

**CANADIAN ASSOCIATION OF HOME
AND PROPERTY INSPECTORS**

FINANCIAL STATEMENTS

December 31, 2004



Welch & Company LLP
Lévesque Marchand, Chartered Accountants

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, 2004 and the statement 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, 2004 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Trenton, Ontario
June 24, 2005

CHARTERED ACCOUNTANTS

CANADIAN ASSOCIATION OF HOME AND PROPERTY INSPECTORS

(Incorporated under the laws of Canada)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2004

ASSETS

	<u>2004</u>	<u>2003</u>
CURRENT ASSETS		
Cash	\$ 78,392	\$ 101,126
Accounts receivable	10,482	2,840
Prepaid expenses	2,099	1,192
	<u>\$ 90,973</u>	<u>\$ 105,158</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 4,975	\$ 11,193
Deferred revenue	287	6,631
	<u>5,262</u>	<u>17,824</u>
NET ASSETS		
Net assets internally restricted - <i>note 7</i>	40,000	-
Unrestricted net assets	45,711	87,334
	<u>85,711</u>	<u>87,334</u>
	<u>\$ 90,973</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, 2004

	<u>Budget</u> (note 4)	<u>2004</u>	<u>2003</u>
REVENUES			
Member dues	\$ 112,200	\$ 111,605	\$ 120,763
Conference 2003	1,000	3,244	-
Conference 2004	-	127	-
CMHC - Construction Sector Council	13,925	10,000	-
- administration and communication plan	-	-	3,210
Exam fees	3,500	3,976	3,440
New home PDI course	-	12,985	-
Interest income	20	58	27
Magazine advertising	3,000	9,002	4,412
	<u>133,645</u>	<u>150,997</u>	<u>131,852</u>
EXPENSES			
Administration - schedule of expenses	61,800	71,903	57,630
Projects- schedule of expenses	76,925	80,717	41,318
	<u>138,725</u>	<u>152,620</u>	<u>98,948</u>
NET REVENUES (EXPENSES)	(5,080)	(1,623)	32,904
UNRESTRICTED NET ASSETS , beginning of year	<u>87,334</u>	<u>87,334</u>	<u>54,430</u>
	82,254	85,711	87,334
Net assets internally restricted - <i>note 7</i>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
UNRESTRICTED NET ASSETS , end of year	<u>\$ 42,254</u>	<u>\$ 45,711</u>	<u>\$ 87,334</u>

(See accompanying notes)

CANADIAN ASSOCIATION OF HOME AND PROPERTY INSPECTORS

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2004

	<u>Budget</u> (Note 4)	<u>2004</u>	<u>2003</u>
ADMINISTRATION			
Advertising	\$ -	\$ 1,241	\$ -
Office administrator	12,500	16,842	12,384
Printing, copies, stationery and office supplies	1,200	2,115	1,236
Telephone, fax and teleconferences	6,500	6,872	8,780
Postage and courier	7,500	7,378	7,633
Directors meetings and expenses	18,000	24,628	12,011
Directors and officers insurance	1,900	1,889	1,889
Liability insurance	3,000	1,088	1,697
Awards	1,000	201	863
Legal	4,000	1,789	5,467
Accounting	-	-	31
Audit	1,900	2,542	1,284
Bank charges	200	13	96
Exams	3,000	3,575	3,086
CREA conference	1,000	956	1,003
Miscellaneous	100	774	170
	<u>\$ 61,800</u>	<u>\$ 71,903</u>	<u>\$ 57,630</u>
 PROJECTS			
By-laws	\$ 1,000	\$ 571	\$ -
New home PDI course	-	10,012	-
Brochure	1,500	1,674	-
Website	3,000	2,718	1,016
CAHPI logo and banner development	-	-	1,946
Membership	10,000	5,540	647
Magazine	20,000	19,939	19,499
CHIBO - Construction Sector Council (CAHPI share)	27,500	20,000	15,000
- Construction Sector Council (CMHC share)	13,925	10,000	-
- Administration and communication plan	-	-	3,210
Public Relations	-	7,485	-
External affairs	-	2,778	-
	<u>\$ 76,925</u>	<u>\$ 80,717</u>	<u>\$ 41,318</u>

(See accompanying notes)

CANADIAN ASSOCIATION OF HOME AND PROPERTY INSPECTORS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004

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.

Home PDI Course revenue is recognized when the course is taken.

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. 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.

4. BUDGET

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

CANADIAN ASSOCIATION OF HOME AND PROPERTY INSPECTORS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2004

5. 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 \$30,000 (2003 - \$15,000) and recognized \$10,000 (2003 - \$0) of funding from CMHC towards this project leaving \$8,925 to be paid to CSC and \$8,925 to be received from CMHC. This project is scheduled to be completed in 2005.

6. ECONOMIC DEPENDENCE

The Association receives 74% of its revenue from membership dues from provincial/regional affiliates. This Association is economically dependent on continual funding from these affiliates.

7. INTERNALLY RESTRICTED NET ASSETS

	Restricted for Executive Director	Restricted for Conference	2004	2003
Balance - beginning of year	\$ -	\$ -	\$ -	\$ -
Internally imposed restrictions	20,000	20,000	40,000	-
Balance - end of year	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>

In 2004 the Association's board of directors internally restricted \$20,000 for an executive director and \$20,000 for conference reserve funds. These internally restricted amounts are not available for other purposes without approval of the board of directors.

8. 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.