APEGA Annual Report | 2016

STRENGTHENING OUR FOUNDATION
About APEGA

APEGA regulates the practices of engineering and geoscience in Alberta through the *Engineering and Geoscience Professions Act*.

APEGA, our Members, and our Permit Holders — companies and other organizations that practise engineering, geoscience, or both — have a shared commitment to public safety and well-being through self-regulation. Serving the public interest is our privilege and our responsibility.

We are the largest organization of self-regulated professionals in Western Canada. Our Members work in diverse sectors, contributing significantly to the economy and enhancing the quality of life Albertans and others enjoy.

APEGA licenses individuals and companies that seek to practise engineering, geoscience, or both in Alberta. Applicants and companies that meet APEGA's standards for ethical, professional, and technical competency earn the right to practise and use reserved titles and designations. Members and Permit Holders are required to maintain APEGA's standards, keep current, and develop themselves professionally for as long as they practise the APEGA professions.
The Bow River Pedestrian Bridge has earned multiple awards for APEGA Permit Holder Fast + Epp and the company’s partner in the project, StructureCraft Builders of Delta, B.C. The bridge, with an 80-metre clear span, is an important link in the Town of Banff for foot and emergency traffic crossing the Bow River. Designed to blend into the natural beauty of Banff National Park, the bridge has received awards from the Canadian Design Build Institute, Wood Design & Building North America, the Association of Consulting Engineering Companies-Canada, the Institution of Structural Engineers in the U.K., and others.

-Photo by Paul Zizka
When my term as President began in April 2016, APEGA’s Council and senior staff leaders were already aware that our regulatory and other statutory functions needed to become more robust and proactive. Some of our systems and approaches required an update. Others needed to be completely re-examined. The difficult work to address these issues had begun, with full support from Council, and we were confident that we were making progress.

To continue strengthening our foundation while addressing these improvements would likely require new resources. Council was not willing to simply layer new spending on top of existing programs, so a major reprioritization of spending was undertaken, recognizing that the primary source of additional money, if required, would be Member and Permit Holder dues.

As 2016 unfolded, world and national events, reports, and decisions placed even greater pressure on our Members and inevitably on us. The need for a greater emphasis on preventive approaches to meeting APEGA’s regulatory mandate remained clear. In the meantime, our world has experienced major political transformations that were not widely predicted.

Skepticism directed at experts and expertise has reached a new high-water mark, and our professional and regulatory communities are not exempt. Two words reflect this distrust: Brexit and Trump. In each case, most experts recommended one outcome — and the people (or at least their majority voting systems) chose another. Because self-regulation in Canada is built upon a foundation of expertise, APEGA is vulnerable to the effects of societal shifts like these.

Our professions embrace scrutiny with full confidence that our self-regulation provides the most effective model for protecting public safety and public interest. Because of the remarkable commitment of our Member volunteers, we offer society the benefit of having those making decisions about Members’ practices being those who also best know what is required to practise our professions with excellence. We do this at no cost to taxpayers.

Despite the clear advantages of our self-regulatory model, Canada has seen at least two direct challenges to self-regulation of our professions. Both came from within the establishment, not from outside it, and both speak to the need for more regulatory rigour.

The Government of Quebec placed the Ordre des ingénieurs du Québec (OIQ) under trusteeship. The reason for this move is that OIQ had not, in the province’s opinion, responded adequately to regulatory recommendations from Justice France Charbonneau, after the inquiry investigating corruption in the awarding and management of public construction contracts.

Closer to home, the Office of the Auditor General in B.C. said that the regulation of mining is “overly reliant” on qualified professionals, including engineers and geoscientists. Those comments stem from an investigation of a tailings pond failure at the Mount Polley Copper Mine. The Government of B.C. itself found the statement unsubstantiated, but that was a powerful critique from an authoritative public body.

In 2016 we learned that we need to keep heading in the direction APEGA had already decided upon. We need to strengthen APEGA’s core capability while demonstrating to the public and the Government of Alberta that we are taking responsible actions to make sure our Members practise their professions ethically and competently. Unfortunately, our Members faced the highest unemployment levels endured by APEGA professionals in at least 35 years.
Faced with these difficult circumstances, Council approved dues increases — which began taking effect in 2017 — for Members and Permit Holders. We made our budget decisions after considerable deliberation, during which we first asked staff to examine our expenditures in greater detail than staff had any other time in recent memory. Only after substantial operational savings were identified was Council prepared to consider an increase in dues.

After three months of working with senior staff leaders, we came up with a major shift of spending to catch up on a number of foundational investments in support of our regulatory needs — while keeping the dues increase as small as possible for individual Members.

About 25 per cent of the dues increase for individual Members was necessary to allow APEGA to expand its dues reduction policy for unemployed Members to two years from one. Council viewed this as a reasonable request to make of our employed Members to aid their unemployed colleagues.

For Permit Holders, the dues structure had not been accurately reflecting the regulatory burden on APEGA since creation of this category, making a fundamental and substantial change necessary. This major restructuring should serve APEGA realistically into the future.

The story of 2016, really, is about facing the worst economic times in Alberta in a generation, without ignoring the challenges of sustaining the privilege of effective self-regulation that serves the public interest. APEGA must be capable of weathering continued change for the foreseeable future. Members and Permit Holders must contribute so we can meet, in a sustainable fashion, our responsibility to uphold public safety and serve the public interest — as we are obliged to do under the Engineering and Geoscience Professions Act.

The year 2016 was a challenging one, demanding many difficult decisions for APEGA and our elected Council. I firmly believe that we are doing the right things for the right reasons. I am immensely proud of the dedication that our volunteers on all our statutory boards and committees, our Council, and our staff have shown towards the successful performance of APEGA. Together, we are ensuring that our professions continue to be leaders in our society.
When someone is named interim anything, inferences are easily drawn. The role and expectation is that things will be kept on course. Business as usual. Don’t expect a lot of change. Or this one: interim means part time, on top of other responsibilities in the organization that she can’t ignore.

Well, as the Interim CEO of APEGA for more than half of 2016, let me say definitively that mine was not a part-time job. It was full time and then some. I am certainly not complaining. It has been an incredible experience in terms of personal, professional, and leadership development. I stepped into the Interim CEO position with complete confidence that things would continue to run smoothly in the group I left (Member Services), knowing that we have the management depth to backfill.

There was a business-as-usual element to my interim position. We needed to stay on course after the major disruption of our CEO’s departure, given that many initiatives were well underway — registration renewal, legislative review, redevelopment of our mentoring program, improvements to our information technology, and much more. All of them were worthwhile and none deserved to be orphaned.

It’s the other actions, however, that defined the year. Staff had to face some cold, hard truths. Council wanted us to continue along the path of becoming a better regulator. But we were required to do so while minimizing the impact on Member dues.

In the end, Council approved a budget that increased 2017 Member dues to $360 from $324. In better economic times, an increase of this size would have been an easier pill to swallow. However, the increase was not made without a lot of thought and deliberations.

APEGA’s senior leaders made difficult changes and cuts to arrive at that number. We knew the increase wouldn’t be popular, but the need to become a better and more proactive regulator could not be ignored.

First, a few things about the increase itself. About $9 of it will pay for a second year of dues reductions for our unemployed Members. Also for unemployed Members, we’ve continued to discount fees for professional development.

Second, in a two-phase launch beginning in 2017, Permit Holder dues are tied to the number of Professional Members employed. The bigger the Permit Holder, in terms of Professional Members, the higher the dues. Over a period of many years, the dues structure for permits had fallen behind, not even covering what was needed to regulate Permit Holders. The fee increase is intended to reflect the actual amount of effort expended, as we deliver on improvements necessary to make APEGA a stronger regulator and meet our legislative obligations.

We’ve made difficult choices to get to this point. In 2016 we made a fundamental shift in our approach to what we do, how we do it, and how we allocate resources. We decided to continue to investing
heavily in becoming a better regulator. We’ve made cuts in other areas, found new efficiencies, and changed our budgeting approach.

We discontinued the print version of our Member magazine, The PEG. We discontinued some programs completely and found ways to run others at less cost. For the second year in a row, we froze staff salaries. Many APEGA events have been scaled back or eliminated. If an activity was not regulatory or otherwise required in our legislation, before keeping or cancelling it we seriously questioned whether it was necessary.

What will Members see from this change in focus? Better, more current, and more appropriate regulatory guidance and professional development. More consistency — we’ll be redefining auditing practices for professional practice and Permit Holder reviews, and setting standards, guidelines, and bulletins to support the success of our Members in their careers. More proactive regulation and action in compliance, professional practice, and investigations. All of this reinforces our mission to effectively regulate the practices of engineering and geoscience to serve the public interest of Alberta. And ultimately, our professionals can be more engaged in and more proud of their regulatory organization than ever before.

Based on the good evidence all around me at APEGA, I am confident that those words represent our future. I am pleased and honoured to hand over this strengthened foundation and renewed outlook to Jay Nagendran, P.Eng., QEP, BCEE, who begins leading APEGA as our new Registrar & CEO in April 2017.

It has been my utmost privilege and honour to serve APEGA and its Members as Interim CEO. I can’t thank APEGA’s Council enough for having the confidence and trust in me to appoint me to this role. For their full support, thank you to APEGA’s senior leaders, the rest of the management team, and the entire staff. We accomplished a lot and we accomplished it together.

We made a fundamental shift in our approach to what we do, how we do it, and how we allocate resources.
The first major overhaul of APEGA’s governing legislation in three decades moved closer to completion in 2016, with the conclusion of the fourth of five rounds of stakeholder consultations. This major, multi-year effort is designed to strengthen APEGA’s regulatory foundation by:

- providing Members and Permit Holders* better tools and more clarity to practise their professions
- giving the legislation explicit authority to better protect the public
- improving the effectiveness and efficiency of APEGA as a regulator

Many of the topics in the 2016 consultations focused on the professional practices of Members and Permit Holders and how they are regulated. Proposed recommendations looked at clearer and more effective authority, responsibilities, and tools.

Among specific areas examined were:

- Practice Review Committee and practice reviews
- mandatory Continuing Professional Development program
- creative sanctions
- authentication practices
- management of statutory proceedings
- responsibilities of Permit Holders and their Responsible Members**
- professional liability insurance
- investigator and practice reviewer authorities
- definition, work products, and exemptions for Professional Geoscience

The 2016 consultations built upon proposed recommendations from the year before. Areas covered in 2015 included modernizing investigations, increasing...
maximum fines and penalties, formalizing the mobility of discipline orders to other jurisdictions, and adjusting membership categories.

After each consultation round, APEGA’s Council discussed, approved, and sometimes amended proposed recommendations. We published Council’s responses on apegalegislativereview.ca, along with detailed reports on comments we received (We’re Listening reports), endorsed proposed recommendations, and other information and background.

**Strong Engagement**

Throughout the consultation process, we’ve reached out to Members, Permit Holders, and other stakeholders in a variety of ways.

Stakeholders have shared their input through:

- face-to-face meetings
- surveys
- email
- webinars
- videoconferences

To reach grassroots Members in their own communities, volunteers organized events and shared information on the legislative review throughout the province. These volunteers are known as the champions collaborative.

*In Alberta, companies that practise engineering, geoscience, or both require a Permit to Practice. These corporate Members of APEGA are called Permit Holders.*

**Responsible Members — Professional Members of APEGA — are designated to ensure that the Permit Holders they work for meet the ethical, professional, and technical standards required of the engineering and geoscience professions.**

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**REVIEWING THE NUMBERS**

(cumulative to end of 2016)

<table>
<thead>
<tr>
<th>4</th>
<th>Rounds of legislative review consultation sessions (spring and fall). Stakeholders shared their input on legislative change through • face-to-face meetings • surveys • email • webinars • videoconferencing</th>
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<td>4,100</td>
<td>Stakeholders who participated in consultation sessions</td>
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<tr>
<td>3,524</td>
<td>Stakeholders who completed legislative review surveys</td>
</tr>
<tr>
<td>200</td>
<td>Proposed legislative changes under consideration</td>
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<td>40</td>
<td>Professional Engineers and Geoscientists who make up the champions collaborative, a group of professionals engaging Members and Permit Holders in the legislative review process and leading discussions on proposed changes</td>
</tr>
<tr>
<td>80</td>
<td>Proposed recommendations examined during consultations and endorsed by Council</td>
</tr>
<tr>
<td>7</td>
<td>Communities where in-person consultation sessions were held — Calgary, Edmonton, Fort McMurray, Grande Prairie, Lethbridge, Lloydminster, and Red Deer</td>
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**Submit EGP Act — General Regulation to Government of Alberta, June 2017**

**APRIL 2018 AGM**

Status update to Members and Permit Holders

**APRIL 2019 AGM**

Approval of repeal and replacement of new bylaws

Government presents proposed new EGP Act for consideration and possible approval spring 2018

Proposed new Act proclaimed fall 2018

This section represents APEGA’s hoped-for schedule — timeline is dependent on Government of Alberta actions.
Registration is a life-changing transition for applicants to professional status and self-regulation. It’s also critical to APEGA’s role of serving the public interest, because we must be certain that applicants have the appropriate education, experience, English-language competency, and ethical and professional knowledge required for professional practice.

Which brings us to registration renewal — one of the most complex and important projects of recent APEGA history. This project gives potential new Members of APEGA, along with staff and our Board of Examiners*, better, more modern, and easier-to-use tools as they fulfill their requirements and perform their duties.

Designed to improve the efficiency and effectiveness of processing applications, this four-year project is scheduled for completion in late 2017.

Other = Restricted Practitioners, Examinees, Students, University Students, and Honorary Members.

Geoscientist-in-Training = Geoscientists-in-Training, Provisional Licensees (Geo.)

Engineer-in-Training = Engineers-in-Training, Provisional Licensees (Eng.)

Professional Member (Geo.) = Professional Geoscientists, Professional Licensees (Geo.), Licensees (Geo.), Life Members (Geo.)

Professional Member (Eng.) = Professional Engineers, Professional Licensees (Eng.), Licensees (Eng.), Life Members (Eng.)

The slowing Alberta economy continued to affect the numbers of applications in all membership categories, with total applications decreasing by about 30 per cent over 2015. Applications for Engineer-in-Training (E.I.T.) decreased by about 25 per cent, and transfers of E.I.T.s from other provinces decreased by more than 40 per cent. As existing E.I.T.s were licensed as Professional Engineers and not completely replaced through new applications, a net decline resulted in the total number of E.I.T. Members. There was not, however, a similar effect on geoscientist membership categories.
In 2016, APEGA experienced an increase in the proportion of applications from graduates of Canadian engineering programs and a decrease in the proportion of applications from graduates of international engineering programs. We reduced the average processing time for internationally trained applicants by initiating the use of World Education Services to verify engineering degrees for the Board of Examiners. The average processing time for applications from Canadian engineering programs, however, increased for a short period. This was because of efforts by the Board of Examiners and staff to improve overall application processes and staffing. We expect both Canadian and international application times will improve through 2017.

For internationally trained applicants, one year is the current processing target set by the Government of Alberta and the Forum of Labour Market Ministers. But the target will soon be reduced to six months.

*APEGA’s Board of Examiners establishes admission standards for the engineering and geoscience professions in Alberta. The volunteers who sit on the board also consider the qualifications of individual applicants against those standards and, when applicable, approve licensure.
Accomplishments listed and explained below were all implemented as part of the registration renewal project in 2016.

**World Education Service (WES).** WES is an international academic credentialing agency. International graduates must obtain a WES report prior to applying for licensure. A WES report gives us a high degree of confidence in academic credentials and provides a standard, translated presentation of courses, credits, and grades for assessment. The adoption of WES in 2016 reduced international application processing times by an average of 65 days.

**Competency Self-Assessment Worksheet (CSAW).** This automated form is a self-assessment tool. Live in 2016 to help applicants, it will also support our new competency-based assessment system, which will be introduced for all engineering applications in 2017. Right now, the worksheet allows applicants to document their competencies in preparation for completing their work experience record. The full competency-based system will make it easier for APEGA to assess when a person is ready for independent, unsupervised work.

**Character Declaration eForm.** An automated electronic form, this allows applicants to quickly and securely answer questions necessary to establish good character, a requirement for licensure under the *Engineering and Geoscience Professions Act*. Previously, the character declaration was made on a paper form, which was then emailed or faxed to APEGA. Automation improves efficiency and provides security of personal information.

**Inter-Provincial Mobility Application eForm.** This automated form allows engineers and geoscientists already licensed in other jurisdictions to complete their transfer application quickly and securely. It has reduced the processing time for mobility applicants from several weeks to several days.

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### Total Active Corporate Permits to Practice

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<th>Year</th>
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</tr>
<tr>
<td>2013</td>
<td>4506</td>
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<tr>
<td>2014</td>
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<td>2015</td>
<td>4569</td>
</tr>
<tr>
<td>2016</td>
<td>4554</td>
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</table>

APEGA licenses companies that practise engineering, geoscience, or both in Alberta. Difficult economic times in the province are reflected in a decline since 2014 in these licences, called Permits to Practice.

Responsible Members (RMs) in permit-holding companies help oversee the regulation of the Professional Engineering and Professional Geoscience they practise. The total number of RMs has also declined since 2014, from 8,140 to 7,880.
A move towards more computer-based examinations is further enhancing APEGA’s improved confidence in the results of exams, which are critically important tools in the assessment and confirmation of knowledge and education in applicants.

Computer-based testing is convenient and efficient. Candidates have multiple testing locations to choose from and they receive results quickly. Computer-based testing also allows us to use advanced security tools to analyze results and uncover and prevent cheating.

The successful delivery of about 7,000 exams a year to applicants and Professional Members is no small task for APEGA. Below are brief descriptions of the exams offered.

The National Professional Practice Examination (NPPE). This computer-based exam confirms knowledge of professionalism, law, regulation, and ethics. All applicants for professional membership must pass it before they can practise.

Since the migration of the NPPE to computer-based testing in October 2015, incidents of cheating uncovered through collusion detection techniques have dropped to zero. Also, illegal sharing of exam content on websites and chat forums has dropped dramatically. This security improvement increases our confidence in the validity of results.

Exams offered through two U.S. organizations — the National Council of Examiners for Engineering and Surveying (NCEES) and the National Association of State Boards of Geology (ASBOG). Passing NCEES exams (almost all of which are computer based) or ASBOG’s paper-based exams is often necessary as a first step towards practising in the U.S.

NCEES and ASBOG exams are used in another way, too — each organization has an exam that APEGA’s Board of Examiners may assign to confirm technical knowledge before an applicant becomes a Professional Member in Alberta.

Other technical exams. Based on university courses, paper-based technical exams confirm the quality, depth, and breadth of an engineering or geoscience degree.

Computer exam is far better than paper based.”
“Test is well structured, covers in great and fair length the proposed subjects.”
“Excellent questions and covered the critical ethics scope of knowledge.”
“Great experience.

—Comments from NPPE Exam Participants

End-of-Exam Satisfaction
computer-based National Professional Practice Examination

Taking the NPPE was a positive experience

Please rate your experience with exam centre personnel

Please rate your experience with quality of computer equipment

95.05% to 94.45% (strongly agree and agree)

99.18% to 98.64% (excellent and good)

98.48% to 96.65% (excellent and good)
Public Member Report

To be competent means that engineers and geoscientists have the knowledge, skills, judgment, and attitudes to practise their professions in a safe, effective, and efficient manner. Their practice should not compromise public safety.

Activities of the Board of Examiners make sure APEGA Members start their Alberta professional lives with this level of competence. The public is represented in the process by a public member or members.

Requirements for practice consist of discipline-specific academics, experience, English language competency, good character, and legal, ethical, and professional knowledge. BOE members review whether applicants have met these five components to an acceptable standard.

The chair, the academic and experience examiners on the BOE, and staff of the APEGA Registration Department continue to perform their duties diligently, focusing on the fundamental principle of public safety and the public’s expectation of high standards. Regular communication from the Registrar and the President is much appreciated.

Throughout 2016, the board and the staff continued to work on policies and procedures, academic assessment, and competency-based assessment. Several observations emerge.

First, it is essential that the BOE develop a process that provides better assurance that applicants are meeting the same requirement to the same standard. Currently, applicants can meet academic requirements in different ways. Suggestions that every applicant pass the same comprehensive engineering or geoscience exams should be pursued.

Second, applicants assigned courses can sometimes have them waived because of experience. Public members of the board, however, believe that experience should not compensate for academic deficiency. A competency-based assessment model should resolve this issue.

The third and final observation concerns numbers of BOE members and meetings. More quantitative assessments should lead to examiners reviewing only those applications that present uncertainties. There would be no need for members to review applications that clearly meet all the requirements or applications that clearly fall short. Registration staff would review them instead.

Obviously, such a transition in roles and responsibilities requires further study and review. But the building blocks are coming together, and it is encouraging to see that the BOE is embracing improvements in policies and procedures.

Ernest N. Skakun, PhD
APEGA’s compliance role involves non-Members and non-Permit Holders operating against provisions in the *Engineering and Geoscience Professions Act*. These situations include:

- violating restrictions on use of title or designations
- holding out as qualified to practise
- practising without a licence

Only Members and Permit Holders can legally use terms like engineer and geoscientist in ways that suggest to the public that they can practise. Use and publication of the title P.Eng., for example, by someone not qualified are use-of-title and holding-out violations. A non-Permit Holder claiming on its website that it offers geoscience services is also holding out as qualified to practise.

And regardless of how they portray themselves, individuals and companies can’t legally practise engineering or geoscience in Alberta unless they are licensed to do so.

*Numbers fluctuate from year to year, depending on resource allocations.*

*The Untouched category is new — cases are no longer considered open or active until they’ve been worked on.*
Because of ongoing metrics development, numbers in each category have been thoroughly reviewed and in some cases adjusted.

Cases put before APEGA’s Investigative Committee concern allegations against Members and Permit Holders. Five different outcomes are possible.

1. Mediated — the complaint is settled with the assistance of a mediator.
2. Withdrawn — the complaint is withdrawn.
3. Terminated — the investigation is closed because of insufficient evidence of unskilled practice, unprofessional conduct, or both.
4. Recommended Discipline Order — the investigated Member or Permit Holder admits to unskilled practice, unprofessional conduct, or both, and details of the admission and proposed penalties are presented to the Discipline Committee.
5. Sent to Discipline Hearing — the matter is referred to the Discipline Committee for a formal hearing.

In light of the size of APEGA’s membership, the numbers of complaints against Members and Permit Holders are modest. But complaints are also time consuming and complex. Could we simplify and improve this process to better serve all stakeholders?

The answer to that question is yes, APEGA learned in 2016. Soon after accepting a working group’s report on the matter, we began putting the report’s recommendations into practice.

In 2015 we created the working group, appointing Professional Members, APEGA staff, and legal counsel. The group examined the processes of APEGA’s Investigative Committee to ensure that they were:

• thorough and efficiently conducted
• fully compliant with the Engineering and Geoscience Professions Act (EGP Act)
In April 2016, the Investigative Committee accepted the working group’s report. Within it are recommendations to streamline the investigative process and improve how the committee communicates with complainants, and Members and Permit Holders under investigation, while complying with the *EGP Act*.

Some process steps not required by the Act have been eliminated. Some administrative tasks have also been delegated to staff. Both these moves should speed up investigations and reduce delays.

We’ve created brochures to help complainants and Members and Permit Holders under investigation better understand the process and what they can expect.

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**Public Member Report**

The year 2016 was another one of changes and improvements involving APEGA’s Investigative Committee. With more trained, professional investigators available and more changes to procedures taking place, the committee will continue to improve its service to the public.

The length of time it takes to address a complaint continues to come down and some legacy files are being closed. As a member representing the public, this has been a concern since I joined the committee six years ago, so I am pleased to see progress.

Alternating between video and face-to-face meetings and between Calgary and Edmonton will allow for more convenient participation by the public member.

As my second three-year term ends in early 2017, I would like to express my gratitude for having been appointed by the Government of Alberta as a member of the Investigative Committee. I have met many dedicated staff and Member volunteers, and I will always admire the skill and dedication that they brought to the table.

APEGA’s reputation as a first-class organization continues, and I leave with confidence that the public will continue to be well served.

*Gordon Graydon*
Discipline Cases

numbers at yearend

<table>
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<th></th>
<th>Opened</th>
<th>Decisions Rendered</th>
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<tr>
<td>2016</td>
<td>20</td>
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Complaints that have not been mediated, terminated, or withdrawn result in discipline decisions, either through a recommended discipline order (RDO)* or a formal hearing.

APEGA Members and Permit Holders are required to practise engineering and geoscience skillfully, ethically, and professionally. They must meet all prescribed requirements and follow all applicable legislation and regulations.

Ensuring that Members and Permit Holders are disciplined when they fail to meet these obligations is critical to APEGA’s role as a regulator. Investigation and enforcement — followed by, when necessary, judgment based on a fair hearing of the facts — are requirements in our service to the public interest.

In 2016, APEGA opened 20 discipline cases and rendered 16 discipline decisions, either through actual hearings or through the acceptance of recommended discipline orders (RDOs)*. That’s a significant increase from the year before, reflecting the streamlining and increased robustness that’s occurred in the investigative process. Also, we added enforcement staff and increased the number of Member volunteers on the Discipline Committee to build capacity and improve efficiency.

In another 2016 improvement, APEGA made discipline decisions and RDOs more accessible to stakeholders by posting them online, along with order status — either outstanding or completed. Five years of decisions are now available on apega.ca, improving our transparency and openness.

*An RDO is an agreement on the facts of a case and the sanctions to be imposed.
Public Member Report

In 2016, APEGA strongly supported the Discipline Committee in its efforts to fulfill its role in as robust a way as possible. Practices of the committee have been reviewed to ensure fairness, consistency, and transparency, relating to the actions of the committee itself and of individual members as they participate in its different functions. At quarterly meetings of the full committee, the agenda always includes an educational component.

Each committee member has a strong allegiance to APEGA and strives to ensure that APEGA Members uphold the reputation of the professions through sound practices. The lens used is one of upholding the principles of the Association, while addressing the safety and well-being of the public and the reputation of the professions. The opportunity for increased communication among Members on the Discipline Committee has resulted in such beliefs being more openly articulated.

The committee has two major roles. One is to have APEGA Members on the committee make sure that sanctions recommended by the Investigative Committee are undertaken. The other is the striking of and participation on hearing panels.

When a matter being investigated is sent to the Discipline Committee for a formal hearing, a panel is named from its Professional Members. The public member may sit on such a panel as a full-fledged panel member. Having such representation is particularly important in those cases that address the issue of public safety and professional conduct. The public member needs firsthand knowledge that the interests of the public are considered.

An outcome of an overall review of practices within the Association is that the number of formal hearings increased in 2016.

Through my experience on this committee, I know how seriously APEGA takes its responsibility to address the conduct and skills of its Members, which is supported in the regular review of committee practices.

I have enjoyed working with APEGA Members on this committee and with the staff of the Association. This has been a particularly enriching year for me as the public member, as I have taken part in the refreshing of APEGA practices. I know that the well-being of the public is a foremost consideration.

Muriel Dunnigan

The lens used is one of upholding the principles of the Association, while addressing the safety and well-being of the public and the reputation of the professions.
APPEALS

Appeals
number of cases by year*

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<th>Active Appeals</th>
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<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>2016</td>
<td>3</td>
<td>6</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

APEGA has expanded and improved reporting categories for appeals outcomes since publishing the 2015 Annual Report. Therefore, numbers and categories published then (for 2014 and 2015) do not match numbers and categories published in 2016.

*Each 2016 appeal decision was rendered in fewer than 200 days.

APPEAL BOARD

Public Member Report
APEGA continued to work at and achieve success in reducing appeal process times. Following are details of cases heard in 2016.

In one case, a developer alleged that an engineering company failed to meet contractual obligations. The company provided documentation for a development permit that the developer believed would include enough detail to construct the entire project. The developer later learned that the drawings were to be issued in phases. This was a case of a developer not completely understanding the construction documentation process. The Appeal Board upheld the Investigative Committee decision of insufficient evidence of unskilled practice or unprofessional conduct.

In a particularly complex case, APEGA’s Investigative Committee and an engineering company appealed the Discipline Committee’s sanctions against the company. The committee also appealed sanctions against a Professional Engineer under contract to the company. The engineer allowed use of his stamp and signature for improperly issued fire alarm system verifications.

The Appeal Board agreed with the Investigative Committee that sanctions were unreasonably lenient and increased the fines. The board also varied the Discipline’s Committee’s decision on redress of fire alarm verifications. The board directed APEGA staff to review letters sent by double-registered mail and the company to employ a process server to affix notices on front doors of premises with certificates in question. Other sanctions were also imposed.
In a third case, a Professional Engineer and former owner of an oilfield exploration company alleged that another engineer had used his work without permission and was not qualified to produce technical information for a report on an oilfield. The Appeal Board upheld the Investigative Committee decision of insufficient evidence of unskilled or unprofessional practice.

The Appeal Board did not agree with the Investigative Committee in a fourth case, referring a matter to the Discipline Committee. A Professional Engineer allegedly developed his own company using his employer’s equipment and client contacts. It was also alleged that he was working on a new method to detect pipeline corrosion, using company resources to do so but without having informed his employer.

In a written submission case, the Appeal Board upheld, on two counts, the decision of the Investigative Committee of insufficient evidence of unskilled practice or unprofessional conduct. A Professional Engineer alleged that a supervising Professional Engineer was unqualified to oversee his work. The complainant also alleged that the company was unprofessional in terminating his contract at the end of the project.

In another case, a Board of Examiners ruling against the enrolment of an applicant as a Professional Geoscientist was appealed. The Appeal Board agreed with the Board of Examiners that the appellant did not meet educational requirements in the General Regulation of the Engineering and Geoscience Professions Act. Not meeting requirements under the student category meant that the applicant’s work experience was not considered, either. It was determined that even a large number of short courses are not equivalent to two years of post-secondary education.

These summaries reveal only some of the issues that came before the board. Clear communications, clear, written contracts with scope-of-work details, and clear, current Professional Practice Management Plans help prevent complaints.

APEGA and the Appeal Board have met the responsibilities of self-regulation and served Alberta’s public interest well during the past year. I am pleased to be working on the public’s behalf.

*Harold Neth*
Mentoring is widely recognized as a powerful tool for sharing knowledge, supporting career development, and helping people adapt and grow professionally. Mentoring also offers a great opportunity for our Members to give back to professions they love and value — in a direct and personal way — by sharing what they have learned in their professional practice.

Many mentees who join our program have received their engineering or geoscience training outside of Canada. Our program helps these newly qualified (and often mid-career) Members adapt to the Canadian workplace.

The importance of mentoring is something APEGAl has long recognized. Our formal mentoring program has flourished since it began in 2005. Even so, in early 2016 we pressed the pause button on the program, instituting a nine-month hiatus from making new mentor-mentee matches.

The reason? Manual matching was no longer an effective or efficient way to create lasting and productive mentor and mentee pairs. The future of Professional Engineering and Professional Geoscience requires a strong foundation of competent Members, which mentoring helps build. We knew we could serve Members better.

We researched and sourced solutions. Finding the most suitable mentor-mentee matching software, we developed in-house orientation sessions and enhanced our mentoring webpages — to get our new and improved program ready for use.

The online matching system went live for Members in Calgary and Edmonton in October 2016. We plan to expand mentoring to Members in our other branches in 2017.

Customized mentoring partnerships are now often created within several days of participants attending an orientation session. The system also promotes ownership, because participants select their own partners. That translates into a timely and more precise service for participants.

That’s good for APEGAl, our Members and Permit Holders, our professions — and, ultimately, Alberta.

"It was a great 12 months. I couldn’t ask to have been paired with a better mentor. Although my goals changed significantly from start to finish, my mentor always asked the right thought provoking questions that led me to make better decisions for myself."

-Mentee
Mentoring 2016

ACTIVELY MATCHED PARTICIPANTS

Mentors 162* | Mentees 170**

*134 additional mentors in the system were trained and ready to be matched
**Why is this number larger than the mentor number? Because some mentors are matched with more than one mentee

Mentors and Mentees Combined

- 26% Mentees
- 74% Mentors
- 10% Geoscience designations
- 90% Engineering designations

EVENT NUMBERS

- 10 Orientation
- 4 Employment Seminars
- 3 Mentor Recruitment Dinners

AVERAGE PARTICIPANT SATISFACTION

- Events: 4.5/5 stars (100 responses)
- Program: 4.8/5 stars (173 responses)

“Having a mentoring relationship through APEGA is meaningful. You get a completely new perspective from someone outside of your job and other activities, and it often results in some great new insights.”

-Mentor
A more attractive, less cluttered, and easier-to-navigate APEGA website arrived on the screens and devices of our stakeholders in 2016. The all-new apega.ca is the culmination of a ground-up rebuild of a site that was almost a decade old.

We started with better, more useful, and more readable content, organized it from the perspective of our users, and designed simpler, cleaner, and more attractive pages. Information and online processes are easier to find, understand, and follow, and the site is navigable on all browsers, tablets, smart phones, and computers.

What does that mean? Our extremely low bounce rate suggests that most of the users who visit our new site are there for a reason, finding something that meets at least some of their needs.

Two outside organizations honoured us with 2016 awards for the redevelopment project. We received an award of merit from the Canadian Society of Association Executives and a standard of excellence award, non-profit, from the Web Marketing Association, which receives entries from throughout the world.

This level of success is not a surprise. The planning and research phase of the project had already convinced us we were getting it right. Before we started the actual rebuild, we:

- audited existing content and reviewed other websites
- analyzed data on where and how visitors use our site, including the browsers and devices they use
- listened to volunteers as they performed website tasks and searched for content
- conducted card-sorting exercises with volunteers, learning how audiences categorize our different roles and the information we provide, and learning which words and phrases resonate with them and which do not
- interviewed key staff on their needs and their impressions of the user experience

A unique user is a specific combination of device and browser. Bounce rate measures how often visitors come to a website and then leave without interacting with the website in a measurable way.
The APEGA Job Board, accessible through apega.ca, zeros in on engineering- and geoscience-related positions. This makes it easy for Members to find relevant listings and for employers to know that their postings reach the right audience.

Alberta’s economic downturn made our new job board a particularly critical need. Launched in January 2016, it serves employers and potential employees more effectively and efficiently than the one it replaces.

The APEGA Job Board is simple to use and fully searchable. Users find opportunities specific to their professional designations and disciplines. And their searches can be refined with job locations and other keywords. Bookmarked postings are organized by application deadlines.

Employers are able to see the number of views their postings receive.

APEGA Job Board 2016

7,215 Members Registered
477 Employers Registered
766 Job Postings

Because of an economic downturn in Alberta, many more APEGA Members than usual experienced job losses in 2016 or continued to be unemployed. We assisted unemployed Members by
• offering reductions in dues of 75 per cent or more
• offering reductions in mandatory professional development hours
• discounting rates for APEGA professional development sessions
• referring them to external career and employment services

In the wake of the Fort McMurray wildfire, we offered residents of the area discounted rates for APEGA professional development sessions.
Our annual salary survey, called the Value of Professional Services, is one of APEGA’s most highly sought-after publications. It contains unbiased salary and benefits comparisons across a wide range of sectors in Alberta.

Each year, a summary of the survey is downloaded from apega.ca about 14,000 times.

Salary Survey Participation

<table>
<thead>
<tr>
<th>Year</th>
<th>Employers</th>
<th>Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>100</td>
<td>3,750</td>
</tr>
<tr>
<td>2013</td>
<td>150</td>
<td>7,500</td>
</tr>
<tr>
<td>2014</td>
<td>115</td>
<td>11,250</td>
</tr>
<tr>
<td>2015</td>
<td>160</td>
<td>15,000</td>
</tr>
<tr>
<td>2016</td>
<td>175</td>
<td>15,000</td>
</tr>
</tbody>
</table>
APEGA helps ensure Alberta’s engineering and geoscience future is in good hands. We inspire children by putting on fun and engaging engineering and geoscience events. We also add value to university students’ studies by connecting them to their future professions and employment sectors, and helping them develop skills they can use in their careers.

UNIVERSITY EVENTS

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Total Number</th>
<th>Volunteers</th>
<th>Volunteer Hours</th>
<th>Student Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNIVERSITY EVENTS</td>
<td>20</td>
<td>475</td>
<td>1,425</td>
<td>842</td>
</tr>
<tr>
<td>Kindergarten to Grade 12</td>
<td>31</td>
<td>451</td>
<td>3,158</td>
<td>3,461</td>
</tr>
</tbody>
</table>

KINDERGARTEN TO GRADE 12 PROVINCEWIDE EVENTS

- Science Olympics
- Rock and Fossil Clinic
- Career Presentations
- Rock and Mineral Presentations
- Science Nights
- Pi Challenge

Student Satisfaction Rating

Star Rating: 4/5

629 responses

Volunteers

475

Volunteer Hours

1,425

Student Participants

842

Science Olympics

Participant Schools: 97

School Return Rate From 2015: 75%

Science Olympics Student Enjoyment Rating

Star Rating: 3/5

321 responses
Our annual general meeting and conference included a gala that celebrated recipients of our premier annual awards. Collectively called APEGA Summit 2016, the event delivered:

- professional development sessions and networking opportunities
- a forum for interaction and discourse on key APEGA business, during the 97th APEGA Annual General Meeting
- the Summit Awards Gala, highlighting our professions' best and brightest, along with their amazing projects and success stories

In 2016, a new nomination process and promotional plan paid Summit Awards dividends, in the form of a 70 per cent jump in nominations received. Recipients in 2016 were:

- **Dr. J.J. Roger Cheng, P.Eng.**  
  Centennial Leadership Award

- **Dr. Jacques Georgy, P.Eng.**  
  Research Excellence Award

- **Dr. Kamal Botros, P.Eng.**  
  Frank Spragins Technical Award

- **Dr. Aminah Robinson Fayek, P.Eng.**  
  Excellence in Education Award

- **Leon Prebeau-Menezes, P.Eng.**  
  Early Accomplishment Award

- **Paul Bauman, P.Eng., P.Geoph.**  
  Community Service Award

- **Arden Spachynski, P.Eng.**  
  Outstanding Mentor Award

- **Calgary Women in Klohn Committee**  
  Women in Engineering and Geoscience Champion Award

- **Lourdes Lugue, P.Eng.**  
  Environment and Sustainability Award

- **South Red Deer Regional Wastewater System**  
  Project Achievement Award

- **Robin Gardiner**  
  Honorary Membership Award
Public Members Report

A requirement of self-regulation in Alberta is the appointment of public members to statutory and governing boards and councils by the provincial government. For APEGA, public members provide oversight of Council proceedings, especially as representatives of the public interest and public safety. APEGA Council public members participated during 2016 in meetings of Council and its working groups and committees.

We, the public members, bring to all deliberations an essential outside voice, the expertise of our professions, and our governance experiences.

During 2016, APEGA Council conducted many soul-searching discussions, demonstrating why APEGA is among Canada’s most respected regulators of the engineering and geoscience professions. The environment in Alberta and Canada for the professions is one of increased scrutiny, with traditional oversight being questioned in many jurisdictions. Risk management training will assist Council in evaluating risks in future projects and decisions. APEGA will continue becoming a more robust regulator.

Newly elected APEGA Councillors attend governance training offered by the Institute of Corporate Directors for not-for-profits. The training helps them participate early in their term in discussions through a common understanding of good governance processes.

APEGA’s review of the Engineering and Geoscience Professions Act, the legislation that empowers APEGA and Members as self-regulators, is ongoing. A redeveloped Act will reflect the changing business and regulatory environment of today and tomorrow, and the continued requirement for APEGA to serve the public interest.

To conclude, we’d like to thank Robert Lloyd, QC, for his exemplary service as a Council public member. Robert retired from Council in 2016, after two and a half years of APEGA service.

Ross J. Harris, FCA, ICD.D

Mary Phillips-Rickey, FCA, FCPA

The environment in Alberta and Canada for the professions is one of increased scrutiny, with traditional oversight being questioned in many jurisdictions.
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 2016 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.

Heidi Yang, P.Eng., FEC, FGC (Hon.)
Interim Chief Executive Officer

Pat Lobregt, FEC (Hon.), FGC (Hon.)
Director, Executive & Government Relations
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, 2016 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, 2016, 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 23, 2017

Ernst & Young LLP
Chartered Professional Accountants
## STATEMENT OF FINANCIAL POSITION

[dollar amounts in thousands]

As at December 31

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,529</td>
<td>1,567</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>710</td>
<td>1,242</td>
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<tr>
<td>Prepaid expenses</td>
<td>255</td>
<td>258</td>
</tr>
<tr>
<td><strong>Total Current</strong></td>
<td>2,494</td>
<td>3,067</td>
</tr>
<tr>
<td>Tangible capital assets [note 3]</td>
<td>5,280</td>
<td>5,169</td>
</tr>
<tr>
<td>Intangible assets [note 4]</td>
<td>1,156</td>
<td>888</td>
</tr>
<tr>
<td>Investments [note 5]</td>
<td>15,501</td>
<td>14,290</td>
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<tr>
<td>Defined benefit pension plan surplus [note 6]</td>
<td>823</td>
<td>534</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>25,254</td>
<td>23,948</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND NET ASSETS** |       |       |
| **Current**                   |       |       |
| Accounts payable and accrued liabilities | 980   | 863   |
| Government remittances payable | 97    | —     |
| Prepaid dues and fees         | 10,279| 10,766|
| Current portion of obligation under capital lease [note 7] | 34    | 32    |
| **Total Current**             | 11,390| 11,661|
| Deferred lease inducement     | 1,570 | 1,463 |
| Obligation under capital lease [note 7] | 66    | 100   |
| **Total Liabilities**         | 13,026| 13,224|
| **Commitments and contingencies [note 8]** |       |       |
| **Net assets**                |       |       |
| Internally funded tangible capital and intangible assets | 6,336 | 5,925 |
| Legislative renewal/website projects | 1,100 | 1,000 |
| Unrestricted                  | 4,792 | 3,799 |
| **Total Net Assets**          | 12,228| 10,724|
| **Total Liabilities and Net Assets** | 25,254| 23,948|

See accompanying notes

On behalf of Council:

**Dr. Steve E. Hrudey, P.Eng., FEC, FGC (Hon.), FCAE, FSRA**  
**Dr. Jeff DiBattista, P.Eng., MBA**
STATEMENT OF CHANGES IN NET ASSETS
[dollar amounts in thousands]
Year ended December 31

<table>
<thead>
<tr>
<th></th>
<th>Internally restricted</th>
<th>Internally funded tangible capital and intangible assets</th>
<th>Legislative renewal/ website projects</th>
<th>Unrestricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2016</strong></td>
<td></td>
<td>$5,925</td>
<td>$1,000</td>
<td>$3,799</td>
<td>$10,724</td>
</tr>
<tr>
<td>Balance, beginning of the year</td>
<td>6,191</td>
<td>—</td>
<td>—</td>
<td>(5289)</td>
<td>(11,480)</td>
</tr>
<tr>
<td>Excess of revenues over expenses</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,245</td>
<td>1,245</td>
</tr>
<tr>
<td>Pension remeasurements and other items</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>259</td>
<td>259</td>
</tr>
<tr>
<td>Transfers to legislative renewal/website projects</td>
<td>—</td>
<td>615</td>
<td>—</td>
<td>(615)</td>
<td>—</td>
</tr>
<tr>
<td>Transfers from legislative renewal/website projects</td>
<td>—</td>
<td>(515)</td>
<td>—</td>
<td>515</td>
<td>—</td>
</tr>
<tr>
<td>Purchases of tangible capital assets</td>
<td>903</td>
<td>—</td>
<td>(566)</td>
<td>(903)</td>
<td>(903)</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>(792)</td>
<td>—</td>
<td>792</td>
<td>—</td>
<td>—</td>
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<tr>
<td>Purchases of intangible assets</td>
<td>709</td>
<td>—</td>
<td>(709)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>(441)</td>
<td>—</td>
<td>441</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Repayment of capital lease obligation</td>
<td>32</td>
<td>—</td>
<td>(32)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Balance, end of the year</strong></td>
<td>6,336</td>
<td>1,100</td>
<td>4,792</td>
<td>12,228</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Internally restricted</th>
<th>Internally funded tangible capital and intangible assets</th>
<th>Legislative renewal/ website projects</th>
<th>Unrestricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2015</strong></td>
<td></td>
<td>$6,191</td>
<td>—</td>
<td>5,289</td>
<td>11,480</td>
</tr>
<tr>
<td>Excess of revenues over expenses</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(569)</td>
<td>(569)</td>
</tr>
<tr>
<td>Pension remeasurements and other items</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(187)</td>
<td>(187)</td>
</tr>
<tr>
<td>Transfers to legislative renewal/website projects</td>
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<td>1,813</td>
<td>—</td>
<td>(1,813)</td>
<td>—</td>
</tr>
<tr>
<td>Transfers from legislative renewal/website projects</td>
<td>118</td>
<td>(813)</td>
<td>695</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Purchases of tangible capital assets</td>
<td>366</td>
<td>—</td>
<td>(366)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>(768)</td>
<td>—</td>
<td>768</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Purchases of intangible assets</td>
<td>371</td>
<td>—</td>
<td>(371)</td>
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<tr>
<td>Amortization of intangible assets</td>
<td>(392)</td>
<td>—</td>
<td>392</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Repayment of capital lease obligation</td>
<td>39</td>
<td>—</td>
<td>(39)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Balance, end of the year</strong></td>
<td>5,925</td>
<td>1,000</td>
<td>3,799</td>
<td>10,724</td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes
**STATEMENT OF OPERATIONS**
[dollar amounts in thousands]
Year ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dues</td>
<td>18,500</td>
<td>17,749</td>
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<tr>
<td>Registration fees</td>
<td>1,761</td>
<td>2,030</td>
</tr>
<tr>
<td>Permit fees</td>
<td>1,741</td>
<td>1,753</td>
</tr>
<tr>
<td>General</td>
<td>1,541</td>
<td>1,721</td>
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<tr>
<td>Examination fees</td>
<td>1,503</td>
<td>1,345</td>
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<tr>
<td>Realized investment income</td>
<td>551</td>
<td>1,310</td>
</tr>
<tr>
<td>Grants</td>
<td>86</td>
<td>23</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25,683</td>
<td>25,931</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>11,487</td>
<td>11,400</td>
</tr>
<tr>
<td>Consulting</td>
<td>2,029</td>
<td>1,148</td>
</tr>
<tr>
<td>Office rent</td>
<td>1,970</td>
<td>1,962</td>
</tr>
<tr>
<td>General [Schedule]</td>
<td>1,853</td>
<td>2,315</td>
</tr>
<tr>
<td>Meetings</td>
<td>1,571</td>
<td>2,079</td>
</tr>
<tr>
<td>Amortization of tangible capital and intangible assets</td>
<td>1,233</td>
<td>1,160</td>
</tr>
<tr>
<td>Professional fees</td>
<td>1,056</td>
<td>1,050</td>
</tr>
<tr>
<td>National assessment CCPE/CCPG</td>
<td>846</td>
<td>833</td>
</tr>
<tr>
<td>Examination administration</td>
<td>723</td>
<td>362</td>
</tr>
<tr>
<td>Legislative review</td>
<td>515</td>
<td>695</td>
</tr>
<tr>
<td>Printing and stationery</td>
<td>470</td>
<td>686</td>
</tr>
<tr>
<td>Postage and courier</td>
<td>472</td>
<td>450</td>
</tr>
<tr>
<td>Pension benefit costs</td>
<td>469</td>
<td>627</td>
</tr>
<tr>
<td>Public awareness</td>
<td>351</td>
<td>688</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>122</td>
<td>330</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25,167</td>
<td>25,785</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Excess of revenues over expenses before unrealized investment gain (loss)</strong></td>
<td>516</td>
<td>146</td>
</tr>
<tr>
<td>Unrealized investment gain (loss)</td>
<td>729</td>
<td>(715)</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenues over expenses</strong></td>
<td>1,245</td>
<td>(569)</td>
</tr>
</tbody>
</table>

*See accompanying notes*
# STATEMENT OF CASH FLOWS

[Note: Dollar amounts are in thousands.]

**Year ended December 31**

<table>
<thead>
<tr>
<th>Activity</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received from members</td>
<td>23,636</td>
<td>24,096</td>
</tr>
<tr>
<td>Cash received from general revenues</td>
<td>1,541</td>
<td>1,721</td>
</tr>
<tr>
<td>Cash received from grants</td>
<td>—</td>
<td>168</td>
</tr>
<tr>
<td>Cash paid for salaries and benefits and pensions</td>
<td>(11,622)</td>
<td>(11,397)</td>
</tr>
<tr>
<td>Cash paid for materials and services</td>
<td>(12,790)</td>
<td>(14,910)</td>
</tr>
<tr>
<td><strong>Cash provided by (used in) operating activities</strong></td>
<td>765</td>
<td>(322)</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of tangible capital assets</td>
<td>(903)</td>
<td>(366)</td>
</tr>
<tr>
<td>Purchases of intangible assets</td>
<td>(709)</td>
<td>(489)</td>
</tr>
<tr>
<td>Proceeds from realized investment income</td>
<td>545</td>
<td>754</td>
</tr>
<tr>
<td>Reinvestment of realized investment income</td>
<td>—</td>
<td>(960)</td>
</tr>
<tr>
<td>Proceeds from dispositions of investments</td>
<td>—</td>
<td>1,960</td>
</tr>
<tr>
<td>Repayment of capital lease obligation</td>
<td>(32)</td>
<td>(39)</td>
</tr>
<tr>
<td>Proceeds from lease inducement</td>
<td>296</td>
<td>—</td>
</tr>
<tr>
<td><strong>Cash provided by (used in) investing activities</strong></td>
<td>(803)</td>
<td>860</td>
</tr>
<tr>
<td><strong>Increase (decrease) in cash and cash equivalents</strong></td>
<td>(38)</td>
<td>538</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of the year</td>
<td>1,567</td>
<td>1,029</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, end of the year</strong></td>
<td>1,529</td>
<td>1,567</td>
</tr>
</tbody>
</table>

See accompanying notes
## SCHEDULE OF GENERAL EXPENSES

[dollar amounts in thousands]

Year ended December 31

<table>
<thead>
<tr>
<th>Item</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank and credit card service charges</td>
<td>523</td>
<td>530</td>
</tr>
<tr>
<td>Member insurance program</td>
<td>363</td>
<td>351</td>
</tr>
<tr>
<td>Miscellaneous and general</td>
<td>225</td>
<td>335</td>
</tr>
<tr>
<td>Professional development</td>
<td>206</td>
<td>195</td>
</tr>
<tr>
<td>Office supplies</td>
<td>135</td>
<td>149</td>
</tr>
<tr>
<td>Telephone and data line</td>
<td>130</td>
<td>225</td>
</tr>
<tr>
<td>Seals and stamps</td>
<td>61</td>
<td>125</td>
</tr>
<tr>
<td>Insurance</td>
<td>48</td>
<td>62</td>
</tr>
<tr>
<td>Contributions to branches</td>
<td>45</td>
<td>27</td>
</tr>
<tr>
<td>Office equipment rentals</td>
<td>32</td>
<td>210</td>
</tr>
<tr>
<td>Awards</td>
<td>29</td>
<td>35</td>
</tr>
<tr>
<td>Memberships</td>
<td>27</td>
<td>32</td>
</tr>
<tr>
<td>Public relations</td>
<td>21</td>
<td>18</td>
</tr>
<tr>
<td>Certificates and diplomas</td>
<td>5</td>
<td>18</td>
</tr>
<tr>
<td>Government relations</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,853</strong></td>
<td><strong>2,315</strong></td>
</tr>
</tbody>
</table>

*See accompanying notes*
NOTES TO FINANCIAL STATEMENTS
[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 geosciences 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.

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: 4 years
- Reviewers portal: 6 years
- Website: 4 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, 2016 was $345 [2015 — $275].

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 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.
NOTES TO FINANCIAL STATEMENTS
[dollar amounts in thousands]

3. Tangible capital assets

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated amortization</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>$1,252</td>
<td>$1,006</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>$6,743</td>
<td>$2,439</td>
</tr>
<tr>
<td>Audio/visual equipment</td>
<td>$793</td>
<td>$668</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>$1,468</td>
<td>$863</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$10,256</td>
<td>$4,976</td>
</tr>
</tbody>
</table>

Furniture and equipment includes assets under capital lease with a cost of $171 [2015 — $171] and accumulated amortization of $34 [2015 — $17].

4. Intangible assets

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated amortization</td>
</tr>
<tr>
<td>Computer software</td>
<td>$511</td>
<td>$328</td>
</tr>
<tr>
<td>Membership database</td>
<td>$3,880</td>
<td>$2,996</td>
</tr>
<tr>
<td>Reviewers portal</td>
<td>$172</td>
<td>$172</td>
</tr>
<tr>
<td>Website</td>
<td>$118</td>
<td>$29</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$4,681</td>
<td>$3,525</td>
</tr>
</tbody>
</table>

Amortization of the website, which was under development at December 31, 2015, commenced during 2016.
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>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed income</td>
<td>6,603</td>
<td>6,545</td>
</tr>
<tr>
<td>Canadian equity funds</td>
<td>4,431</td>
<td>3,700</td>
</tr>
<tr>
<td>International equity funds</td>
<td>4,467</td>
<td>4,045</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15,501</td>
<td>14,290</td>
</tr>
</tbody>
</table>

Fixed income securities have terms maturing between one and ten years and yields between 0.4% and 5.2% [2015 — 0.83% and 6.00%].

6. Defined benefit pension plan information

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit pension plan surplus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plan assets at fair value</td>
<td>16,766</td>
<td>15,628</td>
</tr>
<tr>
<td>Accrued benefit obligations</td>
<td>(15,943)</td>
<td>(15,094)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>823</td>
<td>534</td>
</tr>
</tbody>
</table>

Contributions to the plan by APEGA during the year were $499 [2015 — $159] and by employees were $179 [2015 — $258]. Benefit/termination payments from the plan during the year were $697 [2015 — $2,946].

The significant actuarial assumptions adopted in measuring APEGA’s accrued benefit obligation and pension benefit costs include an annual discount rate of 5.75% [2015 — 5.75%], an annual rate of return on plan assets of 5.75% [2015 — 5.75%], an annual rate of salary increase of 4% [2015 — 4%] and an annual inflation rate of 2.5% [2015 — 2.5%].

The most recent actuarial valuation of the plan for funding purposes was performed as at December 31, 2013.
NOTES TO FINANCIAL STATEMENTS
[dollar amounts in thousands]

7. Obligation under capital lease

2016

$  

Obligation under capital lease for equipment, interest rate of approximately 6.44%, maturing in December 2019  100

Less current portion  34

66

Future minimum lease payments, including principal and interest, required under the capital lease for the next three years are as follows:

$  

2017  40

2018  40

2019  31

111

The capital lease is secured by the underlying leased asset.

8. Commitments and contingencies

a] 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:

$  

2017  2,408

2018  2,419

2019  2,344

2020  2,302

2021  2,206

Thereafter  5,447

17,126
NOTES TO FINANCIAL STATEMENTS
[dollar amounts in thousands]

b) Contingencies
From time to time, legal claims may be pending against APEGAl in the normal course of operations. Management is of the opinion that any pending litigation will not have a material adverse impact on APEGAl's financial position or the results of its operations.

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. APEGAl is exposed to credit risk from accounts receivable. In the normal course of business, APEGAl 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. APEGAl 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, APEGAl manages exposure through its normal operating activities. APEGAl 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. APEGAl's financial instruments include cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, government remittances payable, and obligation under capital lease.

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

10. Comparative figures
Certain comparatives figures have been reclassified to conform to the presentation adopted for the current year.