

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

FINANCIAL STATEMENTS

MARCH 31, 2018

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

MARCH 31, 2018

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Deborah A. Muir
Chartered Professional Accountant

INDEPENDENT AUDITOR'S REPORT

To the Members of:

Canadian Hard of Hearing Association Newfoundland and Labrador Chapter Inc.

I have audited the statements of financial position of **Canadian Hard of Hearing Association Newfoundland and Labrador Chapter Inc.** as at March 31, 2018 and the statements of operations and net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements 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

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 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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

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Independent Auditor's Report continued

In common with many not for profit entities, this organization reports amounts for donations and miscellaneous receipts which are not susceptible to complete audit verification. Accordingly, my verification of revenue from these sources was limited to accounting for amounts recorded in the records of the organization.

Opinion

In my opinion, except for the effects of the matter described above, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2018 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Professional Accountant

September 18, 2018
St. John's, NL

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

**STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018**

ASSETS

	2018	2017
CURRENT		
Cash	\$ 8,551	\$ 2,160
Investments (Note 6)	53,485	141,965
Accounts receivable (Note 3)	78,370	117,075
Land inventory (Note 2)	300,000	300,000
Prepaid expenses	16,436	85,438
	456,842	646,638
CAPITAL ASSETS (Notes 2 & 4)	560,341	585,115
INVESTMENTS (Note 6)	556,714	458,035
	\$ 1,573,897	\$ 1,689,788

LIABILITIES

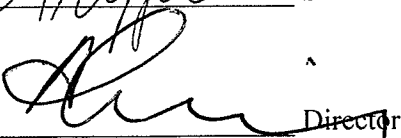
CURRENT		
Bank overdraft	\$ -	\$ 26,500
Bank loan (Note 7)	385,782	25,000
Accounts payable and accruals (Note 5)	90,335	57,102
Deferred revenue (Note 8)	21,018	67,719
	497,135	176,321
	497,135	176,321

NET ASSETS

NET ASSETS	1,076,762	1,513,467
	\$ 1,573,897	\$ 1,689,788

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

See accompanying notes to financial statements

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

**STATEMENT OF OPERATIONS AND NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2018**

	2018	2017
RECEIPTS		
Fundraising (Schedule 1)	\$ 2,453,702	\$ 2,973,195
Programs & Services (Schedule 2)	48,840	49,083
Administration (Schedule 3)	39,594	59,885
	2,542,137	3,082,163
EXPENDITURES		
Fundraising (Schedule 1)	2,097,559	2,258,739
Programs & Services (Schedule 2)	491,849	502,058
Administration (Schedule 3)	389,434	392,065
	2,978,842	3,152,862
EXCESS OF RECEIPTS	(436,705)	(70,699)
NET ASSETS, beginning of year	1,513,467	1,584,166
NET ASSETS AS RESTATED, end of year	\$ 1,076,762	\$ 1,513,467

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, 2018**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (436,705)	\$ (70,699)
Adjustments for:		
Amortization of tangible assets	55,690	43,765
	(381,015)	(26,934)
Changes in assets and liabilities		
Decrease (increase) in investments	88,480	64,694
Decrease in accounts receivable	38,705	73,325
Decrease (increase) in inventories	-	(300,000)
Decrease in prepaid expenses	69,002	12,127
Increase in accounts payable and accruals	33,236	12,593
Decrease in deferred revenue	(46,701)	(263,205)
Total adjustments	182,722	(400,466)
Net cash provided by operating activities	(198,293)	(427,400)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in capital assets	(30,919)	(44,092)
Increase in investments	(98,679)	(120,374)
Net cash used in investing activities	(129,598)	(164,466)
DECREASE IN CASH	(327,891)	(591,866)
CASH, beginning of year	(49,340)	542,526
CASH, end of year	\$ (377,231)	\$ (49,340)
CASH IS COMPRISED OF:		
Cash on hand	\$ 478	\$ 2,173
Cash in bank (Bank overdraft)	5,532	(26,500)
Deposit account balances	2,541	(13)
Demand loan	(385,782)	(25,000)
	\$ (377,231)	\$ (49,340)

See accompanying notes to financial statements

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

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

2018 2017

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 Homes.

(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
Receivable from employees	-	801
Accrued interest on investments	11,355	12,036
HST receivable	<u>67,015</u>	<u>77,232</u>
	<u>\$ 78,370</u>	<u>\$ 117,075</u>

See accompanying notes to financial statements

**CANADIAN HARD OF HEARING ASSOCIATION
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NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

	2018	2017		
4. CAPITAL ASSETS				
	Cost	Accumulated Amortization	Net 2018	Net 2017
Buildings	\$ 669,570	\$ 256,132	\$ 413,438	\$ 435,198
Furniture & equipment	184,965	138,386	46,579	56,099
Computer equipment	48,833	45,426	3,407	4,614
Listening equipment	27,799	23,228	4,571	3,182
Signs	33,330	10,867	22,463	28,079
Parking areas	14,830	7,523	7,307	7,942
Software	<u>32,322</u>	<u>19,745</u>	<u>12,577</u>	<u>-</u>
	1,011,649	501,307	510,342	535,114
Land	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
	<u>\$ 1,061,649</u>	<u>\$ 501,307</u>	<u>\$ 560,342</u>	<u>\$ 585,114</u>
5. ACCOUNTS PAYABLE AND ACCRUALS				
Payables relating to operations			\$ 74,713	\$ 53,480
Payroll source deductions payable			<u>15,622</u>	<u>3,622</u>
			<u>\$ 90,335</u>	<u>\$ 57,102</u>
6. INVESTMENTS				
Short Term:				
TRD at 2.375% matured April 29, 2018			\$ 53,485	\$ -
TRD at 2.65% matures April 25, 2017			<u>-</u>	<u>141,965</u>
Short term investments			<u>53,485</u>	<u>141,965</u>
Long Term:				
TRD at 2.375% matures April 29, 2018			-	53,485
TRD at 2.250% matures April 25, 2021			135,437	135,437
TRD at 2.375% maturing April 25, 2018 **			142,211	142,211
TRD at 2.0% maturing February 27, 2022			61,902	61,902
TRD at 2.0% maturing April 12, 2021			65,000	65,000
TRD at 2.0% maturing April 25, 2022			<u>152,164</u>	<u>-</u>
Long term investments			<u>556,714</u>	<u>458,035</u>
TOTAL INVESTMENTS			<u>\$ 610,199</u>	<u>\$ 600,000</u>

** Classified as long term investment because it is currently being held as security for the line of credit.

**CANADIAN HARD OF HEARING ASSOCIATION
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NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

	2018	2017
7. BANK LINE OF CREDIT		
Revolving line of credit at Prime plus 4.45%, secured by:		
(i) Land and building located in St. John's, NL		
(ii) Hypothecation Agreement of Term Deposits in an amount of \$480,000.00 to be held at one of the Lenders' places of operation.		
Payable on demand.	<u>\$ 385,782</u>	<u>\$ 25,000</u>
8. DEFERRED REVENUE		
Funding received or receivable for the subsequent year projects.	<u>\$ 21,018</u>	<u>\$ 1,452</u>
Advanced deposits received for summer lottery 2017.	<u>-</u>	<u>66,267</u>
	<u>\$ 21,018</u>	<u>\$ 67,719</u>

**CANADIAN HARD OF HEARING ASSOCIATION
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MARCH 31, 2018

SCHEDULE 1

FUNDRAISING	2018			2017
	BHFL	UDH 32	Totals	
RECEIPTS	277,450	1,422,450	\$ 1,699,900	\$ 2,106,150
50/50 draw	171,980	541,159	713,139	867,045
Lottery Management Services	-	-	40,663	-
	449,430	1,963,609	2,453,702	2,973,195
<u>EXPENDITURES</u>				
Advertising, media costs	123,520	176,026	299,546	323,655
Commissions	7,886	82,881	90,767	110,051
Consultants and professional fees	3,874	6,723	10,597	92,713
Courier & postage	2,992	13,746	16,738	18,776
Credit/debit card charges	12,200	43,902	56,102	71,515
Insurance		849	849	587
Interest & bank charges	170	458	628	544
IT & Website	25,988	11,358	37,346	-
Licences & fees	1,930	13,221	15,151	18,484
Maintenance	410	1,420	1,830	2,206
Meeting costs	418	216	634	1,832
Messaging services	4,418	15,355	19,773	18,843
Miscellaneous	1,275	-	1,275	167
Printing charges	8,368	28,225	36,593	28,802
Prizes - 50/50 draw	85,990	270,598	356,588	433,523
Prizes	260,200	681,474	941,674	941,854
Rent	3,869	4,342	8,211	4,748
Supplies	696	1,193	1,889	2,861
Telephone	1,258	3,987	5,245	6,243
Travel	137	506	643	845
Wages and salaries	71,765	123,715	195,480	180,490
TOTAL EXPENDITURES	617,364	1,480,195	2,097,559	2,258,739
NET FUNDRAISING	<u>(167,934)</u>	<u>483,414</u>	<u>\$ 356,143</u>	<u>\$ 714,456</u>

**CANADIAN HARD OF HEARING ASSOCIATION
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MARCH 31, 2018

SCHEDULE 2

PROGRAMS & SERVICES	2018	2017
<u>RECEIPTS</u>		
Donations	\$ 15,312	\$ 15,585
Fundraising - other	2,822	1,320
Wage subsidies	9,936	5,878
Other	-	-
Projects and grants	20,770	26,300
TOTAL RECEIPTS	48,840	49,083
<u>EXPENDITURES</u>		
Advertising & promotion	28,046	48,795
Captioning fees	1,761	4,190
Consultants and professional fees	3,970	242
Courier & postage	3,177	3,366
Human resources	32,925	42,330
IT & Website	13,350	7,034
Interest and bank charges	477	180
Licences & fees	3,674	4,790
Maintenance	70	622
Meeting costs	3,857	7,029
Miscellaneous	-	532
Printing charges	2,915	5,950
Rent	2,268	1,109
Scholarships and donations	21,700	23,000
Special events	20,879	20,582
Supplies	3,519	6,195
Telephone	823	877
Travel	41,434	55,802
Wages and salaries	307,004	269,433
TOTAL EXPENDITURES	491,849	502,058
NET PROGRAMS & SERVICES	\$ <u>(443,009)</u>	\$ <u>(452,975)</u>

See ADDENDUM attached

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

MARCH 31, 2018

SCHEDULE 3

ADMINISTRATION	2018	2017
<u>RECEIPTS</u>		
Donations	\$ 8,486	\$ 27,583
Government assistance	16,252	15,800
Interest (includes accruals)	13,336	14,035
Miscellaneous	1,520	-
Wage subsidies	-	2,467
TOTAL RECEIPTS	39,594	59,885
<u>EXPENDITURES</u>		
Amortization	55,690	43,765
Captioning fees	5,461	4,005
Special events	-	601
Consultants	-	24,141
Courier & postage	4,515	1,554
Donations	200	100
Information technology	6,831	6,190
Insurance	6,248	5,576
Interest & bank charges	24,315	6,553
Licences & fees	5,317	4,108
Meeting costs	1,690	2,713
Office	8,176	12,739
Professional fees	18,372	9,375
Property tax	8,311	8,311
Repairs and maintenance	27,532	24,967
Telephone	8,094	7,634
Travel	1,458	896
Utilities	8,619	7,070
Wages and benefits	198,605	221,767
TOTAL EXPENDITURES	389,434	392,065
NET ADMINISTRATION	\$ <u>(349,840)</u>	\$ <u>(332,180)</u>

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

March 31, 2018

Addendum

Programs & Services expenditures include:	2018	2017
Adopt-a-classroom	\$ 3	\$ 2,626
Assistive Listening Devices - Loans	3,845	7,785
Branch Development	19,786	18,259
Cochlear Implant Support Group	1,872	817
Families Group	4,208	1,468
Fire Safety Alerts	21,263	14,722
Hearing Conservation Activities	5,068	1,939
LEAP	2,001	-
May Month	8,062	6,139
Meniere's/Tinnitus Group	1,885	1,081
Daisy's Ears	1,246	-
Program/Services - Education & Awareness	43,580	73,490
Program/Services - General	8,719	32,632
Program/Services - Provincial Access	1,457	13,180
Programs and donations for HOH Youth	5,000	-
Resource Library/Accessibility/Speech Reading	349	8,739
Summer Camp - HOH Youth	14,660	12,202
Volunteer Program	1,129	998
Youth Group	5,504	1,062
Youth Vibrations Workshop	-	27,065
	\$ 149,637	\$ 224,203