



# Minutes

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## **Finance Committee March 20, 2013**

### **Finance Committee**

Minutes of a meeting of the Finance Committee held in the offices of the association, 40 Sheppard Avenue West, North York, Ontario, on March 20, 2013 commencing at 11:00 a.m.

**In attendance: *THIS WAS A CONFERENCE CALL***

### **Finance Committee Members:**

Denis Dixon, P.Eng., President (Ex-officio)  
Annette Marie Bergeron, P.Eng., (Ex-officio)

Robert Willson, P.Eng., (Chair)  
Jason Green, CMA, MBA, P.Eng.  
Michael Wesa, P.Eng.

**Staff:** Michael Price, MBA, P.Eng., FEC, Acting CEO/Registrar  
Maria Cellucci, CA, Controller  
Lucy Capriotti, Administrative Assistant

**Guests:** Don Scott, CA

**Observer:** Thomas Chong, P.Eng.

**Regrets:** Santosh Gupta, P.Eng., (Vice Chair)  
Danny Chui, P.Eng.

**1. Approval of Agenda**

**MOTION**

A motion was made to accept the agenda.

Moved by J. Green and seconded by M. Wesa.

**MOTION CARRIED**

**2. Approval of Minutes from December 6, 2012**

**MOTION**

A motion was made to approve the minutes of the December 6, 2012 meeting.

Moved by D. Dixon and seconded by J. Green.

**MOTION CARRIED**

**3. 2012 Actual vs Budget**

M. Cellucci reviewed the financial results of PEO for 2012. PEO had a good year. It generated an excess of revenue over expenses of \$1.5 million (before other items) as compared to a planned surplus of \$501,573. The favourable variance was the result of a reduction in expenses over plan of \$1.5 million partially offset by a decrease in revenue over plan of \$480k. She reviewed each of the components and variance in greater detail.

M. Cellucci indicated that PEO also performed very well year over year, with an increase in surplus of \$500k over 2011 comprised of an increase in revenue of \$740k, offset partially by an increase in expenses of \$261k.

A. Bergeron asked for a breakdown of the consultants professional services. M. Cellucci indicated that this information is provided in the Q&A that is distributed at the AGM and posted on PEO's website. She then proceeded to provide the breakdown. A. Bergeron would also like to see a comparison of 2012 consultant fees to 2011 actual.

M. Cellucci to circulate to Finance Committee members the draft Q&A for their comments to be incorporated in the final report, where appropriate.

M. Cellucci proceeded to review the capital budget for 2012 as compared to budget. In 2012, \$1.3 million was spent on capital additions. Factoring in timing differences in budget, in total, PEO was under budget by approximately \$18,000.00. There were two areas where PEO went over budget by \$17k and \$5k respectively for unbudgeted fees to assist 40 Sheppard working group and unplanned ERC and new staff requirement requests.

M. Cellucci also reviewed the building performance, which had an actual excess of revenue over expenses of \$501k versus budget of \$534k, and provided explanations for the major variances.

#### **4. 2012 Financial Statements**

The committee was asked to provide comments or questions on the 2012 Audited Financial Statements. J. Green indicated that Note 2b (Page 7) was not clear. M. Cellucci explained the impact of the adoption of the new accounting standard and the related changes in accounting policies in regards to marketable securities and that unrealized gains or losses were previously recognized through net assets (operating reserve) back dating to January 1<sup>st</sup> 2011, but the new policy required that these unrealized gains or losses are recognized through the Statement of revenues and expenses. PEO would speak to Deloitte about a possible rewording of the note to make it more clearly for readers.

J. Green asked why Note 8 (page 16) which was referenced in the Balance Sheet Net Assets but did not actually tie into the Balance Sheet (\$15.6 million). M. Cellucci indicated that the note only explains the investment in capital assets of \$25.4 million, which are essentially net assets less mortgage. The difference is a negative net asset balance. In 2012, the name of this account was changed

from Operating Reserve to Net Assets based on the request from E. Toperczer since there is no operating reserve as all of the amount is invested in capital assets. M. Cellucci indicated that she would speak to Deloitte about either removing the note (if no longer required disclosure), or making it more understandable.

**5. Date of next meeting.**

The Finance Committee agreed to meet sometime the week of April 8<sup>th</sup>, 2013.

**6. Adjournment**

The Finance Committee adjourned at 12:00 p.m.