# 2021

## ANNUAL REPORT // FINANCIAL STATEMENTS

CIP • ICU
CANADIAN INSTITUTE OF PLANNERS
INSTITUT CANADIEN DES URBANISTES

HENDRY WARREN LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

200-881 Lady Ellen Place
Ottawa, ON K1Z 5L3
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Financial Statements of

# CANADIAN INSTITUTE OF PLANNERS

December 31, 2021

HENDRY WARREN LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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May 3, 2022

# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Canadian Institute of Planners:

*Opinion*

We have audited the accompanying financial statements of the Canadian Institute of Planners (the "Institute"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets 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 Institute as at December 31, 2021, 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 information, other than the financial statements and our auditor’s report thereon, in the Annual 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 identified above 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.

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We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

*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 Canadian accounting standards for not-for-profit organizations 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

## CANADIAN INSTITUTE OF PLANNERS
Statement of Financial Position

December 31, 2021, with comparative figures for 2020

| | 2021 | 2020 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash | $ 2,019,432 | $ 1,388,320 |
| Short-term investments (Note 3) | 1,210,622 | 1,251,259 |
| Accounts receivable | 195,203 | 237,725 |
| Temporary government support receivable | 81,229 | 83,681 |
| Prepaid expenses | 116,638 | 120,096 |
| | 3,623,124 | 3,081,081 |
| Capital assets (Note 4) | 15,556 | 14,810 |
| Intangible assets (Note 5) | 91,450 | - |
| | $ 3,730,130 | $ 3,095,891 |
| **Liabilities and Net Assets** | | |
| Current liabilities | | |
| Accounts payable and accrued charges | $ 123,409 | $ 152,641 |
| Government remittance payable | 46,416 | 45,601 |
| Deferred fees | 724,799 | 623,090 |
| Due to related entity (Note 6) | 10,342 | 5,331 |
| | 904,966 | 826,663 |
| Long-term debt (Note 7) | 60,000 | 40,000 |
| | 964,966 | 866,663 |
| Commitments (Note 8) | | |
| Net assets | | |
| Unallocated surplus | 1,773,478 | 2,229,228 |
| Unrestricted funds - operating reserve | 666,324 | - |
| Internally restricted funds - opportunity reserve | 225,362 | - |
| Internally restricted funds - legal reserve | 100,000 | - |
| | 2,765,164 | 2,229,228 |
| | $ 3,730,130 | $ 3,095,891 |

Approved on behalf of the Board:

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Director

See accompanying notes to the financial statements.

## CANADIAN INSTITUTE OF PLANNERS

Statement of Operations

Year ended December 31, 2021, with comparative figures for 2020

| | 2021 | 2020 |
|---|---|---|
| Revenue | | |
| Membership fees | $ 1,324,545 | $ 1,269,494 |
| Government assistance (Note 9) | 345,663 | 289,518 |
| Member services | 313,254 | 238,131 |
| Annual conference | - | 73,953 |
| External partnerships | 11,176 | 53,275 |
| Investment income | 57,232 | 21,856 |
| | 2,051,870 | 1,946,227 |
| Expenses | | |
| Administrative expenses | 1,144,722 | 1,001,538 |
| Amortization | 5,815 | 7,659 |
| Annual conference | 293 | 41,018 |
| Communications | 17,066 | 27,477 |
| Governance | 77,610 | 49,871 |
| Membership services | 149,624 | 146,107 |
| National projects | 31,073 | 56,760 |
| Strategic relationships | 8,232 | 9,877 |
| | 1,434,435 | 1,340,307 |
| Excess of revenue over expenses before loss on investments | 617,435 | 605,920 |
| Loss on investments | (81,499) | (1,184) |
| Excess of revenue over expenses | $ 535,936 | $ 604,736 |

See accompanying notes to the financial statements.

# CANADIAN INSTITUTE OF PLANNERS

Statement of Changes in Net Assets

Year ended December 31, 2021, with comparative figures for 2020

2021

| | Unallocated Surplus | Operating Reserve | Opportunity Reserve | Legal Reserve | Total |
|---|---|---|---|---|---|
| Balance, beginning of year | $ 2,229,228 | $ - | $ - | $ - | $ 2,229,228 |
| Excess of revenue over expenses | 535,936 | - | - | - | 535,936 |
| Transfer to internally restricted reserves | (991,686) | 666,324 | 225,362 | 100,000 | - |
| Balance, end of year | $ 1,773,478 | $ 666,324 | $ 225,362 | $ 100,000 | $ 2,765,164 |

2020

| | Unallocated Surplus | Operating Reserve | Opportunity Reserve | Legal Reserve | Total |
|---|---|---|---|---|---|
| Balance, beginning of year | $ 1,624,492 | $ - | $ - | $ - | $ 1,624,492 |
| Excess of revenue over expenses | 604,736 | - | - | - | 604,736 |
| Balance, end of year | $ 2,229,228 | $ - | $ - | $ - | $ 2,229,228 |

See accompanying notes to the financial statements.

# CANADIAN INSTITUTE OF PLANNERS

Cash Flow Statement

Year ended December 31, 2021, with comparative figures for 2020

| | 2021 | 2020 |
|---|---|---|
| Operating activities | | |
| Excess of revenue over expenses | $ 535,936 | $ 604,736 |
| Non-cash items: | | |
| Amortization expense | 5,815 | 7,659 |
| Fair market value adjustment on short-term investments | 81,499 | 1,184 |
| Changes in non-cash working capital balances (Note 10) | 121,724 | (20,957) |
| Cash provided by operating activities | 744,974 | 592,622 |
| Investing activities | | |
| Purchase of short-term investments | (40,861) | (1,252,443) |
| Acquisition of capital assets | (6,562) | - |
| Acquisition of intangible assets | (91,450) | - |
| Cash used in investing activities | (138,873) | (1,252,443) |
| Financing activities | | |
| Proceeds from long-term debt | 20,000 | 40,000 |
| Repayment from related entity | 5,011 | 7,570 |
| Cash provided by financing activities | 25,011 | 47,570 |
| Increase (decrease) in cash | 631,112 | (612,251) |
| Cash, beginning of year | 1,388,320 | 2,000,571 |
| Cash, end of year | $ 2,019,432 | $ 1,388,320 |

## 1. Statutes of incorporation and nature of activities

Canadian Institute of Planners ("CIP" or the "Institute") is incorporated as a not-for-profit organization under Part III of the Not-for-Profit Corporations Act. The Institute was continued under the Canada Not-for-Profit Corporations Act on September 5, 2014. The Institute is a not-for-profit organization within the meaning of the Income Tax Act (Canada) and is exempt from income tax under section 149(1)(e) of the Income Tax Act (Canada).

In support of an active and evolving professional planning profession, CIP is involved in a broad range of activities including the development of programs, products, and services that members need and value; the development of public policy positions supported by advocacy and partnerships; and, communication and promotion of the profession, CIP programs, services, and advocacy efforts nationally and internationally.

## 2. 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

The Institute 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 they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fees are recognized as revenue over the period to which they relate and when collection is reasonably assured.

Annual conference fees are recognized as revenue in the year in which the related conference occurs and collection is reasonably assured.

Member services are recognized as revenue when the related service is performed, there is persuasive evidence that an arrangement exists and collection is reasonably assured.

National projects revenue is recognized when the related expenses are incurred.

Investment income is recognized when received.

Deferred revenue represents membership fees received in the current period that are related to the subsequent period.

### Cash

The Institute's policy is to disclose bank balances under cash, including cash held in high-interest savings accounts with the Institute's financial institution and brokerage accounts.

**Capital assets**

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

| Asset | Method | Rate and duration |
|---|---|---|
| Computer hardware | Declining balance | 50% |
| Furniture and equipment | Declining balance | 20% |
| Leasehold improvements | Straight-line | Lease term |

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

**Intangible Assets**

Intangible assets are accounted for at cost. Amortization is expensed once the asset is ready for use. As the MPower AMS included in intangible assets is not ready for use as at December 31, 2021, it has not been amortized.

**Government assistance**

Government assistance is recognized in the period in which the related expenses are incurred, when the eligibility requirements have been met, and when collection is reasonably assured. Government assistance has been reported as revenue on the statement of operations.

**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 income as appropriate in the year they become known.

Significant estimates in the financial statements include the completeness of accruals for certain amounts receivable and payable.

**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 for short-term investments that are quoted in an active market, which are measured at their fair value. Changes in fair values are recognized in the statement of operations.

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 net income. 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 excess of revenue over expenses.

## 3. Short-term investments

At December 31, 2021, short-term investments were comprised of the following:

| | 2021 | 2020 |
|---|---|---|
| Equities (Bond index exchange traded funds) | $ 576,878 | $ 613,084 |
| Mutual funds | 633,744 | 638,175 |
| | $ 1,210,622 | $ 1,251,259 |

## 4. Capital assets

| | | | 2021 | 2020 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Computer hardware | $ 53,046 | $ 46,104 | $ 6,942 | $ 4,043 |
| Furniture and equipment | 62,991 | 54,377 | 8,614 | 10,767 |
| Leasehold improvements | 59,850 | 59,850 | - | - |
| | $ 175,887 | $ 160,331 | $ 15,556 | $ 14,810 |

## 5. Intangible assets

| | | | 2021 | 2020 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| eSolutions AMS | $ 172,135 | $ 172,135 | $ - | $ - |
| Institute website | 122,310 | 122,310 | - | - |
| MPower AMS | 91,450 | - | 91,450 | - |
| | $ 385,895 | $ 294,445 | $ 91,450 | $ - |

## 6. Due to related entity

The balance is due to the Canadian Institute of Planners' Planning Student Trust Fund ("CIP-PSTF"), an organization related through common management and control, and is non-interest bearing with no fixed terms of repayment. Since the amount is expected to be repaid prior to January 1, 2023, the amount has been included with current liabilities.

## 7. Long-term debt

| | 2021 | 2020 |
|---|---|---|
| Canada Emergency Business Account, non-interest bearing, due December 31, 2023 with 33% loan forgiveness if repaid in full by the maturity date, after which point the loan is extended an additional 2-year term, bearing interest at a rate of 5%, repayable at any time without penalty | $ 60,000 | $ 40,000 |

## 8. Commitments

The Institute is committed under the terms of a five-year operating lease for rental of office space until November 2026. Annual minimum lease payments for the next five years are as per the table below. In addition, the Institute is responsible for its share of annual operating costs which are approximately $46,950 per year.

| | | Premises |
|---|---|---|
| 2022 | $ | 36,946 |
| 2023 | | 37,420 |
| 2024 | | 42,630 |
| 2025 | | 42,630 |
| 2026 | | 39,078 |
| | $ | 198,704 |

The Institute has signed contracts with various venues for the upcoming conferences. At December 31, 2021, the Institute was committed to pay $76,000 under these contracts.

The Institute has signed a contract with MPower Technologies for development of a new database system and has committed to pay the company deposits based on phases of project completion. The Institute is committed to making two additional payments of $19,225 prior to the database's completion in 2022.

## 9. Government assistance

During the year, the Institute received government assistance from the Government of Canada related to the COVID-19 pandemic in the form of wage and rent subsidies. The Institute received $309,986 (2020: $278,892) under the Canada Emergency Wage Subsidy and 10% Temporary Wage Subsidy programs and $35,678 (2020: $10,626) under the Canada Emergency Rent Subsidy. Amounts are not repayable and are included in revenue on the statement of operations.

## 10. Changes in non-cash working capital balances

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

| | 2021 | 2020 |
|---|---|---|
| Accounts receivable | $ 42,522 | $ 4,093 |
| Temporary government support receivable | 2,452 | (83,681) |
| Prepaid expenses | 3,458 | (4,153) |
| Accounts payable and accrued charges | (29,232) | 53,970 |
| Government remittance payable | 815 | (5,128) |
| Deferred fees | 101,709 | 13,942 |
| | $ 121,724 | $ (20,957) |

## 11. Credit facility

During the year, the Institute had VISA Business credit available to a maximum of $37,500 (2020: $37,500). At December 31, 2021, there was $17,394 (2020: $7,446) outstanding under this facility and included in accounts payable and accrued charges on the statement of financial position.

## 12. Related party transactions

During the year, the membership of the Institute paid a levy to the CIP-PSTF, an organization with common management and control, of $11,800 (2020: $11,220). This transaction is made in the normal course of business and is measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Professional Standards Committee for the Planning Profession of Canada (the "SC") is a joint policy-making body with responsibility to set standards as well as the oversight, maintenance, and revision for the planning profession's certification, accreditation and ethical standards. The SC is not incorporated. The Institute is represented by 1 of 7 members of the SC, and serves as the SC's secretariat by providing administration, financial management, communications and meeting coordination services.

At December 31, 2021, the SC had excess of funds collected over expenses of $96,069 (2020: $31,275). This is included in deferred revenue and represents cash that is restricted for the use of the SC's activities. During the year, the Institute had the following transactions with the SC:

- Charged $8,130 for services performed for the SC (2020: $9,318); and
- Contributed $11,452 to the SC (2020: $13,693).

## 13. Financial instruments

Risk and concentrations

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 statement of financial position date, December 31, 2021.

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.

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, long-term debt, and its ability to provide activities related to its deferred revenue.

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 prices 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. The Institute is exposed to interest rate risk on its short term investments.

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 quoted shares.

It is management's opinion that there have been no changes to risks or their concentrations since December 31, 2020.

## 14. Unrestricted and internally restricted reserves

The Institute maintains various reserves as described below.

Unallocated surplus represents the result of operations. The entirety of excess revenues over expenses are initially allocated to this net asset reserve.

The Operating Reserve is an unrestricted reserve intended to protect the organization against extraordinary events through internally sourced funding for situations such as a sudden increase in expenses, one-time unbudgeted expenses, and unforeseen events. The reserve is funded with unallocated surplus. In addition, the Board of Directors may direct a specific source of revenue to be set aside for this fund.

The Opportunity Reserve is an internally restricted reserve intended to provide the Institute with the flexibility to pursue an opportunity or need that furthers the mission of the Institute. The Opportunity Reserve is also intended as a source of internal funds for organizational capacity building such as staff development, market research, or investment in infrastructure that will build long-term capacity.

The Legal Reserve is an internally restricted reserve established to mitigate the contingent liability associated with litigation, defence, or representation for the Institute in any significant legal action or dispute, not including normal operational legal expenses. Unless otherwise instructed by the Board of Directors, significant is defined as having, or likely to have influence or effect equal to or greater than five percent of the prior year excess of revenues over expenses as reported on the annual financial statements.

Both the Opportunity Reserve and the Legal Reserve are funded with special designations made by the Board of Directors from unallocated surplus.

**15. Impact of COVID-19**

The COVID-19 pandemic has continued to have a negative impact on the Institute in 2021. As in 2020, it has resulted in an inability to hold an in-person annual conference, which is typically a significant source of revenue for the Institute. These negative effects have been mitigated through the receipt of temporary government support. In addition, the Institute plans to host an in-person annual conference during the 2022 fiscal year in anticipation of reduced gathering restrictions, which were put in place as a result of the pandemic. An estimate of the potential impact of the pandemic on future periods was not practicable at the time of reporting.