

**FENESTRATION CANADA**

*FINANCIAL STATEMENTS*

*DECEMBER 31, 2021*

*Draft for discussion purposes only*

## ***INDEPENDENT AUDITOR'S REPORT***

### **To the Board of Directors of Fenestration Canada**

#### **Opinion**

We have audited the financial statements of Fenestration Canada (the "Association"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and fund balance and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization 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 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 report. We are independent of the organization 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

## ***INDEPENDENT AUDITOR'S REPORT (continued)***

### **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 these 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 organization'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 organization'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 organization 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.

**Mississauga, Ontario  
April 5, 2022**

**Chartered Professional Accountants  
Licensed Public Accountants**

**FENESTRATION CANADA****STATEMENT OF FINANCIAL POSITION**

As at December 31, 2021

	2021	2020
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 295,574	\$ 260,067
Short-term investments	799,582	793,342
Accounts receivable	16,585	23,892
Government remittances receivable	4,986	5,085
Prepaid expenses	55,387	27,811
	<b>\$ 1,172,114</b>	<b>\$ 1,110,197</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 26,772	\$ 20,366
Deferred membership fees	17,243	39,889
Deferred WinDoor revenue	19,809	25,249
Deferred other events revenue	37,200	-
	<b>101,024</b>	<b>85,504</b>
<b>Long-term debt (Note 2)</b>	<b>40,000</b>	<b>30,000</b>
<b>FUND BALANCES</b>		
Restricted fund balance (Note 3)	70,000	70,000
Unrestricted fund balance	961,090	924,693
	<b>1,031,090</b>	<b>994,693</b>
	<b>\$ 1,172,114</b>	<b>\$ 1,110,197</b>

On behalf of the board

\_\_\_\_\_  
Director\_\_\_\_\_  
Director

## **FENESTRATION CANADA**

### **STATEMENT OF OPERATIONS AND FUND BALANCE**

*For the year ended December 31, 2021*

	2021	2020
<b>Revenues</b>		
WinDoor, Schedule 1	\$ 283,981	\$ 133,326
Membership fees	251,442	261,894
Government assistance (Note 4)	113,092	82,490
Spring meeting	24,700	20,800
Other income	12,031	29,230
Corporate sponsorship	7,000	3,000
	<b>692,246</b>	<b>530,740</b>
<b>Expenditures</b>		
WinDoor, Schedule 1	165,619	10,200
Administration & Governance, Schedule 2	479,576	427,414
Standards Development & Technical Consulting, Schedule 3	6,000	33,400
Education & Events, Schedule 4	4,654	2,198
	<b>655,849</b>	<b>473,212</b>
<b>Excess of revenues over expenditures for the year</b>	<b>36,397</b>	<b>57,528</b>
<b>Unrestricted fund balance, beginning of year</b>	<b>924,693</b>	<b>842,165</b>
<b>Transfer from restricted fund</b>	<b>-</b>	<b>25,000</b>
<b>Unrestricted fund balance, end of year</b>	<b>\$ 961,090</b>	<b>\$ 924,693</b>

**FENESTRATION CANADA****STATEMENT OF CASH FLOWS***For the year ended December 31, 2021*

	2021	2020
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Excess of revenues over expenditures for the year	\$ 36,397	\$ 57,528
Changes in non-cash working capital amounts:		
Accounts receivable	7,307	9,758
Government remittances receivable	99	8,328
Prepaid expenses	(27,576)	(2,504)
Accounts payable and accrued liabilities	6,406	(27,058)
Deferred membership fees	(22,646)	35,784
Deferred WinDoor revenue	(5,440)	(13,046)
Deferred other events revenue	37,200	-
	31,747	68,790
<b>Investing activity</b>		
Short-term investments	(6,240)	14,531
<b>Financing activity</b>		
Proceeds of long-term debt	10,000	30,000
<b>Net increase in cash during the year</b>	<b>35,507</b>	<b>113,321</b>
<b>Cash, beginning of year</b>	<b>260,067</b>	<b>146,746</b>
<b>Cash, end of year</b>	<b>\$ 295,574</b>	<b>\$ 260,067</b>

**FENESTRATION CANADA****SCHEDULES TO THE FINANCIAL STATEMENTS***For the year ended December 31, 2021*

Schedule of WinDoor	Schedule 1	
	2021	2020
<b>Revenue</b>		
Floor space sales	\$ 188,090	\$ 90,451
Sponsorship	50,666	33,875
Social event	30,400	-
Registration fees	14,825	9,000
	<b>283,981</b>	<b>133,326</b>
<b>Expenditures</b>		
Facility costs	100,742	-
Events	32,631	-
General and administration	20,512	9,274
Registration	8,018	-
Marketing	2,543	926
Seminars	1,173	-
	<b>165,619</b>	<b>10,200</b>
<b>WinDoor trade show surplus</b>	<b>\$ 118,362</b>	<b>\$ 123,126</b>

## **FENESTRATION CANADA**

### **SCHEDULES TO THE FINANCIAL STATEMENTS**

*For the year ended December 31, 2021*

#### **Schedule of administration & governance**

**Schedule 2**

	<b>2021</b>	<b>2020</b>
Management fees	\$ 411,713	\$ 348,704
Office and general	14,736	23,925
Marketing	14,090	9,251
Board and committee costs	12,938	24,294
Bank charges and interest	12,711	8,929
Professional fees	6,500	6,780
Insurance	2,874	2,618
Translation	2,874	1,848
Telephone	1,140	1,065
	<b>\$ 479,576</b>	<b>\$ 427,414</b>

#### **Schedule of standards development & technical consulting**

**Schedule 3**

	<b>2021</b>	<b>2020</b>
Technical consultant fees	\$ 6,000	\$ 8,400
CSA standards development	-	25,000
	<b>\$ 6,000</b>	<b>\$ 33,400</b>

#### **Schedule of education & events**

**Schedule 4**

	<b>2021</b>	<b>2020</b>
Spring meeting	\$ 4,654	\$ 2,198



# ***FENESTRATION CANADA***

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## ***NOTES TO THE FINANCIAL STATEMENTS***

***December 31, 2021***

### ***Organization and purpose***

Fenestration Canada (the "Association") was incorporated without share capital by letters patent on December 19, 1980 under the provisions of Part II of the Canada Corporations Act and continued under Section 297 of the Canada Not-for-profit Corporations Act effective September 16, 2014. The Association legally changed its name to Fenestration Canada during its 2013 fiscal year. The Association was previously named "Canadian Window And Door Manufactures Association".

The mission of the Association is to represent and support all aspects of the window and door manufacturing industry, including formulating and promoting high standards of quality in manufacturing, design, marketing, distribution, sales and application of all types of window and door products. The Association will maintain high ethical and technical standards.

The Association is a non-profit organization within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

### ***1. Summary of significant accounting policies***

The Association follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

#### **Revenue recognition**

The Association follows the deferral method in accounting for revenue. Restricted contributions are recorded as revenue in the period in which the related expenses are incurred. Event revenue is recognized when the events have been held and services have been provided. Membership fees are recognized over the term of the membership. Interest income is recorded on the accrual basis, as earned.

#### **Short-term investments**

Short-term investments are stated at cost plus accrued interest, and consist of a Guaranteed Investment Certificate maturing April, 2022 and an investment savings account. Interest on the Guaranteed Investment Certificate is 0.85% and the savings account bears interest at 0.278% per annum.

**NOTES TO THE FINANCIAL STATEMENTS**

*December 31, 2021*

1. ***Summary of significant accounting policies (continued)***

**Use of estimates**

The preparation of financial statements in accordance with Canadian accounting principles for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Such estimates include the allowances for doubtful accounts. Actual results could differ from those estimates. On an ongoing basis, management reviews its estimates, and, as adjustments become necessary, they are reported in the statement of operations in the period in which they become known.

**Financial instruments**

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost. The Association has not designated any financial asset or financial liability to be measured at fair value. Financial assets measured at amortized cost include cash, short-term investments and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

2. ***Long-term debt***

Canada Emergency Business Account - The amount of \$40,000 represents the unforgivable balance of the \$60,000 interest-free loan received under the Government of Canada COVID response programs. 33% of the loan will be eligible for loan forgiveness, up to \$20,000, if the loan is fully repaid on or before December 31, 2023. In 2021, \$10,000 has been included in Government assistance (2020 - \$10,000) and represents the maximum forgivable portion of the loan. If the balance of the loan is not fully repaid by December 31, 2023, the remaining principal balance will be repayable and will bear interest at a rate of 5% per annum beginning on January 1, 2024. The loan is due in full December 31, 2025.

## ***FENESTRATION CANADA***

### ***NOTES TO THE FINANCIAL STATEMENTS***

***December 31, 2021***

#### ***3. Restricted reserve fund***

The Board of Directors established a restricted reserve fund effective May 24, 2007, to support special projects, such as standards development, the installation certification program and Energy Star education as well as other initiatives as approved by the Board of Directors.

During the year, the Board of Directors approved a transfer of \$nil (2020 - \$25,000) from the restricted fund to the unrestricted fund to fund CSA standard development costs. .

	<b>2021</b>	<b>2020</b>
Restricted fund balance, beginning of year	<b>\$ 70,000</b>	\$ 95,000
Transfer to unrestricted fund	-	(25,000)
Restricted fund balance, end of year	<b>\$ 70,000</b>	\$ 70,000

#### ***4. Government assistance***

During the year the Association became entitled to receive government assistance through the Canada Emergency Business Account (CEBA) program and Canada Emergency Wage Subsidy (CEWS) program enacted by the government in response to the COVID-19 (coronavirus) pandemic.

The CEWS program is ongoing and available to all Canadian employers who experienced declines in revenue after March 15, 2020, relative to defined benchmark periods, based on a percent of remuneration paid to eligible employees. The amount received from this program during the year was \$105,272 (2020 - \$66,185) and is included in net income during the year.

In 2021, the Association received an additional \$20,000 from CEBA, a Government of Canada loan, to bring the total amount received since last year to \$60,000. \$20,000 of the total \$60,000 loan is forgivable. The forgivable amount of \$20,000 was included in net income as \$10,000 in 2021 and \$10,000 in 2020.

The TWS program was available to eligible employers, such as non-profit organizations, based on a percent of remuneration paid to eligible employees between the 3-month period of March 18, 2020 to June 19, 2020. The amount reported in income in 2021 was \$(2,180) (2020 - \$6,305).

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2021**

**5. Financial instruments**

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations at the balance sheet date:

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. The Association is not exposed to currency risk, interest rate risk, or other price risk.

**Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from members, sponsors and event attendees. The Association monitors the credit risk and credit rating of members, sponsors and event attendees on a regular basis and maintains an allowance where collectibility is doubtful. The allowance for doubtful accounts is \$nil (2020 - \$nil).

**Liquidity risk**

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to liquidity risk arising primarily from its accounts payable and accrued liabilities and long-term debt. The Association expects to meet these obligations as they come due by generating sufficient cash flow from operations.

**6. COVID-19**

Events have occurred as a result of the COVID-19 (coronavirus) pandemic that have caused economic uncertainty. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government responses, remain unclear at this time. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. The Association continues to assess the impact COVID-19 may have on its operational activities. The full extent of the effect of the COVID-19 pandemic on the Association can not be reliably estimated at this time.