HENDRY WARREN LLP
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Financial Statements of

THE CIVIC INSTITUTE OF PROFESSIONAL PERSONNEL

December 31, 2024

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May 28, 2025

INDEPENDENT AUDITOR'S REPORT

To the Members of
The Civic Institute of Professional Personnel:

Opinion

We have audited the accompanying financial statements of The Civic Institute of Professional Personnel (the "Institute"), which comprise the statement of financial position as at December 31, 2024, and the statements of changes in members' equity, revenues and expenses and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Civic Institute of Professional Personnel as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian 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 the Institute 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 audit opinion.

Other Information

Management is responsible for the other information. The other information comprises the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is material misstatement therein, we are required to communicate that matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the applicable financial reporting framework, 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 these financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Institute's financial reporting process.

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 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 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 Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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 Institute'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 Institute 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.

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.

Hendry Warren LLP

HENDRY WARREN LLP
Chartered Professional Accountants
Licensed Public Accountants
Ottawa, Ontario

THE CIVIC INSTITUTE OF PROFESSIONAL PERSONNEL

Statement of Financial Position

December 31, 2024, with comparative figures for 2023

	2024	2023
Assets		
Current assets		
Cash	$ 265,516	$ 316,169
Accounts receivable	59,853	28,050
Prepaid expenses	11,529	6,564
	336,898	350,783
Long-term investments (Note 2)	3,926,971	3,380,337
Capital assets (Note 3)	25,404	3,366
	$ 4,289,273	$ 3,734,486
Liabilities and Members' Equity		
Current liabilities		
Accounts payable and accrued charges	$ 137,623	$ 108,948
Commitments (Note 4)		
Members' equity		
Unappropriated reserve	1,426,650	900,538
Strategic activities reserve	2,350,000	2,350,000
Restricted operating reserve	375,000	375,000
	4,151,650	3,625,538
	$ 4,289,273	$ 3,734,486

Approved on behalf of the Board:

Director

Director

THE CIVIC INSTITUTE OF PROFESSIONAL PERSONNEL

Statement of Changes in Members' Equity

Year ended December 31, 2024, with comparative figures for 2023

2024	Unappropriated Reserve	Strategic Activities Reserve	Restricted Operating Reserve	Total 2024
Members' equity, beginning of year	$ 900,538	$ 2,350,000	$ 375,000	$ 3,625,538
Excess of revenues over expenses	126,927	344,251	54,934	526,112
Transfers among reserves	399,185	(344,251)	(54,934)	-
Members' equity, end of year	$ 1,426,650	$ 2,350,000	$ 375,000	$ 4,151,650

2023	Unappropriated Reserve	Strategic Activities Reserve	Restricted Operating Reserve	Total 2023
Members' equity, beginning of year	$ 499,434	$ 2,358,693	$ 375,000	$ 3,233,127
Excess of revenues over expenses	61,673	285,224	45,514	392,411
Transfers to internally restricted reserves	339,431	(293,917)	(45,514)	-
Members' equity, end of year	$ 900,538	$ 2,350,000	$ 375,000	$ 3,625,538

See accompanying notes to the financial statements.

THE CIVIC INSTITUTE OF PROFESSIONAL PERSONNEL

Statement of Revenues and Expenses

Year ended December 31, 2024, with comparative figures for 2023

	2024	2023
Revenues		
Membership fees	$ 1,871,568	$ 1,875,875
Investment revenue	196,634	118,940
	2,068,202	1,994,815
Expenses		
Administration and services	1,278,479	1,397,167
Professional fees	186,697	149,248
Board of Directors	43,991	44,449
Committees - Membership	27,375	9,423
Amortization	5,548	2,117
Total expenses	1,542,090	1,602,404
Excess of revenues over expenses	$ 526,112	$ 392,411

See accompanying notes to the financial statements.

THE CIVIC INSTITUTE OF PROFESSIONAL PERSONNEL
Cash Flow Statement

Year ended December 31, 2024, with comparative figures for 2023

	2024	2023
Operating activities		
Excess of revenues over expenses	$ 526,112	$ 392,411
Non-cash items:		
Amortization expense	5,548	2,117
Unrealized gain in fair market value of long-term investments	(93,604)	(37,561)
Changes in non-cash working capital balances (Note 5)	(8,093)	45,548
Cash provided by operating activities	429,963	402,515
Investing activities		
Acquisition of capital assets	(27,586)	(1,147)
Purchase of long-term investments	(453,030)	(440,072)
Cash used in investing activities	(480,616)	(441,219)
Decrease in cash	(50,653)	(38,704)
Cash, beginning of year	316,169	354,873
Cash, end of year	$ 265,516	$ 316,169

See accompanying notes to the financial statements.

Organizational structure and nature of activities

The Civic Institute of Professional Personnel (the "Institute") provides support to its members in negotiation and administration of their rights under their respective collective agreements.

As a labour organization, the Institute is exempt from tax under section 149(1)(k) of the Canadian Income Tax Act.

1. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue recognition

Membership fees are recognized as revenue when they are received or receivable if the amount to be collected can be reasonably estimated and collection is reasonably assured.

Investment revenue is composed of:

- Dividend and interest income earned on portfolio investments which are recognized at the time they are received in the investment portfolio;
- Realized gains and losses on the sale of investments recognized at the time of disposition of the investment; and
- Unrealized gains and losses on the revaluation of investments to fair value at the date of the statement of financial position.

Cash

The Institute's policy is to disclose bank balances under cash.

Capital assets

Capital assets are accounted for at cost. Amortization is based on the assets' respective useful lives using the following methods, rates and duration:

Asset	Method	Rate and Duration
Computer hardware	Declining balance	55%
Furniture and fixtures	Declining balance	20%
Leasehold improvements	Straight-line	Lease term

One-half of the annual amount is claimed in the year of acquisition.

Use of estimates

The preparation of these financial statements in conformity 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to the statement of revenues and expenses as appropriate in the year they become known.

Significant estimates include the completeness of accounts payable and accrued charges.

Financial instruments

Measurement of financial instruments

The Institute initially measures its financial assets and liabilities at fair value.

The Institute subsequently measures all its financial assets and financial liabilities at amortized cost, except investments, which are measured at fair value. Changes in fair value are recognized in the statement of revenues and expenses.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued charges.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of revenues and expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenues and expenses.

Transaction costs

The Institute recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Employee future benefits

The Institute has funded a multiemployer defined benefit plan providing pension benefits to seven of its employees. The plan is administered by OMERS Administration Corporation and is accounted for as a defined contribution plan as sufficient information is not available to use defined benefit plan accounting. The amount for which the Institute is obligated under the plan is not quantified.

2. Long-term investments

Long-term investments are comprised of various investments and cash held with RBC Dominion Securities and Scotiabank.

	2024	2023
Cash	$ 2,700	$ 520
Bonds & GICs	3,274,195	2,347,587
Equity	352,519	300,762
Investment savings account	297,557	731,468
	$ 3,926,971	$ 3,380,337

The above amounts are measured at fair value. The cost as at December 31, 2024 was $3,763,813 (2023: $3,280,049).

3. Capital assets

			2024	2023
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware	$ 30,217	$ 23,741	$ 6,476	$ 1,533
Furniture and fixtures	16,195	3,674	12,521	1,833
Leasehold improvements	7,322	915	6,407	-
	$ 53,734	$ 28,330	$ 25,404	$ 3,366

4. Commitments

Future minimum rental payments required under operating leases for premises and office equipment that have initial lease terms in excess of one year at December 31, 2024 are as follows:

	Premises	Office Equipment	Total
2025	$ 67,696	$ 897	$ 68,593
2026	67,696	-	67,696
2027	67,696	-	67,696
2028	33,848	-	33,848
	$ 236,936	$ 897	$ 237,833

The Institute has an outstanding letter of credit in the amount of $62,500 (2023: $62,500) relating to an employee pension plan with OMERS Administration Corporation at year end.

5. Changes in non-cash working capital balances

Changes in non-cash working capital balances have provided (used) cash as follows:

	2024	2023
Accounts receivable	$ (31,803)	$ 16,672
Prepaid expenses	(4,965)	1,508
Accounts payable and accrued charges	28,675	27,368
	$ (8,093)	$ 45,548

6. Financial instruments

<u>Risk and concentrations</u>

The Institute is exposed to various risks through its financial instruments. The following analysis provides a measure of the risk exposures and concentrations at the date of the statement of financial position, December 31, 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 Institute's main credit risks relate to its accounts receivable. The Institute provides credit to its members in the normal course of its operations. It is management's opinion that there has been no change to credit risk since December 31, 2023.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Institute is exposed to this risk mainly in respect of its accounts payable and accrued charges. The Institute manages its liquidity risk by regularly monitoring forecasted and actual cash flow and financial liability maturities, and by holding assets that can be readily converted into cash. Accounts payable are normally paid within 30 days. It is management's opinion that there has been no change to liquidity risk since December 31, 2023.

Market risk

Market risk is the risk that the fair value of 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 Institute is mainly exposed to interest rate and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed interest rate instruments present a fair value risk, whereas floating interest rate instruments present a cashflow risk. The Institute is exposed to a fair value risk mainly in respect of its fixed income GICs investment that have interest rates ranging from 1.40% to 5.10%. During the year, there was an increase in interest rate risk due to the increase in investments held.

Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Institute is exposed to other price risk through its investments in equity investments and mutual funds. The Institute manages its other price risk through ongoing reviews to evaluate changes in the status of investments under the Institute's investment policy. It is management's opinion that there has been no change to the risk exposure or concentration of the Institute's other price risk since December 31, 2023 as the split of investments in equities and mutual funds are within the policy thresholds.

7. Internally restricted reserves

The Institute maintains various internally restricted reserve accounts as described below.

The unappropriated reserve represents the results of operations not included in the other reserves.

The strategic activities reserve represents funds set aside by the Board of Directors as a contingency for unforeseen costs related to the representation of members, the Institute or necessary special projects. At December 31, 2024, the strategic activities reserve is owed $Nil (2023: $Nil) from the unappropriated reserve.

The restricted operating reserve is to be maintained at a level equivalent to three months of operating expenses. At December 31, 2024, the restricted operating reserve is owed $Nil (2023: $Nil) from the unappropriated reserve.