

Ontario Association of Home Inspectors

Financial Statements

December 31, 2003

**ONTARIO ASSOCIATION OF HOME INSPECTORS
INDEX TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

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AUDITORS' REPORT

To the Directors of Ontario Association of Home Inspectors

We have audited the statement of financial position of Ontario Association of Home Inspectors as at December 31, 2003, and the statements of operations, net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 common with many non profit organizations, the Association derives some revenue from education, conventions and seminars the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to education, convention and seminars, excess of revenue over expenditures , assets and members' equity

In our opinion, except for the effect of adjustments, if any, which have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue from education, conventions and seminars as referred to in the proceeding paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2003 and the results its of operations and changes in its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

"Original signed by Kagan and Kagan LLP"

Toronto, Ontario
March 29, 2004

CHARTERED ACCOUNTANTS

**ONTARIO ASSOCIATION OF HOME INSPECTORS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2003**

	2003	2002
ASSETS		
Current assets		
Cash and short term investments (Note 2)	\$ 260,142	\$ 139,681
Accounts receivable	4,999	-
Prepaid expenses	-	5,835
GST recoverable	-	5,988
	<u>265,141</u>	<u>151,504</u>
	<u>\$ 265,141</u>	<u>\$ 151,504</u>

LIABILITIES

Current Liabilities		
Accounts payable and accrued liabilities	\$ 16,304	\$ 20,490
Taxes payable	15,655	-
Benevolent fund (Note 3)	1,061	-
Deferred subsidies (Note 4)	<u>12,325</u>	<u>10,000</u>
	45,345	30,490

NET ASSETS

UNRESTRICTED NET ASSETS	219,796	121,014
	<u>\$ 265,141</u>	<u>\$ 151,504</u>

APPROVED ON BEHALF OF THE BOARD:

_____ *Director*

_____ *Director*

See accompanying notes to financial statements

**ONTARIO ASSOCIATION OF HOME INSPECTORS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	2003	2002
Unrestricted net assets, beginning of the year	\$ 121,014	\$ 66,436
Excess of revenues over expenditures	98,782	54,578
Unrestricted net asset , end of the year	\$ 219,796	\$ 121,014

See accompanying notes to financial statements

**ONTARIO ASSOCIATION OF HOME INSPECTORS
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	2003	2002
REVENUE		
Professional fees and dues	\$ 260,558	\$ 187,878
Board of examiners and education	151,161	131,467
Education programme committee, conventions and seminars	25,020	16,533
National Convention	131,182	-
Public relations, interest and sundry	<u>26,742</u>	<u>11,520</u>
	<u>594,663</u>	<u>347,398</u>
EXPENDITURES		
Administration and support	111,111	90,687
Audit and accounting	8,420	10,640
Bank charges	1,547	5,189
Canadian Association of Home Inspectors fees	66,840	17,505
Board of examiners and educations costs	121,123	79,837
Education programme committee, conventions and seminar costs	28,608	11,412
Insurance	1,029	294
Legal	35,292	18,912
National convention	66,213	-
Office and general	30,608	21,680
Postage	4,525	8,733
Printing	7,984	9,665
Public relations	6,773	14,077
Telephone	<u>5,808</u>	<u>4,189</u>
	495,881	292,820
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 98,782</u>	<u>\$ 54,578</u>

See accompanying notes to financial statements

**ONTARIO ASSOCIATION OF HOME INSPECTORS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	2003	2002
Cash flows from operating activities		
Excess from operations	\$ 98,782	\$ 54,578
Net change in non-cash working capital balances from operations*	<u>21,679</u>	<u>(78,490)</u>
Net cash generated through operating activities	120,461	(23,912)
Increase in cash	120,461	(23,912)
Cash and short term investments, beginning of year	139,681	163,593
Cash and short term investments, end of year	<u>\$ 260,142</u>	<u>\$ 139,681</u>

* Consisting of changes in prepaid expenses, accounts payable and accrued liabilities.

**ONTARIO ASSOCIATION OF HOME INSPECTORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Ontario Association of Home Inspectors ("OAH") was established to provide its members with professional development opportunities and to uphold the standards of Home Inspectors in Ontario. OAH was incorporated under the Ontario Association of Home Inspectors Act, 1994 as a not-for-profit organization. It is exempt from income taxes pursuant to section 149 of the Income Tax Act (Canada).

Basis of Presentation

The financial statements have been prepared by management in accordance with generally accepted accounting principles as they apply to not-for-profit organizations.

OAH follows the deferral method of accounting for contributions.

Members' dues are recognized over the period of their related membership. Education and convention fees are recognized when the courses and conventions are held.

Contributed Services

Due to the difficulty of determining their fair value contributed services are not recognized in the financial statements.

Financial Instruments

It is the Association's management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from its financial instruments. All cash is held at one financial institution.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles 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 expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**ONTARIO ASSOCIATION OF HOME INSPECTORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

2. CASH AND SHORT TERM NOTES

There are term deposits totaling \$ 150,000 for a term of one year with an annual interest rate of 2.0% and 2.75% and matures on April 1, 2004 and June 27, 2004 respectively.

3. BENEVOLENT FUND

A fund has been collected to assist a member who was injured on the job and was not able to work. Money was collected by the Association from its members and distributed to the injured member on behalf of its members.

4. DEFERRED SUBSIDIES

Funds were received from the Canadian Mortgage and Housing Corporation to subsidize the training of members, by allowing them to take specialized courses.