

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

FINANCIAL STATEMENTS

MARCH 31, 2016

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

MARCH 31, 2016

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AUDITOR'S REPORT

Board of Directors and Members

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

I have audited the accompanying statement of financial position of **Canadian Hard of Hearing Association - Newfoundland and Labrador Chapter Inc.** as of March 31, 2016, and the statement of operations and net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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. I believe that my audit provides a reasonable basis for my opinion.

Basis for qualified opinion

Canadian Hard of Hearing Association - Newfoundland and Labrador Chapter Inc. derives a portion of its revenues from donations and other sources, the completeness of which is not susceptible to audit verification. Consequently, I was unable to obtain sufficient appropriate audit evidence to support the completeness of donations and other revenue, and I was unable to determine whether any adjustments were necessary.

Qualified opinion

In my opinion, except for the matter described in the Basis for qualified opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Canadian Hard of Hearing Association - Newfoundland and Labrador as of March 31, 2016, 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 ACCOUNTANT

September 13, 2016
St. John's, NL

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

**STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016**

ASSETS

	2016	2015
CURRENT		
Cash	\$ 543,018	\$ 150,788
Investments (Note 6)	206,659	288,872
Accounts receivable (Note 3)	190,400	60,865
Prepaid expenses	97,565	31,142
	1,037,642	531,667
CAPITAL ASSETS (Notes 2 & 4)	584,787	617,313
INVESTMENTS (Note 6)	337,661	382,177
	\$ 1,960,090	\$ 1,531,157

LIABILITIES

CURRENT		
Bank loan (Note 7)	\$ 492	\$ 184
Accounts payable and accruals (Note 5)	44,508	51,977
Deferred revenue (Note 8)	330,924	-
	375,924	52,161
	375,924	52,161

NET ASSETS

NET ASSETS	1,584,166	1,478,996
	\$ 1,960,090	\$ 1,531,157

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

**CANADIAN HARD OF HEARING ASSOCIATION
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**STATEMENT OF OPERATIONS AND NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2016**

	2016	2015
RECEIPTS		
Fundraising (Schedule 1)	\$ 2,989,585	\$ 2,834,575
Programs & Services (Schedule 2)	98,288	28,637
Administration (Schedule 3)	33,994	39,013
	3,121,867	2,902,225
EXPENDITURES		
Fundraising (Schedule 1)	2,227,058	2,167,272
Programs & Services (Schedule 2)	461,765	458,671
Administration (Schedule 3)	350,763	314,835
	3,039,586	2,940,778
EXCESS OF RECEIPTS OVER EXPENDITURES	82,281	(38,553)
NET ASSETS, beginning of year	1,478,996	1,517,549
	1,561,277	1,478,996
PRIOR PERIOD ADJUSTMENT (Note 9)	(22,889)	-
NET ASSETS AS RESTATED, end of year	\$ 1,584,166	\$ 1,478,996

See accompanying notes to financial statements

**CANADIAN HARD OF HEARING ASSOCIATION
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 82,281	\$ (38,553)
Prior period adjustment	22,889	-
	105,170	(38,553)
Change in assets and liabilities:		
Decrease (increase) in investments	82,212	(42,489)
(Increase) decrease in accounts receivable	(129,536)	66,532
(Increase) decrease in prepaid expenses	(66,423)	98,133
Decrease in accounts payable and accruals	(7,467)	(70,488)
Total adjustments	209,710	51,688
Net cash provided by operating activities	314,880	13,135
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in capital assets	32,528	27,410
Decrease in investments	44,515	162,144
Net cash used in investing activities	77,043	189,554
INCREASE IN CASH	391,923	184,339
CASH, beginning of year	150,604	(33,735)
CASH, end of year	\$ 542,527	\$ 150,604
CASH IS COMPRISED OF:		
Cash on hand	\$ 480	\$ 500
Cash in bank	542,539	150,288
Demand loan	(492)	(184)
	\$ 542,527	\$ 150,604

See accompanying notes to financial statements

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

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

2016 2015

1. GENERAL

The Association, incorporated under the laws of the province of Newfoundland and Labrador, provides support to the hard of hearing community and promotes awareness to government and the general public. The Association is a registered charity and is exempt from Income Tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Amortization of capital assets is recorded on a declining balance basis at the undernoted rates except in the year of acquisition when one half such rates are applied to the cost of additions. No amortization is recorded in the year of disposition.

Buildings	04%
Furniture & equipment	20%
Computer equipment	30% - 55%
Listening equipment	20%
Signs	20%
Parking areas	08%
Software	100%
Land	N/A

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

(d) Volunteers commit to providing essential services in assisting the Association in carrying out its activities. These contributed services are not reflected in the financial statements due to the difficulty in determining their fair market value.

(d) Financial Instruments: the organization's financial instruments consist of cash, receivables, accounts payable and accruals. It is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments, and that the carrying values of these financial instruments approximate their fair values.

(e) The association follows the deferral method of recognizing contributions. Restricted contributions are deferred and recognized as revenue in the period in which the related expenditure is incurred.

3. ACCOUNTS RECEIVABLE

Receivables related to operations	\$ 111,697	\$ 6,243
Accrued interest on investments	12,882	16,363
HST receivable	<u>65,821</u>	<u>38,259</u>
	<u>\$ 190,400</u>	<u>\$ 60,865</u>

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NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

		2016		2015
4. CAPITAL ASSETS				
	Cost	Accumulated Amortization	Net 2016	Net 2015
Buildings	\$ 669,570	\$ 211,467	\$ 458,103	\$ 478,694
Furniture & equipment	172,286	114,426	57,860	67,912
Computer equipment	43,899	39,043	4,856	3,905
Listening equipment	25,548	21,571	3,977	4,972
Signs	3,338	1,980	1,358	1,698
Parking areas	14,830	6,197	8,633	9,383
Software	7,167	7,167	-	750
	<u>936,638</u>	<u>401,851</u>	<u>534,787</u>	<u>567,314</u>
Land	50,000	-	50,000	50,000
	<u>\$ 986,638</u>	<u>\$ 401,851</u>	<u>\$ 584,787</u>	<u>\$ 617,314</u>
5. ACCOUNTS PAYABLE AND ACCRUALS				
Payables relating to operations		\$ 44,473		\$ 52,941
Payroll and (or) related withholdings		<u>35</u>		<u>(964)</u>
		<u>\$ 44,508</u>		<u>\$ 51,977</u>
6. INVESTMENTS				
Short Term:				
TRD at 3.25% maturing April 25, 2016		\$ 123,029		\$ 123,029
TRD at 3.0% matured April 25, 2016		-		123,328
TRD at 3.125% matured February 27, 2017		41,115		-
TRD at 3.25% maturing May 4, 2016		<u>42,515</u>		<u>42,515</u>
Short term investments		<u>206,659</u>		<u>288,872</u>
Long Term:				
TRD at 2.375% matures April 29, 2018		53,485		53,486
TRD at 2.375% matures April 25, 2018		-		145,611
TRD at 2.375% maturing April 25, 2018		142,211		-
TRD at 2.125% maturing February 27, 2017		-		41,115
TRD at 2.625% maturing April 25, 2017		<u>141,965</u>		<u>141,965</u>
Long term investments		<u>337,661</u>		<u>382,177</u>
TOTAL INVESTMENTS		<u>\$ 544,320</u>		<u>\$ 671,049</u>

The Association depends almost exclusively on the income it receives from the biannual lotteries to fund its daily operations. To mitigate the risk associated with a failed lottery, the board of directors have implemented a policy to create a reserve fund approximately equal to one year of operating expenditures. This fund can only be accessed by management with the written permission of the board of directors. The fund consists of a number of five year laddered guaranteed investment certificates as noted above.

**CANADIAN HARD OF HEARING ASSOCIATION
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NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
7. BANK LINE OF CREDIT		
Revolving line of credit at Prime plus .5%.	\$ <u>492</u>	\$ <u>184</u>
8. DEFERRED REVENUE		
Funding received or receivable for the subsequent year projects.	\$ 26,300	\$ -
Advanced deposits received for summer lottery 2016.	<u>304,624</u>	<u>-</u>
	<u>\$ 330,924</u>	<u>\$ -</u>

9. PRIOR PERIOD ADJUSTMENT

The prior period adjustment was due to overcharges by a service provider. The error was discovered during the current year and rectified.

**CANADIAN HARD OF HEARING ASSOCIATION
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MARCH 31, 2016

SCHEDULE 1

FUNDRAISING	2016			2015
	USF2	UDH 30	Totals	
RECEIPTS	395,575	1,926,700	\$ 2,322,275	\$ 2,317,275
50/50 draw	147,210	520,100	667,310	517,300
	542,785	2,446,800	2,989,585	2,834,575
<u>EXPENDITURES</u>				
Advertising & promotion	150,040	176,453	326,493	318,287
Commissions	18,739	112,769	131,508	149,793
Consultants and professional fees	55,481	28,842	84,323	103,085
Courier & postage	6,432	15,017	21,449	22,118
Credit/debit card charges	13,328	48,885	62,213	55,631
Information technology	-	-	-	262
Insurance		558	558	
Interest & bank charges	306	211	517	613
Licences & fees	6,212	12,493	18,705	21,143
Maintenance	388	1,512	1,900	2,135
Messaging services	3,570	14,821	18,391	38,677
Miscellaneous	-	320	320	1,119
Printing charges	10,440	29,038	39,478	34,597
Prizes - 50/50 draw	73,605	260,050	333,655	258,650
Prizes	302,361	696,877	999,238	977,399
Rent	6,291	2,098	8,389	3,779
Supplies	211	2,436	2,647	3,424
Telephone	2,609	3,300	5,909	3,722
Travel	176	794	970	785
Wages and salaries	92,294	78,101	170,395	172,053
TOTAL EXPENDITURES	742,483	1,484,575	2,227,058	2,167,272
NET FUNDRAISING	<u>(199,698)</u>	<u>962,225</u>	<u>\$ 762,527</u>	<u>\$ 667,303</u>

**CANADIAN HARD OF HEARING ASSOCIATION
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MARCH 31, 2016

SCHEDULE 2

PROGRAMS & SERVICES	2016	2015
<u>RECEIPTS</u>		
Donations	\$ 8,395	\$ 570
Fundraising - other	1,624	-
Wage subsidies	16,805	9,637
Other	600	80
Projects and grants	70,864	18,350
TOTAL RECEIPTS	98,288	28,637
<u>EXPENDITURES</u>		
Advertising & promotion	35,829	20,246
Captioning fees	4,360	3,733
Consultants and professional fees	1,032	72,763
Courier & postage	1,631	5,813
Human resources	71,621	16,392
Information technology	525	1,080
Interest and bank charges	464	165
Licences & fees	13,327	5,267
Maintenance	-	645
Meeting costs	2,709	2,869
Printing charges	1,562	1,868
Rent	2,488	-
Scholarships and donations	35,067	29,811
Special events	18,207	13,403
Supplies	5,572	1,643
Telephone	844	835
Travel	38,505	48,822
Wages and salaries	225,861	223,294
Web design and maintenance	2,161	10,022
TOTAL EXPENDITURES	461,765	458,671
NET PROGRAMS & SERVICES	\$ <u>(363,477)</u>	\$ <u>(430,034)</u>

See ADDENDUM attached

**CANADIAN HARD OF HEARING ASSOCIATION
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MARCH 31, 2016

SCHEDULE 3

ADMINISTRATION	2016	2015
<u>RECEIPTS</u>		
Donations	\$ 2,235	\$ 4,438
Government assistance	15,800	15,800
Interest (includes accruals)	15,959	18,775
Miscellaneous	-	-
Wage subsidies	-	-
TOTAL RECEIPTS	33,994	39,013
<u>EXPENDITURES</u>		
Advertising & promotion	-	-
Amortization	43,921	46,736
Captioning fees	2,480	4,170
Communications plan	-	-
Consultants	25,212	-
Courier & postage	819	3,158
Donations	450	10,100
Honorarium	-	200
Information technology	3,325	2,620
Insurance	5,132	4,783
Interest & bank charges	4,927	14,742
Licences & fees	7,429	1,000
Meeting costs	2,507	2,814
Miscellaneous	523	-
Office	8,439	8,641
Professional fees	6,696	6,218
Property tax	7,565	7,316
Rent	-	1,122
Repairs and maintenance	20,501	26,852
Telephone	6,610	7,283
Travel	673	631
Utilities	8,587	9,008
Wages and benefits	194,967	157,441
TOTAL EXPENDITURES	350,763	314,835
NET ADMINISTRATION	\$ <u>(316,769)</u>	\$ <u>(275,822)</u>