

CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.
Financial Statements
Year Ended March 31, 2023

CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.

Index to Financial Statements

Year Ended March 31, 2023

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenses	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10
Administration (<i>Schedule 1</i>)	11
Fundraising (<i>Schedule 2</i>)	12
Programs & Services (<i>Schedule 3</i>)	13

Fred Earle

Chartered Professional Accountant

INDEPENDENT AUDITOR'S REPORT

To the Members of CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.

Qualified Opinion

I have audited the financial statements of CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC. (the Association), which comprise the statement of financial position as at March 31, 2023, and the statements of revenues and expenses, 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.

In my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from donation and fundraising activities, 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 Association. Therefore, I was not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2023, current assets and net assets as at March 31, 2023. My audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation of scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Association in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit 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 ASNPO, 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 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.

(continues)

Independent Auditor's Report to the Members of CANADIAN HARD OF HEARING ASSOCIATION -
NEWFOUNDLAND AND LABRADOR INC. (continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

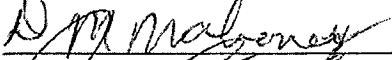
St. John's, Newfoundland and Labrador
September 13, 2023



CHARTERED PROFESSIONAL ACCOUNTANT

CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.
Statement of Financial Position
March 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 244,521	\$ 700,276
Term deposits	324,656	245,395
Accounts receivable (Note 4)	74,656	109,200
Inventory	12,197	8,017
Prepaid expenses	13,339	13,496
Deposit on land	-	100,000
Deferred expenses	-	143,018
	669,369	1,319,402
CAPITAL ASSETS (Note 3)	481,869	481,588
LONG TERM INVESTMENTS	-	340,345
	\$ 1,151,238	\$ 2,141,335
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 23,075	\$ 57,511
Current portion of long term debt (Note 6)	45,531	6,337
Deferred revenue	-	357,662
	68,606	421,510
LONG TERM DEBT (Note 6)	27,412	72,811
	96,018	494,321
NET ASSETS	1,055,220	1,647,014
	\$ 1,151,238	\$ 2,141,335

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

The notes are an integral part of these financial statements

CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.

Statement of Revenues and Expenses

Year Ended March 31, 2023

	2023	2022
REVENUES		
Administration (<i>Schedule 1</i>)	\$ 41,363	\$ 100,651
Fundraising (<i>Schedule 2</i>)	3,397,998	2,943,078
Programs & Services (<i>Schedule 3</i>)	42,327	108,788
	<u>3,481,688</u>	<u>3,152,517</u>
EXPENSES		
Administration (<i>Schedule 1</i>)	399,759	401,581
Fundraising (<i>Schedule 2</i>)	3,337,573	2,002,024
Programs & Services (<i>Schedule 3</i>)	336,150	333,910
	<u>4,073,482</u>	<u>2,737,515</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (591,794)	\$ 415,002

The notes are an integral part of these financial statements

CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.
Statement of Changes in Net Assets
Year Ended March 31, 2023

	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 1,647,014	\$ 1,232,012
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>(591,794)</u>	<u>415,002</u>
NET ASSETS - END OF YEAR	<u>\$ 1,055,220</u>	<u>\$ 1,647,014</u>

The notes are an integral part of these financial statements

CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.

**Statement of Cash Flows
Year Ended March 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (591,794)	\$ 415,002
Item not affecting cash:		
Amortization of capital assets	33,310	32,086
	<u>(558,484)</u>	<u>447,088</u>
Changes in non-cash working capital:		
Accounts receivable	34,544	60,060
Inventory	(4,180)	(8,017)
Accounts payable and accrued liabilities	(34,434)	(2,614)
Deferred revenue	(357,662)	357,662
Prepaid expenses	157	(1,713)
Deposit on land	100,000	-
Deferred expenses	143,018	(143,018)
	<u>(118,557)</u>	<u>262,360</u>
Cash flow from (used by) operating activities	<u>(677,041)</u>	<u>709,448</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(33,592)</u>	<u>(14,229)</u>
FINANCING ACTIVITIES		
Change in long-term investments	340,345	(56,449)
Repayment of long term debt	(6,206)	(3,372)
Forgivable portion of Canada Emergency Business Account (CEBA)	-	(20,000)
	<u>334,139</u>	<u>(79,821)</u>
INCREASE (DECREASE) IN CASH FLOW	(376,494)	615,398
Cash - beginning of year	<u>945,671</u>	<u>330,273</u>
CASH - END OF YEAR	\$ 569,177	\$ 945,671
CASH CONSISTS OF:		
Cash	\$ 244,521	\$ 700,276
Term deposits	324,656	245,395
	<u>\$ 569,177</u>	<u>\$ 945,671</u>

The notes are an integral part of these financial statements

CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.

Notes to Financial Statements

Year Ended March 31, 2023

1. PURPOSE OF THE ASSOCIATION

CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC. (the Association) is a not-for-profit organization incorporated provincially under the Corporations Act of Newfoundland and Labrador on March 9, 1984. As a registered charity the Association is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The Association operates to provide advocacy, awareness, and accessibility programs for the hard of hearing and late deafened people of all ages and their families in Newfoundland and Labrador.

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 (ASNPO).

Cash and cash equivalents

Cash is defined as cash on hand, cash on deposit, and short-term deposits with maturity dates of less than 90 days, net of cheques issued and outstanding at the reporting dates.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Building	4%	declining balance method
Computer equipment	55%	declining balance method
Computer software	20%	declining balance method
Furniture and equipment	20%	declining balance method
Land		non-depreciable
Listening equipment	20%	declining balance method
Parking areas	8%	declining balance method
Signage	20%	declining balance method

The Association regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Contributed services

The operations of the Association 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 unrealized 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.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

(continues)

CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.

Notes to Financial Statements

Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates, including the estimated useful lives of capital assets and provision for prepaid expenses, are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Revenue recognition

The Association 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. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Building	\$ 679,926	\$ 333,467	\$ 346,459	\$ 360,895
Computer equipment	58,441	55,165	3,276	5,031
Computer software	28,031	2,803	25,228	-
Furniture and equipment	205,526	178,320	27,206	30,706
Land	50,000	-	50,000	50,000
Listening equipment	62,807	45,284	17,523	20,520
Parking areas	14,830	10,014	4,816	5,235
Signage	33,330	25,969	7,361	9,201
	\$ 1,132,891	\$ 651,022	\$ 481,869	\$ 481,588

4. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2023	2022
Harmonized Sales Tax receivable	\$ 74,656	\$ 109,200

CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.

Notes to Financial Statements

Year Ended March 31, 2023

5. BANK INDEBTEDNESS

The Association has a credit facility with Newfoundland and Labrador Credit Union Ltd which includes an approved operating line of credit that can be drawn upon to a maximum of \$700,000 and bears interest at prime plus 1%. The line of credit is secured by real property with a carrying value of \$396,460 (2022 - \$410,895) and specified term deposits. At March 31, 2022, the amount owing which is due on demand was \$214 (2022 - \$85).

6. LONG TERM DEBT

	<u>2023</u>	<u>2022</u>
Metro Business Opportunities Corporation - Social Enterprise unsecured loan bearing interest at prime, repayable in monthly blended payments of \$523.	\$ 32,943	\$ 39,148
Canada Emergency Business Account (CEBA) interest-free loan until December 31, 2023, net of \$20,000 forgivable portion recognized as income in the prior year. If not repaid by December 31, 2023, the loan is converted to a two-year term loan at an interest rate of 5% per annum, with interest-only payments required until the principal balance is due on or before December 31, 2025.	<u>40,000</u>	<u>40,000</u>
	72,943	79,148
Amounts payable within one year	<u>(45,531)</u>	<u>(6,337)</u>
	\$ 27,412	\$ 72,811

Principal repayment terms are approximately:

2024	\$ 45,531
2025	5,668
2026	5,809
2027	5,953
2028	6,100
Thereafter	<u>3,882</u>
	\$ 72,943

7. FINANCIAL INSTRUMENTS

As part of its regular operations, the Association carries a number of financial instruments. The following analysis provides information about the Association's risk exposure and concentration as of March 31, 2022.

Liquidity risk

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

Interest rate risk

(continues)

CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.

Notes to Financial Statements

Year Ended March 31, 2023

7. FINANCIAL INSTRUMENTS *(continued)*

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 Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant other price risks arising from these financial instruments.

CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.

Administration

(Schedule 1)

Year Ended March 31, 2023

	2023	2022
REVENUES		
Government assistance	\$ 27,504	\$ 42,410
Donations	7,130	8,997
Interest	6,729	6,956
Canada Emergency Business Account (CEBA) loan forgiveness	-	20,000
Canada Emergency Wage Subsidy (CEWS)	-	22,288
	<u>41,363</u>	<u>100,651</u>
EXPENSES		
Salaries and wages	169,157	176,692
Repairs and maintenance	46,168	42,610
Office and other	43,627	39,665
Professional fees	39,328	37,987
Amortization	33,310	32,086
Insurance	19,880	14,423
Memberships, licenses, and fees	11,665	12,870
Telephone	8,521	7,268
Utilities	8,051	7,599
Interest and bank charges	6,734	3,598
Property taxes	6,668	14,095
Travel and accommodations	2,712	-
Donations, scholarships, and bursaries	2,000	11,437
Advertising and promotion	1,468	-
Consulting fees	470	-
Captioning fees	-	1,251
	<u>399,759</u>	<u>401,581</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (358,396)</u>	<u>\$ (300,930)</u>

The notes are an integral part of these financial statements

CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.

Fundraising

(Schedule 2)

Year Ended March 31, 2023

	2023	2022
REVENUES		
Ultimate Dream Home Lottery	\$ 1,445,803	\$ 1,656,725
Ultimate Dream Home Lottery - 50/50	928,435	1,037,035
Million Dollar Lottery	902,867	-
Lottery management systems	120,518	134,620
Interest	375	-
Canada Emergency Wage Subsidy (CEWS)	-	43,488
Spring Lottery - 50/50	-	71,210
	<u>3,397,998</u>	<u>2,943,078</u>
EXPENSES		
Million Dollar Lottery - prizes	1,075,000	-
Ultimate Dream Home - prizes	738,023	729,694
Ultimate Dream Home - 50/50	464,218	554,123
Advertising and promotion	381,238	177,659
Salaries and wages	238,732	215,388
Interest and bank charges	123,731	91,218
Consulting fees	107,178	55,363
IT and website	74,692	58,977
Telephone	52,138	39,955
Printing costs	35,932	24,427
Memberships, licenses, and fees	24,249	25,051
Office and other	13,686	12,513
Travel and accommodations	7,685	7,235
Professional fees	633	-
Courier and postage	330	8,613
Repairs and maintenance	108	62
Professional development	-	1,746
	<u>3,337,573</u>	<u>2,002,024</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 60,425	\$ 941,054

The notes are an integral part of these financial statements

CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.

Programs & Services

(Schedule 3)

Year Ended March 31, 2023

	2023	2022
REVENUES		
Program sales	\$ 26,817	\$ 40,590
Projects and grants	10,825	14,118
Other wage subsidies	4,250	9,505
Donations	435	-
Canada Emergency Wage Subsidy (CEWS)	-	44,575
	<u>42,327</u>	<u>108,788</u>
EXPENSES		
Salaries and wages	271,528	255,035
Devices and services	19,469	28,501
Advertising and promotion	14,007	20,892
Office and other	12,569	12,811
Donations, scholarships, and bursaries	5,000	1,041
Telephone	3,148	364
IT and website	2,834	6,298
Professional development	2,445	3,209
Interest and bank charges	2,242	889
Courier and postage	1,967	2,834
Consulting fees	484	1,200
Speaker fees	457	781
Repairs and maintenance	-	55
	<u>336,150</u>	<u>333,910</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (293,823)</u>	<u>\$ (225,122)</u>

The notes are an integral part of these financial statements