

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

FINANCIAL STATEMENTS

MARCH 31, 2017

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

MARCH 31, 2017

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Deborah A. Muir
Chartered Professional Accountant

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, 2017, 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, 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 ACCOUNTANT

September 17, 2017
St. John's, NL

P.O. Box 1102 Goulds, NL A1S 1H2

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

**STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017**

ASSETS

	2017	2016
CURRENT		
Cash	\$ 2,160	\$ 543,018
Investments (Note 6)	141,965	206,659
Accounts receivable (Note 3)	117,075	190,400
Land inventory (Note 2)	300,000	-
Prepaid expenses	85,438	97,565
	646,638	1,037,642
CAPITAL ASSETS (Notes 2 & 4)	585,114	584,787
INVESTMENTS (Note 6)	458,035	337,661
	\$ 1,689,787	\$ 1,960,090

LIABILITIES

CURRENT		
Bank overdraft	\$ 26,500	\$ -
Bank loan (Note 7)	25,000	492
Accounts payable and accruals (Note 5)	57,101	44,508
Deferred revenue (Note 8)	67,719	330,924
	176,320	375,924
	176,320	375,924

NET ASSETS

NET ASSETS	1,513,467	1,584,166
	\$ 1,689,787	\$ 1,960,090

APPROVED ON BEHALF OF THE BOARD:

Cravill Director

Leon Mills Director

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

**STATEMENT OF OPERATIONS AND NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2017**

	2017	2016
RECEIPTS		
Fundraising (Schedule 1)	\$ 2,973,195	\$ 2,989,585
Programs & Services (Schedule 2)	49,083	98,288
Administration (Schedule 3)	59,885	33,994
	3,082,163	3,121,867
EXPENDITURES		
Fundraising (Schedule 1)	2,258,739	2,227,058
Programs & Services (Schedule 2)	502,058	461,765
Administration (Schedule 3)	392,065	350,763
	3,152,862	3,039,586
EXCESS OF EXPENDITURES OVER RECEIPTS	(70,699)	82,281
NET ASSETS, beginning of year	1,584,166	1,478,996
	1,513,467	1,561,277
PRIOR PERIOD ADJUSTMENT (Note 9)	-	(22,889)
NET ASSETS AS RESTATED, end of year	\$ 1,513,467	\$ 1,584,166

See accompanying notes to financial statements

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (70,699)	\$ 82,281
Prior period adjustment	-	22,889
	(70,699)	105,170
Change in assets and liabilities:		
Decrease (increase) in investments	64,694	82,212
Decrease (increase) in accounts receivable	73,325	(129,536)
(Increase) decrease in inventories	(300,000)	-
Decrease (increase) in prepaid expenses	12,127	(66,423)
Increase (decrease) in accounts payable and accruals	12,592	(7,468)
Total adjustments	(400,467)	209,709
Net cash provided by operating activities	(471,166)	314,879
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in deferred revenue	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in capital assets	(327)	32,528
(Increase) decrease in investments	(120,374)	44,515
Net cash used in investing activities	(120,701)	77,043
(DECREASE) INCREASE IN CASH	(591,867)	391,922
CASH, beginning of year	542,527	150,605
CASH, end of year	\$ (49,340)	\$ 542,527
CASH IS COMPRISED OF:		
Cash on hand	\$ 2,173	\$ 480
(Bank overdraft) cash in bank	(26,500)	542,539
Deposit account balances	(13)	-
Demand loan	(25,000)	(492)
	\$ (49,340)	\$ 542,527

See accompanying notes to financial statements

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

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

2017 2016

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) Land inventory consists of three (3) building lots and are accounted for at the lower of cost or net realizable value. This land will be utilized as building sites for future Ultimate Dream Home sites.

(b) 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	\$ 27,006	\$ 111,697
Receivable from employees	801	-
Accrued interest on investments	12,036	12,882
HST receivable	<u>77,232</u>	<u>65,821</u>
	<u>\$ 117,075</u>	<u>\$ 190,400</u>

See accompanying notes to financial statements

**CANADIAN HARD OF HEARING ASSOCIATION
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NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

	2017	2016		
4. CAPITAL ASSETS				
	Cost	Accumulated Amortization	Net 2017	Net 2016
Buildings	\$ 669,570	\$ 234,372	\$ 435,198	\$ 458,103
Furniture & equipment	183,188	127,088	56,100	57,860
Computer equipment	47,098	42,484	4,614	4,856
Listening equipment	25,548	22,366	3,182	3,977
Signs	33,330	5,251	28,079	1,358
Parking areas	14,830	6,888	7,942	8,632
Software	7,167	7,167	-	-
	<u>980,731</u>	<u>445,616</u>	<u>535,115</u>	<u>534,786</u>
Land	50,000	-	50,000	50,000
	<u>\$ 1,030,731</u>	<u>\$ 445,616</u>	<u>\$ 585,115</u>	<u>\$ 584,786</u>
5. ACCOUNTS PAYABLE AND ACCRUALS				
Payables relating to operations			\$ 53,479	\$ 44,473
Payroll and (or) related withholdings			<u>3,622</u>	<u>35</u>
			<u>\$ 57,101</u>	<u>\$ 44,508</u>
6. INVESTMENTS				
Short Term:				
TRD at 3.25% matured April 25, 2016			\$ -	\$ 123,029
TRD at 2.65% matures April 25, 2017			141,965	-
TRD at 3.125% matured February 27, 2017			-	41,115
TRD at 3.25% matured May 4, 2016			-	42,515
Short term investments			<u>141,965</u>	<u>206,659</u>
Long Term:				
TRD at 2.375% matures April 29, 2018			53,485	53,485
TRD at 2.250% matures April 25, 2021			135,437	-
TRD at 2.375% maturing April 25, 2018			142,211	142,211
TRD at 2.0% maturing February 27, 2022			61,902	-
TRD at 2.0% maturing April 12, 2021			65,000	-
TRD at 2.625% maturing April 25, 2017			-	141,965
Long term investments			<u>458,035</u>	<u>337,661</u>
TOTAL INVESTMENTS			<u>\$ 600,000</u>	<u>\$ 544,320</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. The above investments are currently used as security for a bank line of credit with a limit of \$600,000.

See accompanying notes to financial statements

**CANADIAN HARD OF HEARING ASSOCIATION
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NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
7. BANK LINE OF CREDIT		
Revolving line of credit at Prime plus 3.2%.	\$ <u>25,000</u>	\$ <u>492</u>
8. DEFERRED REVENUE		
Funding received or receivable for the subsequent year projects.	\$ 1,452	\$ 26,300
Advanced deposits received for summer lottery 2017.	<u>66,267</u>	<u>304,624</u>
	<u>\$ 67,719</u>	<u>\$ 330,924</u>

9. PRIOR PERIOD ADJUSTMENT

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

**CANADIAN HARD OF HEARING ASSOCIATION
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MARCH 31, 2017

SCHEDULE 1

FUNDRAISING	2017			2016
	BHFL	UDH 31	Totals	
RECEIPTS	404,875	1,701,275	\$ 2,106,150	\$ 2,322,275
50/50 draw	239,420	627,625	867,045	667,310
	644,295	2,328,900	2,973,195	2,989,585
<u>EXPENDITURES</u>				
Advertising & promotion	139,988	183,667	323,655	326,493
Commissions	11,162	98,889	110,051	131,508
Consultants and professional fees	24,718	67,995	92,713	84,323
Courier & postage	4,510	14,266	18,776	21,449
Credit/debit card charges	20,367	51,148	71,515	62,213
Insurance		587	587	558
Interest & bank charges	216	328	544	517
Licences & fees	5,863	12,621	18,484	18,705
Maintenance	300	1,906	2,206	1,900
Meeting costs	947	885	1,832	-
Messaging services	2,830	16,013	18,843	18,391
Miscellaneous	167	-	167	320
Printing charges	6,789	22,013	28,802	39,478
Prizes - 50/50 draw	119,710	313,813	433,523	333,655
Prizes	251,500	690,354	941,854	999,238
Rent	2,306	2,442	4,748	8,389
Supplies	438	2,423	2,861	2,647
Telephone	2,855	3,388	6,243	5,909
Travel	95	750	845	970
Wages and salaries	87,121	93,369	180,490	170,395
TOTAL EXPENDITURES	681,882	1,576,857	2,258,739	2,227,058
NET FUNDRAISING	<u>(37,587)</u>	<u>752,043</u>	<u>\$ 714,456</u>	<u>\$ 762,527</u>

**CANADIAN HARD OF HEARING ASSOCIATION
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MARCH 31, 2017

SCHEDULE 2

PROGRAMS & SERVICES	2017	2016
<u>RECEIPTS</u>		
Donations	\$ 15,585	\$ 8,395
Fundraising - other	1,320	1,624
Wage subsidies	5,878	16,805
Other	-	600
Projects and grants	26,300	70,864
TOTAL RECEIPTS	49,083	98,288
<u>EXPENDITURES</u>		
Advertising & promotion	48,795	35,829
Captioning fees	4,190	4,360
Consultants and professional fees	242	1,032
Courier & postage	3,366	1,631
Human resources	42,330	71,621
Information technology	1,539	525
Interest and bank charges	180	464
Licences & fees	4,790	13,327
Maintenance	622	-
Meeting costs	7,029	2,709
Miscellaneous	532	-
Printing charges	5,950	1,562
Rent	1,109	2,488
Scholarships and donations	23,000	35,067
Special events	20,582	18,207
Supplies	6,195	5,572
Telephone	877	844
Travel	55,802	38,505
Wages and salaries	269,433	225,861
Web design and maintenance	5,495	2,161
TOTAL EXPENDITURES	502,058	461,765
NET PROGRAMS & SERVICES	\$ <u>(452,975)</u>	\$ <u>(363,477)</u>

See ADDENDUM attached

**CANADIAN HARD OF HEARING ASSOCIATION
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MARCH 31, 2017

SCHEDULE 3

ADMINISTRATION	2017	2016
<u>RECEIPTS</u>		
Donations	\$ 27,583	\$ 2,235
Government assistance	15,800	15,800
Interest (includes accruals)	14,035	15,959
Miscellaneous		-
Wage subsidies	2,467	-
TOTAL RECEIPTS	59,885	33,994
<u>EXPENDITURES</u>		
Advertising & promotion	-	-
Amortization	43,765	43,921
Captioning fees	4,005	2,480
Special events	601	-
Consultants	24,141	25,212
Courier & postage	1,554	819
Donations	100	450
Honorarium	-	-
Information technology	6,190	3,325
Insurance	5,576	5,132
Interest & bank charges	6,553	4,927
Licences & fees	4,108	7,429
Meeting costs	2,713	2,507
Miscellaneous	-	523
Office	12,739	8,439
Professional fees	9,375	6,696
Property tax	8,311	7,565
Rent	-	-
Repairs and maintenance	24,967	20,501
Telephone	7,634	6,610
Travel	896	673
Utilities	7,070	8,587
Wages and benefits	221,767	194,967
TOTAL EXPENDITURES	392,065	350,763
NET ADMINISTRATION	\$ <u>(332,180)</u>	\$ <u>(316,769)</u>

**CANADIAN HARD OF HEARING ASSOCIATION
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March 31, 2017

Addendum

Programs & Services expenditures include:	2017	2016
Adopt-a-classroom	\$ 2,626	\$ 42
Assistive Listening Devices - Loans	7,785	7,565
Branch Development	18,259	21,354
Cochlear Implant Support Group	817	546
Families Group	1,468	1,752
Fire Safety Alerts	14,722	55,856
Hearing Awareness Campaign	1,939	-
May Month	6,139	10,987
Meniere's/Tinnitus Group	1,081	674
Other	44,917	57,345
Opportunities Fund - Easter Seals Funding	-	12,990
Program/Services - Education, scholarships	73,490	45,540
Program/Services - General	265,571	209,606
Program/Services - Rural	13,180	7,478
Programs and donations for HOH Youth	-	9,602
Resource Library/Accessibility/Speech Reading	8,739	1,188
Summer Camp - HOH Youth	12,202	12,710
Volunteer Program	998	2,021
Youth Group	1,062	4,509
Youth Vibrations Workshop	27,065	-
	\$ 502,058	\$ 461,765