Financial Statements of

MORTGAGE PROFESSIONALS CANADA

And Independent Auditor's Report thereon

Year ended April 30, 2023

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Members of Mortgage Professionals Canada

Opinion

We have audited the financial statements of Mortgage Professionals Canada (the Entity), which comprise:

- the statement of financial position as at April 30, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at April 30, 2023, and its results of 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 generally accepted 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 auditor's report.

We are independent of the Entity 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 opinion.

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

Management is responsible for the preparation and fair presentation of the 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 the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 generally accepted 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Entity'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 Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

August 15, 2023

MORTGAGE PROFESSIONALS CANADA

Statement of Financial Position

April 30, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	$ 114,677	$ 110,181
Short-term investments (note 2)	1,636,862	1,640,444
Accounts receivable (notes 3 and 10)	183,997	224,278
Prepaid expenses and deposits	201,406	319,282
	2,136,942	2,294,185
Capital assets (note 4)	-	27,123
Long-term investments (note 2)	4,973,049	4,473,017
	$ 7,109,991	$ 6,794,325
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	$ 1,231,131	$ 1,294,688
Education courses and event fees received in advance	748,597	956,148
Deferred membership revenue	1,263,724	1,234,077
	3,243,452	3,484,913
Net assets (note 6):		
Invested in capital assets	-	27,123
Unrestricted	1,494,349	910,099
Internally restricted:		
Operating reserve fund	1,797,190	1,797,190
Special issues fund	200,000	200,000
Asset replacement fund	375,000	375,000
	3,866,539	3,309,412
Commitments (note 7)		
	$ 7,109,991	$ 6,794,325

See accompanying notes to financial statements.

MORTGAGE PROFESSIONALS CANADA

Statement of Operations

Year ended April 30, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Membership	$ 3,438,175	$ 3,111,088
Events	2,745,776	474,250
Education	1,570,569	2,304,612
Advertising and publications	505,868	391,852
Interest and other income	364,516	138,372
Government assistance (note 9)	-	159,881
Designation dues	-	76,767
	8,624,904	6,656,822
Operating expenses:		
Salaries and wages	2,433,362	2,369,784
Events	2,177,999	392,953
Broker channel promotion	910,728	1,064,443
Education	741,421	745,591
Membership	94,908	130,364
Employment costs	378,866	372,756
Information technology	289,022	275,422
Non-dues programs	285,034	211,105
Rent	212,941	160,774
Governance	206,900	64,709
Professional fees	158,485	183,704
Office and general	150,988	128,840
Amortization	27,123	156,013
	8,067,777	6,256,458
Excess of revenue over expenses	$ 557,127	$ 400,364

See accompanying notes to financial statements.

MORTGAGE PROFESSIONALS CANADA

Statement of Changes in Net Assets

Year ended April 30, 2023, with comparative information for 2022

	Invested in capital assets	Unrestricted	Internally restricted operating reserve fund (note 6)	Internally restricted special issues fund (note 6)	Internally restricted asset replacement fund (note 6)	2023 Total	2022 Total
Net assets, beginning of year	$ 27,123	$ 910,099	$ 1,797,190	$ 200,000	$ 375,000	$ 3,309,412	$ 2,909,048
Excess of revenue over expenses	(27,123)	584,250	-	-	-	557,127	400,364
	$ -	$ 1,494,349	$ 1,797,190	$ 200,000	$ 375,000	$ 3,866,539	$ 3,309,412

See accompanying notes to financial statements.

MORTGAGE PROFESSIONALS CANADA

Statement of Cash Flows

Year ended April 30, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 557,127	$ 400,364
Item not involving cash:		
Amortization	27,123	156,013
Changes in non-cash operating working capital:		
Accounts receivable	40,281	122,745
Prepaid expenses and deposits	117,876	(180,458)
Accounts payable and accrued liabilities	(63,557)	47,092
Course and event fees received in advance	(207,551)	(71,347)
Deferred membership revenue	29,647	114,624
	500,946	589,033
Investing activities:		
Net change in investments	(496,450)	(1,526,373)
Increase (decrease) in cash	4,496	(937,340)
Cash, beginning of year	110,181	1,047,521
Cash, end of year	$ 114,677	$ 110,181

See accompanying notes to financial statements.

Mortgage Professionals Canada (the "Association") is a not for profit organization incorporated without share capital. The Corporation was previously incorporated under the Canada Corporations Act by Letters Patent dated November 3, 1994 and was continued under the Canada Not-for-profit Corporations Act on December 21, 2015. The Association is exempt from income taxes under Section 149(1) of the Income Tax Act (Canada). The purpose of the Association is to advance the Canadian mortgage broker channel, act as the unified, authoritative voice of the mortgage broker channel and be an indispensable resource to its members.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

(b) Capital assets:

Capital assets are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated lives of the assets using the following annual rate:

Asset	Rate
Computer equipment	33 - 1/3%

Assets attributable to capital projects that are not available for use are held as capital under progress and are not amortized until they are entered into use.

(c) Revenue recognition:

The Association recognizes annual membership and Accredited Mortgage Professional ("AMP") designation dues as revenue in the year the fees are earned. Education and event fees are recognized as revenue when the related events occur. Advertising and publications, interest and other income are recognized as revenue when earned.

Deferred membership revenue represents unearned funds received as membership and AMP designation dues. Membership and AMP designation dues are recognized over the period which the membership and AMP designation dues cover.

Education courses and event fees received in advance represents funds received prior to the occurrence of the related course or event and are recognized as revenue when the related event occurs.

1. Significant accounting policies (continued):

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(e) Government assistance:

Government assistance related to current revenues and expenses is included in the determination of excess of revenue over expenses for the year.

(f) Use of estimates:

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

2. Investments:

Short-term investments consist of primarily domestic fixed income bonds, securities, and guaranteed investment certificates. The short-term investments mature between August 5, 2023 to March 1, 2024 (2022 - May 2, 2022 to April 24, 2023), with interest rates ranging from 1.57% to 5.09% (2022 - 1.00% to 3.00%).

Long-term investments consist of primarily domestic fixed income bonds, securities, and guaranteed investment certificates. The investments mature between May 29, 2024 to June 29, 2027 (2022 - August 5, 2023 to March 12, 2025), with interest rates ranging from 1.15% to 4.95% (2022 - 1.15% to 4.95%).

3. Accounts receivable:

	2023	2022
Trade	$ 131,155	$ 203,536
Other	97,655	65,018
Allowance for doubtful accounts	(44,813)	(44,276)
	$ 183,997	$ 224,278

4. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	$ -	$ -	$ -	$ 27,123
	$ -	$ -	$ -	$ 27,123

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable in the amount of $58,303 (2022 - $35,114).

6. Net assets:

The Association's Board of Directors has designated certain amounts of previously unrestricted net assets to be internally restricted. These internally restricted funds can only be utilized with the approval of the Board of Directors.

Operating reserve fund: This fund was established for the purpose of meeting obligations arising from unexpected events, to finance specific capital and operating projects, and to assist with the long-term financial stability and financial planning. The fund is drawn upon to minimize the effect of unanticipated expenditures, and to ensure the continuity of the Association in the event of adverse economic conditions resulting in operating shortfalls.

Special issues fund: This fund was established to support government relations and ongoing advocacy efforts for special issues affecting the mortgage industry with government.

Asset replacement fund: This fund was established to prepare the Association for the replacement of capital assets.

7. Commitments:

The Association has entered into an operating lease arrangement for office space requiring the following minimum annual payments:

2024	$	58,632
2025		72,756
2026		58,632
	$	190,020

The Association has agreed to indemnify the landlord against losses occurring on the leased premises which may arise out of a breach of the lease agreement.

8. Financial instruments and risk management:

The investments held by the Association are exposed to a variety of financial risks. The Association seeks to minimize the potential adverse effects of these risks by regularly monitoring the position of the investments, market events and the diversifying of the investment portfolio within the constraints of the Association's investment policies. Significant risks that are relevant to the Association's investments are described below.

(a) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the Association. The interest bearing investments held by the Association have a limited exposure to interest rate risk due to their short-term maturity. There has been a change to the risk exposure from 2022 as a result of the increasing interest rates.

(b) Market risk:

Market risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market exposes the Association to a risk of loss. The Association mitigates this risk through controls to monitor and limit concentration levels.

(c) Liquidity risk:

Investments in fixed income, pooled funds and equity securities are liquid and traded in the public market.

9. Government assistance:

During the prior year, the Association applied for and received government assistance under the Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy ("CERS") programs launched by the Canadian government in response to the COVID-19 pandemic. The Association recorded revenue of nil (2022 - $139,298) under the CEWS program and recorded revenue of nil (2022 - $20,583) under the CERS program.

10. Related party transactions and balances:

During the year, the Association donated nil (2022 - $10,000) to Mortgage Professionals Canada Foundation (the "Foundation"), a related party by virtue of administration and back office functions performed by the Association on behalf of the Foundation. The donation was raised on behalf of the Foundation.

As at year end, included in accounts receivable is nil (2022 - $30,435) due from the Foundation for expenses paid for by the Association on behalf of the Foundation. The amounts are non-interest bearing with no specific terms of repayment.

11. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation adopted in the current year. The change impacted the presentation of membership revenue and membership expenses in the statement of operations. The change does not affect prior year's excess of revenue over expenses.