

Ontario Association of Home Inspectors

Financial Statements

December 31, 2004

**ONTARIO ASSOCIATION OF HOME INSPECTORS
INDEX TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

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

Toronto, Ontario
February 18, 2005

CHARTERED ACCOUNTANTS

**ONTARIO ASSOCIATION OF HOME INSPECTORS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2004**

	2004	2003
ASSETS		
Current		
Cash and cash equivalents (Note 3)	\$ 297,512	\$ 260,142
Accounts receivable	-	4,999
Prepaid expenses	<u>4,514</u>	<u>-</u>
	302,026	265,141
	<u>\$ 302,026</u>	<u>\$ 265,141</u>

LIABILITIES

Current

Accounts payable and accrued liabilities	\$ 17,940	\$ 16,302
GST payable	13,920	15,655
Benevolent fund (Note 4)	2,460	1,061
Deferred subsidies (Note 5)	12,325	12,325
Deferred revenues	<u>1,317</u>	<u>-</u>
	47,962	45,343

NET ASSETS

Unrestricted Net Assets	254,064	219,798
	<u>\$ 302,026</u>	<u>\$ 265,141</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, 2004**

	2004	2003
Unrestricted net assets, beginning of the year	\$ 219,798	\$ 121,016
Excess of revenues over expenditures	34,266	98,782
Unrestricted net asset, end of the year	\$ 254,064	\$ 219,798

See accompanying notes to financial statements

**ONTARIO ASSOCIATION OF HOME INSPECTORS
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	2004	2003
REVENUES		
Professional fees and dues	\$ 231,716	\$ 260,558
Board of examiners and education	154,069	151,161
Education programme committee, conventions and seminars	14,229	25,020
National Convention	-	131,182
Public relations, interest and sundry	<u>13,186</u>	<u>26,742</u>
	<u>413,200</u>	<u>594,663</u>
EXPENDITURES		
Administration and support	78,084	111,111
Audit and Accounting	6,320	8,420
Bank charges and interest	850	1,547
Board of examiners and educations costs	111,774	121,123
Canadian Association of Home Inspectors fees	47,431	66,840
Education programme committee, conventions and seminar costs	8,984	28,608
Insurance	230	1,029
Legal fees	30,822	35,292
National convention	5,025	66,213
Office and general	32,720	30,608
Postage	7,819	4,525
Printing	27,051	7,984
Public relations	14,676	6,773
Telephone	<u>7,148</u>	<u>5,808</u>
	378,934	495,881
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 34,266</u>	<u>\$ 98,782</u>

See accompanying notes to financial statements

**ONTARIO ASSOCIATION OF HOME INSPECTORS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	2004	2003
Cash flows from operating activities		
Excess from operations	\$ 34,266	\$ 98,782
Net change in non-cash working capital balances from operations*	<u>3,104</u>	<u>21,679</u>
Net cash generated through operating activities	37,370	120,461
Change in cash and cash equivalents	37,370	120,461
Cash and cash equivalents, beginning of year	260,142	139,681
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Cash and cash equivalents, end of year	\$ 297,512	\$ 260,142

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

**ONTARIO ASSOCIATION OF HOME INSPECTORS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

1. PURPOSE OF ORGANIZATION

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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) 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.

(ii) Revenue recognition:

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.

(iii) Contributed Services:

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

(iv) 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
DECEMBER 31, 2004**

3. CASH AND CASH EQUIVALENTS

There are term deposits totaling \$ 150,000 with the following information:

Amount	Interest-rate	Maturity date
\$ 100,000	semi-annual 2.60%	June 28, 2006
\$ 50,000	compounded-annually 1.85%	April 01, 2005

4. 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.

5. 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.

6. FINANCIAL INSTRUMENTS

The company's financial instruments consist of cash & cash equivalent, accounts receivable and accounts payable & accrued liabilities. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The carrying amounts of financial instruments approximate fair values due to their ability for prompt liquidation and short-term to maturity.