

**ONTARIO ASSOCIATION OF CERTIFIED
ENGINEERING TECHNICIANS AND
TECHNOLOGISTS**



OACETT

Annual General Meeting

June 3, 2017

The Westin Trillium House, Blue Mountain

DRAFT

Minutes of the Annual General Meeting of the Members of the Ontario Association of Certified Engineering Technicians and Technologists held at the Sheraton Hamilton Hotel on June 4, 2016.

Present: Members of Council
 Members of the Association
 Guests

Chair's Opening Remarks

Mr. van den Berg welcomed everyone to the 2016 Annual General Meeting of OACETT and noted that the meeting was being video-recorded so that it can be shared with the membership afterwards. Mr. van den Berg then introduced Council, OACETT's Senior Management Team and Past-Presidents in attendance.

Adoption of Minutes (Appendix Tab 2)

- 1. Moved by Joe Ciccone, Seconded by Diane Northey and Carried.
Resolved that the Minutes of the Annual General Meeting of the Ontario Association of Certified Engineering Technicians and Technologists of May 30, 2015, be accepted as presented / amended.**

Greetings from Other Associations and Guests

Mr. van den Berg welcomed and invited greetings from guests stating that to thank each of these individuals OACETT will make donations in their names to the Carole and George Fletcher Foundation, a Foundation that provides scholarships to assist young people across the province to pursue careers in engineering and applied science technology. The following guests brought greetings:

- Mr. Peter Portlock, Board Chair – Technology Accreditation Canada
- Mr. Keith Trulson, President – Applied Science Technologists and Technicians of British Columbia
- Mr. Eric Amphlett, President – Association of Science and Engineering Technology Professionals of Alberta
- Mr. Michael Monette, President – The Ontario Society of Professional Engineers
- Mr. John Hoicka, Senior Research and Policy Advisor – Colleges Ontario
- Mr. Matt Farrell, Board Vice-President – Ontario Building Officials Association
- Ms. Gail Smyth, Executive Director – Skills Canada – Ontario
- Mr. Sam Loggia, Program Manager – Canadian Standards Association
- Ms. Nuzhat Jafri, Executive Director – The Office of the Fairness Commissioner

OACETT Update – A Year in Review

Mr. van den Berg commented that it has been a distinct pleasure serving as President the past year and is looking forward to the next year. Mr. van den Berg went on to note that our work builds on the efforts of those who have previously held office. The five distinguished OACETT Fellow recipients last night and the number of Past-Presidents in attendance are a testament to the commitment of volunteers in building the Association over the last six decades. At the same time, more new faces are in attendance at this AGM, including more students, women and internationally trained professionals.

This year's theme of "Excellence in Execution" can be defined as the precise implementation of business alignment, organizational strategy, and most importantly, people performance. As our strategic plan states, we are conducting our business provincially, nationally and internationally. We are working in concert with other stakeholders and partners as highlighted by the various organizations that brought greetings to us today. At the end of the day, we have two simple purposes or objectives as an association that we must keep at the top of our minds:

1. Have we served the public interest by enhancing public safety? and
2. Have we provided value to the membership?

In summary, an overview of the past year and some commentary on the issues before us were noted:

- Stewardship of members' money as outlined in the financial statements. Continual growth...the membership recently exceeded the 25,000 milestone. The percent of certified members is increasing, and the investments are sound, generating operating surpluses; fees, keeping them below the rate of inflation. For 2016 Council voted for a zero increase in membership dues.
- OACETT's magazine, *The Ontario Technologist*, routinely includes articles highlighting a very significant level of chapter engagement. Whether it be socializing with one another or other professional associations, detailing education events or generating funds for local charities or the Carole and George Fletcher Foundation...all great news items.
- Our efforts, and those of the chapters, in working with our colleges in such outreach as the student challenge in National Engineering Month and our commitment to Skills Ontario, including re-investing in new materials to provide outreach to over 100,000 students encouraging them to consider careers in engineering technology are things to be very proud of.
- Approved and rolling out the CPD program; which was enthusiastically embraced by the members, and certainly many employers. Members will soon have a CPD database to register compliance. We still have some growing pains, but it speaks to the issue of public accountability.
- While Government Relations is always a difficult road to travel, we continue to invest time and talent to advance the members' interests and encourage all members to contact the office if you are aware of an issue that our GR efforts might be able to address.
- After over 15 years of duty we are retiring our IT system and carefully managing an overhaul to enhance member service, improve security and reduce costs. We are also working on a technology roadmap as a means to guide future investments in technology.
- We have eliminated the Canadian work experience requirement for internationally educated professionals and put in its place rigorous but fair English language competencies and coverage of codes and standards, health and safety matters, and workplace culture.
- The L.E.T. is operational, reflecting a productive working relationship with PEO. We are also working with OSPE in some joint planning activities including a job fair. We are collaborating with Consulting Engineers Ontario examining a program similar to road construction but for infrastructure, and we continue to have strong relations with the OBOA, CSA, and many others.
- We are doing the business of association management by completing, subject to your approval today, a revision to our governing By-law.
- Technology Professionals Canada (TPC) is incorporated, and we are developing our strategic plan. Recently we engaged the Conference Board of Canada to answer the question of "What Value do Technicians and Technologists bring to the Canadian Economy?" It has published a major study that concluded that we contribute 54.7 billion dollars to the Canadian economy, earn on average 22% more than the Canadian average and enjoy above average employment. Recently we were approached by the Canadian Society of Chemical Technologists. We successfully negotiated a Memorandum of Understanding (MOU) that will enhance our position nationally and internationally.
- We have yet to reconcile with the CCTT provinces of Manitoba and Atlantic Canada but we have extended the olive branch and are fully prepared to accommodate them into the TPC framework.
- Technology Accreditation Canada (TAC) has found its footing and is rapidly becoming the pre-eminent certifying and standards setting body in Canada. TAC is also discussing with the International Engineering Alliance, membership in the international organization.

- As a Council we are always mindful of the professionalism of our staff in helping us move forward. We conducted an independent assessment of compensation to ensure we remain competitive as an employer of first choice. And, facing a challenge shared by all organizations, we are mindful of the need for succession planning.
- Inasmuch as OACETT is doing its best to serve the members and the public, and paying attention to conducting its business with success, we are mindful, if not concerned, about what lies ahead. Uber and its software have changed the taxi industry, Google and Apple are nipping at the heels of the financial institutions, ED and sensor technology are two rapidly emerging technologies. Many here at the AGM will be retired within 5 to 10 years. As members, and as an association, we need to be mindful and vigilant of what lies ahead.

Approval of By-Law 19 Amendments

Mr. Morley, Chair of the By-Law Review Committee noted that Section 4.8 of OACETT's By-Laws outlines the need for Council to review a number of documents every five years to determine whether any amendments to such documents are required considering both corporate governance principles and the Association's needs. The documents include various Terms of Reference, OACETT's Code of Ethics and Rules of Professional Conduct and the By-Laws themselves.

In May 2015, Council approved the formation of the By-Law Review Committee comprised of Past-President Stephen Morley, Lori Cornwall, Bruce Elliott, David Saunders, and Shawn Wessell, with staff support from Hillary Tedoldi and Debbie Marrocco. The Committee was tasked with the responsibility of reviewing the By-Laws as per the requirements under the By-Laws including revisions brought to the floor at the 2013 AGM and any considerations required due to revisions to the Ontario Not for Profit Corporations Act (ONCA).

Since ONCA has been pushed out by the government to a later date, the By-Law review did not look at any revisions tied to ONCA.

Revisions, as approved by Council, have been posted for member review on OACETT's website and are included in the AGM package under Tab 3. The majority of the revisions cover items to clarify terms and clear up potential inconsistencies in the existing wording.

The significant revisions include:

- Deleted section 5.3.4 under "Regional Meetings of Members" as the requirements described are not legally required.
- Added complete section addressing Regional Secretary-Treasurers.
- Move the last section of the By-Laws addressing "Foundations" into its own section.

Questions were then taken from the floor with responses given to each question.

2. Moved by Andy Dryland, Seconded by Kathiravel Karunanathan and Carried. Resolved By-Law 19 be approved as amended.

2015 Audited Financial Statements

Ms. Tedoldi summarized the 2015 Audited Financial Statements noting that over all OACETT had another very good year. At the end of 2015 we had a surplus from operations of \$180,000; however, when you add in the paper loss on investments in 2015 of \$225,000, the result is a deficit of \$44,363.

There was a downward swing in the stock market in the last few months of 2015 and earlier this year, but in recent weeks we have seen significant recovery, and as of yesterday the OACETT investments were valued at \$5,716,000, giving us a paper gain of \$399,000, which offsets the paper loss in 2015.

The total revenue in 2015 was over \$5.4 million – 78% of that revenue came from membership dues and 22% came from non-revenue dues such as application and examination fees, sponsorships, professional practice exam manuals, advertising in *The Ontario Technologist*, and others.

We ended the year with a contingency reserve that was similar to 2014 of \$3.7 million which would cover nine months of operating expenses if needed, and this is in place to protect OACETT should there be any unforeseen risks to the Association.

- 3. Moved by Mohammed Pasha, Seconded by Devi Richards and Carried.
Resolved that the Ontario Association of Certified Technicians and Technologists Audited Financial Statements for the year ended December 31, 2015 be accepted as presented.**
- 4. Moved by Joe Ciccone, Seconded by Gene Stodolak and Carried.
Resolved that BDO Canada LLP be re-appointed auditors for the Ontario Association of Certified Engineering Technicians and Technologists until the Annual General Meeting in 2017.**

Carole and George Fletcher Foundation

Mr. Tsang, Chair of the Board of Trustees of the Carole and George Fletcher Foundation, reported to the membership on the activities and results of the Foundation in 2015.

The Carole and George Fletcher Foundation, established in honour of OACETT Past-President George Fletcher, C.E.T., Fellow OACETT, is a registered charitable organization that fosters excellence in education through student support. Managed and operated by a Board of Trustees appointed by members, the Foundation has been awarding bursaries to exceptional students for 30 years.

The Foundation's "25 for 25 Building Forward" campaign was launched in 2011 to establish a \$40,000 endowed fund at each college. Interest generated from these funds is used to create a self-sustaining award of \$1,000 for a worthy student in a recognized engineering technology and applied science program who best exemplifies integrity and professionalism.

With the continued generous support of OACETT members and Council in the past year, the Foundation has been able to award the \$1,000 bursary at each of the 25 Ontario colleges. All colleges are now either fully or partially funded towards the desired \$40,000 endowment. In 2015, the Carole and George Fletcher Foundation awarded bursaries to deserving students from colleges across Ontario, in addition to the Barbara and Felix Degan Award and the OACETT Generation Award.

The 25 endowment funds total approximately \$860,000 to date. Returns on investments, while not directly under OACETT's control, are generally performing well enough to furnish the awarded bursaries with the shortfall made up by annual donations to the Carole and George Fletcher Foundation. The amount topped up by the Foundation for 2015 was \$2,631.

Continual awareness efforts for the 25 for 25 Campaign through *The Ontario Technologist*, member challenges, inserts in membership renewal notices, and OACETT's website and digital communications resulted in donations of \$18,819 in 2015.

It is the Foundation's continual mission to explore new revenue streams and new opportunities to reach the \$1,000,000 endowment goal and beyond so that we might be in a position to increase the current bursary value of \$1,000 to offset rising education costs and inflation. With faithful and continued donations, we are confident that all these targets will be met in good time.

It is the Board's plan and intention in the coming year to utilize the unrestricted fund of the Foundation to encourage and to challenge donation top-ups for the partially funded endowments.

Mr. Tsang respectfully asked all members and chapters to approach companies and organizations at which they worked, to consider contributing to the "25 for 25 Building Forward" campaign. This is an important investment in our youth and the future of our profession. Your donations will have an everlasting impact on those who benefit from these awards.

Mr. Tsang, along with fellow trustees, Mazin Audeh, C.E.T., Bob Jameson, C.E.T., Fellow OACETT, Daryl Keys, C.E.T., Fellow OACETT, and David Saunders, C.E.T., thanked members for their efforts, contributions and generous and continual support.

Acceptance of the Carole & George Fletcher Foundation 2015 Unaudited Financial Statements

Ms. Tedoldi summarized the statements noting that member and corporate donations to the Foundation in 2015 were approximately \$18,819 and to date in 2016, \$3,260 in donations have been received.

Similar to OACETT investments the Foundation's investment portfolio sustained a paper loss in 2015 and was valued at \$111,420; however, the markets have rallied over the past few weeks and the portfolio has recovered some of the loss incurred in 2015 and the value of the Foundation's investments as of yesterday was \$130,000.

- 5. Moved by Rosanna Baggs, Seconded by Salvadore Ingraldi and Carried.
Resolved that the Financial Statements for the Carole and George Fletcher Foundation for the year ended December 31, 2015, be accepted as presented.**

Appointment of Accountants for 2016

- 6. Moved by Gene Stodolak, Seconded by Maurice Coderre and Carried.
Resolved that BDO Canada LLP be re-appointed as accountants for the Carole and George Fletcher Foundation until the Annual General Meeting in 2017.**

Appointment of the Foundation Trustees

- 7. Moved by Devi Richards, Seconded by Ken Browne and Carried.
Resolved that David Tsang, Chair, Mazin Audeh, Bob Jameson, Daryl Keys, and David Saunders be appointed as Trustees of the Carole and George Fletcher Foundation until the Annual General Meeting in 2017.**

New Business / Open Discussion

Mr. van den Berg noted that no registered resolutions had been received from the members and advised that as per By-Law 19, any resolutions that may result from discussions at the current AGM will not be binding but will be taken under advisement.

Closing Remarks

Mr. van den Berg closed by stating that all of this would not be possible without members of Council, chapter executives and all the volunteers serving in so many capacities for their dedication and hard work, and for their commitment given to the advancement of OACETT.

Adjournment

- 8. Moved by David Tsang and Carried.
Resolved that the 2016 Annual General Meeting of the Ontario Association of Certified Engineering Technicians and Technologists adjourn.**

The Annual General Meeting of the Ontario Association of Certified Engineering Technicians and Technologists adjourned at 11:30 a.m.

.....
Chair

.....
Secretary

**Ontario Association of Certified
Engineering Technicians and
Technologists
Financial Statements
For the year ended December 31, 2016**

	Contents
Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7-14
Schedule 1 - Operating Expenditures	15
Schedule 2 - Program and Other Expenditures	16



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Independent Auditor's Report

To the Members of Ontario Association of Certified Engineering Technicians and Technologists

We have audited the accompanying financial statements of Ontario Association of Certified Engineering Technicians and Technologists, which comprise the statement of financial position as at December 31, 2016 and the statements of operations, changes in net assets 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.

Auditor's 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 auditor considers 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 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.

BDO Canada LLP

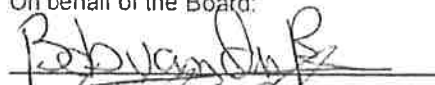
Chartered Professional Accountants, Licensed Public Accountants

Mississauga, Ontario
February 24, 2017

**Ontario Association of Certified Engineering Technicians
and Technologists
Statement of Financial Position**

December 31	2016	2015
Assets		
Current		
Cash and cash equivalents	\$ 583,996	\$ 278,933
Accounts receivable	114,797	92,849
Inventory	14,157	9,649
Prepaid expenses	57,996	49,093
	<u>770,946</u>	<u>430,524</u>
Capital assets (Note 2)	441,624	420,718
Investments (Note 3)	5,404,944	5,317,369
Pension asset (Note 4)	905,000	496,400
	<u>\$ 7,522,514</u>	<u>\$ 6,665,011</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 320,005	\$ 295,129
Fees received in advance	2,002,533	2,100,873
Leasehold inducement - current portion (Note 5)	16,459	16,459
	<u>2,338,997</u>	<u>2,412,461</u>
Leasehold inducement (Note 5)	76,806	93,265
	<u>2,415,803</u>	<u>2,505,726</u>
Net assets		
Net assets represented by:		
Internally restricted for specific purposes:		
IT systems fund	457,925	325,000
Legal fund	75,000	75,000
Contingency fund	2,147,277	2,147,277
Unrestricted - operating fund	1,984,885	1,191,290
Invested in capital assets	324,804	420,718
Invested in IT system	116,820	-
	<u>5,106,711</u>	<u>4,159,285</u>
	<u>\$ 7,522,514</u>	<u>\$ 6,665,011</u>

On behalf of the Board:




Bob van den Berg, C.E.T., President

Greg Miller, C.E.T., President-Elect

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

**Ontario Association of Certified Engineering Technicians
and Technologists
Statement of Operations**

For the year ended December 31

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
Revenue			
Annual membership fees	\$ 4,295,000	\$ 4,268,036	\$ 4,277,697
Sponsorship	440,000	592,190	453,275
Examination fees	260,000	334,731	226,756
Application and registration fees	226,000	229,543	237,785
CTEN	112,000	104,470	110,611
Advertising	45,000	45,656	43,538
Other	55,800	62,661	56,851
Seminar	20,000	38,343	23,569
Rent	46,000	45,894	45,932
	5,499,800	5,721,524	5,476,014
Operating expenditures (Schedule 1)	638,500	650,188	651,472
Program and other expenditures (Schedule 2)			
Program	1,258,000	1,149,526	1,339,015
Staff	2,755,000	2,632,950	2,530,929
Office	330,400	353,562	326,199
Services purchased	371,400	329,600	303,996
	4,714,800	4,465,638	4,500,139
	5,353,300	5,115,826	5,151,611
Excess of revenue over expenditures before amortization and contributions	146,500	605,698	324,403
Amortization	(147,000)	(155,020)	(143,609)
Excess (deficiency) of revenue over expenditures before undernoted item	(500)	450,678	180,794
Investment income (loss)	500	688,148	(225,157)
Excess (deficiency) of revenue over expenditures for the year	\$ -	\$ 1,138,826	\$ (44,363)

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

Ontario Association of Certified Engineering Technicians and Technologists
Statement of Changes in Net Assets

For the year ended December 31 2016 2015

	Invested in Capital Assets	Invested in IT system	Legal Fund	Contingency Fund	IT System Fund	Operating Fund	2016		2015	
							Total	Total	Total	Total
Fund balances, beginning of year	\$ 420,718	\$ -	\$ 75,000	\$ 2,147,277	\$ 325,000	\$ 1,191,290	\$ 4,159,285	\$ 4,244,348		
Capital assets purchased	59,106	116,820	-	-	(116,820)	(59,106)	-	-		
Fund transfer	-	-	-	-	300,000	(300,000)	-	-		
Pension remeasurements and other items	-	-	-	-	-	(191,400)	(191,400)	(40,700)		
Excess (deficiency) of revenue over expenditures	(155,020)	-	-	-	(50,255)	1,344,101	1,138,826	(44,363)		
Fund balances, end of year	\$ 324,804	\$ 116,820	\$ 75,000	\$ 2,147,277	\$ 457,925	\$ 1,984,885	\$ 5,106,711	\$ 4,159,285		

The accompanying notes are an integral part of these financial statements

**Ontario Association of Certified Engineering Technicians
and Technologists**
Statement of Cash Flows

For the year ended December 31	2016	2015
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 1,138,826	\$ (44,363)
Adjustments to reconcile excess of revenue over expenses for the year to net cash provided by operating activities		
Amortization	155,020	143,609
Leasehold inducement	(16,459)	(16,459)
Unrealized (gain) loss on investments	(449,981)	453,525
Changes in non-cash working capital balances		
Accounts receivable	(21,948)	(31,286)
Inventory	(4,508)	(3,254)
Prepaid expenses	(8,903)	6,352
Pension asset contributions	(600,000)	(35,000)
Accounts payable and accrued liabilities	24,876	(1,528)
Fees received in advance	(98,340)	44,120
	<u>118,583</u>	<u>515,716</u>
Investing activities		
Purchase of investments	(2,343,050)	(4,350,698)
Proceeds on sale of investments	2,705,456	3,822,881
Purchase of capital assets	(175,926)	(51,720)
Disposal of capital assets	-	1,661
	<u>186,480</u>	<u>(577,876)</u>
Increase (decrease) in cash and cash equivalents during the year	305,063	(62,160)
Cash and cash equivalents, beginning of year	278,933	341,093
Cash and cash equivalents, end of year	\$ 583,996	\$ 278,933

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

**Ontario Association of Certified Engineering Technicians
and Technologists**
Notes to Financial Statements

December 31, 2016

1. Significant Accounting Policies

Nature of Organization	The Association is constituted by the Ontario Association of Certified Engineering Technicians and Technologists Act, 1998, of the Province of Ontario. As the professional association for engineering technicians and technologists, it establishes standards for its members and provides training, professional development and various member services. The Association is a not-for-profit organization and is exempt from income tax.								
Cash and cash equivalents	Cash and cash equivalents consist of cash and money market investments with a maturity of less than three months at time of purchase. These are reported at fair value.								
Inventory	Inventory consists of jewellery and novelties and is stated at the lower of cost and replacement cost which is not in excess of net realizable value. Cost is generally determined on the first-in, first-out basis.								
Capital Assets	<p>Capital assets which include the intangible assets computer software and membership database are stated at cost less accumulated amortization. Amortization is provided on the straight-line basis over the expected useful lives of the assets as follows:</p> <table><tr><td>Computer equipment and software</td><td>- 3 years</td></tr><tr><td>Furniture and equipment</td><td>- 10 years</td></tr><tr><td>Leasehold improvements</td><td>- over the term of the lease</td></tr><tr><td>Membership database</td><td>- 5 years</td></tr></table>	Computer equipment and software	- 3 years	Furniture and equipment	- 10 years	Leasehold improvements	- over the term of the lease	Membership database	- 5 years
Computer equipment and software	- 3 years								
Furniture and equipment	- 10 years								
Leasehold improvements	- over the term of the lease								
Membership database	- 5 years								
Financial Instruments	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities and mutual funds traded in an active market are reported at fair value, with any unrealized gains and losses reported in the statement of operations. In addition all bonds have been designated to be in the fair value category, with gains and losses reported in the statement of operations. All other financial instruments are reported at cost or amortized costs less impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.								

**Ontario Association of Certified Engineering Technicians
and Technologists**
Notes to Financial Statements

December 31, 2016

1. Significant Accounting Policies (continued)

Leasehold Inducements Leasehold inducements are amortized over the term of the lease.

Fees Received in Advance Fees received in advance consist of membership fees, examination fees, and miscellaneous deposits which relate to the subsequent fiscal year.

Revenue Recognition

Membership Fees
Membership fees are recognized as revenue proportionately over the membership period to which they relate. Membership fees are recognized when the amount can be reasonably estimated and collection is reasonably assured.

Examination, Application, and Registration Fees
Fees are recognized in the year in which the services are provided.

Investment Income
Investment income includes dividends, interest income and realized and unrealized investment gains and losses.

Inventory
Revenue earned from sale of inventory is recognized in the period in which the goods are shipped.

Sponsorship Revenue
Sponsorship revenue is recognized in the period in which the amounts are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

All other revenue items are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**Ontario Association of Certified Engineering Technicians
and Technologists**
Notes to Financial Statements

December 31, 2016

1. Significant Accounting Policies (continued)

**Donated Capital Assets,
Materials and Services**

Donated capital assets are recorded at fair value when fair value can be reasonably estimated. Due to the difficulty in determining their fair value, donated materials and services are not recognized in the financial statements.

Use of Estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Internally Restricted Funds

As noted below, part of the Association's fund balances have been internally restricted as approved by the Association's Council. Transfers among funds are recorded as approved by the Council.

Funds Invested in Capital Assets

The Funds Invested in Capital Assets represents capital assets owned by the Association.

Funds Invested - IT System

The Funds Invested - IT System represents capital assets owned by the Association relating to the new IT Systems.

IT Systems Fund

The IT Systems Fund was established to be utilized to fund IT expenses to upgrade or replace the Association's existing IT systems.

Legal Fund

The Legal Fund was established to be utilized to fund unexpected legal expenses of the Association.

Contingency Fund

The Contingency Fund was established to be utilized to fund unexpected operating expenses of the Association.

**Ontario Association of Certified Engineering Technicians
and Technologists**
Notes to Financial Statements

December 31, 2016

1. Significant Accounting Policies (continued)

Employee Future Benefits

The Association has a defined benefit pension plan. The accrued benefit obligation is determined using the actuarial valuation for funding purposes which determines the obligation based on management's best estimate of salary escalation, terminations, and retirement ages of plan members. Also, adjustments for plan amendments, changes in assumptions and experience gains and losses are charged to the statement of changes in net assets as they occur. Pension fund assets are valued at fair value at the balance sheet date. The total cost of the defined benefit plan for the period is comprised of the current service cost, finance cost, and remeasurements and other items. The current service cost and finance cost are charged to operations for the period, while remeasurements and other items are charged directly to the net assets as they occur.

**Ontario Association of Certified Engineering Technicians
and Technologists**
Notes to Financial Statements

December 31, 2016

2. Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 467,518	\$ 446,769	\$ 457,114	\$ 430,655
Computer software	369,692	340,208	334,191	330,433
Furniture and equipment	612,570	525,986	611,300	509,837
Leasehold improvements	152,927	56,571	152,927	39,566
Membership database	865,344	773,713	853,414	677,737
ERP database system	116,820	-	-	-
	2,584,871	2,143,247	2,408,946	1,988,228
Cost less accumulated amortization		\$ 441,624		\$ 420,718

Included in ERP database system is \$116,820 (2015 - \$nil) of assets not in use. The ERP database system will begin amortizing once it is put in use.

3. Investments

	2016	2015
Cash and short-term money market	\$ -	\$ 12,101
Mutual funds	441,529	391,910
Portfolio shares	4,382,976	3,477,948
Fixed income	580,439	1,184,270
Foreign securities	-	251,140
	\$ 5,404,944	\$ 5,317,369

Fixed income investments have an interest rate of 5.75% and 7.50% (2015 - 5.75% and 7.50%) and mature September 2017 to August 2019 (2015 - September 2017 to August 2019).

**Ontario Association of Certified Engineering Technicians
and Technologists**
Notes to Financial Statements

December 31, 2016

4. Pension Plan

The Association has funded a defined benefit plan providing pension benefits which covers substantially all its employees hired before December 31, 2007. The pension plan provides pension benefits based on length of service and final average earnings.

The Association uses the funding valuation approach to measure its accrued benefit obligations. The most recent actuarial valuation was as of January 1, 2016.

The funded status of the defined benefit plan is as follows:

	2016	2015
Accrued benefit obligation	\$ (4,870,000)	\$ (4,592,900)
Fair value of plan assets	5,775,000	5,089,300
Funded status - plan surplus	905,000	496,400
Valuation allowance	-	-
Accrued benefit asset	\$ 905,000	\$ 496,400

The following details significant components and assumptions of the Association's pension plan:

	2016	2015
Cash Flows		
Employer contributions	\$ 627,800	\$ 60,000
Benefit payments	(194,400)	(174,400)
Actuarial Assumptions		
Discount rate	4.75 %	5.00 %
Interest rate of return on assets	4.75 %	5.00 %
Inflation rate	2.50 %	2.50 %
Salary projection rate	3.75 %	3.75 %

The Association maintains a defined contribution pension plan for employees, matching the employee contributions up to a maximum of 5% of gross earnings with an additional automatic 3% annual employer contribution not subject to matching. The pension expense for the year relating to this was \$142,276 (2015 - \$154,693).

**Ontario Association of Certified Engineering Technicians
and Technologists**
Notes to Financial Statements

December 31, 2016

5. Leasehold Inducement

	2016	2015
Original inducement	\$ 148,127	\$ 148,127
Accumulated amortization	(54,862)	(38,403)
	93,265	109,724
Less: Current portion	(16,459)	(16,459)
	\$ 76,806	\$ 93,265

6. Commitments

The Association leases its premises and certain office equipment under long-term operating leases with annual base commitments over the next five years and thereafter are as follows:

	Premises	Office Equipment	Total
2017	167,310	10,591	177,901
2018	170,601	9,601	180,202
2019	173,893	9,601	183,494
2020	175,539	4,801	180,340
2021	175,539	-	175,539
Thereafter	58,513	-	58,513

7. Contingencies

The Association is party to legal proceedings arising out of the normal course of business. The results of these litigations cannot be predicted with certainty, and management is of the opinion that the outcome of these proceedings is not determinable. Any loss resulting from these proceedings will be charged to operations in the period the loss is determined.

**Ontario Association of Certified Engineering Technicians
and Technologists**
Notes to Financial Statements

December 31, 2016

8. Financial Instrument Risk

The Association manages its risk by forecasting cash flows from operations and anticipating any investing and financing activities. A summary of the various risks which the Association is exposed to as a result of their operations is summarized below.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligation; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Association's financial instruments that are exposed to concentrations of credit risk relate primarily to the accounts receivable. Management believes this risk is minimized by the credit worthiness of its customers.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at year end, investments of \$nil (2015 - \$251,140) are in US dollars and converted into Canadian dollars.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Association is exposed to this risk through its fixed income investments. This risk has not changed from prior year.

Market value risk

Market value risk is the risk of potential loss caused by the fluctuations in fair value or future cash flows of financial instruments by changes in their underlying market value. The Association is exposed to this risk through its equity and mutual fund investments. This risk has not changed from prior year.

9. Budgeted Figures

The budgeted figures presented for comparison purposes are unaudited and are those approved by Council, reclassified to conform with the financial statement presentation. The approval of the balanced budget took place November 20 and 21, 2015.

10. Comparative Figures

Comparative figures have been reclassified to conform with the current year's financial statement presentation.

**Ontario Association of Certified Engineering Technicians
and Technologists**
Schedule 1 - Operating Expenditures

For the year ended December 31, 2016

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
Accommodation	\$ 310,000	\$ 311,502	\$ 321,087
Equipment leases and rentals	13,500	12,065	13,317
Insurance	9,000	8,618	8,735
Telephone and communications	70,000	72,468	53,553
Office	20,000	21,256	19,714
Public Relations/Marketing	1,000	1,000	1,104
Technology Professionals Canada	215,000	223,279	233,962
	\$ 638,500	\$ 650,188	\$ 651,472

Ontario Association of Certified Engineering Technicians and Technologists
Schedule 2 - Program and Other Expenditures

For the year ended December 31, 2016

	Budget (Unaudited)	IETO	PASB	Admini- stration	2016 Total	2015 Total
Communications	\$ 278,500	\$ 1,801	\$ 262,008	\$ -	\$ 263,809	\$ 258,101
Council and committees	571,000	78,695	201,175	226,256	506,126	646,678
Operating priorities	408,500	138,595	138,871	102,125	379,591	434,236
Total program expenses	1,258,000	219,091	602,054	328,381	1,149,526	1,339,015
Staff	2,755,000	901,424	618,412	1,113,114	2,632,950	2,530,929
Office	330,400	23,970	21,607	307,985	353,562	326,199
Services purchased	371,400	100,781	12,471	216,348	329,600	303,996
	\$ 4,714,800	\$ 1,245,266	\$ 1,254,544	\$ 1,965,828	\$ 4,465,638	\$ 4,500,139

**Carole and George Fletcher
Foundation**
Financial Statements
For the year ended December 31, 2016
(Unaudited - See Notice to Reader)

	Contents
Notice to Reader	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations and Fund Balances	4



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BDO Canada LLP
1 City Centre Drive, Suite 1700
Mississauga ON L5B 1M2 Canada

Notice to Reader

On the basis of information provided by management, we have compiled the statement of financial position of Carole and George Fletcher Foundation as at December 31, 2016 and statement of operations and fund balances for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Mississauga, Ontario
February 24, 2017

Carole and George Fletcher Foundation
Statement of Financial Position
(Unaudited - See Notice to Reader)

As at December 31	2016	2015
Assets		
Current		
Cash	\$ 4,088	\$ 2,993
Due from OACETT	9,099	13,188
Investments	<u>130,835</u>	<u>111,420</u>
Net assets	<u>\$ 144,022</u>	<u>\$ 127,601</u>

Net assets represented by:

Restricted

The Kiani Foundation Engineering Technology Endowment Fund	28,153	18,250
Dr. Felix and Barbara Degan Award Fund	1,570	2,238
Lahde Award Fund	2,653	2,310
Endowment Fund	34,450	29,999

Unrestricted

<u>77,196</u>	<u>74,804</u>
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<u>\$ 144,022</u>	<u>\$ 127,601</u>
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On behalf of the Board:

	Trustee
	Trustee

Carole and George Fletcher Foundation
Statement of Operations and Fund Balances
(Unaudited - See Notice to Reader)

For the year ended December 31 2016

	Restricted					2016	2015
	The Kiani Foundation Engineering Technology Endowment Fund	Dr. Felix and Barbara Degan Award Fund	Lahde Fund	Endowment Fund	Unrestricted		
Revenue							
Donations	\$ 5,000	\$ -	\$ -	\$ -	\$ 16,080	\$ 21,080	\$ 18,819
Investment (loss) income	903	332	343	4,451	13,385	19,414	(29,241)
Other income	-	-	-	-	-	-	-
	5,903	332	343	4,451	29,465	40,494	(10,422)
Expenses							
Bank charges	-	-	-	-	96	96	96
Bursary	-	-	-	-	20,977	20,977	2,631
Scholarships and awards	1,000	1,000	-	-	1,000	3,000	3,000
	1,000	1,000	-	-	22,073	24,073	5,727
Excess of revenue (deficiency) over expenses for the year	4,903	(668)	343	4,451	7,392	16,421	(16,149)
Fund balance, beginning of year	18,250	2,238	2,310	29,999	74,804	127,601	143,750
Fund transfer	5,000	-	-	-	(5,000)	-	-
Fund balance, end of year	\$ 28,153	\$ 1,570	\$ 2,653	\$ 34,450	\$ 77,196	\$ 144,022	\$ 127,601