

CANADIAN HARD OF HEARING ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2015

CANADIAN HARD OF HEARING ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Canadian Hard of Hearing Association

We have audited the accompanying financial statements of the Canadian Hard of Hearing Association, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The Canadian Hard of Hearing Association derives revenue from memberships, fundraising, conference 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, 2015 and 2014, current assets as at December 31, 2015 and 2014, and net assets as at December 31, 2015 and 2014 and January 1, 2014. Our audit opinion on the financial statements for the year ended December 31, 2014 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Canadian Hard of Hearing Association as at December 31, 2015, 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 Accountants, Licensed Public Accountants

Ottawa, Ontario
May 28, 2016

CANADIAN HARD OF HEARING ASSOCIATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

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	2015	2014
REVENUE		
Project grants	\$ 317,509	\$ 431,548
Conference (Schedule A)	53,279	49,768
Government sustaining grant	45,000	31,875
Bequests and donations	33,685	204,608
Fundraising	29,492	40,853
Memberships	19,155	21,890
Other	14,664	33,829
Contribution from CHHA Foundation (Note 8)	10,000	10,000
	522,784	824,371
OPERATING EXPENSES		
Projects	313,248	435,204
Administration, members and Board	148,372	109,926
Conference	71,084	58,433
Fundraising	13,619	20,423
Magazine	1,000	-
	547,323	623,986
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (24,539)	\$ 200,385

CANADIAN HARD OF HEARING ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

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	Unrestricted	Special Initiative Fund	Charlotte Lavigne Fund	2015 Total	2014 Total
BALANCE, BEGINNING OF YEAR	\$ 202,225	\$ 105,550	\$ 195,000	\$ 502,775	\$ 302,390
Excess (deficiency) of revenue over expenses	(24,539)	-	-	(24,539)	200,385
Interfund transfer (Note 6)	(30,000)	-	30,000	-	-
BALANCE, END OF YEAR	\$ 147,686	\$ 105,550	\$ 225,000	\$ 478,236	\$ 502,775

CANADIAN HARD OF HEARING ASSOCIATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

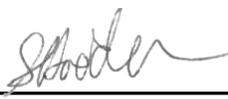
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	2015	2014
ASSETS		
CURRENT ASSETS		
Cash	\$ 648,313	\$ 421,036
Cash - Young Adult Network	21,601	12,416
Money market funds, 1.30%	108,025	106,926
Accounts receivable (Note 3)	13,314	221,322
Prepaid expenses	1,383	3,634
	\$ 792,636	\$ 765,334
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	\$ 106,764	\$ 31,164
Due to the Young Adult Network	21,601	12,416
Deferred contributions (Note 5)	186,035	218,979
	314,400	262,559
NET ASSETS		
Unrestricted	147,686	202,225
Internal Restrictions (Note 6)		
Special Initiative Fund	105,550	105,550
Charlotte Lavigne Fund	225,000	195,000
	478,236	502,775
	\$ 792,636	\$ 765,334

Contractual obligations (Note 12) and Contingencies (Note 13)

ON BEHALF OF THE BOARD

 _____, Director

 _____, Director

CANADIAN HARD OF HEARING ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

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	2015	2014
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (24,539)	\$ 200,385
Net change in non-cash working capital items (Note 7)	252,915	(158,855)
	228,376	41,530
INVESTING ACTIVITY		
Change in money market fund	(1,099)	(1,376)
INCREASE IN CASH AND CASH EQUIVALENTS	227,277	40,154
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	421,036	380,882
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 648,313	\$ 421,036

Cash and cash equivalents consist of cash.

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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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, 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.

Revenue recognition

The Association follows the deferral method of accounting for grants. Under this method, grants restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted grants as well as memberships, fundraising, conference, bequests and donations 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.

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.

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

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

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

The Association recognizes its transaction costs in operations in the period incurred. However, transaction costs related to financial instruments subsequently measured at amortized cost reduce the carrying amount of the financial asset or liability and are accounted for in the statement of operations using the straight-line method.

Cash and cash equivalents

The Association's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn. Cash subject to restrictions that prevent its use for current purposes is not included among cash and cash equivalents.

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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3. ACCOUNTS RECEIVABLE

	2015	2014
Bequest receivable	\$ -	\$ 195,000
Trade accounts	10,471	11,809
HST receivable	2,843	14,513
	\$ 13,314	\$ 221,322

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Trade accounts and accrued liabilities	\$ 103,335	\$ 26,166
Government remittances	3,429	4,998
	\$ 106,764	\$ 31,164

5. DEFERRED CONTRIBUTIONS

	2015	2014
Balance, beginning of year	\$ 218,979	\$ 191,361
Plus: amount received during the year	412,009	501,739
Less: amount recognized as revenue	(444,953)	(474,121)
Balance, end of year	\$ 186,035	\$ 218,979

The deferred contributions are composed of the following items:

	2015	2014
Transition funding - Phase 2	\$ 101,699	\$ -
Outreach and Corporate Sustainability	23,429	74,057
Broadcasting Accessibility Fund	20,833	-
National Standard for Speechreading	16,198	39,692
Sustainability	-	45,000
Resource Development and Funding Sustainability	-	36,380
Other	23,876	23,850
	\$ 186,035	\$ 218,979

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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6. 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. The Board of Directors has approved the transfer of a bequest of \$30,000 (2014 : \$195,000) to the Fund during the year.

7. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2015	2014
Cash - Young Adult Network	\$ (9,185)	\$ 638
Accounts receivable	208,008	(208,444)
Prepaid expenses	2,251	3,239
Accounts payable and accrued liabilities	75,600	18,732
Due to the Young Adult Network	9,185	(638)
Deferred contributions	(32,944)	27,618
	\$ 252,915	\$ (158,855)

8. CANADIAN HARD OF HEARING ASSOCIATION FOUNDATION

The Association currently has a memorandum of understanding with the Canadian Hard of Hearing Association Foundation. 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 \$10,000 (2014: \$10,000) from the Foundation.

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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9. EXPENSES ALLOCATED TO PROJECTS

Salaries and benefits, rent and other expenses are allocated to Administration, members and Board and to projects as follows:

	Administration, members and Board		Projects	2015		
Salaries and benefits	\$	47,054	\$	139,556	\$	186,610
Rent		14,189		2,875		17,064
Other expenses		87,130		4,245		91,375
	\$	148,373	\$	146,676	\$	295,049

	Administration, members and Board		Projects	2014		
Salaries and benefits	\$	43,476	\$	174,654	\$	218,131
Rent		6,728		13,200		19,928
Other expenses		59,722		10,680		70,401
	\$	109,926	\$	198,534	\$	308,460

10. EMPLOYEE BENEFITS

The Association contributes to the employees' registered retirement savings plans. The expense for the year ended December 31, 2015 is \$2,835 (2014: \$4,404) which represents the Association's required current contributions to the plan for the year. Employer contributions are accounted for in administration, member and Board expenses.

11. 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 trade accounts receivable. The Association provides credit to its clients in the normal course of its operations.

Also, the Association continuously reviews the financial situation of its clients and examines the credit history of all new clients. 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.

CANADIAN HARD OF HEARING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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12. CONTRACTUAL OBLIGATIONS

The commitments of the Association under lease agreements aggregate to \$23,500. The instalments over the next two years are the following:

2016	\$	21,500
2017	\$	2,000

13. 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.

CANADIAN HARD OF HEARING ASSOCIATION

ADDITIONAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2015

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	2015	2014
SCHEDULE A - CONFERENCE		
Registration	\$ 26,291	\$ 34,841
Fundraising and sponsorships	13,143	2,829
Trade fair	5,348	3,982
Other conference events	2,448	2,932
Recovery of expenses	6,049	5,184
	\$ 53,279	\$ 49,768
