

First Nations Housing Professionals Association

Financial Statements

For the year ended 31 March 2024

MACKILLICAN & ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS



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& ASSOCIATES
CHARTERED PROFESSIONAL
ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Members,
First Nations Housing Professionals Association,
PIKWAKANAGAN, Ontario.

Opinion

We have audited the financial statements of First Nations Housing Professionals Association, which comprise the statement of financial position as at 31 March 2024, and the statement of net assets, statement of operations and statement of 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 First Nations Housing Professionals Association as at 31 March 2024, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPO).

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 First Nations Housing Professionals 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 qualified audit opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNFPO, 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 First Nations Housing Professionals 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 First Nations Housing Professionals Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing First Nations Housing Professionals Association's financial reporting process.

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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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Mae Killian + Associates

RENFREW, Ontario.
4 June 2024.

Chartered Professional Accountants,
Licensed Public Accountants.

First Nations Housing Professionals Association

Statement of Financial Position

As at 31 March 2024

(with 2023 figures for comparison)

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current:		
Cash in bank	\$ 1,454,112	\$ 1,336,283
Accounts receivable	279,294	87,169
Prepaid expenses	39,479	16,609
Investments (Note 4)	<u>1,014,350</u>	<u> </u>
	<u>\$ 2,787,235</u>	<u>\$ 1,440,061</u>
Capital assets (Note 5)	<u>\$ 14,699</u>	<u>\$ 6,257</u>
	<u>\$ 2,801,934</u>	<u>\$ 1,446,318</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 302,504	\$ 235,727
Deferred revenue (Note 6)	41,707	28,509
Deferred contribution - Upskilling program (Note 6)	93,783	38,550
Unexpended contributions (Note 7)	<u>1,383,406</u>	<u>567,278</u>
	<u>\$ 1,821,400</u>	<u>\$ 870,064</u>
Net assets	<u>980,534</u>	<u>576,254</u>
	<u>\$ 2,801,934</u>	<u>\$ 1,446,318</u>

(See accompanying notes)

First Nations Housing Professionals Association

Statement of Net Assets

For the year ended 31 March 2024
(with 2023 figures for comparison)

	<u>Balance at</u> <u>31 March 2023</u>	<u>Excess (deficiency)</u> <u>of revenue</u> <u>over expenses</u> <u>for the year ended</u> <u>31 March 2024</u>	<u>Balance at</u> <u>31 March 2024</u>
Net assets:			
Unrestricted	\$ 475,804	\$ 404,280	\$ 880,084
Internally restricted (Note 8)	<u>100,450</u>	<u> </u>	<u>100,450</u>
	<u>\$ 576,254</u>	<u>\$ 404,280</u>	<u>\$ 980,534</u>

(See accompanying notes)

First Nations Housing Professionals Association

Statement of Operations

For the year ended 31 March 2024
(with 2023 figures for comparison)

	<u>2024</u>	<u>2023</u>
Revenue:		
Contributions	\$ 2,088,916	\$ 1,448,494
Conference - registrations and sponsorships	229,995	221,683
Educational services	307,602	110,494
Memberships	30,478	18,239
Other revenue	<u>20,869</u>	<u>470</u>
	<u>\$ 2,677,860</u>	<u>\$ 1,799,380</u>
Expenses:		
Amortization	\$ 1,893	\$ 330
Board and committee - meeting costs	173,076	92,087
Conference expenses	229,874	191,934
Communications		30,838
Consulting fees - management	60,348	121,783
Consulting fees - other	350,526	384,059
Insurance	3,156	2,289
Interest and bank charges	6,998	4,452
Marketing and promotion	50,865	45,007
Office expenses and supplies	95,068	74,362
Professional development	32,567	7,025
Professional fees	26,734	5,300
Scholarships (Note 8)		34,975
Wages and benefits	674,036	380,716
Website costs	9,698	3,114
Workshops, webinars and courses (Note 9)	<u>558,741</u>	<u>215,559</u>
	<u>\$ 2,273,580</u>	<u>\$ 1,593,830</u>
Excess (deficiency) of revenue over expenses for the year	<u>\$ 404,280</u>	<u>\$ 205,550</u>

(See accompanying notes)

First Nations Housing Professionals Association

Statement of Cash Flows

For the year ended 31 March 2024
(with 2023 figures for comparison)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses for the year	\$ 404,280	\$ 205,550
Add items which do not involve an outlay of cash:		
- amortization	<u>1,893</u>	<u>330</u>
	<u>\$ 406,173</u>	<u>\$ 205,880</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in accounts receivable - trade	\$ (192,125)	\$ (59,828)
- decrease (increase) in prepaid expenses	(22,870)	(14,320)
- increase (decrease) in accounts payable and accrued liabilities	66,777	101,210
- increase (decrease) in deferred revenue	13,198	9,903
- increase (decrease) in deferred contribution - Upskilling program	55,233	38,550
- increase (decrease) in unexpended contributions	<u>816,128</u>	<u>69,020</u>
	<u>\$ 736,341</u>	<u>\$ 144,535</u>
Cash flows from (used for) operating activities	<u>\$ 1,142,514</u>	<u>\$ 350,415</u>
Cash flows from (used for) investing activities:		
Additions to property, plant and equipment:		
- furniture and fixtures	\$ (2,828)	\$ (6,587)
- computers	(7,507)	
Proceeds on sale of investments		20,353
Purchase of investments	<u>(1,014,350)</u>	<u></u>
Cash flows from (used for) investing activities	<u>\$ (1,024,685)</u>	<u>\$ 13,766</u>
Net increase (decrease) in cash and cash equivalents during the year	\$ 117,829	\$ 364,181
Cash and cash equivalents at the beginning of the year	<u>1,336,283</u>	<u>972,102</u>
Cash and cash equivalents at the end of the year	<u><u>\$ 1,454,112</u></u>	<u><u>\$ 1,336,283</u></u>

(See accompanying notes)

First Nations Housing Professionals Association

Notes to the Financial Statements

For the year ended 31 March 2024

1. NATURE OF BUSINESS

First Nations Housing Professionals Association is a not-for-profit organization incorporated 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.

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 the dissolution resulting from a merger with another not-for-profit organization the remaining property shall be transferred to the new organization.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles using Canadian Accounting Standards for Not-for-Profit Organizations (ASNFP) and include the following significant accounting policies:

a) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

b) 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 revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates include the allowance for doubtful accounts and amortization.

c) Revenue recognition:

The association follows the deferral method of accounting for contributions which include contributions, conference registrations and sponsorships and memberships.

The association is funded primarily by the Indigenous Services Canada (ISC) and the Canada Housing and Mortgage Corporation (CMHC) in accordance with grant agreements. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Revenue generated from educational services and other revenue is recognized when the services have been provided and collection is reasonably assured.

Interest income is recorded on an accrual basis.

(d) 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

For the year ended 31 March 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand and in bank and investments due no greater than three months from the date of acquisition or that are cashable on demand.

(f) Financial instruments:

Financial instruments include cash in bank, accounts receivable and accounts payable and accrued liabilities. The carrying amounts reported on the statement of financial position, approximates their fair values, due to the short term maturities of these financial instruments.

(g) Capital assets:

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

Furniture and fixtures	10%
Computers	30%

(h) 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.

(i) Investments:

Investments are recorded at cost plus accrued interest. If the market value of the investments become lower than the cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

3. FINANCIAL INSTRUMENTS

Risks and concentrations:

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the association's risk exposure at the statement of financial position date, 31 March 2024.

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 risk relates to its accounts receivable. The association provides credit to its clients in the normal course of its operations.

Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with the financial liabilities. The association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

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.

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 exposed to interest rate risk on its fixed rate financial instruments. Fixed instruments subject the association to a fair value risk.

MACKILLICAN & ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS

First Nations Housing Professionals Association

Notes to the Financial Statements

For the year ended 31 March 2024

4. INVESTMENTS

Investments consist of a GIC which bears interest at prime less 2% (which is currently 5.2%) and matures December 2024.

5. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2024 Net Book Value</u>	<u>2023 Net Book Value</u>
Furniture and fixtures	\$ 9,415	\$ 1,097	\$ 8,318	\$ 6,257
Computers	<u>7,507</u>	<u>1,126</u>	<u>6,381</u>	<u> </u>
Total	<u>\$ 16,922</u>	<u>\$ 2,223</u>	<u>\$ 14,699</u>	<u>\$ 6,257</u>

6. DEFERRED REVENUE

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

	<u>2024</u>	<u>2023</u>
Memberships	\$ 24,079	\$ 10,881
Course registrations	<u>17,628</u>	<u>17,628</u>
Balance at the end of the year	<u>\$ 41,707</u>	<u>\$ 28,509</u>

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

	<u>2024</u>	<u>2023</u>
Balance, beginning of the year	\$ 28,509	\$ 18,606
Amounts received in the year	24,080	138,636
Revenue recognized representing expenses for the year	<u>(10,882)</u>	<u>(128,733)</u>
Balance, end of the year	<u>\$ 41,707</u>	<u>\$ 28,509</u>

Deferred revenue - Upskilling

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:

	<u>2024</u>	<u>2023</u>
Balance, beginning of the year	\$ 38,550	
Contributions received in the year	70,000	\$ 70,000
Revenue recognized in the year	<u>(14,767)</u>	<u>(31,450)</u>
Balance, end of the year	<u>\$ 93,783</u>	<u>\$ 38,550</u>

7. 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 31 March 2024. The continuity of funding received is as follows:

First Nations Housing Professionals Association

Notes to the Financial Statements

For the year ended 31 March 2024

7. UNEXPENDED CONTRIBUTIONS (Continued)

	<u>2024</u>	<u>2023</u>
Balance, beginning of the year	\$ 567,278	\$ 498,258
Advances received in the year	2,182,681	1,487,136
Revenue recognized representing expenses for the year	<u>(1,366,553)</u>	<u>(1,418,116)</u>
Balance, end of the year	<u>\$ 1,383,406</u>	<u>\$ 567,278</u>

The association receives funding from Indigenous Services Canada (ISC) and Canada Mortgage and Housing Corporation (CMHC) based on specific needs and budgets and allocates certain expenses to the various deliverables. ISC and CMHC 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 ISC or CMHC 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.

8. 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 exemption 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, \$ NIL (2023 - \$ 1,175) in scholarships were issued from these restricted funds. The balances as at 31 March 2024 are as follows:

	<u>Balance, beginning of the year</u>	<u>Scholarships Provided</u>	<u>Balance, end of the year</u>
Annual conference fund	\$ 24,607	\$ -	\$ 24,607
Membership fund	11,125		11,125
Tuition and exemptions fund	24,218		24,218
PLAR support fund	<u>40,500</u>		<u>40,500</u>
Total	<u>\$ 100,450</u>	<u>\$ -</u>	<u>\$ 100,450</u>

9. RELATED PARTY TRANSACTIONS

During the year, the association retained services from a company in which the Director of the association is an owner. The cost of these services totaling \$ 184,594 (2023 - \$ 50,138), was charged to workshops, educational services, webinars and courses as set out on the statement of operations and are recorded at the exchange amount. As at 31 March 2024, the amount owing for these services totalled \$ 92,614 (2023 - \$ 7,345). The balance owing at year end is included in accounts payable and accrued liabilities. Transactions are in the normal course of business and are measured at the exchange amount, which is considered to be the approximate market value.

First Nations Housing Professionals Association

Notes to the Financial Statements

For the year ended 31 March 2024

10. ECONOMIC DEPENDENCE

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

11. COMMITMENTS

Leases - Office Space

The association leases its premises under a lease agreement expiring 31 October 2024. The payments are due monthly and the annual rent for the current year was \$ 22,246. The minimum lease payments due under the lease are as follows:

2025	\$ 15,294
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Annual Conference

During the year, the association entered into an agreement for conference management services related to the 2024 annual conference for \$ 51,070, excluding applicable taxes.

During the year, the association entered an agreement for facilities for its 2024 annual conference. The total commitment under the agreements is \$ 177,442, 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 \$ 56,994, 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 2024 fiscal year. In the opinion of management, these agreements are in the normal course of the association's operations, are not abnormal in amount or nature and do not include a high degree of speculative risk.