

CANADIAN HARD OF HEARING ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2017

CANADIAN HARD OF HEARING ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Canadian Hard of Hearing Association

We have audited the accompanying financial statements of Canadian Hard of Hearing Association, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The Canadian Hard of Hearing Association derives revenue from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our audit of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to these revenues, excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016 and net assets as at December 31, 2017 and 2016 and January 1, 2016. Our audit opinion on the financial statements for the year ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Hard of Hearing Association as at December 31, 2017, 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.



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
June 15, 2018

CANADIAN HARD OF HEARING ASSOCIATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2017

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	2017	2016
REVENUE		
Project grants and contributions (Schedule A)	\$ 418,260	\$ 278,616
Conference and workshops (Schedule B)	86,527	3,000
Memberships	19,045	20,490
Bequests and donations	17,680	45,631
Fundraising	3,718	16,801
Contribution from CHHA Foundation	10,000	10,000
Other	12,424	15,224
	567,654	389,762
OPERATING EXPENSES		
Projects	415,957	281,218
Members support costs	156,123	160,276
Conference and workshops	59,733	-
Special meeting of the members	48,602	-
Fundraising	-	10,998
	680,415	452,492
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (112,761)	\$ (62,730)

CANADIAN HARD OF HEARING ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2017

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	Unrestricted	Internal Restrictions (Note 7)		2017 Total	2016 Total
		Special Initiative	Charlotte Lavigne		
BALANCE, BEGINNING OF YEAR	\$ 50,956	\$ 105,550	\$ 259,000	\$ 415,506	\$ 478,236
Deficiency of revenue over expenses	(112,761)	-	-	(112,761)	(62,730)
Internal restrictions (Note 7)	100,000	(49,000)	(51,000)	-	-
BALANCE, END OF YEAR	\$ 38,195	\$ 56,550	\$ 208,000	\$ 302,745	\$ 415,506

CANADIAN HARD OF HEARING ASSOCIATION

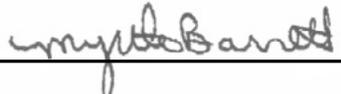
STATEMENT OF FINANCIAL POSITION

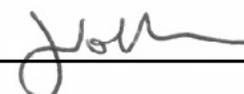
DECEMBER 31, 2017

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	2017	2016
ASSETS		
CURRENT ASSETS		
Cash	\$ 166,672	\$ 628,732
Cash - Young Adult Network	28,030	26,111
Money market funds, 1.30%	24,341	109,076
Accounts receivable (Note 3)	25,901	14,028
Contribution receivable	20,833	-
Prepaid expenses	904	6,225
Current portion of investments (Note 4)	146,823	-
	413,504	784,172
INVESTMENTS (Note 4)	101,601	-
	\$ 515,105	\$ 784,172
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	\$ 94,668	\$ 110,477
Due to the Young Adult Network	28,030	26,111
Deferred grants and contributions (Note 6)	89,662	232,078
	212,360	368,666
NET ASSETS		
Unrestricted	38,195	50,956
Internal restrictions (Note 7)		
- Special Initiative Fund	56,550	105,550
- Charlotte Lavigne Fund	208,000	259,000
	302,745	415,506
	\$ 515,105	\$ 784,172

ON BEHALF OF THE BOARD


_____, Director


_____, Director

CANADIAN HARD OF HEARING ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

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	2017	2016
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (112,761)	\$ (62,730)
Net change in non-cash working capital items:		
Cash - Young Adult Network	(1,919)	(4,510)
Accounts receivable	(11,873)	(565)
Contribution receivable	(20,833)	-
Prepaid expenses	5,321	(4,842)
Accounts payable and accrued liabilities	(15,809)	1,844
Due to the Young Adult Network	1,919	4,510
Deferred grants and contributions	(142,416)	47,763
	(185,610)	44,200
	(298,371)	(18,530)
INVESTING ACTIVITIES		
Purchase of investments	(248,424)	-
Change in money market funds	84,735	(1,051)
	(163,689)	(1,051)
DECREASE IN CASH AND CASH EQUIVALENTS	(462,060)	(19,581)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	628,732	648,313
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 166,672	\$ 628,732

Cash and cash equivalents consist of cash.

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

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1. STATUTE AND NATURE OF OPERATIONS

The Canadian Hard of Hearing Association (the Association) is an organization committed to promote the development and accessibility to technical aids, services and facilities for the hard of hearing. The Association is directed by a volunteer Board of Directors committed to the planning and coordination of services to the hard of hearing. The Association is incorporated as a not-for-profit organization under the Not-for-Profit Corporations Act, and is a registered charity for income tax purposes. The Association is exempt from income tax.

These financial statements include only the assets, liabilities, revenue and expenses of the Association's national office and do not include the assets, liabilities, revenue and expenses of the branch offices, each of which is a separate legal entity with its own management and Board of Directors, that are not under the control of the Association.

2. SIGNIFICANT ACCOUNTING POLICIES

The Association applies Canadian accounting standards for not-for-profit organizations (ASNFPPO) in accordance with Part III of the CPA Canada Handbook – Accounting.

Use of estimates

The preparation of financial statements in compliance with the ASNFPPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the periods covered.

Revenue recognition

The Association follows the deferral method of accounting for grants and contributions. Under this method, grants and contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted grants and contributions as well as memberships, fundraising, conference and workshops, bequests and donations are recognized as revenue, when received or receivable, provided that the amount to be received can be reasonably estimated and collection reasonably assured.

Contribution receivable

A contribution receivable is recognized as an asset when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

In-kind donated services

The work of the Association is dependant of the voluntary service of many members. The value of donated services and materials is not recognized in these financial statements.

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Allocated expenses

The Association allocates certain of its salaries and benefits as well as its rent and other expenses by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year. The expenses are allocated based on the approved budget of the grants which are based on the actual needs of the Association.

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, money market funds, accounts receivable and investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and due to the Young Adult Network.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. The Association determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

Transaction costs

Transaction costs related to financial instruments subsequently measured at amortized cost reduce the carrying amount of the financial asset or liability and are accounted for in the statement of operations using the straight-line method.

Cash and cash equivalents

The Association's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that can fluctuate from being positive to overdrawn. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. An investment qualifies as a cash equivalent when it has a maturity of three months or less from the date of acquisition.

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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3. ACCOUNTS RECEIVABLE

	2017		2016
Trade accounts	\$ 20,731	\$	7,538
HST receivable	5,170		6,490
	\$ 25,901	\$	14,028

4. INVESTMENTS

	2017		2016
Guaranteed Investment Certificates, 1.20% to 1.66%, maturing January 2018 and January 2019	\$ 248,424	\$	-
Less: Current portion of investments	(146,823)		-
	\$ 101,601	\$	-

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017		2016
Trade accounts and accrued liabilities	\$ 91,512	\$	104,730
Government remittances	3,156		5,747
	\$ 94,668	\$	110,477

6. DEFERRED GRANTS AND CONTRIBUTIONS

	2017		2016
Balance, beginning of year	\$ 232,078	\$	186,035
Plus: amount granted during the year	357,909		327,659
Less: amount recognized as revenue	(500,325)		(281,616)
Balance, end of year	\$ 89,662	\$	232,078

The deferred contributions are composed of the following items:

	2017		2016
Transition funding - Phase 2	\$ 65,497	\$	60,708
Spotlight on Invisible Disabilities	12,362		109,894
Outreach and Corporate Sustainability	8,503		18,429
2017 CHHA National Conference	-		15,105
Broadcasting Accessibility Fund	-		5,616
Other	3,300		22,326
	\$ 89,662	\$	232,078

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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7. INTERNAL RESTRICTIONS

Special Initiative Fund

The Special Initiative Fund has been created with the purpose of keeping in reserve a sum of money to cover unforeseen expenditures and special initiatives. The Board of Directors has approved the transfer of \$49,000 to the Unrestricted Fund to cover the operational deficit.

Charlotte Lavigne Fund

The Charlotte Lavigne Fund has been created with the purpose of keeping in reserve a sum of money to cover unforeseen expenditures. The Board of Directors has approved the transfer of \$51,000 to the Unrestricted Fund to cover the operational deficit.

8. CANADIAN HARD OF HEARING ASSOCIATION FOUNDATION

The Association currently has a memorandum of understanding with the Canadian Hard of Hearing Association Foundation, a non-related entity. The Foundation was established May 1, 1998 and was incorporated as a not-for-profit organization under the Not-for-Profit Corporations Act, and is a registered charity for income tax purposes. The Foundation is designated as a public foundation. As such, it is exempt from income tax and may issue tax receipts for donations. The primary function of the Foundation is to raise funds through private and public donations and to invest and manage these funds in order to fund the activities and programs of the Association as well as the independent branches and chapters across Canada.

The Association received and recognized a contribution in its statement of operations in the amount of \$10,000 (2016: \$10,000) from the Foundation.

9. EXPENSES ALLOCATED TO PROJECTS

Salaries and benefits, rent and other expenses are allocated to members support costs and to projects as follows:

	Projects	Members support costs	2017
Salaries and benefits	\$ 123,127	\$ 98,116	\$ 221,243
Rent	14,640	7,084	21,724
Other expenses	11,156	97,678	108,834
	\$ 148,923	\$ 202,878	\$ 351,801

	Projects	Members support costs	2016
Salaries and benefits	\$ 127,615	\$ 99,517	\$ 227,132
Rent	11,815	8,762	20,577
Other expenses	5,198	51,997	57,195
	\$ 144,628	\$ 160,276	\$ 304,904

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10. EMPLOYEE BENEFITS

The Association contributes to the employees' registered retirement savings plans. The expense for the year ended December 31, 2017 is \$1,500 (2016: \$1,456) which represents the Association's required current contributions to the plan for the year. Employer contributions are accounted for under "members support costs" in the statement of operations.

11. CONTRACTUAL OBLIGATIONS

The commitments of the Association under lease agreements aggregate to \$23,700. The instalments over the next two years are the following:

2018	\$	21,900
2019	\$	1,800

In addition, the Association has hired Silk Web Solutions to design and develop a website. Based on the contract, the total commitment is estimated at \$3,705.

12. CONTINGENCIES

Other indemnification agreements

In the normal course of operations, the Association signs agreements whereby funds are provided for the execution of projects which are subject to restrictions as to the use of the funds. The sponsors of these projects can execute an audit of the financial records of the Association to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor of a project are identified, the necessary adjustments will be recognized in the year they are identified.

CANADIAN HARD OF HEARING ASSOCIATION

ADDITIONAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2017

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	2017	2016
SCHEDULE A - PROJECT GRANTS AND CONTRIBUTIONS		
Employment and Social Development Canada	\$ 332,721	\$ 242,566
Broadcasting Accessibility Fund	83,911	36,050
Other	1,628	-
	\$ 418,260	\$ 278,616

SCHEDULE B - CONFERENCE AND WORKSHOPS

Registration	\$ 41,990	\$ -
Fundraising and sponsorships	24,500	3,000
Recovery of expenses	15,513	-
Trade fair	4,524	-
	\$ 86,527	\$ 3,000
