

**CANADIAN ASSOCIATION OF HOME
AND PROPERTY INSPECTORS**

FINANCIAL STATEMENTS

December 31, 2003

AUDITORS' REPORT

To the Members of
CANADIAN ASSOCIATION OF HOME AND PROPERTY INSPECTORS

We have audited the statement of financial position of **CANADIAN ASSOCIATION OF HOME AND PROPERTY INSPECTORS** as at December 31, 2003 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2003 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Trenton, Ontario
June 15, 2004



CHARTERED ACCOUNTANTS

CANADIAN ASSOCIATION OF HOME AND PROPERTY INSPECTORS

(Incorporated under the laws of Canada)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2003

ASSETS

CURRENT ASSETS

Cash	\$ 101,126
Accounts receivable	2,840
Prepaid insurance	<u>1,192</u>
	<u>\$ 105,158</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 11,193
Deferred revenue	<u>6,631</u>
	<u>17,824</u>

NET ASSETS

Unrestricted net assets	<u>87,334</u>
	<u>\$ 105,158</u>

Approved by the Board:

_____ Director

_____ Director

(See accompanying notes)

CANADIAN ASSOCIATION OF HOME AND PROPERTY INSPECTORS
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2003

	<u>Budget</u> (note 6)	<u>2003</u>
REVENUE		
Member dues	\$ 122,250	\$ 120,763
Conference 2003	1,000	-
CMHC - administration and communication plan (JK)	3,210	3,210
- Construction Sector Council	5,000	-
Exam fees	3,500	3,440
Interest income	50	27
Newsletter advertising	1,500	4,412
	<u>136,510</u>	<u>131,852</u>
EXPENSES		
Administration - schedule of expenses	55,784	57,630
Project - schedule of expenses	43,768	41,318
	<u>99,552</u>	<u>98,948</u>
NET REVENUE	<u>\$ 36,958</u>	32,904
NET ASSETS, beginning of year		<u>54,430</u>
NET ASSETS, end of year		<u>\$ 87,334</u>

(See accompanying notes)

CANADIAN ASSOCIATION OF HOME AND PROPERTY INSPECTORS

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2003

	<u>BUDGET</u> (Note 6)	<u>2003</u>
ADMINISTRATION		
Office administrator	\$ 12,000	\$ 12,384
Printing, copies, stationery and office supplies	1,200	1,236
Telephone, fax and teleconferences	4,000	8,780
Postage and courier	6,000	7,633
Directors meetings and expenses	18,000	12,011
Directors and officers insurance	1,900	1,889
Liability insurance	2,400	1,697
Awards	500	863
Legal	3,000	5,467
Accounting	700	31
Audit	1,284	1,284
Bank charges	200	96
Exams	3,500	3,086
CREA conference	1,000	1,003
Miscellaneous	100	170
	<u>\$ 55,784</u>	<u>\$ 57,630</u>
 PROJECTS		
By-laws	\$ 1,000	\$ -
Exam development and changes	400	-
Brochure	1,500	-
Website	3,000	1,016
CAHPI logo and banner development	1,658	1,946
Membership	500	647
Magazine	20,000	19,499
CHIBO - Construction Sector Council (CAHPI share)	7,500	15,000
- Construction Sector Council (CMHC share)	5,000	-
- Administration and communication plan	3,210	3,210
	<u>\$ 43,768</u>	<u>\$ 41,318</u>

(See accompanying notes)

CANADIAN ASSOCIATION OF HOME AND PROPERTY INSPECTORS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

1. PURPOSE OF THE ASSOCIATION

The Association is a national organization whose membership consists of seven provincial/regional chapters. The Association's principal objective is to promote the interests of Canadian home inspectors on a national level. The Association is incorporated under the Canada Corporations Act as a not-for-profit organization. The Association is exempt from income tax under section 149(a)(1) of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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 dues are recognized as revenue in the period to which they apply.

Exam fees are recognized as revenue when the exam is written.

Newsletter advertising revenue is recognized as revenue when the newsletter in which the advertising appears is released.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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 these estimates.

3. ORGANIZATIONAL RESTRUCTURING

The Association legally changed its name in the year. The Association was previously known as the Canadian Association of Home Inspectors. In September, 2002 the Canadian Association of Home Inspectors (CAHI) and the Canadian Association of Home and Property Inspectors Committee (a committee of the provincial /regional chapters of CAHI with a board of directors independent of CAHI) combined operations and continued on as a new entity under the Corporate Charter and by-laws of CAHI.

The January 1, 2003 net assets consist of the following:

CAHI	\$ 44,763
CAHPI committee	9,667
	<u>\$ 54,430</u>

CANADIAN ASSOCIATION OF HOME AND PROPERTY INSPECTORS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003

4. COMPARATIVE FIGURES

Comparative figures have not been presented as they would not provided meaningful information due to the restructuring described in note 3. The 2002 financial statements were not audited for either CAHI or CAHPI.

5. STATEMENT OF CASH FLOWS

A statement of cash flows have not been included with these financial statements since it would provide no useful information that is not readily apparent from other financial statements.

6. BUDGET

Budget figures have not been audited and are presented for information purposes only.

7. COMMITMENTS

The Association has entered into contracts as part of its participation in the Canadian Home Inspectors and Building Officials Steering Committee (CHIBO). The Association has agreed to fund the Construction Sector Council (CSC) \$53,925 to carry out a project for CHIBO of which \$18,925 will be funded by Canadian Mortgage and Housing Corporation (CMHC). In the present year, the Association funded CSC \$15,000 and recognized \$0 of funding from CMHC towards this project leaving \$38,925 to be paid to CSC and \$18,925 to be received from CMHC. This project is scheduled to be completed in 2005.

8. ECONOMIC DEPENDENCE

The Association receives 90% of its revenue from membership dues from provincial regional affiliates. This Association is economically dependent on continual funding from these affiliates.

9. FINANCIAL INSTRUMENTS

The Association's financial instruments include cash, accounts receivable and accounts payable. Unless otherwise noted, it is managements' opinions that the Association is not exposed to significant interest, currency or credit risk arising from these instruments. Fair value approximate cost due to their short-term nature.