

**CANADIAN HARD OF HEARING ASSOCIATION NEWFOUNDLAND AND LABRADOR
CHAPTER INC.**

Financial Statements

Year Ended March 31, 2020

**CANADIAN HARD OF HEARING ASSOCIATION NEWFOUNDLAND AND LABRADOR
CHAPTER INC.**

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Year Ended March 31, 2020

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INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

I 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, 2020, 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 Organization as at March 31, 2020, 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, I was 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, 2020, current assets and net assets as at March 31, 2020.

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 Organization in accordance with the 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 those 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 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 relating 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.

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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 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 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 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.

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, NL
October 6, 2020


Brian T. Scammell Professional Corporation
Chartered Professional Accountant

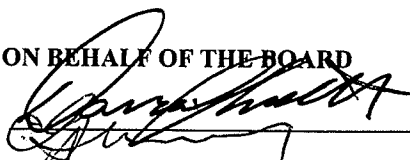
**CANADIAN HARD OF HEARING ASSOCIATION NEWFOUNDLAND AND LABRADOR
CHAPTER INC.**

Statement of Financial Position


March 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 27,344	\$ 8,761
Accounts receivable	24,606	8,429
HST receivable	64,878	73,396
Deposit on land	200,000	200,000
Prepaid expenses	6,808	6,392
	323,636	296,978
TERM DEPOSITS <i>(Note 3)</i>	480,000	480,000
CAPITAL ASSETS <i>(Note 4)</i>	519,129	535,136
	\$ 1,322,765	\$ 1,312,114
LIABILITIES AND NET ASSETS		
CURRENT		
Bank loan <i>(Note 5)</i>	\$ 379,192	\$ 247,946
Accounts payable <i>(Note 6)</i>	61,477	81,853
Deferred revenue <i>(Note 7)</i>	-	13,282
Current portion of long term debt <i>(Note 8)</i>	4,830	3,155
	445,499	346,236
LONG TERM DEBT <i>(Note 8)</i>	42,520	46,795
	488,019	393,031
NET ASSETS	834,746	919,083
	\$ 1,322,765	\$ 1,312,114

ON BEHALF OF THE BOARD



Director



Director

**CANADIAN HARD OF HEARING ASSOCIATION NEWFOUNDLAND AND LABRADOR
CHAPTER INC.**

Statement of Revenues and Expenses

Year Ended March 31, 2020

	2020	2019
REVENUE		
Fundraising <i>(Schedule 1)</i>	\$ 2,296,624	\$ 2,161,795
Programs & Services <i>(Schedule 2)</i>	45,795	94,656
Administration <i>(Schedule 3)</i>	76,748	78,527
	2,419,167	2,334,978
EXPENSES		
Fundraising <i>(Schedule 1)</i>	1,685,393	1,671,961
Programs & Services <i>(Schedule 2)</i>	416,944	419,155
Administration <i>(Schedule 3)</i>	401,167	401,541
	2,503,504	2,492,657
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (84,337)	\$ (157,679)

**CANADIAN HARD OF HEARING ASSOCIATION NEWFOUNDLAND AND LABRADOR
CHAPTER INC.**

**Statement of Changes in Net Assets
Year Ended March 31, 2020**

	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 919,083	\$ 1,076,762
DEFICIENCY OF REVENUE OVER EXPENSES	(84,337)	(157,679)
NET ASSETS - END OF YEAR	\$ 834,746	\$ 919,083

**CANADIAN HARD OF HEARING ASSOCIATION NEWFOUNDLAND AND LABRADOR
CHAPTER INC.**

**Statement of Cash Flows
Year Ended March 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (84,337)	\$ (157,679)
Item not affecting cash:		
Amortization of capital assets	34,965	47,693
	(49,372)	(109,986)
Changes in non-cash working capital:		
Accounts receivable	(16,177)	2,926
Accounts payable	(20,376)	(8,484)
Deferred revenue	(13,282)	(7,736)
Prepaid expenses	(416)	10,044
Land inventory	-	100,000
HST receivable	8,518	(6,381)
Investments	-	-
	(41,733)	90,369
Cash flow used by operating activities	(91,105)	(19,617)
INVESTING ACTIVITIES		
Purchase of capital assets	(18,958)	(22,486)
Decrease in investments	-	130,199
Cash flow from (used by) investing activities	(18,958)	107,713
FINANCING ACTIVITIES		
Proceeds from long term financing	-	50,000
Repayment of long term debt	(2,600)	(50)
Cash flow from (used by) financing activities	(2,600)	49,950
INCREASE (DECREASE) IN CASH FLOW	(112,663)	138,046
Deficiency - beginning of year	(239,185)	(377,231)
DEFICIENCY - END OF YEAR	\$ (351,848)	\$ (239,185)
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	\$ (10,349)	\$ (11,771)
Interest paid	\$ 26,444	\$ 25,974
DEFICIENCY CONSISTS OF:		
Cash	\$ 27,344	\$ 8,761
Bank loan	(379,192)	(247,946)
	\$ (351,848)	\$ (239,185)

**CANADIAN HARD OF HEARING ASSOCIATION NEWFOUNDLAND AND LABRADOR
CHAPTER INC.**

**Notes to Financial Statements
Year Ended March 31, 2020**

1. PURPOSE 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 the payment of income tax under Section 149(1) of the Income Tax Act.

The Organization is committed to the prevention of hearing loss and the provision of programs 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

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 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.

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 net 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

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 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.

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**CANADIAN HARD OF HEARING ASSOCIATION NEWFOUNDLAND AND LABRADOR
CHAPTER INC.**

Notes to Financial Statements

Year Ended March 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

Land	N/A
Buildings	4%
Parking areas	8%
Furniture and equipment	20%
Listening equipment	20%
Signs	20%
Computer equipment	55%
Software	100%

The Organization 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.

Revenue recognition

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

3. TERM DEPOSITS

	2020	2019
Term deposit, interest rate of 2.00% maturing April 25, 2022	\$ 152,164	\$ 152,164
Term deposit, interest rate of 2.250% maturing April 25, 2021	135,437	135,437
Term deposit, interest rate of 2.00% maturing April 12, 2021	65,000	65,000
Term deposit, interest rate of 2.00% maturing February 27, 2022	61,902	61,902
Term deposit, interest rate of 2.30% maturing April 29, 2023	53,485	53,485
Term deposit, interest rate of 2.30% maturing April 25, 2023	12,012	12,012
	\$ 480,000	\$ 480,000

**CANADIAN HARD OF HEARING ASSOCIATION NEWFOUNDLAND AND LABRADOR
CHAPTER INC.**

Notes to Financial Statements

Year Ended March 31, 2020

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	\$ 50,000	\$ -	\$ 50,000	\$ 50,000
Building	669,570	288,546	381,024	396,900
Parking areas	14,830	8,646	6,184	6,722
Signs	33,330	18,953	14,377	17,971
Computer equipment	51,113	47,506	3,607	2,385
Furniture & equipment	194,601	156,751	37,850	40,426
Listening equipment	57,328	31,241	26,087	20,732
Computer software	32,322	32,322	-	-
	\$ 1,103,094	\$ 583,965	\$ 519,129	\$ 535,136

5. CREDIT FACILITY

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 \$900,000. This line of credit bears interest at 4.950%. The line of credit is secured by real property and term deposits to the amount of \$480,000. At March 31, 2020, the amount owing, which is due on demand, was \$379,192 (2019: \$247,946).

6. ACCOUNTS PAYABLE

	2020	2019
Payables relating to operations	\$ 61,157	\$ 81,398
Payroll source deductions payable	320	455
	\$ 61,477	\$ 81,853

7. DEFERRED REVENUE

Deferred revenue relate to funding received in the current period that is for future expenditures. Changes in this balance are as follows:

	2020	2019
Balance, beginning of the year	\$ 13,282	\$ 21,018
Less: amount recognized as revenue in the year	(13,282)	(21,018)
Add: amount received related to the following year	-	13,282
	\$ -	\$ 13,282

**CANADIAN HARD OF HEARING ASSOCIATION NEWFOUNDLAND AND LABRADOR
CHAPTER INC.**

Notes to Financial Statements

Year Ended March 31, 2020

8. LONG TERM DEBT

	2020	2019
Metro Business Opportunities - Social Enterprise unsecured loan bearing interest at 3.7% per annum which commenced on September 1, 2018. There are no payments for the first six months, and for the following six months, payments consist of \$50 interest-free payments. After the first year the loan is repayable in monthly blended payments of \$542. The loan matures on September 1, 2028.	\$ 47,350	\$ 49,950
Amounts payable within one year	(4,830)	(3,155)
	\$ 42,520	\$ 46,795

Principal repayment terms are approximately:

2021	\$	4,830
2022		5,012
2023		5,201
2024		5,397
2025		5,600
Thereafter		21,310
	\$	47,350

9. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2020.

(a) 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.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Organization is mainly exposed to interest rate risk.

(c) 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 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.

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

**CANADIAN HARD OF HEARING ASSOCIATION NEWFOUNDLAND AND LABRADOR
CHAPTER INC.**

Notes to Financial Statements

Year Ended March 31, 2020

10. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world.

In response, the company applied for the Canadian Emergency Business Account loan from the federal government in the amount of \$40,000 which is intended to help businesses cover their operating expenses due to the financial impact of COVID-19 related shutdowns and added expenses. CHHA-NL applied for the loan to cover any potential sales decline from their Spring 2020 Ultimate 50/50 lottery.

**CANADIAN HARD OF HEARING ASSOCIATION NEWFOUNDLAND AND LABRADOR
CHAPTER INC.**

**Fundraising
(Schedule 1)**

Year Ended March 31, 2020

	2020	2019
REVENUES		
The Ultimate Dream Home Lottery	\$ 1,422,550	\$ 1,453,650
The Ultimate Dream Home Lottery - 50/50	655,280	639,665
Spring Lottery - 50/50	151,843	-
Lottery management system	66,951	68,480
	2,296,624	2,161,795
EXPENSES		
Prizes	667,580	707,124
Prizes- 50/50 draw	406,172	319,833
Wages and salaries	166,765	194,881
Advertising, media costs	135,940	212,723
Commissions	71,221	81,761
Consultant and professional fees	70,867	866
Credit/debit card charges	52,090	52,640
IT & website	39,087	41,932
Printing charges	32,947	28,872
Telephone	16,670	3,012
Courier & postage	9,901	7,261
Office	4,279	-
Maintenance	4,069	680
Special event costs	3,225	3,505
Rent	1,965	1,870
Licenses and fees	1,860	1,484
Travel	755	218
Interest & bank charges	-	275
Insurance	-	1,034
Miscellaneous	-	32
Meeting costs	-	-
Supplies	-	-
Messaging services	-	11,958
	1,685,393	1,671,961
INCOME FROM OPERATIONS	\$ 611,231	\$ 489,834

**CANADIAN HARD OF HEARING ASSOCIATION NEWFOUNDLAND AND LABRADOR
CHAPTER INC.**

**Programs & Services
(Schedule 2)**

Year Ended March 31, 2020

	2020	2019
REVENUES		
Projects and grants	\$ 24,601	\$ 62,618
Wage subsidies	20,565	1,049
Donations	400	30,018
Fundraising - other	169	667
Other	60	304
	45,795	94,656
EXPENSES		
Wages & salaries	303,232	284,451
Consultants & professional fees	42,472	26,184
IT & website	17,428	23,232
Advertising & promotion	11,957	8,845
Travel	8,592	16,298
Special events	7,237	4,247
Printing charges	6,336	16,845
Telephone	6,176	1,878
Scholarships & donations	6,000	10,632
Human resources	1,884	15,079
Captioning fees - CHHA-NL	1,855	3,129
Interest & bank charges	1,356	455
Courier & postage	1,271	3,126
Licenses & fees	736	1,086
Rent	210	451
Meeting costs	202	2,756
Captioning fees - community events	-	308
Miscellaneous	-	153
Maintenance	-	-
Supplies	-	-
	416,944	419,155
LOSS FROM OPERATIONS	\$ (371,149)	\$ (324,499)

**CANADIAN HARD OF HEARING ASSOCIATION NEWFOUNDLAND AND LABRADOR
CHAPTER INC.**

**Administration
(Schedule 3)**

Year Ended March 31, 2020

	2020	2019
REVENUES		
Government assistance	\$ 56,115	\$ 63,108
Interest	10,173	10,408
Donations	7,964	949
Special events/projects/grants/sponsorships	2,380	-
Miscellaneous	116	1,060
Wage subsidies	-	3,002
	-	-
	76,748	78,527
EXPENSES		
Wages & benefits	184,579	181,338
Amortization	34,965	47,693
Consulting and professional fees	34,661	22,819
Repairs & maintenance	31,954	30,131
Interest & bank charges	28,743	27,002
Telephone	12,217	17,378
Utilities	9,145	9,185
Property tax	8,334	8,303
Insurance	7,299	6,945
Donations	6,500	75
Information technology	6,499	13,085
Courier & postage	6,458	14,954
Office	5,999	1,256
Travel	5,305	10,716
Equipment rentals	4,752	3,651
Licenses & fees	4,110	3,325
Printing charges	3,764	-
Captioning fees	2,916	3,071
Meeting costs	1,205	-
Special events	853	384
Miscellaneous	801	230
Rent	108	-
	401,167	401,541
LOSS FROM OPERATIONS	\$ (324,419)	\$ (323,014)