

First Nations Housing Professionals Association

Financial Statements For the year ended March 31, 2021

First Nations Housing Professionals Association
Financial Statements
For the year ended March 31, 2021

Contents

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to the Financial Statements	7

Baker Tilly Ottawa LLP
Chartered Professional Accountants
400-301 Moodie Drive
Ottawa, ON
Canada K2H 9C4

T: +1 613.820.8010
F: +1 613.820.0465

ottawa@bakertilly.ca
www.bakertilly.ca

Independent Auditor's Report

To the Members of the First Nations Housing Professionals Association

Opinion

We have audited the financial statements of the First Nations Housing Professionals Association, (the "Association"), which comprise the statement of financial position as at March 31, 2021, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2021, and its results of 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. 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 the Association 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 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 the Association'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 the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 generally accepted auditing standards 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 generally accepted auditing standards, 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 the Association'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 the Association'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 the Association 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.

Baker Tilly Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
June 7, 2021
Ottawa, Ontario

First Nations Housing Professionals Association Statement of Financial Position

March 31 **2021** **2020**

Assets

Current

Cash (Note 2)	\$	785,739	\$	225,620
Term deposits (Note 3)		22,000		22,000
Accounts receivable		65,282		52,924
Prepaid expenses		1,301		1,264
		<hr/>		<hr/>
	\$	874,322	\$	301,808

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$	87,018	\$	15,825
Deferred revenue (Note 4)		9,400		12,250
Unexpended contributions (Note 5)		526,658		282,539
		<hr/>		<hr/>
		623,076		310,614

Net assets (deficit)

	<hr/>	251,246	<hr/>	(8,806)
	\$	874,322	\$	301,808

Approved on behalf of the Board:

_____ Director

_____ Director

First Nations Housing Professionals Association Statement of Changes in Net Assets

For the year ended March 31

	Internally Restricted Reserves (Note 6)	Unrestricted	Total 2021	Total 2020
Balance, beginning of year	\$ -	\$ (8,806)	\$ (8,806)	\$ (8,806)
Excess of revenue over expenses for the year	-	260,052	260,052	-
Transfer of unrestricted net assets to internally restricted reserves	108,045	(108,045)	-	-
Balance, end of year	\$ 108,045	\$ 143,201	\$ 251,246	\$ (8,806)

First Nations Housing Professionals Association Statement of Operations

For the year ended March 31	2021	2020
Revenue		
Contributions	\$ 735,038	\$ 662,200
Memberships	14,793	-
Educational Services	57,626	-
Other Revenue	1,440	-
	808,897	662,200
Expenses		
Board and committee - computer equipment	10,062	-
Board and committee - meeting costs	1,570	5,397
Communications	2,577	1,300
Conference expenses	-	32,545
Consulting fees - management	166,000	166,304
Consulting fees - other	223,304	284,793
Insurance	1,264	1,404
Interest and bank charges	1,385	793
Marketing and promotion	31,103	23,282
Office expenses and supplies	5,425	4,945
Professional development	4,324	31,182
Professional fees	43,906	7,000
Registrations	-	16,094
Travel related costs	-	59,931
Wages and benefits	29,541	-
Website costs	11,447	27,230
Workshops, webinars and courses	16,937	-
	548,845	662,200
Excess of revenue over expenses for the year	\$ 260,052	\$ -

First Nations Housing Professionals Association Statement of Cash Flows

For the year ended March 31	2021	2020
Cash flows from (used in) operating activities		
Excess of revenue over expenses for the year	\$ 260,052	\$ -
Change in non-cash working capital items		
Accounts receivable	(12,358)	563
Prepaid expenses	(37)	6,431
Accounts payable and accrued liabilities	71,193	6,429
Deferred revenue	(2,850)	12,250
Deferred contributions	244,119	207,350
Government remittances receivable	-	(32,774)
	<u>560,119</u>	<u>200,249</u>
Cash flows from (used in) investing activity		
Purchase of term deposits - cost	-	(22,000)
	<u>560,119</u>	<u>178,249</u>
Increase in cash and cash equivalents during the year	560,119	178,249
Cash and cash equivalents, beginning of year	225,620	47,371
Cash and cash equivalents, end of year	\$ 785,739	\$ 225,620

First Nations Housing Professionals Association

Notes to the Financial Statements

March 31, 2021

1. Significant Accounting Policies

Nature of Business	<p>First Nations Housing Professionals Association (the "Association") was incorporated January 1, 2019 without share capital under the Canada Not-for-Profit Corporations Act. The Association is also a non-profit organization within the meaning of the Income Tax Act of Canada and is exempt from income taxes on its not-for-profit activities.</p> <p>In accordance with the Association's Articles of Incorporation ("Articles"), the purpose of the Association is to: expand housing capacity for First Nations in Canada by providing leadership to support housing professionals with services such as developing, promoting and delivering quality standards, practices, research, certification, education services, and networking. The Articles also require that any property remaining on the liquidation of the Association, after the discharge of its liabilities, shall be distributed to one or more First Nation housing related not-for-profits with similar purposes as the Association. In the case of dissolution resulting from a merger with another not-for-profit organization the remaining property shall be transferred to the new organization.</p>
Basis of Presentation	<p>These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.</p>
Use of Estimates	<p>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 revenue and expenses during the reporting period. Actual results could differ from management's best estimates and assumptions as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the fiscal period in which they become known.</p> <p>Significant estimates include assumptions used in estimating: the collectibility of government remittances recoverable; the fair value of financial instruments; provisions for accrued liabilities; and the amount and timing of revenue earned, accrued and deferred.</p>
Cash and Cash Equivalents	<p>Cash and cash equivalents are defined as cash and highly liquid investments, consisting primarily of term deposits, with terms to maturity of three months or less at the date of purchase.</p>

First Nations Housing Professionals Association

Notes to the Financial Statements

March 31, 2021

1. Significant Accounting Policies (continued)

Financial Instruments

The Association's financial instruments are financial assets or liabilities, where, in general, the Association has the right to receive cash or another financial asset from another party or the Association has the obligation to pay another party cash or other financial assets.

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity and other instruments, if any, that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include cash, term deposits, and government remittances recoverable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. There are no financial assets or financial liabilities measured at fair value.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

Transaction costs

The Association recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Intangible Assets

The Association's intangible assets consist of website costs which are charged to operations as an expense in the fiscal period of acquisition.

First Nations Housing Professionals Association

Notes to the Financial Statements

March 31, 2021

1. **Significant Accounting Policies (continued)**

Revenue Recognition The Association follows the deferral method of accounting for contributions. Contributions externally restricted are deferred and recognized as revenue in the year in which the related expenses are recognized. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fees and educational services fees are recognized in the period in which they relate.

Volunteer Services A substantial portion of the Association's work is dependent upon the contributions of volunteers. These services are not normally purchased and also due to the difficulty in determining their fair value, they are not recognized in these financial statements.

Allocation of Expenses The Association's expenses are presented in the statement of operations on a functional basis. Expenses attributed to a particular function are directly related to the output of that functional category and are therefore not considered indirect allocated expenses. The Association's expenses are also presented by object in a schedule accompanying the financial statements.

2. **Cash**

The Association's cash account is held at a Canadian chartered bank and is non-interest bearing.

3. **Term Deposits**

Term deposits consist of Royal Bank of Canada one year cashable guaranteed investment certificates with effective interest rates of 0.75% which mature in fiscal 2022. The term deposits are stated at cost plus accrued interest which approximates market value.

4. **Deferred Revenue**

Deferred revenue represents amounts received for membership fees or course registrations that relate to future periods. The continuity of deferred revenue for the year is as follows:

First Nations Housing Professionals Association Notes to the Financial Statements

March 31, 2021

4. Deferred Revenue (continued)

	2021	2020
Balance, beginning of year	\$ 12,250	\$ -
Amounts received in the year	69,569	12,250
Revenue recognized representing expenses for the year	(72,419)	-
Balance, end of year	\$ 9,400	\$ 12,250

5. Unexpended Contributions

The Association has entered into various contribution agreements and related extensions for funding to support its operating and program activities. Unexpended contributions represents the balance of funding that has not been spent or earned as at March 31, 2021. The continuity of funding received is as follows:

	2021	2020
Balance, beginning of year	\$ 282,539	\$ 75,189
Advances received in the year	979,157	869,550
Revenue recognized representing expenses for the year	(735,038)	(662,200)
Balance, end of year	\$ 526,658	\$ 282,539

Repayment of contribution funding

The Association receives funding from Canada Mortgage and Housing Corporation ("CMHC") and Indigenous Services Canada ("ISC") based on specific needs and budgets and allocates certain expenses to the various deliverables. CMHC and ISC have the right to review the accounting records to ensure compliance with the terms and conditions of the agreement. At this time no estimate of the requirements, if any, to reimburse CMHC or ISC can be made. Management of the Association feels that their allocations of expenses are fair and accurate in the circumstances. In the event any sum has to be reimbursed, it will be treated as an expense in the year of reimbursement.

First Nations Housing Professionals Association Notes to the Financial Statements

March 31, 2021

6. Internally Restricted Reserves

During the year the board of directors approved the establishment of various internally restricted reserves meant to provide scholarships to support the educational development of First Nations housing staff or those aspiring to obtain a position within the First Nation housing industry. Such scholarships options shall include: FNHPA Candidate membership; support for the Prior Learning Assessment and Recognition (PLAR) fee and process; Annual Conference registration; course tuition and exemptions fees. These internally restricted reserves were established through an approved transfer of unrestricted net assets of \$108,045 during the 2021 fiscal year. The balances as at March 31, 2021 are as follows:

Annual Conference Fund	\$ 40,500
Membership Fund	25,957
Tuition and Exemptions Fund	12,820
PLAR Support Fund	<u>28,768</u>
	<u>\$ 108,045</u>

7. Related Party Transactions

During the year, the Association retained services from a company in which a director of the Association is an owner. The cost of these services, totaling \$14,075 (2020 - \$nil), was charged to workshops, webinars, and courses as set out on the statement of operations. At March 31, 2021, the amount owing for these services totalled \$9,125 (2020 - \$nil). The balance owing at year end is included in accounts payable and accrued liabilities.

8. Commitments

National conference

In connection with its operations, the Association entered into an agreement to reserve a hotel for accommodations and services related to their annual national conference. Given COVID-19, the conference has been postponed with no penalties being charged for the cancellation of the June 2020 dates. The contract is being renegotiated with the hotel for the revised dates.

Other

In addition, the Association entered into agreements for the purchase of services related to the organizational and program support as well as the annual national conference. In the opinion of management, this agreement is in the normal course of the Association's operations, is not abnormal in amount or nature and does not include a high degree of speculative risk.

First Nations Housing Professionals Association

Notes to the Financial Statements

March 31, 2021

9. Economic Dependence

The Association receives the majority of its revenue through a contribution agreements with CMHC and ISC. The Association's continued operations are currently dependent on these funding agreements, and subsequent extensions, and on satisfying the terms of the agreement.

10. Financial Instruments

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations as at March 31, 2021:

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. The Association's revenue and expenses as well as its financial instruments are in Canadian currency. Consequently, the Association is not exposed to foreign exchange fluctuations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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's main credit risks relate to its government remittances recoverable.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities and commitments. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and its ability to fulfill its obligation related to its deferred revenue and contributions, and its commitments as set out in Notes 4, 5 and 8.

Changes in risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

First Nations Housing Professionals Association

Notes to the Financial Statements

March 31, 2021

10. Financial Instruments (continued)

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association does not hold any financial instruments that may be exposed to other price risk.

11. Corresponding Figures

Certain of the corresponding figures have been reclassified to conform with the financial statement presentation adopted for the current year. These changes have no impact on the excess of revenue over expenditures.

12. Uncertainty due to COVID-19

The duration and full financial impact of the COVID-19 pandemic is unknown at this time, as are any additional measures to be taken by governments, the Association or others to attempt to reduce the spread of COVID-19. Any estimate of the length and severity of this pandemic is subject to significant uncertainty and accordingly it is unknown whether COVID-19 may materially and adversely impact the Association's operations, financial results and condition in future periods.
