
Financial statements of
Association of Professional
Engineers of Ontario

December 31, 2025

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Independent Auditor's Report

To the Members of the
Association of Professional Engineers of Ontario

Opinion

We have audited the accompanying financial statements of the Association of Professional Engineers of Ontario ("PEO") which comprise the Statement of financial position at December 31, 2025, and the statements of operations and changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PEO as at December 31, 2025, 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.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PEO's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on PEO's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause PEO to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 27, 2026

Association of Professional Engineers of Ontario
Statement of operations and changes in net assets
Year ended December 31, 2025

	Notes	2025 \$	2024 \$ (Reclassified)
Revenue			
P. Eng. revenue		20,961,375	20,555,107
Application, registration, examination and other fees		10,240,396	9,132,582
Building operations	4	2,552,755	2,497,490
Investment income		2,535,800	2,562,263
Affinity program	5	2,338,992	2,079,977
Chapters revenues		211,959	193,025
Advertising income		67,114	43,194
		38,908,391	37,063,638
Expenses			
Staff salaries and benefits/retiree and future benefits		19,834,166	17,581,409
Purchased services		3,516,559	2,831,359
Computers and telephone		2,222,043	1,765,863
Building operations	4	2,064,748	2,043,736
Legal (corporate, prosecution and tribunal)		1,586,034	1,292,836
Chapters expenses	11	1,333,776	1,124,034
Occupancy costs	4	1,022,885	932,920
Contract staff		837,247	799,457
Engineers Canada		799,424	809,208
Transaction fees		778,752	767,264
Consultants		569,848	657,234
Council expenses		546,745	474,687
Amortization		502,534	469,312
Professional development		264,394	261,982
Volunteer expenses		189,283	232,494
Postage and courier		148,767	98,262
Insurance		123,246	128,238
Staff expenses		98,925	84,873
Recognition, grants and awards		90,110	99,277
Office supplies		50,089	84,175
Printing		49,807	56,439
Advertising		47,996	42,572
		36,677,378	32,637,631
Excess of revenue over expenses before the undernoted		2,231,013	4,426,007
Council discretionary and strategic plan projects	8	1,321,064	3,133,686
Excess of revenue over expenses		909,949	1,292,321
Remeasurement and other items	6	1,971,477	3,630,335
Net assets, beginning of year		44,628,410	39,705,754
Net assets, end of year		47,509,836	44,628,410

The accompanying notes are an integral part of the financial statements.

Association of Professional Engineers of Ontario

Statement of financial position

As at December 31, 2025

	Notes	2025 \$	2024 \$
Assets			
Current assets			
Cash		5,164,249	5,476,019
Accounts receivable		1,159,274	644,398
Prepaid expenses and deposits		722,865	716,168
Other assets		32,774	11,873
		7,079,162	6,848,458
Marketable securities		37,393,983	35,151,617
Capital assets	3	24,780,048	25,961,883
		69,253,193	67,961,958
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	13	2,782,903	2,840,552
Fees in advance and deposits		12,819,454	12,064,496
		15,602,357	14,905,048
Long-term liabilities			
Employee future benefits	6	6,141,000	8,428,500
		21,743,357	23,333,548
Commitments and contingencies	10 and 14		
Net assets	7	47,509,836	44,628,410
		69,253,193	67,961,958

The accompanying notes are an integral part of the financial statements.

Approved by the Council

_____, Director

_____, Director

Association of Professional Engineers of Ontario

Statement of cash flows

Year ended December 31, 2025

	Notes	2025 \$	2024 \$
Operating activities			
Excess of revenue over expenses		909,949	1,292,321
Add (deduct) items not affecting cash			
Amortization		1,333,730	1,303,406
Amortization – other assets		9,571	24,623
Employee future benefits expensed		910,900	1,235,035
Change in unrealized gains on marketable securities		(978,810)	(757,121)
Gains on disposal of marketable securities		(267,341)	(455,372)
		1,917,998	2,642,892
Change in non-cash working capital items	9	175,736	325,775
		2,093,735	2,968,667
Financing activities			
Repayment of mortgage		–	(362,904)
Contributions to employee future benefit plans		(1,226,923)	(1,237,300)
		(1,226,923)	(1,600,204)
Investing activities			
Net change in marketable securities		(996,215)	(4,826,951)
Additions to capital assets		(151,895)	(51,886)
Additions to other assets		(30,472)	–
		(1,178,582)	(4,878,837)
Decrease in cash		(311,770)	(3,510,374)
Cash, beginning of year		5,476,019	8,986,393
Cash, end of year		5,164,249	5,476,019

The accompanying notes are an integral part of the financial statements.

Association of Professional Engineers of Ontario

Notes to the financial statements

December 31, 2025

1. Nature of operations

The Association of Professional Engineers of Ontario ("PEO" or the "Association") was incorporated by an Act of the Legislature of the Province of Ontario. Its principal activities include regulating the practice of professional engineering, and establishing and maintaining standards of knowledge, skill, and ethics among its members in order to protect the public interest. As a not-for-profit professional membership organization, it is exempt from tax under section 149(1) of the Income Tax Act.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following accounting policies:

(a) Financial instruments

PEO initially recognizes financial instruments at fair value and subsequently measures them at each reporting date, as follows:

Asset/liability	Measurement
Cash and marketable securities	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the financial asset shall be written down and the resulting impairment loss shall be recognized in the statement of operations and changes in net assets for the period. Transaction costs are expensed as incurred.

(b) Revenue recognition

License fee revenue, excluding the portion related to the Building Fund, is recognized as revenue on a monthly basis over the license period. Building Fund revenue is recognized as revenue at the commencement of the license period. Affinity program revenue is recognized when received. Other revenues are recognized when the related services are provided.

(c) Donated services

The Association receives substantial donated services from its membership through participation on council and committees and as chapter executives. Donations of services are not recorded in the financial statements of the Association.

(d) Employee future benefits

Pension plans

The cost of PEO's defined benefit pension plans is determined periodically by independent actuaries using the projected benefit method prorated on service. PEO uses the most recently completed actuarial valuation prepared on the going concern basis for funding purposes for measuring its defined benefit pension plan obligations. A funding valuation is prepared in accordance with pension legislation and regulations, generally to determine required cash contributions to the plan.

Association of Professional Engineers of Ontario

Notes to the financial statements

December 31, 2025

2. Significant accounting policies (continued)

(d) Employee future benefits (continued)

Other non-pension plan benefits

The cost of PEO's non-pension defined benefit plan is determined periodically by independent actuaries. PEO uses the most recent accounting actuarial valuation for measuring its non-pension defined benefit plan obligations. The valuation is based on the projected benefit method prorated on service.

For all defined benefit plans, PEO recognizes:

- (i) The defined benefit obligation, net of the fair value of any plan assets, adjusted for any valuation allowance in the statement of changes in net assets;
- (ii) The cost of the plan for the year.

(e) Capital assets

Capital assets are recorded at cost. Amortization is calculated on straight-line basis at the following annual rates:

Building	2%
Building improvements – PEO	5%
Building improvements – common area	3.3% to 10%
Building improvements – non-recoverable	10% to 20%
Computer hardware and software	33%
Furniture, fixtures, and telephone equipment	10%
Audio visual	20%

The Association's investment in capital assets is included as part of net assets in the Statement of financial position.

(f) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Accounts requiring significant estimates and assumptions include capital assets, accrued liabilities, and employee future benefits.

3. Capital assets

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
	\$	\$	\$	\$
Building	19,414,668	(6,525,834)	12,888,834	13,277,128
Building improvements - PEO	8,961,067	(6,454,143)	2,506,924	2,949,390
Building improvements - common area	11,637,982	(6,882,700)	4,755,282	4,995,889
Building improvements - non-recoverable	741,332	(593,282)	148,050	204,345
Land	4,366,303	—	4,366,303	4,366,303
Furniture, fixtures, and equipment	1,290,669	(1,252,325)	38,344	47,986
Audio visual equipment	1,156,197	(1,079,886)	76,311	120,842
	47,568,217	(22,788,169)	24,780,048	25,961,883

Association of Professional Engineers of Ontario

Notes to the financial statements

December 31, 2025

4. Building operations

PEO maintains accounting records for the property located at 40 Sheppard Avenue West, Toronto, ON as a stand-alone operation for internal purposes. The results of the operation of the building, prior to the elimination of recoveries and expenses related to PEO, are as follows:

	2025	2024
	\$	\$
Revenue		
Operating cost recoverable – tenants	1,442,056	1,390,419
Rental	860,187	848,098
Parking	141,150	151,350
Miscellaneous	109,362	107,623
	2,552,755	2,497,490
Operating cost recoverable – PEO	930,660	893,292
	3,483,415	3,390,782
Recoverable expenses		
Property taxes	448,593	454,986
Utilities	504,798	457,428
Amortization	386,607	368,148
Security	345,189	326,705
Repairs and maintenance	218,309	221,176
Janitorial	238,663	215,226
Payroll	153,769	150,189
Property management and advisory fees	104,823	101,656
Insurance	40,867	38,186
Administrative	52,286	36,398
Road and ground	17,559	14,955
	2,511,463	2,385,053
Other expenses		
Amortization of building	388,293	388,294
Amortization of tenant inducements	56,296	77,653
Other non-recoverable expenses	24,159	55,239
Amortization of deferred costs	9,571	24,621
Interest expense on note and loan payable	5,626	6,168
	483,945	551,975
	2,995,408	2,937,028
Excess of revenue over expenses	488,007	453,754

For purposes of the Statement of operations and changes in net assets, the operating costs recoverable from PEO of \$930,660 (\$893,292 in 2024) have been eliminated. The portion of costs allocated to PEO is reallocated from Building operations and is included in Occupancy costs in the Statement of operations and changes in net assets.

Association of Professional Engineers of Ontario

Notes to the financial statements

December 31, 2025

4. Building operations (continued)

	2025	2024
	\$	\$
Building revenue per above	3,483,415	3,390,782
Eliminated PEO portion	(930,660)	(893,292)
	2,552,755	2,497,490
Building expenses per above	2,995,408	2,937,028
Eliminated PEO portion	(930,660)	(893,292)
	2,064,748	2,043,736

5. Affinity program

In 2023, PEO entered into an insurance affinity agreement with Engineers Canada (EC). Like other provincial and territorial engineering regulators, PEO is a member association of EC.

EC has negotiated a national home and automobile insurance affinity program with TD Insurance Meloche Monnex. (TD). Under this agreement, TD provides EC with a share of insurance revenues it derives from professional engineers. EC in turn pays PEO for providing TD with an exclusive opportunity to offer home and automobile insurance to PEO members. These monies are the payment from EC to PEO under this agreement.

6. Employee future benefits

The Association's pension plans, and post-retirement benefits plan covering participating employees (full-time and retirees) are defined benefit plans as defined in Section 3462 of the CPA Canada Handbook and accounted for as per Section 3463. The pension plans provide pension benefits based on length of service and final average earnings. The post-retirement benefits plan provides hospitalization, extended health care and dental benefits to retired employees. Participation in the pension plans and benefits plan (for post-retirement benefits) has been closed to all new employees as of May 1, 2006. All employees joining after this date have the option of participating in a self-directed or group RRSP (registered retirement savings plan). During the year, the Association recorded \$608,866 (\$502,165 in 2024) in employer contributions to the self-directed and group RRSP.

The funded status of the Association's pension plans and post-retirement benefit plan using actuarial assumptions as of December 31, 2025, was as follows:

	Basic pension plan	Supplemental pension plan	Other non-pension benefit plan	Total
	\$	\$	\$	\$
Accrued benefit obligation	(39,494,700)	(2,826,500)	(9,713,200)	(52,034,400)
Plan assets at fair value	43,446,400	2,447,000	—	45,893,400
Funded status - plan surplus (deficit)	3,951,700	(379,500)	(9,713,200)	(6,141,000)

Association of Professional Engineers of Ontario

Notes to the financial statements

December 31, 2025

6. Employee future benefits (continued)

The funded status of the Association's pension plans and post-retirement benefit plan using actuarial assumptions as of December 31, 2024, was as follows:

	Basic pension plan	Supplemental pension plan	Other non-pension benefit plan	Total
	\$	\$	\$	\$
Accrued benefit obligation	(39,432,400)	(2,756,300)	(8,725,900)	(50,914,600)
Plan assets at fair value	39,939,000	2,547,100	—	42,486,100
Funded status - plan surplus (deficit)	506,600	(209,200)	(8,725,900)	(8,428,500)

PEO measures its defined benefit obligations and the fair value of plan assets related to the basic and supplemental pension plans for accounting purposes as at December 31 each year based on the most recently completed actuarial valuation for funding purposes. The most recently completed actuarial valuation of the pension plans for funding purposes was as of January 1, 2025, with the liabilities projected forward to December 31, 2025. PEO measures its obligations related to its other non-pension benefit plan using an actuarial valuation for accounting purposes. The most recent actuarial valuation for accounting purposes for the non-pension benefit plan is as of December 31, 2024, with the liabilities projected forward to December 31, 2025.

Remeasurements and other items resulting from these valuations are reported directly in net assets in the Statement of financial position and are reported separately as a change in net assets in the Statement of operations and changes in net assets.

7. Net assets

The net assets of the Association are restricted to be used at the discretion of Council and includes the Association's investment in capital assets of \$24,780,048 (\$25,961,883 in 2024).

Association of Professional Engineers of Ontario

Notes to the financial statements

December 31, 2025

8. Council discretionary reserve

The Council discretionary reserve is an internal allocation from the operating reserve used at the discretion of Council to fund expenses related to special and strategic plan projects approved by Council. These figures include \$NIL (\$716,907 in 2024) for salaries and benefits costs of full-time staff for time spent on these projects. Expenses from the discretionary reserve were incurred on the following projects:

	2025	2024
	\$	\$
		(Reclassified)
Council discretionary projects		
Governance related matters	210,007	319,377
HR information system and other initiatives	323,196	222,353
Organizational transformation and other initiatives	87,313	97,411
Anti-racism working group	3,578	26,960
Councillor training	—	1,526
Strategic plan projects		
Optimize organizational performance	604,307	1,248,167
Improve licensing processes	80,927	991,213
Refresh vision	11,736	194,076
Implement governance improvement program	—	32,603
	1,321,064	3,133,686

9. Change in non-cash working capital items

	2025	2024
	\$	\$
Accounts receivable	(514,876)	270,070
Prepaid expenses and deposits	(6,697)	(245,152)
Accounts payable and accrued liabilities	(57,649)	606,859
Fees in advance and deposits	754,958	(306,002)
	175,736	325,775

10. Commitments

The Association has obligations under non-cancelable operating leases and agreements for various service agreements. The payments to the expiry of the leases and agreements are as follows:

	\$
2026	2,237,978
2027	723,105
2028	148,353
2029	132,514
	3,109,436

Association of Professional Engineers of Ontario

Notes to the financial statements

December 31, 2025

11. Chapters of the association

During the year, the Association paid expenses totaling \$1,333,776 (\$1,124,034 in 2024) for its 36 chapters and also incurred additional costs of \$918,111 (\$618,008 in 2024) related to chapters operations including staff salaries and benefits, and for various support activities. These amounts have been included in the various operating expenses reported in the Statement of operations and changes in net assets.

12. Financial instruments and risk management

Interest rate risk

PEO is exposed to interest rate risk, which is the risk that the fair values or future cash flows associated with its investments will fluctuate as a result of changes in market interest rates. Management addresses this risk through the use of an investment manager to monitor and manage investments.

Liquidity risk

PEO's objective is to have sufficient liquidity to meet its liabilities when due. PEO monitors its cash balances and cash flows generated from operations to meet its requirements. As at December 31, 2025, the most significant current financial liabilities are accounts payable and accrued liabilities.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. PEO's international and US equity pooled fund investments are denominated in foreign currencies, the value of which could fluctuate in part due to changes in foreign exchange rates.

13. Government remittances

Accounts payables and accrued liabilities includes \$241,919 (\$64,757 in 2024), with respect to government remittances payable at year end.

14. Contingencies

PEO has been named in litigation matters, the outcome of which is undeterminable and accordingly, no provision has been provided for any potential liability in these financial statements. Should any loss result from these claims, which is not covered by insurance, such loss would be charged to operations in the year of resolution or earlier if the loss is likely and determinable.

15. Comparative financial statements

Certain of the previous year's comparative figures have been reclassified to conform with current presentation.