

**Canadian Hard of Hearing Association
- Newfoundland and Labrador Chapter Inc.
Financial Statements**

March 31, 2021

**Canadian Hard of Hearing Association
- Newfoundland and Labrador Chapter Inc.**

Contents

For the year ended March 31, 2021

	<i>Page</i>
Independent Auditors' Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Operations and Changes in Net Assets.....	2
Statement of Cash Flows.....	3
Notes to the Financial Statements	4
Schedules	
Schedule 1 - Administration.....	8
Schedule 2 - Fundraising.....	9
Schedule 3 - Programs & Services.....	10

To the Members of Canadian Hard of Hearing Association - Newfoundland and Labrador Chapter Inc.:

Qualified Opinion

We have audited the financial statements of Canadian Hard of Hearing Association - Newfoundland and Labrador Chapter Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and associated schedules.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of the report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 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 Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2021, or current assets and net assets as at March 31, 2021.

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.

Other Matter

The financial statements of the Organization for the year ended March 31, 2020 were audited by another Chartered Professional Accountant. He expressed a qualified opinion on those statements on October 6, 2020 for the reasons described in the Basis for Qualified opinion paragraph.

Responsibilities of Management 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.

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.

Mount Pearl, Newfoundland and Labrador

Chartered Professional Accountants

**Canadian Hard of Hearing Association
- Newfoundland and Labrador Chapter Inc.
Statement of Financial Position**

As at March 31, 2021

	2021	2020
Assets		
Current		
Cash	125,948	27,344
Accounts receivable (Note 3)	169,260	81,027
Short-term investments	488,429	488,457
Prepaid expenses	11,783	6,808
Deposit on land	100,000	200,000
	895,420	803,636
Capital assets (Note 4)	499,441	519,129
	1,394,861	1,322,765
Liabilities		
Current		
Bank indebtedness (Note 5)	208	379,192
Accounts payable and accruals	60,121	61,477
Current portion of long-term debt (Note 6)	5,012	4,830
	65,341	445,499
	65,341	445,499
Long-term debt (Note 6)	97,508	42,520
	97,508	42,520
	162,849	488,019
COVID-19 (Note 8)		
Net Assets	1,232,012	834,746
	1,394,861	1,322,765

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

**Canadian Hard of Hearing Association
- Newfoundland and Labrador Chapter Inc.**
Statement of Operations and Changes in Net Assets
For the year ended March 31, 2021

	2021	2020
Administration revenue <i>(Schedule 1)</i>	272,010	74,330
Fundraising revenue <i>(Schedule 2)</i>	2,675,419	2,296,624
Programs & Services revenue <i>(Schedule 3)</i>	92,702	48,213
Total revenue	3,040,131	2,419,167
Administration expenses <i>(Schedule 1)</i>	362,304	414,091
Fundraising expenses <i>(Schedule 2)</i>	1,810,251	1,659,880
Programs & Services expenses <i>(Schedule 3)</i>	470,310	429,534
Total expenses	2,642,865	2,503,505
Excess (deficiency) of revenue over expenses	397,266	(84,338)
Net assets, beginning of year	834,746	919,084
Net assets, end of year	1,232,012	834,746

The accompanying notes are an integral part of these financial statements

Canadian Hard of Hearing Association
- Newfoundland and Labrador Chapter Inc.
Statement of Cash Flows
For the year ended March 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	397,266	(84,338)
Amortization	33,985	34,965
	431,251	(49,373)
Changes in working capital accounts		
Accounts receivable	(88,233)	(7,659)
Deposit on land	100,000	-
Prepaid expenses	(4,975)	(416)
Accounts payable and accruals	(1,357)	(33,657)
	436,686	(91,105)
Financing		
Advances of long-term debt	60,000	-
Repayment of long-term debt	(4,830)	(2,600)
	55,170	(2,600)
Investing		
Purchase of capital assets	(14,296)	(18,958)
	(14,296)	(18,958)
Increase (decrease) in cash resources	477,560	(112,663)
Cash resources, beginning of year	136,609	249,272
Cash resources, end of year	614,169	136,609
Cash resources are composed of:		
Cash	125,948	27,344
Short-term investments	488,429	488,457
Bank indebtedness	(208)	(379,192)
	614,169	136,609

The accompanying notes are an integral part of these financial statements

**Canadian Hard of Hearing Association
- Newfoundland and Labrador Chapter Inc.**
Notes to the Financial Statements
For the year ended March 31, 2021

1. Incorporation and nature of the organization

Canadian Hard of Hearing Association - Newfoundland and Labrador Chapter Inc. (the "Organization") is a not-for-profit organization incorporated provincially under the Corporations Act of Newfoundland and Labrador. As a registered charity the Organization is exempt from income taxes under Section 149(1) of the Income Tax Act.

The Organization is committed to the prevention of hearing loss and the provision of program and services, based on awareness, accessibility and advocacy services that promote a better quality of life for hard of hearing and late deafened people of all ages and their families in Newfoundland and Labrador.

2. Significant accounting policies

Basis of accounting

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. The carrying amounts approximate fair value due to the short term nature of the asset.

Contributed services

The operations of the Organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealised gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

Impairment of long-lived assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Measurement uncertainty (use of estimates)

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

**Canadian Hard of Hearing Association
- Newfoundland and Labrador Chapter Inc.**
Notes to the Financial Statements
For the year ended March 31, 2021

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Buildings	declining balance	4 %
Computer equipment	declining balance	55 %
Listening equipment	declining balance	20 %
Furniture and equipment	declining balance	20 %
Parking areas	declining balance	8 %
Signs	declining balance	20 %

Revenue recognition

The Organization 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 received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Revenue from sales is recognized as the income is earned, specifically when the item is delivered to a customer, the amount to be collected can be reasonably determined and collection is reasonably assured.

3. Accounts receivable

Accounts receivable consists of the following:

	2021	2020
Canada Emergency Wage Subsidy Receivable	99,732	-
Harmonized sales tax receivable	69,528	64,878
Trade receivables	-	16,149
	169,260	81,027

4. Capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	50,000	-	50,000	50,000
Buildings	679,926	303,994	375,932	381,024
Computer equipment	51,113	49,490	1,623	3,607
Listening equipment	57,328	36,459	20,869	26,087
Furniture and equipment	198,541	164,715	33,826	37,850
Parking areas	14,830	9,140	5,690	6,184
Signs	33,330	21,829	11,501	14,377
	1,085,068	585,627	499,441	519,129

5. Bank indebtedness

**Canadian Hard of Hearing Association
- Newfoundland and Labrador Chapter Inc.**
Notes to the Financial Statements
For the year ended March 31, 2021

The Organization has a credit facility with Newfoundland and Labrador Credit Union Limited which includes an approved operating line of credit that can be drawn upon to a maximum of \$700,000. This line of credit bears interest at 3.45%. The line of credit is secured by real property with a carrying value of \$425,932 and term deposits with a carrying value of \$480,000. At March 31, 2021, the amount owing, which is due on demand, was \$208 (2020 - \$379,192).

6. Long-term debt

	2021	2020
Metro Business Opportunities - Social Enterprise unsecured loan bearing interest at 3.7% per annum. The loan is repayable in monthly blended payments of \$542 and matures on September 1, 2028.	42,520	47,350
Canada Emergency Business Account loan. The loan is unsecured, interest -free and has no set repayment terms. Provided \$40,000 of the balance is repaid by December 31, 2022 then the remaining \$20,000 balance will be forgiven. The Organization has set aside a term deposit of \$40,000 to ensure the loan will be repaid by December 31, 2022.	60,000	-
	102,520	47,350
Less: Current portion	5,012	4,830
	97,508	42,520

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed are estimated as follows:

	<i>Principal</i>
2022	5,012
2023	65,201
2024	5,397
2025	5,600
2026	5,790
	87,000

7. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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 risk 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 fundraising activities and other related sources, long-term debt and accounts payable.

**Canadian Hard of Hearing Association
- Newfoundland and Labrador Chapter Inc.**
Notes to the Financial Statements
For the year ended March 31, 2021

8. COVID-19

Since March 31, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may also cause staff shortages, reduced customer demand and increased government regulations or interventions, all of which may negatively impact the business, financial condition or results of operations of the Organization. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

In April 2020, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") program. CEWS provides a wage subsidy on eligible remuneration subject to limits eligible to the employers based on certain criteria, including the demonstration of revenue declines. The Organization determined that it has qualified for this subsidy and has applied for CEWS. For the year ended March 31, 2021, the Organization has recognized \$199,135 in government assistance related to CEWS and \$15,267 related to the TWS. Government assistance also includes a \$10,000 grant received from the Government of Newfoundland and Labrador.

9. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation. The prior year figures were prepared by another accountant.

Canadian Hard of Hearing Association
- Newfoundland and Labrador Chapter Inc.
Schedule 1 - Administration
For the year ended March 31, 2021

	2021	2020
Revenue		
Canada Emergency Wage Subsidy	199,135	-
Government assistance	61,088	56,115
Interest	10,151	10,173
Donations	1,465	7,964
Miscellaneous	171	78
	272,010	74,330
Expenses		
Wages and salaries	169,024	172,969
Office and miscellaneous	35,939	26,969
Amortization	33,984	34,965
Repairs and maintenance	30,812	45,484
Professional fees	25,237	39,943
Interest and bank charges	17,768	35,390
Insurance	11,615	7,299
Telephone	10,693	12,217
Donations	8,970	6,500
Utilities	6,659	9,145
Licenses and fees	4,862	11,814
Property taxes	4,161	8,334
Captioning fees	2,274	2,916
Devices and services	306	146
	362,304	414,091
Excess (deficiency) of revenue over expenses	(90,294)	(339,761)

**Canadian Hard of Hearing Association
- Newfoundland and Labrador Chapter Inc.**
Schedule 2 - Fundraising
For the year ended March 31, 2021

	2021	2020
<hr/>		
Revenue		
The Ultimate Dream Home Lottery	1,602,949	1,422,550
The Ultimate Dream Home Lottery - 50/50	802,155	655,280
Spring Lottery - 50/50	166,540	151,843
Lottery management systems	103,775	66,951
	<hr/> 2,675,419	<hr/> 2,296,624
<hr/>		
Expenses		
Prizes	713,477	667,580
Prizes - 50/50 Draw	485,932	406,172
Wages and salaries	176,547	158,502
Advertising and promotion	162,166	135,940
Interest and bank charges	76,056	46,036
Consultant fees	58,065	68,164
IT and website	40,724	39,087
Telephone	30,033	16,670
Printing costs	24,836	30,990
Licenses and fees	16,224	1,476
Courier and postage	14,995	4,661
Travel	7,062	7,355
Repairs and maintenance	3,119	4,069
Office supplies	1,015	1,957
Commissions	-	71,221
	<hr/> 1,810,251	<hr/> 1,659,880
<hr/>		
Excess (deficiency) of revenue over expenses	865,168	636,744
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**Canadian Hard of Hearing Association
- Newfoundland and Labrador Chapter Inc.**
Schedule 3 - Programs & Services
For the year ended March 31, 2021

	2021	2020
<hr/>		
Revenue		
Projects and grants	56,967	23,823
Sales	18,528	3,825
Wage subsidies	17,207	20,565
	<hr/> 92,702	<hr/> 48,213
<hr/>		
Expenses		
Wages and salaries	365,636	304,906
Consulting and professional fees	41,030	42,472
Devices and services	22,384	6,133
Office and miscellaneous	11,552	20,038
Advertising and promotion	8,698	11,957
Telephone	7,966	6,225
IT and website	5,332	17,428
Professional development	4,272	200
Interest and bank charges	1,754	1,298
Courier and postage	1,344	1,511
Speaker fees	342	11,366
Scholarships	-	6,000
	<hr/> 470,310	<hr/> 429,534
<hr/>		
Excess (deficiency) of revenue over expenses	(377,608)	(381,321)
<hr/>		