

CANADIAN HARD OF HEARING ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2020

CANADIAN HARD OF HEARING ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Canadian Hard of Hearing Association

Qualified Opinion

We have audited the financial statements of the Canadian Hard of Hearing Association (the Association), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, 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 our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 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

The Canadian Hard of Hearing Association derives revenue from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our audit of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to these revenues, excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019 and net assets as at December 31, 2020 and 2019 and January 1, 2019. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 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.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Marcil Lavallée

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Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

We 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 we identify during our audit.

Marcil Lavallée

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
April 21, 2021

CANADIAN HARD OF HEARING ASSOCIATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

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	2020	2019
REVENUE		
Project grants and contributions (Schedule A)	\$ 311,303	\$ 235,785
Canada Emergency Wage Subsidy	94,545	-
Contribution from CHHA Foundation (Note 9)	50,000	50,000
Memberships	14,000	16,390
Social Enterprise	12,043	6,000
Bequests and donations	10,183	6,881
Fundraising	7,720	14,646
Conference and events (Schedule B)	266	83,391
Other	9,565	16,664
	509,625	429,757
OPERATING EXPENSES		
Projects	311,465	220,143
Members support costs	165,261	177,519
Conference and events	1,527	135,644
	478,253	533,306
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 31,372	\$ (103,549)

CANADIAN HARD OF HEARING ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2020

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	Unrestricted	Internal Restrictions (Note 9)		2020 Total	2019 Total
		Special Initiative	Charlotte Lavigne		
BALANCE, BEGINNING OF YEAR	\$ 634	\$ 16,550	\$ 112,000	\$ 129,184	\$ 232,733
Excess (deficiency) of revenue over expenses	31,372	-	-	31,372	(103,549)
Internal restrictions	(30,000)	30,000	-	-	-
BALANCE, END OF YEAR	\$ 2,006	\$ 46,550	\$ 112,000	\$ 160,556	\$ 129,184

CANADIAN HARD OF HEARING ASSOCIATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

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	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 255,881	\$ 102,809
Cash - Young Adult Network	24,270	15,213
Money market funds, 1.40%	28	12,067
Accounts receivable (Note 3)	133,824	16,405
Prepaid expenses	3,500	1,427
Current portion of investments (Note 4)	116,980	104,239
	534,483	252,160
CAPITAL ASSETS (Note 5)	13,962	18,189
	\$ 548,445	\$ 270,349
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 18,843	\$ 77,118
Due to the Young Adult Network	24,270	15,213
Deferred grants and contributions (Note 7)	304,776	48,834
	347,889	141,165
LONG-TERM DEBT (Note 8)	40,000	-
	387,889	141,165
NET ASSETS		
Unrestricted	2,006	634
Internal restrictions (Note 9)		
Special Initiative Fund	46,550	16,550
Charlotte Lavigne Fund	112,000	112,000
	160,556	129,184
	\$ 548,445	\$ 270,349

ON BEHALF OF THE BOARD

_____, Director

_____, Director

CANADIAN HARD OF HEARING ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

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	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 31,372	\$ (103,549)
Adjustment for:		
Amortization of capital assets	4,227	2,223
	35,599	(101,326)
Net change in non-cash working capital items:		
Cash - Young Adult Network	(9,057)	(1,961)
Accounts receivable	(117,419)	34,312
Prepaid expenses	(2,073)	4,301
Accounts payable and accrued liabilities	(58,275)	(16,609)
Due to the Young Adult Network	9,057	1,961
Deferred grants and contributions	255,942	9,942
	78,175	31,946
	113,774	(69,380)
INVESTING ACTIVITIES		
Change in money market funds	12,039	113,716
Change in investment	(12,741)	(2,629)
Acquisition of capital assets	-	(20,412)
	(702)	90,675
FINANCING ACTIVITY		
Proceeds from long-term debt	40,000	-
INCREASE IN CASH AND CASH EQUIVALENTS	153,072	21,295
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	102,809	81,514
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 255,881	\$ 102,809

Cash and cash equivalents consist of cash.

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

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1. STATUTE AND NATURE OF OPERATIONS

The Canadian Hard of Hearing Association (the Association) is an organization committed to promote the development and accessibility to technical aids, services and facilities for the hard of hearing. The Association is directed by a volunteer Board of Directors committed to the planning and coordination of services to the hard of hearing. The Association is incorporated as a not-for-profit organization under the Not-for-Profit Corporations Act, and is a registered charity for income tax purposes. The Association is exempt from income tax.

These financial statements include only the assets, liabilities, revenue and expenses of the Association's national office and do not include the assets, liabilities, revenue and expenses of the branch offices, each of which is a separate legal entity with its own management and Board of Directors, that are not under the control of the Association.

2. SIGNIFICANT ACCOUNTING POLICIES

The Association applies Canadian accounting standards for not-for-profit organizations (ASNFPPO) in accordance with Part III of the CPA Canada Handbook – Accounting.

Use of estimates

The preparation of financial statements in compliance with the ASNFPPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the periods covered.

Revenue recognition

The Association follows the deferral method of accounting for grants and contributions. Under this method, grants and contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred when the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted grants and contributions as well as memberships, fundraising, conference and events, bequests and donations, social enterprise and other revenue are recognized as revenue, when received or receivable, provided that the amount to be received can be reasonably estimated and collection reasonably assured.

In-kind donated services

The work of the Association is dependant of the voluntary service of many members. The value of donated services and materials is not recognized in these financial statements.

Allocated expenses

The Association allocates certain of its salaries and benefits as well as its rent and other expenses by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year. The expenses are allocated based on the approved budget of the grants which are based on the actual needs of the Association.

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are accounted for at cost. Amortization is calculated on their respective estimated useful life using the diminishing balance method at the following annual rates:

Furniture and equipment	20%
Computer equipment	55%

Write-down of capital assets

When a capital asset no longer contributes to the Association's ability to provide services, its carrying amount is written down to residual value, if any. The excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, money market funds, accounts receivable and investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and due to the Young Adult Network.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. The Association determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

Transaction costs

Transaction costs related to financial instruments subsequently measured at amortized cost adjust the carrying amount of the financial asset or liability and are accounted for in the statement of operations using the straight-line method.

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

The Association's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that can fluctuate from being positive to overdrawn. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. An investment qualifies as a cash equivalent when it has a maturity of three months or less from the date of acquisition.

3. ACCOUNTS RECEIVABLE

	2020		2019	
Trade accounts	\$	127,274	\$	11,864
HST receivable		6,550		4,541
	\$	133,824	\$	16,405

4. INVESTMENTS

	2020		2019	
Manulife Trust Investment Savigngs	\$	116,980	\$	-
Guaranteed Investment Certificates		-		104,239
		116,980		104,239
Current portion of investments		116,980		104,239
	\$	-	\$	-

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2020		2019	
Computer equipment	\$ 1,039	\$ 735	\$ 304	\$ 753		
Furniture and equipment	19,373	5,715	13,658	17,436		
	\$ 20,412	\$ 6,450	\$ 13,962	\$ 18,189		

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

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6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Trade accounts and accrued liabilities	\$ 18,843	\$ 77,118

7. DEFERRED GRANTS AND CONTRIBUTIONS

	2020	2019
Balance, beginning of year	\$ 48,834	\$ 38,892
Plus: amount granted during the year	558,784	207,334
Less: amount recognized as revenue	(302,842)	(197,392)
Balance, end of year	\$ 304,776	\$ 48,834

The deferred contributions are composed of the following items:

	2020	2019
Performance and accountability framework	\$ 99,616	\$ 48,834
Addressing the needs of people with communication disabilities	82,357	-
Developing leadership in the hearing loss community	12,782	-
New horizons for seniors program	23,091	-
Exchanges Canada (Youth forums Canada component)	86,930	-
	\$ 304,776	\$ 48,834

8. LONG-TERM DEBT

	2020	2019
Canada emergency business account, maturing in December 2025, interest-free until December 2022 and bearing interest at 5% thereafter, renewable in December 2022, of which a portion of \$10,000 is convertible into a grant if the loan is fully repaid before that date	\$ 40,000	\$ -

9. INTERNAL RESTRICTIONS

Special Initiative Fund

The Special Initiative Fund has been created with the purpose of keeping in reserve a sum of money to cover unforeseen expenditures and special initiatives. During the year, the Board of directors has approved the transfer of \$30,000 from the Unrestricted Fund to the Special Initiative Fund.

Charlotte Lavigne Fund

The Charlotte Lavigne Fund has been created with the purpose of keeping in reserve a sum of money to cover unforeseen expenditures.

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

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10. CANADIAN HARD OF HEARING ASSOCIATION FOUNDATION

The Association currently has a memorandum of understanding with the Canadian Hard of Hearing Association Foundation, a non-related entity. The Foundation was established May 1, 1998 and was incorporated as a not-for-profit organization under the Not-for-Profit Corporations Act, and is a registered charity for income tax purposes. The Foundation is designated as a public foundation. As such, it is exempt from income tax and may issue tax receipts for donations. The primary function of the Foundation is to raise funds through private and public donations and to invest and manage these funds in order to fund the activities and programs of the Association as well as the independent branches and chapters across Canada.

The Association received and recognized a contribution in its statement of operations in the amount of \$50,000 (2019: \$50,000) from the Foundation.

11. EXPENSES ALLOCATED TO PROJECTS

Salaries and benefits, rent and other expenses are allocated to members support costs and to projects as follows:

						2020		
		Projects	Members support cost	Conference and events		Total		
Salaries and benefits	\$	199,497	\$ 30,471	\$ -	\$	229,968		
Rent		15,597	-	-		15,597		
Other expenses		5,993	136,489	-		142,482		
	\$	221,087	\$ 166,960	\$ -	\$	388,047		

						2019		
		Projects	Members support cost	Conference and events		Total		
Salaries and benefits	\$	127,591	\$ 84,042	\$ 18,641	\$	230,274		
Rent		11,081	9,614	-		20,695		
Other expenses		6,622	84,221	-		90,843		
	\$	145,294	\$ 177,877	\$ 18,641	\$	341,812		

12. EMPLOYEE BENEFITS

The Association contributes to the employees' registered retirement savings plans. The expense for the year ended December 31, 2020 is \$1,250 (2019: \$1,533) which represents the Association's required current contributions to the plan for the year. Employer contributions are accounted for under "members support costs" in the statement of operations.

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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13. FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's main credit risks relate to its accounts receivable.

The Association establishes allowances for doubtful accounts while keeping in mind the specific credit risk of clients, their historic tendencies and economic situation. There is no existing account receivable that represents a substantial risk for the Association.

14. CONTRACTUAL OBLIGATIONS

The commitments of the Association under lease agreements aggregate to \$112,500. The instalments over the next years are the following:

2021	\$	12,500
2022	\$	12,500
2023	\$	12,500
2024	\$	13,300
2025	\$	14,000
Others	\$	47,700

15. CONTINGENCIES

Other indemnification agreements

In the normal course of operations, the Association signs agreements whereby funds are provided for the execution of projects which are subject to restrictions as to the use of the funds. The sponsors of these projects can execute an audit of the financial records of the Association to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor of a project are identified, the necessary adjustments will be recognized in the year they are identified.

16. CORONAVIRUS PANDEMIC

The coronavirus pandemic (COVID-19) has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The financial impact on the Association is dependent on the future course of events, including the duration of interruptions and trade restrictions imposed by the government, the rollout of the vaccination program among the general public and the effectiveness of measures taken in Canada and other countries to combat the virus. These events are highly uncertain and, as such, the Association cannot determine the ultimate financial impacts at this time.

CANADIAN HARD OF HEARING ASSOCIATION

ADDITIONAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2020

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	2020	2019
SCHEDULE A - PROJECT GRANTS AND CONTRIBUTIONS		
Employment and Social Development Canada	\$ 302,842	\$ 234,835
Other	8,461	950
	\$ 311,303	\$ 235,785

SCHEDULE B - CONFERENCE AND EVENTS

Fundraising and sponsorships	\$ 266	\$ 26,379
Registration	-	56,008
Recovery of expenses	-	504
Other conference events	-	500
	\$ 266	\$ 83,391