalf of the public.

**Harold Neth**

*Public Member*
MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of The Association of Professional Engineers and Geoscientists of Alberta ("APEGA" or "the Association") and all the information in the 2014 APEGA Annual Report are the responsibility of management.

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

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

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

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

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

Mark Flint, P.Eng. Dirk Kuntscher, CMA
Chief Executive Officer Finance Manager
INDEPENDENT AUDITORS’ REPORT

To the Members of the
Association of Professional Engineers and Geoscientists of Alberta

We have audited the accompanying financial statements of The Association of Professional Engineers and Geoscientists of Alberta, which comprise the statement of financial position as at December 31, 2014 and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Auditors’ responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of The Association of Professional Engineers and Geoscientists of Alberta as at December 31, 2014, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Canada
March 19, 2015
Ernest & Young LLP
Chartered Accountants
Financial Statements

The Association of Professional Engineers and Geoscientists of Alberta

STATEMENT OF FINANCIAL POSITION
As at December 31
(in thousands of dollars)

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<tr>
<td></td>
<td><strong>23,792</strong></td>
<td><strong>22,024</strong></td>
</tr>
</tbody>
</table>

| LIABILITIES AND NET ASSETS |       |       |
| Current                   |       |       |
| Accounts payable and accrued liabilities | 2,029 | 1,220 |
| Prepaid dues and fees     | 8,651 | 8,987 |
|                      | **10,680** | **10,207** |
| Deferred lease inducement | 1,632 | 9     |
|                      | **12,312** | **10,216** |

<table>
<thead>
<tr>
<th>Commitments [note 7]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes

On behalf of Council:

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

Mark Flint, P.Eng.  
Chief Executive Officer
The Association of Professional Engineers and Geoscientists of Alberta

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31
(in thousands of dollars)

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

See accompanying notes
# Financial Statements

**The Association of Professional Engineers and Geoscientists of Alberta**

## STATEMENT OF OPERATIONS

Year ended December 31  
(in thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dues</td>
<td>16,446</td>
<td>15,537</td>
</tr>
<tr>
<td>Registration fees</td>
<td>1,850</td>
<td>1,770</td>
</tr>
<tr>
<td>General</td>
<td>1,742</td>
<td>2,192</td>
</tr>
<tr>
<td>Permit fees</td>
<td>1,508</td>
<td>1,485</td>
</tr>
<tr>
<td>Examination fees</td>
<td>1,462</td>
<td>1,606</td>
</tr>
<tr>
<td>Realized investment income</td>
<td>1,264</td>
<td>542</td>
</tr>
<tr>
<td>Grants</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>24,272</td>
<td>23,137</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>10,132</td>
<td>8,699</td>
</tr>
<tr>
<td>Meetings</td>
<td>2,635</td>
<td>2,693</td>
</tr>
<tr>
<td>Consulting</td>
<td>2,104</td>
<td>1,953</td>
</tr>
<tr>
<td>General (Schedule)</td>
<td>2,062</td>
<td>2,023</td>
</tr>
<tr>
<td>Office rent and parking</td>
<td>1,567</td>
<td>1,493</td>
</tr>
<tr>
<td>Amortization of tangible capital and intangible assets</td>
<td>1,035</td>
<td>833</td>
</tr>
<tr>
<td>Professional fees</td>
<td>870</td>
<td>624</td>
</tr>
<tr>
<td>Public awareness</td>
<td>813</td>
<td>670</td>
</tr>
<tr>
<td>Pension benefit costs</td>
<td>808</td>
<td>790</td>
</tr>
<tr>
<td>National assessment CCPE/CCPG</td>
<td>791</td>
<td>781</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>664</td>
<td>537</td>
</tr>
<tr>
<td>Printing and stationery</td>
<td>638</td>
<td>686</td>
</tr>
<tr>
<td>Postage and courier</td>
<td>539</td>
<td>516</td>
</tr>
<tr>
<td>Examination administration</td>
<td>297</td>
<td>530</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>24,955</td>
<td>22,828</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenues over expenses</strong></td>
<td><strong>(683)</strong></td>
<td><strong>309</strong></td>
</tr>
<tr>
<td><strong>Unrealized investment gain</strong></td>
<td><strong>269</strong></td>
<td><strong>2,124</strong></td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenues over expenses</strong></td>
<td><strong>(414)</strong></td>
<td><strong>2,433</strong></td>
</tr>
</tbody>
</table>

*See accompanying notes*
The Association of Professional Engineers and Geoscientists of Alberta

STATEMENT OF CASH FLOWS
Year ended December 31
(in thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received from members</td>
<td>21,350</td>
<td>20,686</td>
</tr>
<tr>
<td>Cash received from general revenues</td>
<td>1,896</td>
<td>2,245</td>
</tr>
<tr>
<td>Cash received from grants</td>
<td>—</td>
<td>5</td>
</tr>
<tr>
<td>Cash paid for salaries and benefits and pensions</td>
<td>(9,837)</td>
<td>(7,969)</td>
</tr>
<tr>
<td>Cash paid for materials and services</td>
<td>(13,050)</td>
<td>(14,390)</td>
</tr>
<tr>
<td><strong>Cash provided by operating activities</strong></td>
<td>359</td>
<td>577</td>
</tr>
</tbody>
</table>

| **INVESTING ACTIVITIES**       |        |        |
| Purchases of tangible capital assets | (4,921) | (567) |
| Purchases of intangible assets   | (494)  | (291)  |
| Proceeds from realized investment income | 1,264  | 542    |
| Reinvestment of realized investment income | (627)  | (533)  |
| Purchases of investments from excess operating cash | (650)  | —      |
| Proceeds from dispositions of investments | 4,074  | —      |
| Proceeds from lease inducement   | 1,688  | —      |
| **Cash provided by (used in) investing activities** | 334    | (849)  |

Increase (decrease) in cash and cash equivalents  693  (272)
Cash and cash equivalents, beginning of the year  336  608
Cash and cash equivalents, end of the year  1,029  336

See accompanying notes
## SCHEDULE OF GENERAL EXPENSES

Year ended December 31  
(in thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miscellaneous and general</td>
<td>523</td>
<td>433</td>
</tr>
<tr>
<td>Bank and credit card service charges</td>
<td>476</td>
<td>504</td>
</tr>
<tr>
<td>Member insurance program</td>
<td>370</td>
<td>347</td>
</tr>
<tr>
<td>Office materials</td>
<td>192</td>
<td>207</td>
</tr>
<tr>
<td>Telephone and data line</td>
<td>130</td>
<td>102</td>
</tr>
<tr>
<td>Seals and stamps</td>
<td>120</td>
<td>87</td>
</tr>
<tr>
<td>Awards</td>
<td>110</td>
<td>95</td>
</tr>
<tr>
<td>Certificates and diplomas</td>
<td>50</td>
<td>131</td>
</tr>
<tr>
<td>Insurance</td>
<td>49</td>
<td>35</td>
</tr>
<tr>
<td>Public relations</td>
<td>23</td>
<td>36</td>
</tr>
<tr>
<td>Contribution to APEGA Education Foundation [note 8]</td>
<td>18</td>
<td>37</td>
</tr>
<tr>
<td>Government relations</td>
<td>1</td>
<td>9</td>
</tr>
</tbody>
</table>

**Total Expenses:** 2,062 2,023

*See accompanying notes*
The Association of Professional Engineers and Geoscientists of Alberta

NOTES TO FINANCIAL STATEMENTS
December 31, 2014
(dollar amounts in thousands)

1. NATURE OF THE ORGANIZATION
The Association of Professional Engineers and Geoscientists of Alberta [“APEGA”] is incorporated under the Engineering and Geoscience Professions Act of Alberta with the mission of serving the public interest by regulating the practices of engineering and geoscience in Alberta, by providing leadership for our professions, and by upholding our members in their professional practices. As a not-for-profit organization under the Income Tax Act (Canada), APEGA is not subject to income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES
These financial statements were prepared in accordance with Part III of the Chartered Professional Accountants of Canada Handbook – Accounting standards for not-for-profit organizations, which sets out generally accepted accounting principles for not-for-profit organizations in Canada [“GAAP”], and include the significant accounting policies summarized below.

Revenue recognition
APEGA follows the deferral method of accounting for contributions, which include grants and donations. Grants are recognized in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations are recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized.

Specific revenue recognition policies include the following:
[a] Dues and permit fees are set annually by Council and recognized as revenue proportionately over the fiscal year to which they relate.
[b] Registration fees are recognized when received.
[c] Examination fees are recognized when the examination is presented.
[d] General revenue is recognized when the related services are provided or goods are shipped.

Investment income, which includes interest, dividends, and realized and unrealized gains and losses, is recorded in the statement of operations.

Cash and cash equivalents
Cash and cash equivalents include cash on hand and short-term investments with periods to initial maturity of less than 90 days.

Financial instruments
Investments are recorded at fair value. Transactions are recorded on a trade-date basis and transaction costs are expensed as incurred.

Other financial instruments, including accounts receivable and accounts payable and accrued liabilities, are initially recorded at fair value and subsequently measured at amortized cost.
Financial Statements

The Association of Professional Engineers and Geoscientists of Alberta

NOTES TO FINANCIAL STATEMENTS

Tangible capital assets
Tangible capital assets are recorded at acquisition cost. Contributed tangible capital assets are recorded at fair value at the date of the contribution. Amortization is determined using the straight-line method over the estimated useful lives of the assets as follows:

- Computer hardware: 4 years
- Leasehold improvements: Lease term
- Audio/Visual equipment: 5 years
- Furniture and equipment: 10 years

Intangible assets
Intangible assets are recorded at acquisition cost. Contributed intangible assets are recorded at fair value at the date of the contribution. Amortization is determined using the straight-line method over the estimated useful lives of the assets as follows:

- Computer software: 4 years
- Membership database: 6 years
- Outreach website: 1 year
- Reviewers portal: 6 years

Leases
Leases are classified as capital or operating leases. Leases that transfer substantially all of the benefits and risks incident to the ownership of property are classified as capital leases. All other leases are accounted for as operating leases, wherein rental payments are expensed as incurred.

Lease inducements
Tenant lease inducements are recorded as a liability and amortized on a straight-line basis over the term of the lease.

Defined contribution pension plan
APEGA closed entry to the defined benefit pension plan at December 31, 2012 and initiated a new defined contribution pension plan for employees commencing after January 1, 2013, with a plan start date of July 1, 2013. Contributions to the defined contribution pension plan are recognized on the accrual basis. Total contribution expense for the year ended December 31, 2014 was $133 [2013 – $74].

Defined benefit pension plan
APEGA accounts for its defined benefit pension plan using the immediate recognition method. APEGA recognizes the amount of the accrued benefit obligation, net of the fair value of any assets measured at the year end date, adjusted for any valuation allowance, in the statement of financial position. The accrued benefit obligation for the pension plan is determined based on an actuarial valuation report prepared for funding
The Association of Professional Engineers and Geoscientists of Alberta

NOTES TO FINANCIAL STATEMENTS

purposes, which is required to be prepared at least on a triennial basis. During those years where an actuarial valuation is not prepared, APEGA estimates the obligation.

The annual current service and finance costs of the defined benefit pension plan are recorded as pension benefit costs in the statement of operations. Remeasurements and other items, which include the difference between the actual return on plan assets and the return, calculated using the annual discount rate, actuarial gains and losses, past service costs and gains and losses arising from settlements and curtailments, are recorded as pension remeasurements and other items in the statement of changes in net assets.

Contributed materials and services
Contributed materials and services are not recognized in the financial statements.

Foreign currency translation
Investments in foreign currencies have been translated into Canadian dollars at year-end exchange rates. Revenues and expenses have been translated at the average rate of exchange during the year. Foreign exchange gains and losses are included in the statement of operations.

Use of estimates and key judgments
The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related amounts of revenue and expenses, and disclosure of contingent assets and liabilities. The most significant estimates made by management include the allowance for doubtful accounts, the estimated useful lives of tangible capital and intangible assets, and assumptions used in the valuation of pension benefit obligations. Actual results could differ from those estimates.

3. TANGIBLE CAPITAL ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated amortization</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>1,028</td>
<td>743</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>6,188</td>
<td>1,589</td>
</tr>
<tr>
<td>Audio/Visual equipment</td>
<td>755</td>
<td>533</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>1,031</td>
<td>737</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,002</strong></td>
<td><strong>3,602</strong></td>
</tr>
</tbody>
</table>
NOTES TO FINANCIAL STATEMENTS

4. INTANGIBLE ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th></th>
<th>2013</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated amortization</td>
<td>Net carrying value</td>
<td>Cost</td>
</tr>
<tr>
<td>Computer software</td>
<td>310</td>
<td>270</td>
<td>40</td>
<td>297</td>
</tr>
<tr>
<td>Membership database</td>
<td>3,596</td>
<td>2,861</td>
<td>735</td>
<td>3,215</td>
</tr>
<tr>
<td>Outreach website</td>
<td>142</td>
<td>142</td>
<td>—</td>
<td>142</td>
</tr>
<tr>
<td>Reviewers portal</td>
<td>172</td>
<td>156</td>
<td>16</td>
<td>172</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,220</strong></td>
<td><strong>3,429</strong></td>
<td><strong>791</strong></td>
<td><strong>3,826</strong></td>
</tr>
</tbody>
</table>

5. INVESTMENTS

Investments consist of fixed income and equity-based instruments. The investment portfolio, managed by a third party investment manager, is subject to an investment policy set by Council. APEGA's primary investment objective is the preservation of capital. Fixed income investments, consisting of federal, provincial, and corporate bonds, are capable of prompt liquidation. The equity-based investments are widely held and diversified, and are traded on a regular basis at the discretion of the investment manager.

<table>
<thead>
<tr>
<th></th>
<th>2014 $</th>
<th></th>
<th>2013 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed income</td>
<td>5,817</td>
<td>6,349</td>
<td></td>
</tr>
<tr>
<td>Canadian equity funds</td>
<td>4,185</td>
<td>5,569</td>
<td></td>
</tr>
<tr>
<td>International equity funds</td>
<td>4,762</td>
<td>5,374</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14,764</strong></td>
<td><strong>17,292</strong></td>
<td></td>
</tr>
</tbody>
</table>

Fixed income securities have terms maturing between one and eleven years and yields between 0.80% and 3.90%.

6. DEFINED BENEFIT PENSION PLAN INFORMATION

<table>
<thead>
<tr>
<th></th>
<th>2014 $</th>
<th></th>
<th>2013 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Defined benefit pension plan surplus</strong></td>
<td></td>
<td>[restated – note 10]</td>
<td></td>
</tr>
<tr>
<td>Plan assets at fair value</td>
<td>17,415</td>
<td>15,563</td>
<td></td>
</tr>
<tr>
<td>Accrued benefit obligations</td>
<td>(16,226)</td>
<td>(14,226)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,189</strong></td>
<td><strong>1,337</strong></td>
<td></td>
</tr>
</tbody>
</table>
The Association of Professional Engineers and Geoscientists of Alberta

NOTES TO FINANCIAL STATEMENTS

Contributions to the plan by APEGA during the year were $574 [2013 – $1,305] and by employees were $352 [2013 – $371]. Benefit/termination payments from the plan during the year were $626 [2013 – $862].

The significant actuarial assumptions adopted in measuring APEGA’s accrued benefit obligation and pension benefit costs include an annual discount rate of 5.75% [2013 – 6.0%], an annual rate of return on plan assets of 5.75% [2013 – 6.0%], an annual rate of salary increase of 4% [2013 – 4%] and an annual inflation rate of 2.5% [2013 – 2.5%].

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

7. COMMITMENTS

APEGA is committed to lease agreements relating to its office premises in Edmonton and Calgary, as well as certain office equipment. Minimum future lease payments under the agreements are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$1,930</td>
</tr>
<tr>
<td>2016</td>
<td>1,934</td>
</tr>
<tr>
<td>2017</td>
<td>2,061</td>
</tr>
<tr>
<td>2018</td>
<td>2,071</td>
</tr>
<tr>
<td>2019</td>
<td>2,091</td>
</tr>
<tr>
<td>Thereafter</td>
<td>9,736</td>
</tr>
<tr>
<td>Total</td>
<td>19,823</td>
</tr>
</tbody>
</table>

8. RELATED PARTY TRANSACTIONS

APEGA is related to the APEGA Education Foundation [the “Foundation”] as membership in the Foundation can occur only on the recommendation of APEGA’s council.

During the year APEGA’s contributions to the Foundation of $18 [2013 – $37] were funded by:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$18</td>
</tr>
<tr>
<td>2013</td>
<td>$16</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct contributions</td>
<td>18</td>
<td>16</td>
</tr>
<tr>
<td>Summit Awards</td>
<td>—</td>
<td>21</td>
</tr>
<tr>
<td>Total</td>
<td>18</td>
<td>37</td>
</tr>
</tbody>
</table>

The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. FINANCIAL INSTRUMENTS

APEGA is exposed to various financial risks through transactions in financial instruments.

Credit risk
Credit risk arises from the potential that a counterparty will fail to perform its obligations. APEGA is exposed to credit risk from accounts receivable. In the normal course of business, APEGA evaluates the financial condition of its members and customers on a continuing basis and reviews the credit worthiness of all new applicants.
An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. APEGA has a significant number of members which minimizes concentration of credit risk.

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, APEGA manages exposure through its normal operating activities. APEGA is exposed to interest rate risk primarily through its fixed income investments. The fair value of these investments could be significantly impacted by a change in interest rates.

**Liquidity risk**

APEGA is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. APEGA's financial instruments include cash and cash equivalents, accounts receivable, investments, and accounts payable and accrued liabilities.

**Currency risk**

Currency risk is the risk to APEGA's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. APEGA is exposed to foreign currency exchange risk on cash and investments held in U.S. dollars. APEGA does not use derivative instruments to reduce its exposure to foreign currency risk.

### 10. CHANGE IN ACCOUNTING POLICY

During the year, APEGA retroactively adopted a new accounting policy, choosing to measure the defined benefit pension obligations using the discount rate from the most recently completed funding valuation. Previously a separate accounting basis was used to measure the defined benefit pension obligations.

As a result of the retroactive adoption of this accounting policy, pension benefit costs expense in the statement of operations has decreased from $1,665 to $790, and remeasurements and other items in the statement of changes in net assets have decreased from $3,970 to $942, for the year ended December 31, 2013. Pension benefits costs and other charges of $5,840 applicable to years prior to 2013 have been applied to increase the opening net assets balance as at January 1, 2013.

The impact of the change in accounting policy on net assets as at December 31, 2013 is summarized below:

<table>
<thead>
<tr>
<th>Description</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative effect of change prior to January 1, 2013</td>
<td>5,840</td>
</tr>
<tr>
<td>Reduction in 2013 pension benefit costs expense</td>
<td>865</td>
</tr>
<tr>
<td>Reduction in pension remeasurements and other items</td>
<td>(3,028)</td>
</tr>
<tr>
<td>Net increase in net assets at December 31, 2013</td>
<td>3,677</td>
</tr>
<tr>
<td>Net assets at December 31, 2013, before change</td>
<td>8,131</td>
</tr>
<tr>
<td>Net assets at December 31, 2013, after change</td>
<td>11,808</td>
</tr>
</tbody>
</table>
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