

First Nations Housing Professionals Association

Financial Statements For the year ended March 31, 2023

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Financial Statements
For the year ended March 31, 2023

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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

**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, 2023, 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, 2023, 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. 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
July 28, 2023
Ottawa, Ontario

First Nations Housing Professionals Association Statement of Financial Position

March 31	2023	2022
Assets		
Current		
Cash	\$ 1,336,283	\$ 972,102
Term deposits (Note 2)	-	20,353
Accounts receivable	87,169	27,341
Prepaid expenses	16,609	2,289
	1,440,061	1,022,085
Capital assets (Note 3)	6,257	-
	\$ 1,446,318	\$ 1,022,085

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 235,727	\$ 134,517
Deferred revenue (Note 4)	28,509	18,606
Deferred contribution - Upskilling Program (Note 5)	38,550	-
Unexpended contributions (Note 6)	567,278	498,258
	870,064	651,381
Net assets	576,254	370,704
	\$ 1,446,318	\$ 1,022,085

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 7)	Unrestricted	Total 2023	Total 2022
Balance, beginning of year	\$ 101,625	\$ 269,079	\$ 370,704	\$ 251,246
Excess (deficiency) of revenue over expenditures for the year	(1,175)	206,725	205,550	119,458
Balance, end of year	\$ 100,450	\$ 475,804	\$ 576,254	\$ 370,704

First Nations Housing Professionals Association Statement of Operations

For the year ended March 31	2023	2022
Revenue		
Contributions	\$ 1,448,494	\$ 790,253
Conference - registrations and sponsorships	221,683	-
Educational Services	110,494	89,136
Memberships	18,239	11,315
Other Revenue	470	389
	<u>1,799,380</u>	<u>891,093</u>
Expenditures		
Amortization	330	-
Board and committee - meeting costs	92,087	18,641
Conference expenses	191,934	-
Communications	30,838	16,708
Consulting fees - management	121,783	150,000
Consulting fees - other	384,059	178,399
Insurance	2,289	1,665
Interest and bank charges	4,452	2,045
Marketing and promotion	45,007	85,104
Office expenses and supplies	74,362	31,323
Professional development	7,025	2,414
Professional fees	5,300	14,093
Scholarships (Note 7)	34,975	6,420
Wages and benefits	380,716	198,401
Website costs	3,114	11,665
Workshops, webinars and courses (Note 8)	215,559	54,757
	<u>1,593,830</u>	<u>771,635</u>
Excess of revenue over expenditures for the year	\$ 205,550	\$ 119,458

First Nations Housing Professionals Association Statement of Cash Flows

For the year ended March 31	2023	2022
Cash flows from (used in) operating activities		
Excess of revenue over expenditures for the year	\$ 205,550	\$ 119,458
Adjustment for non-cash item		
Amortization	330	-
	205,880	119,458
Change in non-cash working capital items		
Accounts receivable	(59,828)	37,941
Prepaid expenses	(14,320)	(988)
Accounts payable and accrued liabilities	101,210	47,499
Deferred revenue	9,903	9,206
Increase in deferred contribution - upskilling program	38,550	-
Unexpended contributions	69,020	(28,400)
	350,415	184,716
Cash flows from (used in) investing activities		
Purchase of term deposits -cost	-	(20,353)
Proceeds on sale of term deposits -cost	20,353	22,000
Purchase of capital assets	(6,587)	-
	13,766	1,647
Increase in cash and cash equivalents during the year	364,181	186,363
Cash and cash equivalents, beginning of year	972,102	785,739
Cash and cash equivalents, end of year	\$ 1,336,283	\$ 972,102

First Nations Housing Professionals Association

Notes to the Financial Statements

March 31, 2023

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 accounts receivable; 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, 2023

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 arm's length financial instruments

The Association initially measures its arm's length financial assets and financial liabilities at fair value.

The Association subsequently measures all its arm's length 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.

Arm's length financial assets measured at amortized cost include cash and accounts receivable. Arm's length financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and unexpended contributions. There are no arm's length financial assets or financial liabilities measured at fair value.

Measurement of related party financial instruments

The Association initially measures its related party financial assets and liabilities at fair value, cost or the exchange amount.

The Association subsequently measures related party financial assets and liabilities at cost or the exchange amount.

When the related party financial instrument has repayment terms, cost is determined using the undiscounted cash flows of the instrument, excluding interest and dividend payments, less any impairment losses previously recognized. If the related party financial instrument does not have repayment terms, cost is determined using the exchange amount.

The exchange amount is the amount of consideration paid or received as established and agreed to by the related parties.

At year-end the Association had amount owing to related parties for services rendered in the year, as set out in Note 8 to these financial statements.

First Nations Housing Professionals Association

Notes to the Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

**Financial Instruments
(continued)**

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.

Capital Assets

Capital assets are recorded at cost. Amortization of capital assets are based on their useful lives using the declining balance method and following rate:

Furniture and fixtures	10%
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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.

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.

Conference revenues, membership fees, and educational services fees are recognized in the period in which they relate.

First Nations Housing Professionals Association Notes to the Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

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.

2. Term Deposits

As at March 31, 2022, the term deposit consisted of a Royal Bank of Canada one year cashable guaranteed investment certificate with an effective interest rate of 0.10% which mature in fiscal 2023. The term deposit was stated at cost plus accrued interest which approximates market value. The term deposit was not renewed or reinvested upon maturity during the year.

3. Capital Assets

	2023		
	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 6,587	\$ 330	\$ 6,257

4. Deferred Revenue

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

	2023		2022	
Memberships	\$ 10,881	\$ 6,360	\$ 6,360	\$ 12,246
Course registrations	17,628	17,628	17,628	12,246
	\$ 28,509	\$ 24,988	\$ 24,988	\$ 24,492

First Nations Housing Professionals Association Notes to the Financial Statements

March 31, 2023

4. Deferred Revenue (continued)

The continuity of deferred revenue for the year is as follows:

	2023	2022
Balance, beginning of year	\$ 18,606	\$ 9,400
Amounts received in the year	138,636	109,657
Revenue recognized representing expenses for the year	(128,733)	(100,451)
Balance, end of year	\$ 28,509	\$ 18,606

5. Deferred Contribution - Upskilling Program

During the year, the Association received restricted contributions supporting its Career Upskilling Program, which is meant to support educational activities for members of First Nations, predominantly women, across Canada who are transitioning into a career in Indigenous Housing. The continuity of funding received is as follows:

	2023	2022
Balance, beginning of year	\$ -	\$ -
Contributions received in the year	70,000	-
Revenue recognized in the year	(31,450)	-
Balance, end of year	\$ 38,550	\$ -

6. 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, 2023. The continuity of funding received is as follows:

	2023	2022
Balance, beginning of year	\$ 498,258	\$ 526,658
Advances received in the year	1,487,136	761,853
Revenue recognized representing expenses for the year	(1,418,116)	(790,253)
Balance, end of year	\$ 567,278	\$ 498,258

First Nations Housing Professionals Association Notes to the Financial Statements

March 31, 2023

6. Unexpended Contributions (continued)

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.

7. Internally Restricted Reserves

During the 2021 fiscal 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. During the year, \$1,175 (2022 - \$6,420) in scholarships were issued from these restricted funds. The balances as at March 31, 2023 are as follows:

	Balance, beginning of year	Scholarships provided	Balance, end of year
Annual Conference Fund	\$ 40,500	\$ -	\$ 40,500
Membership Fund	24,607	-	24,607
Tuition and Exemptions Fund	11,650	(525)	11,125
PLAR Support Fund	24,868	(650)	24,218
	\$ 101,625	\$ (1,175)	\$ 100,450

First Nations Housing Professionals Association Notes to the Financial Statements

March 31, 2023

8. 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 \$50,138 (2022 - \$11,100), was charged to workshops, webinars, and courses as set out on the statement of operations. At March 31, 2023, the amount owing for these services totalled \$7,345 (2022 - \$4,407). The balance owing at year end is included in accounts payable and accrued liabilities.

9. Commitments

Leases - Office Space

During the 2022 fiscal year, the Association entered into a lease agreement for office space beginning November 1, 2021 and expiring October 31, 2024. The lease includes an option for renewal by one year. The minimum annual lease payments over the term of the agreement are as follows:

2024	\$ 11,108
2025	<u>6,555</u>
	<u>\$ 17,663</u>

Annual Conference

During the year, the Association entered an agreement for conference management services related to the 2023 annual conference for \$51,070, excluding applicable taxes. As at March 31, 2023, prepaid expenses include \$11,490 in deposits made for these services.

Subsequent to year end, the Association has entered into an agreement for facilities for its 2023 annual conference. The total commitment under the agreements is \$100,660, before applicable taxes, commissions and variable service charges. This commitment includes food and beverage estimates which are required to obtain certain complementary room rentals. Should there be a shortfall in minimum food and beverage revenues expected, the Association's payments would increase by up to \$25,500, before applicable taxes and gratuities. In addition, should there be shortfalls in room rentals, certain additional attrition charges may also be applied to cover a portion of the shortfall.

Other

In connection with its operations, the Association regularly enters into relatively short-term agreements for the purchase of various supplies and services. Certain of these agreements extend beyond the end of the 2023 fiscal year. In the opinion of management, these agreements are in the normal course of the Institute's operations, are not abnormal in amount or nature and do not include a high degree of speculative risk.

First Nations Housing Professionals Association

Notes to the Financial Statements

March 31, 2023

10. 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.

11. 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, 2023:

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 unexpended contributions, and its commitments as set out in Notes 4, 5, 6 and 9.

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 accounts receivable.

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. The Association is mainly exposed to interest rate risk.

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.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is not exposed to significant interest rate risk.

First Nations Housing Professionals Association Notes to the Financial Statements

March 31, 2023

11. 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.

Changes in risk

There have been no significant changes in the Association's risk exposures from the prior year, except for the decreased interest rate risk exposure as a result of the Association not renewing the term deposit during the year.
