

# **The Canadian Hearing Society**

Financial Statements  
**March 31, 2012**



June 23, 2012

## **Independent Auditor's Report**

### **To the Directors and Members of The Canadian Hearing Society**

We have audited the accompanying financial statements of The Canadian Hearing Society, which comprise the balance sheet as at March 31, 2012 and the statements of operations, changes in fund balances and cash flows for the year then ended, and the related notes, which comprise 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 generally accepted accounting principles, 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.

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\*PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



**Basis for qualified opinion**

In common with many not-for-profit organizations, The Canadian Hearing Society derives revenue from donations and fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of The Canadian Hearing Society. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenses (expenses over revenue) for the years ended March 31, 2012 and 2011, current assets and fund balances as at March 31, 2012 and 2011 and fund balances as at April 1, 2010. Our audit opinion on the financial statements for the year ended March 31, 2012 was modified accordingly because of the possible effects of this limitation in scope.

In addition, note 2(f) describes the Society's decision, commencing in fiscal 1998, to expense certain purchases of property, plant and equipment in the year and the related financial reporting impact of this decision. This is a departure from Canadian generally accepted accounting principles.

**Qualified opinion**

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Canadian Hearing Society as at March 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

**Chartered Accountants, Licensed Public Accountants**

# The Canadian Hearing Society

## Balance Sheet

As at March 31, 2012

			2012	2011
	Operating fund	Designated funds	Total	Total
	\$	\$	\$	\$
<b>Assets</b>				
<b>Current assets</b>				
Cash (note 6)	391,646	-	391,646	1,630,141
Grants receivable	199,218	-	199,218	346,793
Accounts receivable	1,641,512	-	1,641,512	1,346,921
Inventory	451,148	-	451,148	509,381
Other assets	149,706	-	149,706	123,074
	2,833,230	-	2,833,230	3,956,310
<b>Investments</b>	-	4,966,525	4,966,525	4,767,312
<b>Interfund loan</b> (note 4)	52,867	(52,867)	-	-
<b>Property, plant and equipment</b> (note 3)	4,189,359	-	4,189,359	3,830,216
	7,075,456	4,913,658	11,989,114	12,553,838
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	1,643,376	-	1,643,376	1,617,354
Amount repayable to funders (note 6)	462,259	-	462,259	683,252
Deferred revenue (note 7)	1,443,067	-	1,443,067	1,657,871
	3,548,702	-	3,548,702	3,958,477
<b>Sick leave benefit liability</b> (note 8)	1,005,000	-	1,005,000	466,663
	4,553,702	-	4,553,702	4,425,140
<b>Fund Balances</b>				
<b>Operating fund</b>				
Property, plant and equipment	4,189,359	-	4,189,359	3,830,216
General	(1,667,605)	-	(1,667,605)	(773,172)
<b>Designated funds</b> (note 9)	-	4,913,658	4,913,658	5,071,654
	2,521,754	4,913,658	7,435,412	8,128,698
	7,075,456	4,913,658	11,989,114	12,553,838

### Approved by the Board of Directors

\_\_\_\_\_  
Director

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Director

The accompanying notes are an integral part of these financial statements.

# The Canadian Hearing Society

## Statement of Operations

For the year ended March 31, 2012

			2012	2011
	Operating fund \$	Designated funds \$	Total \$	Total \$
<b>Revenue</b>				
Grants				
Province of Ontario (notes 7 and 10)	20,323,662	-	20,323,662	20,852,576
Federal and other (note 10)	735,802	-	735,802	455,522
Sales of goods and services (note 7)	10,682,198	-	10,682,198	11,694,813
Regional United Way contributions	1,682,611	-	1,682,611	1,790,820
Fundraising and gaming activities (note 7)	1,420,414	-	1,420,414	1,486,526
Interest and dividends	-	110,248	110,248	107,286
Gain (loss) on investments	-	(11,035)	(11,035)	272,431
	34,844,687	99,213	34,943,900	36,659,974
<b>Expenses</b>				
Salaries and benefits	23,405,107	-	23,405,107	23,422,582
Cost of sales	4,708,584	-	4,708,584	5,215,413
Office and program costs	1,817,693	-	1,817,693	1,804,787
Occupancy	2,177,916	-	2,177,916	2,530,169
Service costs	1,184,480	-	1,184,480	1,177,590
Professional development and travel	1,192,814	-	1,192,814	1,165,834
Promotion and gaming	554,294	-	554,294	420,469
Amortization of property, plant and equipment	25,261	-	25,261	24,353
Bad debts	24,522	-	24,522	16,694
Client assistance and other	57,037	-	57,037	225,782
	35,147,708	-	35,147,708	36,003,673
<b>Excess (deficiency) of revenue over     expenses (expenses over     revenue) before undernoted</b>	(303,021)	99,213	(203,808)	656,301
<b>Sick leave benefit</b> (note 8)	489,478	-	489,478	-
<b>Excess (deficiency) of revenue over     expenses (expenses over     revenue) for the year</b>	(792,499)	99,213	(693,286)	656,301

The accompanying notes are an integral part of these financial statements.

# The Canadian Hearing Society

## Statement of Changes in Fund Balances

For the year ended March 31, 2012

				2012	2011	
	Operating fund					
	General \$	Property, plant and equipment \$	Total \$	Designated funds \$	Total \$	Total \$
<b>Balances - Beginning of year</b>	(773,172)	3,830,216	3,057,044	5,071,654	8,128,698	7,472,397
Excess (deficiency) of revenue over expenses (expenses over revenue) for the year	(767,238)	(25,261)	(792,499)	99,213	(693,286)	656,301
Appropriation (note 4)	(234,739)	-	(234,739)	234,739	-	-
Purchase of property, plant and equipment	(384,404)	384,404	-	-	-	-
Interfund transfers (note 4)	(2,159,553) 491,948	4,189,359 -	2,029,806 491,948	5,405,606 (491,948)	7,435,412 -	8,128,698 -
<b>Balances - End of year</b>	<b>(1,667,605)</b>	<b>4,189,359</b>	<b>2,521,754</b>	<b>4,913,658</b>	<b>7,435,412</b>	<b>8,128,698</b>

The accompanying notes are an integral part of these financial statements.

# The Canadian Hearing Society

## Statement of Cash Flows

For the year ended March 31, 2012

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	2012 \$	2011 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses (expenses over revenue) for the year	(693,286)	656,301
Adjustments for non-cash items		
Amortization of property, plant and equipment	25,261	24,353
Interest and dividends reinvested	(110,248)	(107,256)
Loss (gain) on investments	11,035	(272,431)
Increase in sick leave benefit liability	538,337	213,338
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	(228,901)	514,305
Change in non-cash working capital balances		
Grants receivable	147,575	(233,269)
Accounts receivable	(294,591)	69,544
Inventory	58,233	7,227
Other assets	(26,632)	(16,875)
Accounts payable and accrued liabilities	26,022	358,207
Amount repayable to funders	(220,993)	(109,133)
Deferred revenue	(214,804)	(258,907)
	<hr/>	<hr/>
	(754,091)	331,099
<b>Investing activities</b>		
Purchase of investments	(100,000)	(100,001)
Purchase of property, plant and equipment	(384,404)	(35,606)
	<hr/>	<hr/>
	(484,404)	(135,607)
<b>Change in cash during the year</b>	(1,238,495)	195,492
<b>Cash - Beginning of year</b>	1,630,141	1,434,649
<b>Cash - End of year</b>	<hr/>	<hr/>
	391,646	1,630,141
<b>Supplementary information</b>		
Interest paid	3,219	2,769

The accompanying notes are an integral part of these financial statements.

# The Canadian Hearing Society

## Notes to Financial Statements

March 31, 2012

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### 1 The organization

The Canadian Hearing Society (the Society):

- has a vision where all people are respected, have full access to communication, and are able to participate without social, economic, or emotional barriers; and
- has a mission to be the leading provider of services, products and information that:
  - remove barriers to communication;
  - advance hearing health; and
  - promote equity for people who are culturally deaf, oral deaf, deafened, and hard of hearing.

The Society is registered as a charity under the Income Tax Act and therefore is not subject to income taxes provided expenditures meet a certain threshold.

### 2 Summary of significant accounting policies

#### a) Financial statement presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP), using the restricted fund method of reporting restricted contributions.

These financial statements include the operations of the head office of the Society and its 20 locations. These financial statements include the following funds:

- Operating fund - Invested in property, plant and equipment - includes funds that have been used for the purpose of purchasing property, plant and equipment, net of accumulated amortization and financing costs.
- Operating fund - General - includes program surpluses that have been designated by the Board for the future use of that program and the cumulative net excess of operating expenses over revenue.
- Designated funds - include bequests and specific donations designated for a particular purpose by the donor and also include funds that have been internally designated by the Board.

#### b) Revenue and expense recognition

Revenue and expenses are recognized on the accrual basis of accounting, except for donation revenue.

# The Canadian Hearing Society

## Notes to Financial Statements

March 31, 2012

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### c) Deferred revenue

Revenue is deferred in the operating fund when it relates to externally restricted operating funding received in the current period that is related to the subsequent period.

### d) Inventory

Inventory is recorded at the lower of cost, calculated on a first-in, first-out basis, and net realizable value. Cost is determined on a specific item basis for HAP inventory, and a weighted average basis for CDP inventory. Included in the cost of inventory is the purchase cost, transportation, handling and other costs directly attributable to the acquisition of inventory. An inventory valuation provision is estimated by management based on historical and expected future sales and is included in the cost of goods sold for the year ended March 31, 2012. The Society recognized a writedown of approximately \$nil (2011 - \$nil).

### e) Investments

Investments are held with Leith Wheeler Investment Counsel Ltd. and are carried at fair value.

### f) Property, plant and equipment

Land and buildings acquired prior to 2003 are recorded at cost and no amortization is provided on the basis that the necessary financial information is not reasonably determinable.

The property, plant and equipment purchased from operating funds are recorded at cost, less accumulated amortization. Amortization is computed on the straight-line basis based on the estimated useful lives of the particular assets over the following periods:

Buildings	40 years
Building improvements	5 years
Furniture and equipment	5 years
Automobiles	5 years
Computer equipment	3 years
Computer equipment under capital lease	term of lease
Video conferencing equipment	6 years

As indicated in the independent auditor's report, basis for qualified opinion, there is a departure from Canadian GAAP in these financial statements, as the Society, in accordance with instructions received from certain government agencies, expensed all property, plant and equipment purchased from government funding, effective fiscal 1998. Canadian GAAP requires these asset purchases to be capitalized and amortization on a continuing basis in accordance with current amortization accounting policies. In the current year, the Society would have recorded in the operating fund, property, plant and equipment, an amount totalling \$734,134 (2011 - \$799,217) along with the related amortization of approximately \$90,295 (2011 - \$90,131). The current year's amortization expense of property, plant and equipment previously expensed in prior years would have been an additional amount of approximately \$549,816 (2011 - \$515,140). The accumulated effect of this policy is to understate the net book value of property, plant and equipment and the property, plant and equipment fund balance by approximately \$1,642,308 (2011 - \$1,548,285).

# The Canadian Hearing Society

## Notes to Financial Statements

March 31, 2012

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### **g) Impairment of long-lived assets**

The Society reviews its long-lived assets for impairment. An impairment charge is recognized for long-lived assets whenever events or changes in circumstances cause an asset's carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposal, as determined by valuation. The impairment loss is calculated as the difference between the fair value of the assets and their carrying value, if any.

### **h) Fair value of financial instruments**

The fair value of financial instruments is determined by reference to various market data and other valuation techniques, as appropriate. The fair values of financial instruments approximate their recorded values, except as disclosed elsewhere in the financial statements.

### **i) Donated materials and services**

Contributions, to the extent recognized in the fund accounts, are recorded at an approximation of fair value. Due to system restrictions, the Society is not able to provide the fair value of the recorded contributions. The Society is dependent on the ongoing support of volunteers, the value of which has not been quantified in these financial statements.

### **j) Use of estimates**

The preparation of these financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. For all estimates, actual results could differ from those estimates.

### **k) Expenditures**

Direct expenditures have been charged to programs and services, fundraising and administration according to the activity to which they relate or benefit.

### **l) Financial instruments**

The Society utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

Under the new standards, financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Society's designation of such instruments. The standards require that all financial assets be classified as held-for-trading (HFT), available-for-sale (AFS), held-to-maturity (HTM) or loans and receivables. Financial liabilities should be classified as held-for-trading or as other liabilities.

# The Canadian Hearing Society

## Notes to Financial Statements

March 31, 2012

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The following is a summary of the accounting model the Society has elected to apply to each of its significant categories of financial instruments outstanding as of January 1, 2007:

Cash	held-for-trading
Grants receivable	loans and receivables
Accounts receivable	loans and receivables
Investments	held-for-trading
Accounts payable and accrued liabilities	other liabilities
Amount repayable to funders	other liabilities

- Held-for-trading

This category is comprised of certain investments in equity and debt instruments. These investments are carried in the balance sheet at fair value with changes in fair value recognized in the statement of operations. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

- Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of services to customers (accounts payable), but also incorporate other types of contractual monetary assets. These assets are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred.

- Other financial liabilities

Other financial liabilities include all financial liabilities other than those classified as held-for-trading and comprise trade payables and other short-term monetary liabilities. These liabilities are initially recognized at fair value and subsequently are carried at amortized cost using the effective interest rate method.

The fair values of cash, grants receivable, accounts receivable, accounts payable and accrued liabilities, and loan payable approximate their carrying values due to the short-term maturity of these instruments; therefore these new standards had no impact on the current or prior amounts.

The Society has chosen to apply The Canadian Institute of Chartered Accountants (CICA) Handbook Section 3867, Financial Instruments - Disclosure and Presentation, in place of Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation.

### **m) Future accounting changes**

- Accounting standards for not-for-profit organizations

In December 2010, the Canadian Accounting Standards Board issued a comprehensive set of accounting standards applicable to not-for-profit organizations. The standards are effective for fiscal years beginning on or after January 1, 2012 and require retrospective application, except for certain

# The Canadian Hearing Society

## Notes to Financial Statements

March 31, 2012

exemptions and exceptions contained within the standards. Early adoption of the standards is permitted. The Society is currently considering the impact of the adoption of these standards.

### 3 Property, plant and equipment

	<b>2012</b>		
	<b>Cost</b>	<b>Accumulated</b>	<b>Net</b>
	<b>\$</b>	<b>amortization</b>	<b>\$</b>
		<b>\$</b>	<b>\$</b>
Land and buildings (prior to 2003)	3,476,574	-	3,476,574
Land (post 2002)	100,000	-	100,000
Buildings (post 2002)	241,429	59,351	182,078
Building improvements (post 2002)	48,597	48,597	-
Furniture and equipment	290,132	254,526	35,606
Automobiles	59,618	38,243	21,375
Computer equipment	17,783	17,783	-
Video conferencing equipment	384,404	10,678	373,726
	<b>4,618,537</b>	<b>429,178</b>	<b>4,189,359</b>

  

	<b>2011</b>		
	<b>Cost</b>	<b>Accumulated</b>	<b>Net</b>
	<b>\$</b>	<b>amortization</b>	<b>\$</b>
		<b>\$</b>	<b>\$</b>
Land and buildings (prior to 2003)	3,476,574	-	3,476,574
Land (post 2002)	100,000	-	100,000
Buildings (post 2002)	241,429	53,316	188,113
Building improvements (post 2002)	48,597	47,976	621
Furniture and equipment	290,132	254,524	35,608
Automobiles	59,618	30,318	29,300
Computer equipment	17,783	17,783	-
	<b>4,234,133</b>	<b>403,917</b>	<b>3,830,216</b>

### 4 Interfund loan and transfers

The interfund loan amount represents an amount owing between the operating and designated funds. The amount is non-interest bearing and payable on demand.

In fiscal 2012, the Society's Board of Directors approved the transfer of internally restricted funds amounting to \$491,948 (2011 - \$165,054). Transfers of these amounts were made from the designated funds to cover certain costs expensed in the operating fund. These internally restricted funds are not available for other purposes without the approval of the Board of Directors.

In addition, subsequent to the year-end, the Society's Board approved an appropriation relating to fiscal 2012 of \$106,739 (2011 - \$330,000) to regional funds and \$128,000 (2011 - \$128,000) to building funds from the operating fund to the internally restricted fund for various building costs.

# The Canadian Hearing Society

## Notes to Financial Statements

March 31, 2012

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### 5 Bank indebtedness

The Society has a line of credit with a chartered bank of up to \$2,030,000 bearing interest at prime plus 0.35% per annum, which is secured by a collateral first mortgage on 271 Spadina Road, Toronto, Ontario. As at March 31, 2012, \$nil (2011 - \$nil) of the line of credit had been utilized.

### 6 Amount repayable to funders

The amount repayable to funders represents funds received that were not spent prior to the year-end. Under the terms of the contract, the funder has the right to ask for any unspent funds to be repaid.

### 7 Deferred revenue

Deferred revenue reported in the operating fund relates to funding received in the current period that is related to specific programs in the subsequent period.

Changes in the deferred revenue balance in the operating fund are as follows:

	2012 \$	2011 \$
Balance - Beginning of year	1,657,871	1,916,778
Less: Amounts recognized as revenue in the year	(1,315,799)	(1,008,034)
Add: Amounts received	1,100,995	749,127
	<hr/>	<hr/>
Balance - End of year	1,443,067	1,657,871

### 8 Sick leave benefit

In accordance with the Society's sick leave benefit plan, employees receive a maximum of eighteen sick days per annum and unused days cumulatively accumulate. Employees are entitled to a cash payment equal to 50% of the value of the unused sick days upon retirement at sixty-five years of age or older or death.

The liability for the accumulated sick leave represents management's best estimate as to the Society's future liability pertaining to all employees. In 2012, the Society undertook an actuarial valuation of the sick leave benefit and based on the results of the actuarial report, increased the liability by \$489,478 to \$1,005,000 (2011 - \$466,663).

Sick day benefit payments during the year amounted to \$48,859 (2011 - \$11,662).

# The Canadian Hearing Society

## Notes to Financial Statements

March 31, 2012

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### 9 Designated funds

	2012	2011
	\$	\$
Externally restricted by donor		
Allison Cochlear Implant Fund	28,180	28,401
CHS Children's Fund	78,185	82,017
Donald & Anne C. McLean Fund*	291,676	306,259
Dorothy O'Neill Research Fund	24,222	48,122
Durham Area Fund	20,266	20,798
Hamilton Steele Children's Fund	327,631	339,152
IMO Monica Price Bursary	3,861	4,295
London Regional Fund	124,230	129,613
Niagara Area Fund	189,895	186,039
Nicole Majorose Fund	5,514	5,402
Peel Regional Fund	28,910	110,698
Waterloo Building Occupancy Fund	32,379	34,060
Waterloo Children's Fund	7,846	7,687
	<hr/>	<hr/>
	1,162,795	1,302,543
Board restricted - unrestricted by donor		
Award Fund	15,911	15,588
Chatham Area Fund	19,396	19,003
Eugene Fowler Volunteer Award	-	292
Hamilton Access Fund	11,764	11,525
Hamilton Building Fund	86,697	107,165
Kortwright Fund	17,354	17,002
Ottawa Regional Fund	303,655	317,672
Peterborough Regional Fund	206,840	143,527
Sault Ste. Marie Regional Fund	37,101	40,000
Head Office Building Fund	1,269,644	1,114,650
Strategic Initiatives Fund	964,744	1,119,821
Sudbury Regional Fund	211,003	217,561
Thunder Bay Regional Fund	22,824	22,360
Toronto Regional Fund	40,322	50,672
Training and Development Fund	410,847	423,394
Waterloo Regional Fund	28,039	27,469
Waterloo Stork Family Fund	35,554	53,647
Windsor Regional Fund	69,168	67,763
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	3,750,863	3,769,111
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	4,913,658	5,071,654

\* This fund is a restricted fund and only the investment income earned on the fund balance can be used by the Society.

# The Canadian Hearing Society

## Notes to Financial Statements

March 31, 2012

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### 10 Grants

The Society has received the following grants:

	2012 \$	2011 \$
Provincial		
Ministry of Health and Long-Term Care	9,730,169	9,660,542
Ministry of Community and Social Services (note 11)	7,357,369	7,759,231
Ministry of Training, Colleges and Universities	2,206,610	2,326,139
Ministry of Community and Social Services - Ontario Disability Support Program	521,700	644,354
Other	372,714	418,810
Ontario Trillium Foundation	135,100	43,500
	<hr/> 20,323,662	<hr/> 20,852,576
Federal and other		
Human Resources and Social Development Canada	395,499	213,944
Citizenship Immigration Canada	280,405	191,935
Other	59,898	49,643
	<hr/> 735,802	<hr/> 455,522
	<hr/> <b>21,059,464</b>	<hr/> <b>21,308,098</b>

# The Canadian Hearing Society

## Notes to Financial Statements

March 31, 2012

### 11 Grants from the Ministry of Community and Social Services

The Society has a number of contracts with the Ministry of Community and Social Services. One requirement of the contracts is the production by management of a transfer payment annual report, which shows a summary of all revenue and expenditures and any resulting surplus or deficit that relates to that contract. Surplus amounts, if any, are reflected in amounts repayable to funders. The deficit amounts below include the cost of property, plant and equipment purchased during the year, and exclude amortization, in accordance with the contracts:

Region	Detail code	TPBE	Service name	Grant \$	Other revenues \$	Expenses \$	Surplus (deficit) \$
<b>Provincial Ontario Interpreting Services</b>							
Provincial	8783	109702	BPS - Other Adult Social Services	208,089	-	208,089	-
	8756	109702	Interpreter Services	629,848	324,358	989,046	(34,840)
	8756	1000162	Interpreter Services	705,107	155,067	851,087	9,087
	8756	1000163	Interpreter Services	662,282	243,757	931,841	(25,802)
	8756	1000164	Interpreter Services	427,978	101,056	546,634	(17,600)
	8756	1000165	Interpreter Services	677,957	231,688	888,610	21,035
	8756	1000166	Interpreter Services	548,647	143,189	672,683	19,153
	8756	1000167	Interpreter Services	510,609	125,651	641,284	(5,024)
	8756	1000168	Interpreter Services	321,067	33,616	337,609	17,074
	8756	1000169	Interpreter Services	525,992	91,870	573,050	44,812
	8754	109702	Interpreter Internship Program	828,637	-	787,278	41,359
	8753	109702	Langue de Québécoise (LSQ) Interpreter Services	279,808	38,054	327,055	(9,193)
	8752	1000684	After-Hours Health Related Interpreting Services	692,833	77,844	784,952	(14,275)
				7,018,854	1,566,150	8,539,218	45,786
<b>Infrastructure improvement</b>							
Peterborough				8,000	-	8,274	(274)
<b>Broader Public Sector and Intervenors Service Funding</b>							
Hamilton	8783	052675	BPS - Other Adult Social Services	4,319	-	4,319	-
Kingston	8783	074473	BPS - Other Adult Social Services	3,221	-	3,221	-
London	8876	052255	BPS - Other Adult Social Services	2,890	-	2,890	-
Ottawa	8783	052702	BPS - Other Adult Social Services	7,647	-	7,647	-
Peel/Waterloo	8783	118649	BPS - Other Adult Social Services	5,304	-	5,304	-
	8783	052697	BPS - Other Adult Social Services	5,336	-	5,336	-
Peterborough	8783	052507	BPS - Other Adult Social Services	3,750	-	3,750	-
Sault Ste. Marie	8783	409687	BPS - Other Adult Social Services	4,683	-	4,683	-
Sudbury	8757	052686	Intervenors Services	309,668	-	311,532	(1,864)
	8783	052686	BPS - Other Adult Social Services	4,197	-	4,197	-
Thunder Bay	8783	052671	BPS - Other Adult Social Services	6,544	-	6,544	-
Windsor	8783	052651	BPS - Other Adult Social Services	8,370	-	8,370	-
				7,392,783	1,566,150	8,915,285	43,648
Less: Repayables for 2011 - 2012				(45,786)			
Plus: Prior year adjustments				10,372			
Total grants from Ministry of Community and Social Services				<u>7,357,369</u>			

# The Canadian Hearing Society

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### 12 Break-open ticket sales

As required by government regulation, the following summarizes revenue and expenses with respect to the sale of Nevada break-open ticket lotteries under provincial licence:

	2012 \$	2011 \$
Revenue	145,160	148,317
Expenses		
Cost of tickets sold and promotion fees - retail	20,224	20,706
Promotion fees - agent	45,761	46,320
Licence fees and other	48,879	32,985
	<u>114,864</u>	<u>100,011</u>
Excess of revenue over expenses for the year	<u>30,296</u>	<u>48,306</u>

### 13 Lease commitments

The Society is committed under operating leases for office space and office equipment over the next five fiscal years and thereafter as follows:

	\$
2013	1,087,897
2014	1,034,623
2015	929,422
2016	581,858
2017	310,243
Thereafter	<u>128,486</u>
	<u>4,072,529</u>

### 14 Community service grant

The Society received a community service grant of \$15,715 (2011 - \$15,715) from the City of Toronto.

### 15 United Way contribution

The Society received a contribution of \$42,084 (2011 - \$42,084) from the United Way of Burlington and Greater Hamilton.

# The Canadian Hearing Society

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### 16 Capital management

The Society defines its capital as the amounts included in its fund balances.

The Society's objective when managing its capital is to safeguard the Society's ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services to its beneficiaries and its stakeholders.

A portion of the Society's capital is restricted in that the Society is required to meet certain requirements in order to utilize its externally restricted fund balance, as described in notes 4 and 8. The Society has internal control processes to ensure the restrictions are met prior to the utilization of these resources and has been in compliance with these restrictions throughout the year.

The Society sets the amount of fund balances in proportion to risk, manages the fund structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

### 17 Financial instruments

The main risks to which the Society's financial instruments are exposed are interest rate risk, market risk and credit risk. It is management's opinion that the Society is not exposed to significant foreign exchange risk and cash flow risk.

#### Interest rate risk

The bonds and guaranteed investment certificates bear interest at fixed rates and as such the risk resulting from fluctuations in interest rates is low.

#### Market risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Society. The Society manages its risk by investing only in high quality bonds. In addition, the Finance Committee reviews any significant changes to the investment mix.

#### Credit risk

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Society to credit risk consist principally of cash and short-term investments. The Society places its cash and short-term investments with high quality institutions to mitigate this risk.

The Society is exposed to credit risk on accounts receivable from the public. The Society's accounts receivable risk is considered to be low as receivables are recognized only if it is certain the monies will be received.

# **The Canadian Hearing Society**

Notes to Financial Statements

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## **18 Contingencies**

From time to time, lawsuits and claims have been brought against the Society. The Society vigorously contests such lawsuits and claims, and management believes any resulting outcome would not have a material effect on the financial position or the statement of operations of the Society.

## **19 Comparative figures**

Certain of the prior year's figures have been reclassified to conform to the current year's financial statement presentation.