

Financial Statements of

**HUMAN RESOURCES  
PROFESSIONALS  
ASSOCIATION**

Year ended November 30, 2023



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## Independent Auditor's Report

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To the Members of Human Resources Professionals Association

### Opinion

We have audited the consolidated financial statements of Human Resources Professionals Association (the "Association"), which comprise the consolidated balance sheet as at November 30, 2023, and the consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Association as at November 30, 2023, and the results of its consolidated operations and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.



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## Independent Auditor's Report (continued)

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### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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 consolidated 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 Association'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 Association'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 consolidated 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 Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Oakville, Ontario  
April 22, 2024

# HUMAN RESOURCES PROFESSIONALS' ASSOCIATION

## Balance Sheet

November 30, 2023, with comparative information for 2022

<i>All numbers denoted in CAD\$</i>	<b>2023</b>	2022
<b>Assets</b>		
<b>Current assets:</b>		
Cash	<b>623,233</b>	984,871
Short-term investments (note 2)	<b>3,909,263</b>	4,286,088
Accounts receivable	<b>456,102</b>	261,374
Prepaid expenses	<b>447,628</b>	494,183
Security deposit (note 5)	<b>-</b>	205,244
	<b>5,436,226</b>	6,231,760
<b>Long-term investments</b> (note 3)	<b>17,616,411</b>	17,003,999
<b>Capital and intangible assets</b> (note 4)	<b>664,267</b>	451,802
<b>Security deposit</b> (note 5)	<b>39,607</b>	44,756
	<b>23,756,511</b>	23,732,317
<b>Liabilities and Net Assets</b>		
<b>Current:</b>		
Accounts payable and accrued liabilities	<b>1,439,744</b>	1,728,867
Deferred revenue (note 6)	<b>4,918,245</b>	4,670,722
Deferred rent	<b>21,558</b>	53,136
	<b>6,379,547</b>	6,452,725
<b>Deferred rent</b>	<b>75,453</b>	-
	<b>6,455,000</b>	6,452,725
<b>Net assets:</b>		
Invested in capital & intangible assets	<b>664,267</b>	451,802
Internally restricted (note 7)		
Capital and strategic fund	<b>3,616,984</b>	3,965,705
Contingency fund	<b>8,232,845</b>	8,232,845
Unrestricted fund	<b>4,787,415</b>	4,629,240
	<b>17,301,511</b>	17,279,592
Commitments (note 8)		
	<b>23,756,511</b>	23,732,317

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# HUMAN RESOURCES PROFESSIONALS' ASSOCIATION

## Statement of Operations

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

<i>All numbers denoted in CAD\$</i>	<b>2023</b>	2022
<b>Revenue:</b>		
Registration dues	<b>9,380,746</b>	9,065,544
Member learning	<b>2,103,589</b>	1,730,797
Office of the registrar	<b>1,472,835</b>	1,321,789
Member services	<b>1,110,623</b>	1,100,785
Administration and conference centre	<b>148,706</b>	37,654
Chapter programs	<b>132,801</b>	36,768
	<b>14,349,300</b>	13,293,337
<b>Expenses (note 1 (f) and Note 9):</b>		
Office of the registrar	<b>4,401,862</b>	4,189,149
Member learning	<b>3,356,808</b>	2,920,699
Chapter programs	<b>3,002,916</b>	2,801,173
Communications and member services	<b>2,832,319</b>	3,197,251
Governance	<b>1,273,044</b>	1,645,532
	<b>14,866,949</b>	14,753,804
<b>Deficiency of revenue over expenses before investment income and other items</b>	<b>(517,649)</b>	(1,460,467)
Investment income (loss) (note 10)	<b>624,236</b>	(93,155)
Investment management fees	<b>84,669</b>	84,414
Net investment income (loss)	<b>539,567</b>	(177,569)
<b>Surplus (deficiency) excess of revenue over expenses</b>	<b>21,918</b>	(1,638,036)

See accompanying notes to financial statements.

# HUMAN RESOURCES PROFESSIONALS ASSOCIATION

## Statement of Changes in Net Assets

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

	<b>2023</b>				
<i>All numbers denoted in CAD\$</i>	<b>Invested in capital &amp; intangible assets</b>	<b>Internally restricted capital and strategic Fund (Note 7)</b>	<b>Internally restricted contingency fund (Note 7)</b>	<b>Unrestricted Fund</b>	<b>Total</b>
<b>Net assets, beginning of year</b>	<b>\$ 451,802</b>	<b>\$3,965,705</b>	<b>\$ 8,232,845</b>	<b>\$ 4,629,240</b>	<b>\$ 17,279,592</b>
Deficiency of revenue over expenses	(407,997)	-	-	429,915	21,918
Purchase of capital & intangible assets	620,462	(209,077)	-	(411,385)	-
Interfund transfers	-	(139,644)	-	139,644	-
<b>Net assets, end of year</b>	<b>\$ 664,267</b>	<b>\$3,616,984</b>	<b>\$ 8,232,845</b>	<b>\$4,787,415</b>	<b>\$17,301,511</b>

See accompanying notes to financial statements.

# HUMAN RESOURCES PROFESSIONALS ASSOCIATION

## Statement of Changes in Net Assets (continued)

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

	<b>2022</b>				
	<b>Invested in capital &amp; intangible assets</b>	<b>Internally restricted capital and strategic Fund (Note 7)</b>	<b>Internally restricted Contingency fund (Note 7)</b>	<b>Unrestricted Fund</b>	<b>Total</b>
<i>All numbers denoted in CAD\$</i>					
<b>Net assets</b> , beginning of year	\$ 1,115,760	\$ 6,790,000	\$ 8,232,845	\$ 2,779,023	\$ 18,917,628
Excess (deficiency) of revenue over expenses	(692,673)	-	-	(945,363)	(1,638,036)
Purchase of capital & intangible assets	28,715	(28,715)	-	-	-
Interfund transfers	-	(2,795,580)	-	2,795,580	-
<b>Net assets</b> , end of year	<b>\$ 451,802</b>	<b>\$3,965,705</b>	<b>\$ 8,232,845</b>	<b>\$ 4,629,240</b>	<b>\$ 17,279,592</b>

See accompanying notes to financial statements.

# HUMAN RESOURCES PROFESSIONALS' ASSOCIATION

## Statement of Cash Flows

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

<i>All numbers denoted in CAD\$</i>	<b>2023</b>	<b>2022</b>
<b>Cash flows provided by (used in):</b>		
<b>Operating activities:</b>		
Excess (deficiency) of revenue over expenses	<b>21,918</b>	(1,638,036)
Items not involving cash:		
Amortization of capital assets	<b>202,272</b>	430,010
Amortization of intangible assets	<b>205,725</b>	260,918
Loss on disposal of capital assets	-	1745
Unrealized (gain) loss on long-term investments (note 10)	<b>(180,441)</b>	678,585
	<b>249,474</b>	(266,778)
Change in non-cash operating working capital:		
Accounts receivable	<b>(194,728)</b>	95,080
Security deposit	<b>210,393</b>	-
Prepaid expenses	<b>46,555</b>	44,969
Accounts payable and accrued liabilities	<b>(289,122)</b>	165,776
Deferred revenue	<b>247,523</b>	(7,163)
Deferred rent	<b>43,875</b>	(106,256)
	<b>313,970</b>	(74,372)
<b>Financing and investing activities:</b>		
Change in short-term investments	<b>173,064</b>	948,446
Realized gain on long-term investments	<b>(228,209)</b>	(416,356)
Purchase of capital and intangible assets	<b>(620,462)</b>	(28,715)
	<b>(675,607)</b>	503,375
<b>Increase (decrease) in cash for the year</b>	<b>(361,638)</b>	429,003
<b>Cash, beginning of year</b>	<b>984,871</b>	555,868
<b>Cash, end of year</b>	<b>623,233</b>	984,871

See accompanying notes to financial statements.



# HUMAN RESOURCES PROFESSIONALS ASSOCIATION

## Notes to Consolidated Financial Statements

Year ended November 30, 2023

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The objects of the Human Resources Professionals Association (“HRPA”) were issued by the Ontario Legislature by means of the *Registered Human Resources Professionals Act, 2013*. HRPA’s core mandate is to promote and protect the public interest by governing and regulating the professional practice of its registrants. HRPA is a not-for-profit organization and, as such, is exempt from income taxes under Section 149(1)(i) of the *Income Tax Act (Canada)*.

### 1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in the Chartered Professional Accountants of Canada Handbook.

#### (a) Revenue recognition:

HRPA follows the deferral method of accounting for revenue. Registration dues are recognized as revenue on a pro rata basis over the year. Event registration, exam registration and other services are recognized as revenue when the function is held, or services are provided.

Deferred revenue mainly represents a proration of registration dues received for the June 1, 2023, to May 31, 2024, membership year, and funds received for events and exam registrations to be held in the 2024 fiscal year.

Investment income is recorded on an accrual basis and includes realized and unrealized fair market value investment gains and losses. The realized gain (loss) on the sale of investments is the difference between proceeds received and the average cost of investments sold. Realized gain (loss) on sale of investments also includes dividend and interest income (note 10).

# HUMAN RESOURCES PROFESSIONALS ASSOCIATION

## Notes to Consolidated Financial Statements

Year ended November 30, 2023

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### 1. Significant accounting policies (continued):

#### (b) Capital and intangible assets:

Capital and intangible assets are recorded at cost less accumulated amortization. They are amortized on a straight-line basis over the estimated useful lives of the assets as follows:

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Furniture and fixtures	3 - 10 years
Computer equipment	2 - 3 years
Intangible property - software	3 years
Office equipment	3 years
Leasehold improvements	Term of lease

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#### (c) Deferred rent:

In 2023, HRPAA extended the lease agreement, downsizing to a significantly smaller space. Deferred rent for the year 2023 comprises a minor portion related to a tenant improvement allowance granted upon the extension of the office lease. Deferred rent for 2022 includes both the tenant improvement allowance linked to the previous lease agreement and an amount pertaining to a deferred rental liability associated with a rent-free period at the commencement of the previous office lease. Deferred rent is recognized on a straight-line basis..

# HUMAN RESOURCES PROFESSIONALS ASSOCIATION

## Notes to Consolidated Financial Statements

Year ended November 30, 2023

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### 1. Significant accounting policies (continued):

#### (d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. HRP A has elected to carry fixed income and money market investments 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. These costs 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 is an indicator of impairment, HRP A 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 HRP A expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

#### (e) Foreign currency:

Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at exchange rates prevailing at the year-end date. Revenue and expenses have been translated using exchange rates prevailing on the transaction dates. Gains and losses arising from foreign currency translation are included in the statement of operations.

#### (f) Allocation of expenses:

HRP A manages various functional areas on behalf of the membership. The cost of each functional area includes the salaries and benefits, office space and utilities, amortization, insurance, administrative, and financial services expense that are directly related to the respective functional area. The allocations are based on management's best estimate of the proportion of the time spent by the individuals performing the functions.

# HUMAN RESOURCES PROFESSIONALS ASSOCIATION

## Notes to Consolidated Financial Statements

Year ended November 30, 2023

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### 1. Significant accounting policies (continued):

#### (g) Use of estimates:

The preparation of financial statements 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the allocation of expenses and amortization of capital and intangible assets. Actual results could differ from those estimates.

### 2. Short-term investments:

In 2023, HRPAs transferred some short-term investment funds from investment certificate to a surplus saving account to earn higher investment return.

Short-term investments consist of guaranteed investment certificates bearing interest ranging from 0.6% - 5.2% (2022 - 0.40% to 4.20%), and funds in surplus saving account bearing interest of Prime -1.90%. (2022 - nil).

### 3. Long-term investments:

<i>All numbers denoted in CAD\$</i>	<b>2023</b>	2022
Guaranteed investment certificates	<b>203,761</b>	-
Fixed income investments	<b>8,333,719</b>	7,785,736
Global equities	<b>5,205,807</b>	4,908,785
Canadian equities	<b>3,740,345</b>	3,823,595
Money market investments	<b>132,779</b>	485,883
	<b>17,616,411</b>	17,003,999

# HUMAN RESOURCES PROFESSIONALS ASSOCIATION

## Notes to Consolidated Financial Statements

Year ended November 30, 2023

### 4. Capital & intangible assets:

<i>All numbers denoted in CAD\$</i>		2023	2022	
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>	Net book value
Furniture and fixtures	<b>442,327</b>	<b>324,658</b>	<b>117,669</b>	39,520
Computer equipment	<b>1,009,220</b>	<b>967,359</b>	<b>41,861</b>	106,688
Intangible assets - software	<b>1,444,318</b>	<b>1,398,316</b>	<b>46,002</b>	230,706
Office equipment	<b>248,431</b>	<b>248,431</b>	-	11,655
Leasehold improvements	<b>1,655,445</b>	<b>1,245,584</b>	<b>409,861</b>	59,453
Work in process	<b>48,874</b>	-	<b>48,874</b>	3,780
	<b>4,848,616</b>	<b>4,184,349</b>	<b>664,267</b>	451,802

### 5. Security deposit:

As part of the previous lease agreement for HRPAs current premises, a security deposit of \$350,000 was required during fiscal 2011. This deposit was partially repaid to HRPAs in installments of \$50,000 during each of fiscal 2013 and 2014. In 2023, \$238,265 of the remaining deposit, along with accrued interest, was returned to HRPAs, while the balance of \$39,607 will be held by the landlord and applied to the lease payment in the final month of the extended lease agreement in May 2028. HRPAs has invested the returned funds in surplus saving account bearing interest of Prime -1.90%.

### 6. Deferred revenue

<i>All numbers denoted in CAD\$</i>		2023	2022
Registration dues		<b>4,733,491</b>	4,425,637
Office of the registrar		<b>111,144</b>	117,313
Other programs and services		<b>73,610</b>	127,772
		<b>4,918,245</b>	4,670,722

# HUMAN RESOURCES PROFESSIONALS ASSOCIATION

## Notes to Consolidated Financial Statements

Year ended November 30, 2023

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### 7. Internally restricted net assets:

#### (a) Capital and strategic funds:

Capital and strategic funds have been restricted by the Board of Directors for capital asset purchases and strategic projects. The amounts are not available for other purposes without approval by the Board of Directors.

In 2023, HRPA purchased capital assets of \$620,462 (2022 - \$28,715) which are included in invested in capital and intangible assets.

#### (b) Contingency fund:

The Contingency fund has been restricted by the Board of Directors for future general operating contingencies. The amounts are not available for other purposes without approval by the Board of Directors.

No additional funds were transferred to this reserve in both 2022 and 2023.

### 8. Commitments:

HRPA is committed to the following approximate future minimum gross annual lease rental payments at its current location:

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2024	235,342
2025	242,528
2026	249,714
2027	256,900
2028	130,246
Total	1,114,728

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# HUMAN RESOURCES PROFESSIONALS ASSOCIATION

## Notes to Consolidated Financial Statements

Year ended November 30, 2023

### 9. Allocation of expenses:

The following are the expense allocations by expense type:

	2023	2022
Administration	2,287,021	2,040,445
Depreciation	407,997	690,928
Insurance	114,995	104,836
Marketing	314,703	680,589
Service delivery	1,352,236	827,277
Software	1,112,067	1,051,667
Travel	49,929	12,408
Staff compensation	8,053,234	7,696,886
Space rental expenses	545,845	591,548
Consulting	484,923	908,246
Legal services	143,999	148,974
	<b>14,866,949</b>	14,753,804

### 10. Investment (loss) income:

<i>All numbers denoted in CAD\$</i>	2023	2022
Realized investment income, net	443,795	585,430
Unrealized (losses) gains on investments	180,441	(678,585)
<b>Investment (loss) income</b>	<b>624,236</b>	(93,155)

### 11. Human Resources Research Institute:

The Human Resources Research Institute (“HRRRI”) is a registered Canadian charity focused on human resources research to advance evidence-based HR practice. HRRRI funds awards, scholarships or empirical research projects which have clear application to HR practice and advancing the profession. HRRRI was founded in 2010 by the HRP. HRP controls HRRRI through the appointment of the voting members of HRRRI’s Board of Directors.

# HUMAN RESOURCES PROFESSIONALS ASSOCIATION

## Notes to Consolidated Financial Statements

Year ended November 30, 2023

### 11. Human Resources Research Institute (continued):

In 2021, the Board of HRRRI approved its liquidation and dissolution. As of the date of issuance of these financial statements, the clearance certificate has not received yet.

The summarized unaudited financial position of HRRRI as at November 30, 2023, and the summarized results of its operations and cash flows, for the year then ended, are as follows:

<i>All numbers denoted in CAD\$</i>	<b>2023</b>	2022
Financial position :		
Current assets	<b>29,700</b>	41,606
Current liabilities	-	(11,789)
Net assets	<b>29,700</b>	29,817
Operations:		
Revenue	-	2,263
Expenses	<b>(117)</b>	(13,472)
Deficiency of revenue over expenses	<b>(117)</b>	(11,209)
Cash flows:		
Operating activities	-	(13,521)
Investing activities	<b>(117)</b>	50,935
Net cash inflow (outflow)	<b>(117)</b>	37,414

### 12. Employee benefits:

HRPA maintains a registered retirement savings plan matching program for its employees, matching employee contributions up to a maximum of 5% of gross earnings. The related expense for the year was \$265,571 (2022 - \$246,830).



# HUMAN RESOURCES PROFESSIONALS ASSOCIATION

## Notes to Consolidated Financial Statements

Year ended November 30, 2023

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### 13. Financial instrument risks:

HRPA is exposed to the following risks on its financial instruments. These risks have not changed from the prior year.

#### (a) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. HRPA is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the fair value of money market and fixed income-denominated investments.

#### (b) 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. HRPA is exposed to credit risk arising from its accounts receivable and its fixed income short- and long-term investments. This risk is mitigated by the fact that the HRPA has customers with established credit history, along with diversified accounts receivable.

#### (c) Market risk:

HRPA is exposed to fluctuations in equity markets on its long-term investments. This risk is mitigated through the use of a formal investment policy, using the services of a professional investment advisor, and ongoing monitoring and reporting.

#### (d) Foreign currency risk:

Foreign currency risk is the risk that the value of securities denominated in a foreign currency other than the Canadian dollar will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated. Certain equities, which are included in long-term investments, are held in U.S. dollars and have been converted to Canadian dollars at year end using the exchange rate at that date. Investments held in U.S. dollars at November 30, 2023, were approximately \$5,749,591 (2022 - \$5,217,089) stated in Canadian dollars.