Passive House Canada

Financial Statements

Year Ended December 31, 2017

DICKSON
DUSANJ
& WIRK

CHARTERED
PROFESSIONAL
ACCOUNTANTS

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Independent Auditor's Report

To the Directors of Passive House Canada

We have audited the accompanying financial statements of Passive House Canada, which comprise the statement of financial position as at December 31, 2017 and the statements of revenues and expenditures and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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DICKSON DUSANJ & WIRK

CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report to the Directors of Passive House Canada *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Passive House Canada as at December 31, 2017 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.

Other Matter

As required by the Canada Not-for-profit Corporations Act, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Dickson Dusanj & Wirk

Victoria, British Columbia
May 28, 2018

DICKSON DUSANJ & WIRK
Chartered Professional Accountants

Passive House Canada
Statement of Financial Position
December 31, 2017

	2017 $	2016 $
Assets		
Current		
Cash	91,371	5,688
Accounts receivable	20,049	67,415
Prepaid expenses	50,765	29,440
	162,185	102,543
Property and equipment *(Note 3)*	13,184	12,826
Total assets	175,369	115,369
Liabilities and Net assets		
Current		
Bank indebtedness	-	47,344
Accounts payable	115,500	83,008
Government remittances payable	2,200	9,718
	117,700	140,070
Deferred income	89,415	36,500
Total liabilities	207,115	176,570
Net Assets		
Unrestricted	(31,746)	(61,201)
Total liabilities and net assets	175,369	115,369

Lease commitments *(Note 5)*

On behalf of the Board

N. [signature] _Director_

[signature] _Director_

The accompanying notes are an integral part of these financial statements

Passive House Canada

Statement of Revenues and Expenditures and Changes in Net Assets

Year Ended December 31, 2017

	2017 (12 months) $	2016 (9 months) $
Revenue		
Memberships	104,367	41,971
Education	864,335	429,460
Events	103,851	35,510
Grants	34,952	12,420
Supporters	96,187	25,078
Other	5,183	15,763
	1,208,875	560,202
Expenses		
Advertising and promotion	49,498	40,881
Amortization	3,276	2,112
Bad debts	425	924
Bank charges	29,536	9,530
Education	434,365	269,629
Events	155,038	42,245
Insurance	2,928	1,980
iPHA fees	22,210	6,722
Office	23,368	26,147
Policy development	23,519	1,064
Professional fees	22,224	27,609
Rent	29,936	9,943
Travel	14,574	15,246
Wages and employee benefits	368,523	193,113
	1,179,420	647,145
Excess (deficiency) of revenue over expenses	29,455	(86,943)
Net assets, beginning of period	(61,201)	25,742
Net assets - end of year	(31,746)	(61,201)

The accompanying notes are an integral part of these financial statements

Passive House Canada
Statement of Cash Flows
Year Ended December 31, 2017

	2017 (12 months) $	2016 (9 months) $
Operating activities		
Excess (deficiency) of revenue	29,455	(86,943)
Item not affecting cash:		
Amortization of property, plant and equipment	3,276	2,112
	32,731	(84,831)
Changes in non-cash working capital:		
Accounts receivable	47,366	(40,141)
Accounts payable	32,494	34,910
Prepaid expenses	(21,325)	(29,440)
Government remittances payable	(7,518)	2,322
Deferred income	52,915	36,500
	103,932	4,151
Cash flows from operating activities	136,663	(80,680)
Cash flows from investing activity		
Purchase of equipment	(3,636)	(12,126)
Cash flows from financing activity		
Bank indebtedness	(47,344)	47,344
Net change in cash and cash equivalents during the year	85,683	(45,462)
Cash and cash equivalents - beginning of year	5,688	51,150
Cash and cash equivalents - end of year	91,371	5,688

1. Purpose of the Organization

Passive House Canada (the "organization") is incorporated federally under the Canada Not-for-profit Corporations Act.The organization is exempt from paying income tax.

The purpose of the Organization is to encourage and support the design and construction of buildings meeting the International Passive House standard of building energy efficiency in Canada.

2. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO), and include the following significant accounting policies:

Revenue recognition

The Organization recognizes revenue from memberhips, education, events, and conferences when services are rendered and collection is reasonably assured.

Equipment

Equipment is stated at cost or deemed cost less accumulated amortization. Equipment is amortized over its estimated useful life at the following rates and methods:

Computer equipment	30%	declining balance method
Furniture and fixtures	20%	declining balance method

In the year of acquisition only one-half the normal rate is applied.

Financial instruments policy

The Organization's financial instruments consists of cash, accounts receivable, accounts payable and accrued liabilities, and deferred revenue. Cash is measured at fair value. All other financial instruments are measured at amortized cost.

3. Property, plant and equipment

	2017		2016	
	Cost $	Accumulated amortization $	Cost $	Accumulated amortization $
Computer equipment	5,537	2,550	4,429	1,507
Furniture and fixtures	13,531	3,334	11,004	1,100
	19,068	5,884	15,433	2,607
Net book value	13,184		12,826	

4. Financial instruments

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2017.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

5. Lease commitments

The Organization leases office premises from Contract Holdings (2006) Ltd. The minimum annual rent in 2018 is $19,292 and the lease expires on August 30, 2018.

6. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.