

CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.

Financial Statements

Year Ended March 31, 2024

CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.

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Year Ended March 31, 2024

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Fred Earle & Associates

Chartered Professional Accountants

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, 2024, 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, 2024, 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, 2024, current assets and net assets as at March 31, 2024. My audit opinion on the financial statements for the year ended March 31, 2023 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 11, 2024


CHARTERED PROFESSIONAL ACCOUNTANT

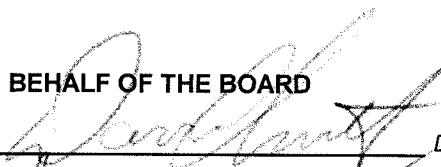
CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.

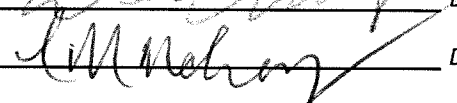
Statement of Financial Position

March 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 12,062	\$ 244,521
Term deposits	56,486	274,656
Harmonized sales tax recoverable	71,922	74,656
Accounts receivable	10,735	-
Inventory	16,648	12,197
Prepaid expenses	15,263	13,339
	183,116	619,369
CAPITAL ASSETS (Note 3)	481,157	481,869
LONG TERM INVESTMENTS	230,000	50,000
	\$ 894,273	\$ 1,151,238
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 14,411	\$ 23,075
Current portion of long term debt (Note 5)	5,241	45,531
Deferred revenue	48,530	-
	68,182	68,606
LONG TERM DEBT (Note 5)	21,959	27,412
	90,141	96,018
NET ASSETS	804,132	1,055,220
	\$ 894,273	\$ 1,151,238

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, 2024

	2024	2023
REVENUES		
Administration (<i>Schedule 1</i>)	\$ 37,698	\$ 41,363
Fundraising (<i>Schedule 2</i>)	2,639,431	3,397,998
Programs & Services (<i>Schedule 3</i>)	24,877	42,327
	<u>2,702,006</u>	<u>3,481,688</u>
EXPENSES		
Administration (<i>Schedule 1</i>)	406,179	399,759
Fundraising (<i>Schedule 2</i>)	2,163,697	3,337,573
Programs & Services (<i>Schedule 3</i>)	383,218	336,150
	<u>2,953,094</u>	<u>4,073,482</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (251,088)</u>	<u>\$ (591,794)</u>

CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.

Statement of Changes in Net Assets

Year Ended March 31, 2024

	2024	2023
NET ASSETS - BEGINNING OF YEAR	\$ 1,055,220	\$ 1,647,014
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(251,088)	(591,794)
NET ASSETS - END OF YEAR	\$ 804,132	\$ 1,055,220

CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.

**Statement of Cash Flows
Year Ended March 31, 2024**

	2024	2023
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (251,088)	\$ (591,794)
Item not affecting cash:		
Amortization of capital assets	36,628	33,310
	<u>(214,460)</u>	<u>(558,484)</u>
Changes in non-cash working capital:		
Harmonized sales tax recoverable	2,732	34,546
Inventory	(4,451)	(4,180)
Accounts payable and accrued liabilities	(8,663)	(34,436)
Deferred revenue	48,530	(357,662)
Prepaid expenses	(1,924)	157
Deposit on land	-	100,000
Deferred expenses	-	143,018
Accounts receivable	(10,735)	-
	<u>25,489</u>	<u>(118,557)</u>
Cash flow used by operating activities	<u>(188,971)</u>	<u>(677,041)</u>
INVESTING ACTIVITY		
Purchase of capital assets (net of government assistance)	<u>(35,915)</u>	<u>(33,592)</u>
FINANCING ACTIVITIES		
Change in long-term investments	(180,000)	290,345
Repayment of long term debt	(45,743)	(6,206)
Cash flow from (used by) financing activities	<u>(225,743)</u>	<u>284,139</u>
DECREASE IN CASH FLOW	(450,629)	(426,494)
Cash - beginning of year	519,177	945,671
CASH - END OF YEAR	\$ 68,548	\$ 519,177
CASH CONSISTS OF:		
Cash	\$ 12,062	\$ 244,521
Term deposits	56,486	274,656
	<u>\$ 68,548</u>	<u>\$ 519,177</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, 2024

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.

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CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.

Notes to Financial Statements

Year Ended March 31, 2024

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	2024 Net book value	2023 Net book value
Building	\$ 679,926	\$ 347,325	\$ 332,601	\$ 346,459
Computer equipment	67,167	59,366	7,801	3,276
Computer software	50,712	10,117	40,595	25,228
Furniture and equipment	205,526	183,761	21,765	27,206
Land	50,000	-	50,000	50,000
Listening equipment	67,315	49,240	18,075	17,523
Parking areas	14,830	10,399	4,431	4,816
Signage	33,330	27,441	5,889	7,361
	\$ 1,168,806	\$ 687,649	\$ 481,157	\$ 481,869

4. 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 \$382,601 (2023 - \$396,460) and specified term deposits. At March 31, 2024, the amount owing which is due on demand was \$16,068 (2023 - \$214).

CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.

Notes to Financial Statements

Year Ended March 31, 2024

5. LONG TERM DEBT

	<u>2024</u>	<u>2023</u>
Metro Business Opportunities Corporation - Social Enterprise unsecured loan bearing interest at prime, repayable in monthly blended payments of \$586.	\$ 27,200	\$ 32,943
Canada Emergency Business Account (CEBA) interest-free loan until January 18, 2024, net of \$20,000 forgivable portion recognized as income in a previous year. The loan was repaid in full on December 1, 2023.	-	40,000
	<u>27,200</u>	<u>72,943</u>
Amounts payable within one year	<u>(5,241)</u>	<u>(45,531)</u>
	<u>\$ 21,959</u>	<u>\$ 27,412</u>

Principal repayment terms are approximately:

2025	\$ 5,241
2026	5,631
2027	6,050
2028	6,500
2029	3,778
	<u>\$ 27,200</u>

6. GRANTS AND SUBSIDIES (ADMINISTRATION)

	<u>2024</u>
Government of Newfoundland and Labrador - Department of Health and Community Services	\$ 15,800
Government of Newfoundland and Labrador - Department of Immigration, Population Growth and Skills	4,669
Memorial University of Newfoundland	3,150
Government of Newfoundland and Labrador - Other wage subsidies	<u>2,601</u>
	<u>\$ 26,220</u>

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, 2024.

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.

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CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.

Notes to Financial Statements

Year Ended March 31, 2024

7. FINANCIAL INSTRUMENTS *(continued)*

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 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.

8. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

CANADIAN HARD OF HEARING ASSOCIATION - NEWFOUNDLAND AND LABRADOR INC.

Administration

(Schedule 1)

Year Ended March 31, 2024

	2024	2023
REVENUES		
Grants and subsidies (Note 6)	\$ 26,220	\$ 27,504
Interest	11,278	6,729
Donations	200	7,130
	<u>37,698</u>	<u>41,363</u>
EXPENSES		
Salaries and wages	185,892	169,157
Repairs and maintenance	48,241	46,168
Amortization	36,628	33,310
Professional fees	30,992	39,328
Office and other	21,337	43,627
Insurance	20,570	19,880
Memberships, licenses, and fees	16,737	11,665
Telephone	9,388	8,521
Property taxes	8,870	6,668
Utilities	8,191	8,051
Interest and bank charges	6,597	6,734
Advertising and promotion	3,601	1,468
Donations, scholarships, and bursaries	3,500	2,000
Travel and accommodations	2,875	2,712
Captioning fees	2,760	-
Consulting fees	-	470
	<u>406,179</u>	<u>399,759</u>
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (368,481)	\$ (358,396)

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, 2024

	2024	2023
REVENUES		
Ultimate Dream Home Lottery	\$ 1,401,680	\$ 1,445,803
Ultimate Dream Home Lottery - 50/50	963,320	928,435
Spring Lottery - 50/50	156,055	-
Lottery management systems	118,375	120,518
Interest	1	375
Million Dollar Lottery	-	902,867
	<u>2,639,431</u>	<u>3,397,998</u>
EXPENSES		
Ultimate Dream Home - prizes	722,704	738,023
Ultimate Dream Home - 50/50	481,660	464,218
Salaries and wages	270,796	238,732
Advertising and promotion	244,380	381,238
Interest and bank charges	95,530	123,731
Spring Lottery - 50/50	82,028	-
IT and website	81,563	74,692
Consulting fees	62,323	107,178
Telephone	40,605	52,138
Printing costs	29,052	35,932
Courier and postage	17,730	330
Office and other	13,935	13,686
Memberships, licenses, and fees	12,822	24,249
Travel and accommodations	7,641	7,685
Repairs and maintenance	928	108
Professional fees	-	633
Million Dollar Lottery - prizes	-	1,075,000
	<u>2,163,697</u>	<u>3,337,573</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 475,734</u>	<u>\$ 60,425</u>

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, 2024

	2024	2023
REVENUES		
Program sales	\$ 22,742	\$ 26,817
Projects and grants	2,135	10,825
Other wage subsidies	-	4,250
Donations	-	435
	24,877	42,327
EXPENSES		
Salaries and wages	326,902	271,528
Devices and services	15,727	19,469
Office and other	10,914	12,569
Advertising and promotion	9,006	14,007
Donations, scholarships, and bursaries	6,500	5,000
IT and website	4,074	2,834
Professional development	2,989	2,445
Interest and bank charges	2,852	2,242
Speaker fees	1,270	457
Courier and postage	1,092	1,967
Telephone	1,082	3,148
Consulting fees	810	484
	383,218	336,150
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (358,341)	\$ (293,823)