

CANADIAN HARD OF HEARING ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2021

DRAFT

CANADIAN HARD OF HEARING ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Canadian Hard of Hearing Association

Opinion

We have audited the financial statements of Canadian Hard of Hearing Association (the Association), which comprise the statement of financial position as at December 31, 2021, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2021, 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 Opinion

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 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.

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.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
May 18, 2022

CANADIAN HARD OF HEARING ASSOCIATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

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	2021	2020
REVENUES		
Project grants and contributions (Schedule A)	\$ 692,302	\$ 311,303
Contribution from CHHA Foundation (Note 10)	105,000	50,000
Bequests and donations	63,526	10,183
Conference and events (Schedule B)	41,293	266
Memberships	14,960	14,000
Canada Emergency Wage Subsidy	13,507	94,545
Fundraising	12,551	7,720
Social Enterprise	7,791	12,043
Other	13,121	9,565
	964,051	509,625
OPERATING EXPENSES		
Projects	692,468	311,465
Members support costs	211,842	165,261
Conference and events	45,056	1,527
	949,366	478,253
EXCESS OF REVENUES OVER EXPENSES	\$ 14,685	\$ 31,372

CANADIAN HARD OF HEARING ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Unrestricted	Internal Restriction		2021 Total	2020 Total
		Special Initiative	Charlotte Lavigne		
BALANCE, BEGINNING OF YEAR	\$ 2,006	\$ 46,550	\$ 112,000	\$ 160,556	\$ 129,184
Excess of revenues over expenses	14,685	-	-	14,685	31,372
BALANCE, END OF YEAR	\$ 16,691	\$ 46,550	\$ 112,000	\$ 175,241	\$ 160,556

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CANADIAN HARD OF HEARING ASSOCIATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

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	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 346,666	\$ 255,881
Cash - Young Adult Network	20,571	24,270
Accounts receivable (Note 3)	19,757	133,824
Prepaid expenses	-	3,500
Current portion of investments (Note 4)	117,371	117,008
	504,365	534,483
CAPITAL ASSETS (Note 5)	10,171	13,962
	\$ 514,536	\$ 548,445
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 84,723	\$ 18,843
Due to the Young Adult Network	20,571	24,270
Deferred grants and contributions (Note 7)	174,001	304,776
	279,295	347,889
LONG-TERM DEBT (Note 8)	60,000	40,000
	339,295	387,889
NET ASSETS		
Unrestricted	16,691	2,006
Internal restriction (Note 9)		
Special Initiative Fund	46,550	46,550
Charlotte Lavigne Fund	112,000	112,000
	175,241	160,556
	\$ 514,536	\$ 548,445

ON BEHALF OF THE BOARD

_____, Director

_____, Director

CANADIAN HARD OF HEARING ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

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	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 14,685	\$ 31,372
Adjustment for:		
Amortization of capital assets	3,791	4,227
	18,476	35,599
Net change in non-cash items related to operating activities:		
Cash - Young Adult Network	3,699	(9,057)
Accounts receivable	114,067	(117,419)
Prepaid expenses	3,500	(2,073)
Accounts payable and accrued liabilities	65,880	(58,275)
Due to the Young Adult Network	(3,699)	9,057
Deferred grants and contributions	(130,775)	255,942
	52,672	78,175
	71,148	113,774
INVESTING ACTIVITIES		
Change in money market funds	-	12,039
Net change in investments	(363)	(12,741)
	(363)	(702)
FINANCING ACTIVITY		
Proceeds from long-term debt	20,000	40,000
INCREASE IN CASH AND CASH EQUIVALENTS		
	90,785	153,072
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	255,881	102,809
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 346,666	\$ 255,881

Cash and cash equivalents consist of cash.

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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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 the Canadian accounting standards for not-for-profit organizations.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the amounts recognized as revenues and expenses for the periods covered. Actual results may differ from these estimates. The main estimate relates to the evaluation of the recoverability of accounts receivable.

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.

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 rates:

	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

Initial measurement

The Association initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Association is in the capacity of management, are initially measured at cost.

Subsequent measurement

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

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

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment

For financial assets measured at cost or amortized cost, the Association determines whether there are indications of possible impairment. When there are, and the Association determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in operations. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in operations in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in operations over the life of the instrument using the straight-line method.

Cash and cash equivalents

The Association's policy is to present bank balances under cash and cash equivalents, including bank indebtedness when bank balances that fluctuate frequently from being positive to overdrawn.

3. ACCOUNTS RECEIVABLE

	2021	2020
Trade accounts	\$ 48,931	\$ 56,085
Allowance for doubtful accounts	(39,000)	-
	9,931	56,085
HST receivable	9,826	6,550
Canada Emergency Wage Subsidy receivable	-	71,189
	\$ 19,757	\$ 133,824

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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4. INVESTMENTS

	2021		2020	
Manulife Trust Investment Savings, 1.261%	\$	117,371	\$	117,008
Current portion of investments		117,371		117,008
	\$	-	\$	-

5. CAPITAL ASSETS

	2021			2020	
	Cost	Accumulated amortization	Net book value	Net book value	
Furniture and equipment	\$ 19,373	\$ 9,202	\$ 10,171	\$	13,658
Computer equipment	-	-	-		304
	\$ 19,373	\$ 9,202	\$ 10,171	\$	13,962

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021		2020	
Trade accounts and accrued liabilities	\$	70,484	\$	18,843
Grants and contributions payable		14,239		-
	\$	84,723	\$	18,843

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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7. DEFERRED GRANTS AND CONTRIBUTIONS

	2021		2020
Balance, beginning of year	\$ 304,776	\$	48,834
Plus: amount granted during the year	546,947		558,784
Less: amount recognized as revenue	(677,722)		(302,842)
Balance, end of year	\$ 174,001	\$	304,776

The deferred contributions are composed of the following items:

	2021		2020
Addressing the needs of people with communication disabilities	\$ 104,092	\$	82,357
Performance and accountability framework	51,833		99,616
Other	18,076		-
Exchanges Canada (Youth forums Canada component)	-		86,930
New horizons for seniors program	-		23,091
Developing leadership in the hearing loss community	-		12,782
	\$ 174,001	\$	304,776

8. LONG-TERM DEBT

	2021		2020
Canada Emergency Business Account, maturing in December 2025, interest-free until December 2023 and bearing interest at 5% thereafter, renewable in December 2023, of which a portion of \$20,000 is convertible into a grant if the loan is fully repaid before that date	\$ 60,000	\$	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.

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, 2021

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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 \$105,000 (2020: \$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:

						2021	
		Projects	Members support cost	Conference and events		Total	
Salaries and benefits	\$	342,439	\$ 55,815	\$ -	\$	398,254	
Rent		24,955	1,085	-		26,040	
Other expenses		14,147	154,941	59,636		228,724	
	\$	381,541	\$ 211,841	\$ 59,636	\$	653,018	
						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	

12. FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Association by failing to discharge an obligation. The Association's credit risk is mainly related to accounts receivable.

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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12. FINANCIAL INSTRUMENTS (continued)

The Association provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts.

13. CONTRACTUAL OBLIGATIONS

The commitments of the Association under lease agreements expiring in 2029 aggregate to \$100,000. The instalments over the next years are the following:

2022	\$	12,500
2023	\$	12,500
2024	\$	13,300
2025	\$	14,000
2026	\$	14,000
Others	\$	33,700

14. 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.

15. 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.

16. COMPARATIVE FIGURES

Certain figures for 2020 have been reclassified to conform to the presentation adopted in 2021.

CANADIAN HARD OF HEARING ASSOCIATION

ADDITIONAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2021

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	2021	2020
SCHEDULE A - PROJECT GRANTS AND CONTRIBUTIONS		
Employment and Social Development Canada	\$ 613,743	\$ 302,842
Canadian Heritage	66,761	-
Other	11,798	8,461
	\$ 692,302	\$ 311,303

SCHEDULE B - CONFERENCE AND EVENTS

Fundraising and sponsorships	\$ 20,761	\$ 266
Other conference events	20,532	-
	\$ 41,293	\$ 266

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