

Canadian Hearing Services

Financial Statements

March 31, 2024



Independent auditor's report

To the Board of Directors of Canadian Hearing Services

Our qualified opinion

In our opinion, except for the effects on the comparative information 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 Canadian Hearing Services (the Organization) as at March 31, 2024 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 (ASNPO).

What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at March 31, 2024;
- the statement of operations for the year then ended;
- the statement of changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

The Organization had recorded its land and buildings acquired prior to 2002 in the amount of \$3,476,574 at cost. Since information was not available to separate the cost of the land and buildings, the Organization had chosen not to amortize the amount applicable to these buildings. During the year ended March 31, 2023, the land and buildings were sold and a gain on disposal of property, plant and equipment of \$15,462,269 was recognized. We were also unable to quantify the effect of this departure from ASNPO. Therefore, we are not able to determine the magnitude of adjustments to amortization of property, plant and equipment and intangible assets, gain on disposal of property, plant and equipment and excess of revenue over expenses for the year ended March 31, 2023 and fund balances as at the beginning of the year ended March 31, 2023. Our audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the effects of this matter.

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

PricewaterhouseCoopers LLP

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



Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
June 19, 2024

Canadian Hearing Services

Statement of Financial Position

As at March 31, 2024

	2024				2023
	Operating fund \$	Designated funds \$	Endowment funds \$	Futures fund \$	Total \$
Assets					
Current assets					
Cash	313,454	-	-	-	313,454
Grants receivable	433,329	-	-	-	433,329
Accounts receivable	710,667	-	-	-	710,667
Due from related party (note 15)	903,383	-	-	-	903,383
Other assets	464,025	-	-	-	464,025
Restricted short-term investments (note 13)	1,500,000	-	-	-	1,500,000
Interfund receivable (note 3)	6,089	-	-	-	6,089
	4,330,947	-	-	-	4,330,947
Investments (note 4)	-	5,563,242	630,698	21,754,120	27,948,060
Promissory note receivable (note 15)	2,700,000	-	-	-	2,700,000
Property, plant and equipment (note 5)	2,061,932	-	-	-	2,061,932
Intangible assets (note 5)	488,671	-	-	-	488,671
	9,581,550	5,563,242	630,698	21,754,120	37,529,610
Liabilities					
Current liabilities					
Bank indebtedness (note 13)	470,000	-	-	-	470,000
Accounts payable and accrued liabilities	2,847,912	-	-	-	2,847,912
Amount repayable to funders (note 6)	622,381	-	-	-	622,381
Due to related party (note 15)	-	-	-	-	-
Deferred capital contributions (note 8)	456,522	-	-	-	456,522
Deferred contributions (note 7)	670,790	-	-	-	670,790
Interfund payable (note 3)	-	6,089	-	-	6,089
	5,067,605	6,089	-	-	5,073,694
Deferred capital contributions (note 8)	418,719	-	-	-	418,719
	5,486,324	6,089	-	-	5,492,413
Fund Balances					
Operating fund					
Property, plant and equipment	1,675,359	-	-	-	1,675,360
General	2,419,867	-	-	-	2,419,866
Designated and endowment funds (note 9)	-	5,557,153	630,698	21,754,120	27,941,971
	4,095,226	5,557,153	630,698	21,754,120	32,037,197
	9,581,550	5,563,242	630,698	21,754,120	37,529,610
Lease commitments (note 12)					
Contingencies (note 14)					

Approved by the Board of Directors


 _____ Director
 
 _____ Director

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

Canadian Hearing Services

Statement of Operations

For the year ended March 31, 2024

	2024				2023
	Operating fund \$	Designated funds \$	Endowment funds \$	Futures fund \$	Total \$
Revenue					
Grants					
Province of Ontario (note 10)	23,907,260	-	-	-	23,907,260
Federal and other (note 10)	697,612	-	-	-	697,612
Regional United Way	998,450	-	-	-	998,450
Fundraising and gaming activities (note 11)	838,919	-	-	-	838,919
Miscellaneous	509,049	-	-	-	509,049
Interest and dividends	229,413	251,335	31,773	996,732	1,509,253
	<u>27,180,703</u>	<u>251,335</u>	<u>31,773</u>	<u>996,732</u>	<u>28,460,543</u>
					26,225,934
Expenses					
Salaries and benefits	20,506,156	35,126	-	-	20,541,282
Office and program costs	1,354,368	89,767	-	-	1,444,135
Occupancy	1,510,683	21,617	-	-	1,532,300
Service costs	1,461,885	144,110	109,108	-	1,715,103
Professional development and travel	738,775	2,904	-	-	741,679
Promotion and gaming	296,271	-	-	-	296,271
Amortization of property, plant and equipment and intangible assets	947,362	-	-	-	947,362
Bad debts	12,439	-	-	-	12,439
Client assistance and other	293,013	31,611	-	-	324,624
	<u>27,120,952</u>	<u>325,135</u>	<u>109,108</u>	<u>-</u>	<u>27,555,195</u>
					25,554,009
Excess of revenue over expenses from operations	59,751	(73,800)	(77,335)	996,732	905,348
Fair value change in investments	-	226,279	28,607	957,391	1,212,277
					(198,869)
Gain on disposal of property, plant and equipment (note 5)	-	-	-	-	-
					15,462,269
Excess of revenue over expenses for the year	<u>59,751</u>	<u>152,479</u>	<u>(48,728)</u>	<u>1,954,123</u>	<u>2,117,625</u>
					15,935,325

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

Canadian Hearing Services
Statement of Changes in Fund Balances
For the year ended March 31, 2024

	2024						
	Operating fund						
	General \$	Property, plant and equipment \$	Total \$	Designated funds \$	Endowment funds \$	Futures fund \$	Total \$
Balances – Beginning of year	2,791,094	1,244,381	4,035,475	5,404,674	679,426	19,799,997	29,919,572
Excess of revenue over expenses for the year	59,751	-	59,751	152,479	(48,728)	1,954,123	2,117,625
Purchase of property, plant and equipment and intangible assets	(944,105)	944,105	-	-	-	-	-
Amortization of property, plant and equipment and intangible assets	947,362	(947,362)	-	-	-	-	-
Deferred capital contributions received (note 8)	78,982	(78,982)	-	-	-	-	-
Amortization of deferred capital contributions (note 8)	(513,217)	513,217	-	-	-	-	-
Balances – End of year	2,419,867	1,675,359	4,095,226	5,557,153	630,698	21,754,120	32,037,197

	2023						
	Operating fund						
	General \$	Property, plant and equipment \$	Total \$	Designated funds \$	Endowment funds \$	Futures fund \$	Total \$
Balances – Beginning of year	3,342,982	4,464,587	7,807,569	5,490,578	686,100	-	13,984,247
Excess of revenue over expenses for the year	15,550,744	-	15,550,744	(85,904)	(6,674)	477,159	15,935,325
Purchase of property, plant and equipment and intangible assets	(1,168,733)	1,168,733	-	-	-	-	-
Disposal of property, plant and equipment	3,930,533	(3,930,533)	-	-	-	-	-
Amortization of property, plant and equipment and intangible assets	834,541	(834,541)	-	-	-	-	-
Deferred capital contributions received (note 8)	303,832	(303,832)	-	-	-	-	-
Amortization of deferred capital contributions (note 8)	(679,967)	679,967	-	-	-	-	-
Appropriations (note 3)	(19,322,838)	-	(19,322,838)	-	-	19,322,838	-
Balances – End of year	2,791,094	1,244,381	4,035,475	5,404,674	679,426	19,799,997	29,919,572

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

Canadian Hearing Services

Statement of Cash Flows

For the year ended March 31, 2024

	2024 \$	2023 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	2,117,625	15,935,325
Adjustments for non-cash items		
Amortization of property, plant and equipment and intangible assets	947,362	834,541
Amortization of deferred capital contributions	(513,217)	(679,967)
Investment income reinvested	(1,279,840)	(614,173)
Fair value change in investments	(1,212,277)	198,869
Gain on disposal of property, plant and equipment	-	(15,462,269)
	59,653	212,326
Changes in non-cash working capital balances		
Grants receivable	(161,703)	(88,671)
Accounts receivable	(96,559)	180,020
Due from related party	(645,106)	(105,163)
Other assets	(178,120)	(89,516)
Accounts payable and accrued liabilities	(288,012)	(286,855)
Amount repayable to funders	(34,705)	(18,513)
Due to related party	(6,757)	(132,170)
Deferred contributions	(104,915)	408,027
	(1,456,224)	79,485
Investing activities		
Net proceeds from sale of property, plant and equipment	-	19,392,802
Withdrawal from investment portfolio	350,000	-
Purchase of investments	-	(19,322,838)
Purchase of restricted short-term investments	-	(1,500,000)
Purchase of property, plant and equipment and intangible assets	(944,107)	(1,168,733)
	(594,107)	(2,598,769)
Financing activities		
Capital contributions	78,982	303,832
Change in cash during the year	(1,971,349)	(2,215,452)
Cash – Beginning of year	1,814,803	4,030,255
Cash – End of year	(156,546)	1,814,803

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

Canadian Hearing Services

Notes to Financial Statements

March 31, 2024

1 The Organization

Canadian Hearing Services (the Organization):

- has a vision to have a barrier-free society for Deaf and hard of hearing Canadians; and
- has a mission to be the leading organization delivering professional services and products that empower Deaf and hard of hearing Canadians to overcome barriers to participation.

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

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) and include the following significant accounting policies.

Fund accounting

These financial statements include the operations of the head office of the Organization and its 22 locations. The Organization uses the restricted fund method of reporting restricted contributions. 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 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 of Directors; and
- **Endowment funds** – include donations that are required to be maintained by the Organization on a permanent basis, and also include investment income earned on those funds.

Revenue recognition

Federal and provincial grant revenue and regional United Way contributions are recognized using the restricted fund method of accounting. Restricted grant revenue contributions for which no corresponding restricted fund is presented are recognized in the operating fund in accordance with the deferral method. Fundraising and gaming revenues are recognized when the donations are received and upon completion of the event.

All contributions are generally considered unrestricted contributions to the Organization unless a donor specifies otherwise. Unrestricted contributions would be reflected as revenue of the operating fund. If a donor specifies the contribution is for an existing endowed fund or specifies it is to be retained permanently, it is recognized as revenue of an endowment fund.

Interest and dividend income are recognized when earned.

Canadian Hearing Services

Notes to Financial Statements

March 31, 2024

Cash

Cash consists of cash on deposit with banks and highly liquid securities with original maturities shorter than 90 days.

Investments

The Organization classifies its investments based on intention of use rather than the composition and maturity dates of the underlying investments. Although the Organization has the ability to liquidate its long-term investments at any given time, in substance, the Organization intends to hold the long-term investments for a period of greater than one year, to provide sufficient investment income to enable the Organization to carry out its mission and related activities effectively in the long term, as well as to preserve capital by closely managing the risk of significant investment loss in line with the investment policy. Investments are managed by a third party investment manager reporting directly to the Audit and Finance Committee established by the Board of Directors. The investments consist of a mix of publicly traded long-term fixed income investments.

The change in fair value of investments comprises realized and unrealized gains and losses from investments and is recorded in the statement of operations.

Deferred capital contributions

Contributions received for the purchase of property, plant and equipment are deferred and amortized into revenue over the same term and on the same basis as the related property, plant and equipment is amortized into expenses.

Property, plant and equipment

Property, plant and equipment purchased from operating funds is recorded at cost, less accumulated amortization. Amortization is computed using the straight-line method 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
Computer equipment	3 years
Video conferencing equipment	6 years

Intangible assets

Certain software applications are recorded at cost, less accumulated amortization using the straight-line method based on the estimated useful lives of the intangible asset (five years).

Canadian Hearing Services

Notes to Financial Statements

March 31, 2024

Impairment of long-lived assets

The Organization reviews its long-lived assets for impairment. An impairment charge is recognized for long-lived assets whenever events or changes in circumstances indicate a tangible capital asset no longer contributes to the Organization's ability to provide services. The impairment loss is calculated as the difference between the carrying amount and the residual value, if any. The amount of the writedown is recognized as an impairment loss in excess of revenue over expenses.

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 Organization is not able to provide the fair value of the recorded contributions. The Organization is dependent on the ongoing support of volunteers, the value of which has not been quantified in these financial statements.

Expenditures

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

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value except for related parties, which are initially measured at the exchange amount. The Organization subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value of investments are recognized in the statement of operations.

Financial assets measured at amortized cost consist of cash, grants receivable, accounts receivable, interfund receivable, restricted short-term investments and promissory note receivable.

Financial liabilities measured at amortized cost consist of bank indebtedness, accounts payable and accrued liabilities, amount repayable to funders and interfund payable.

Financial assets, other than those measured at fair value, are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines whether there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value. Impairments are recognized through the use of an allowance account, with a corresponding charge in the statement of operations.

Canadian Hearing Services

Notes to Financial Statements

March 31, 2024

Use of estimates

The preparation of non-consolidated financial statements in accordance with ASNPO 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 revenue and expenses during the reporting period. For all estimates, actual results could differ from those estimates.

3 Interfund receivable and payable

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

The Organization’s Board of Directors approved an appropriation relating to fiscal 2024 of \$nil (2023 – \$19,322,838) to the Futures fund.

4 Investments

Investments consist of the following:

	2024 \$	2023 \$
Equity instruments held in pooled funds with Leith Wheeler Investment Counsel Ltd., quoted in an active market	6,193,940	6,005,946
Money market instruments held in pooled funds with Leith Wheeler Investment Counsel Ltd., quoted in an active market	21,754,120	19,799,997
	<u>27,948,060</u>	<u>25,805,943</u>

The following non-cash transactions were incurred by the Organization:

	2024 \$	2023 \$
Purchases of investments	1,288,521	777,024
Sale of investments	112,541	34,195

Canadian Hearing Services

Notes to Financial Statements

March 31, 2024

5 Property, plant and equipment

	2024		2023	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Building improvements	2,378,891	809,854	1,569,037	1,297,774
Furniture and equipment	1,733,283	1,514,495	218,788	219,789
Computer equipment	1,038,677	764,570	274,107	306,885
	5,150,851	3,088,919	2,061,932	1,824,448

On April 22, 2022, the Organization completed the sale of its property at 271 Spadina Road and entered into a leaseback agreement for a portion of the building. As only a portion of the building was leased back, the Organization recognized the full amount of the gain on disposal of \$15,462,269 in the statement of operations during the year ended December 31, 2023.

Intangible assets

	2024		2023	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Software applications	1,652,694	1,164,023	488,671	729,410

6 Amount repayable to funders

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

7 Deferred contributions

Deferred contributions represent amounts received that are related to specific uses for which the related expenditures have not been incurred.

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

	2024 \$	2023 \$
Balance – Beginning of year	775,705	367,678
Less: Amounts recognized as revenue in the year	(206,632)	(79,042)
Add: Amounts received	101,717	487,069
Balance – End of year	670,790	775,705

Canadian Hearing Services

Notes to Financial Statements

March 31, 2024

8 Deferred capital contributions

Deferred capital contributions include the unamortized portion of the capital contributions with which the Organization's building improvements and equipment purchases were made. Changes during the year to the deferred capital contributions balance are as follows:

	2024 \$	2023 \$
Balance – Beginning of year	1,309,476	1,685,611
Less: Amounts amortized into revenue	(513,217)	(679,967)
Add: Amounts received	78,982	303,832
Balance – End of year	875,241	1,309,476

9 Fund balances

	2024 \$	2023 \$
Designated funds		
Externally restricted by donor		
Allison Cochlear Implant Fund	48,606	44,577
CHS Children's Fund	49,792	45,665
Dorothy O'Neill Research Fund	45,241	41,492
Durham Area Fund	37,853	34,716
Hamilton Steele Children's Fund	470,713	442,029
IMO Monica Price Bursary	4,680	4,292
London Regional Fund	205,196	199,528
London Anne Sanderson Fund	119,545	109,637
Niagara Area Fund	343,632	320,640
Nicole Majorose Fund	10,298	9,445
Peel Regional Fund	49,139	45,066
Thunder Bay Sharon Bjorklund Fund	28,087	25,759
Waterloo Building Occupancy Fund	58,964	54,078
Waterloo Children's Fund	12,252	11,236
Waterloo Sertoma/LaSetoma Fund	269,491	264,960
	1,753,489	1,653,120
Board restricted – unrestricted by donor		
Hamilton Building Fund	78,882	85,645
Board Restricted Investment Fund	662,309	607,419
Ottawa Regional Fund	320,136	318,381
Peterborough Regional Fund	244,043	223,817
Sault Ste. Marie Regional Fund	69,297	63,554
Head Office Building Fund	2,027,118	1,859,118
Strategic Initiatives Fund	-	225,048
Thunder Bay Regional Fund	42,630	39,097
Toronto Regional Fund	75,312	69,070
Training and Development Fund	254,159	233,095
Waterloo Regional Fund	29,778	27,310
	3,803,664	3,751,554
	5,557,153	5,404,674

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	2024 \$	2023 \$
Endowment funds	178,978	265,143
Donald and Anne C. McLean Fund	451,720	414,283
Hamilton McCormick Fund		
	<u>630,698</u>	<u>679,426</u>
Futures fund	<u>21,754,120</u>	<u>19,799,997</u>

These are restricted funds, and only the investment income earned on the fund balance can be used by the Organization.

10 Grants

The Organization has received the following grants:

	2024 \$	2023 \$
Provincial		
Ministry of Health and Long-Term Care/Ontario Health Teams	10,752,747	10,211,110
Ministry of Children, Community and Social Services (Schedule 1)	9,143,990	9,009,190
Ministry of Labour, Immigration, Training and Skills Development/Service System Managers	2,728,637	2,665,235
Ministry of Children, Community and Social Services – Ontario Disability Support Program	637,902	617,816
Other	<u>643,984</u>	<u>369,590</u>
	<u>23,907,260</u>	<u>22,872,941</u>
Federal and other		
Immigration, Refugees and Citizenship Canada	697,612	587,471
Other	<u>-</u>	<u>9,250</u>
	<u>697,612</u>	<u>596,721</u>
	<u>24,604,872</u>	<u>23,469,662</u>

Canadian Hearing Services

Notes to Financial Statements

March 31, 2024

11 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, presented under fundraising and gaming activities in the statement of operations:

	2024 \$	2023 \$
Revenue	225,812	238,663
Expenses		
Cost of tickets sold and promotion fees – retail	37,950	34,308
Promotion fees – agent	91,037	83,901
Licence fees and other	20,213	17,356
	149,200	135,565
Excess of revenue over expenses for the year	76,612	103,098

12 Lease commitments

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

	\$
2025	1,361,360
2026	1,175,993
2027	1,141,996
2028	1,064,335
2029	965,606
Thereafter	2,928,460
	8,637,750

13 Line of credit and short-term investments

The Organization has a line of credit with a chartered bank of up to \$1,500,000, bearing interest at prime rate plus 0.35% per annum, which is secured by guaranteed investment certificates (GIC) in the amount of \$1,500,000 and classified as restricted short-term investments on the statement of financial position. As at March 31, 2024, \$470,000 (2023 – \$nil) of the line of credit had been utilized.

Restricted short-term investments consist of a GIC held with Royal Bank of Canada which is redeemable at any time, has an interest rate linked to the prime rate per annum and matured on April 14, 2024. Subsequent to April 14, 2024, the GIC automatically renewed for another year.

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Notes to Financial Statements

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14 Contingencies

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

15 Related party transactions

Related party transactions with CHS Global Partnerships for Research & Innovation (CHSGPR&I) are measured at their carrying amount, and all due from related party balances are due on demand, are non-interest bearing and have no specific terms of repayment. The ending due from balance consists of the following:

	2024 \$	2023 \$
Due from CHSGPR&I	-	(6,757)

Related party transactions with The Hearing Foundation of Canada are measured at their carrying amount. Due from related party balances are due on demand, are non-interest bearing and have no specific terms of repayment. The ending due from related party balance consists of the following:

	2024 \$	2023 \$
Due from The Hearing Foundation of Canada	4,254	34,600

Related party transactions with CHS, Inc. are measured at their carrying amount. All due to related party balances are due on demand, are non-interest bearing and have no specific terms of repayment. Related party transactions during the year in the normal course of business include the use of shared services between the Organization and CHS, Inc., for which the Organization charged CHS, Inc. \$1,180,366 (2023 – \$1,264,276). Related party transactions that were not in the normal course of operations include the transfer of accounts receivable, accounts payable and accrued liabilities and deferred revenue balances for the sale of goods and services business to CHS, Inc. for net due to CHS, Inc. of \$178,217 (2023 – \$249,150). The ending due to/from related party balance consists of the following:

	2024 \$	2023 \$
Due from CHS, Inc.	613,651	106,874

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Subsequent to year-end, on April 25, 2024, an amount of \$500,000 was received from CHS, Inc.

The promissory note receivable from The Canadian Hearing Services Group (CHS Group) is payable on demand; interest rate is prime rate less 1.45% and it is secured with a pledge. The ending due from related party balance consists of the following:

	2024 \$	2023 \$
Promissory note receivable from CHS Group	2,700,000	2,700,000
Interest receivable from CHS Group	271,937	116,803

16 Financial instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization’s risk exposure and concentrations.

Liquidity risk

Liquidity risk is the risk an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Organization monitors its cash balances and cash flows generated from operations to meet its requirements.

Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

Interest rate risk

Interest rate risk is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest rate instruments subject the Organization to fair value interest rate risk, while floating interest rate instruments subject it to cash flow interest rate risk. As at March 31, 2024, the Organization’s exposure to interest rate risk was as follows:

Cash	fixed and floating rate
Investments – bonds	fixed and floating rate
Promissory note receivable	floating rate
Restricted short-term investments	floating rate
Bank indebtedness	floating rate

Currency risk

Currency risk is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises when financial assets or financial liabilities are denominated in a currency other than Canadian dollars. The Organization is not exposed to significant currency risk.

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Other price risk

Other price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization's exposure to this risk arises from its investments in pooled funds. The Organization invests in a diversified portfolio of securities and is not exposed to concentrations of other price risk to a particular industry or company.

Credit risk

The Organization's credit risk arises on its cash, accounts receivable, restricted short-term investments, investments and promissory note receivable. The Organization's cash, restricted short-term investments and investments are maintained at major financial institutions; therefore, the Organization considers the risk of non-performance of these instruments to be remote.

To manage the credit risk on accounts receivable and promissory note receivable, the Organization assesses the credit risk of outstanding balances. The allowance for doubtful accounts recognized by the Organization on accounts receivables is insignificant. Accounts receivable are generally due within 30 to 90 days. No accounts receivable mature beyond one year.

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Supplementary Information

(Unaudited)

For the year ended March 31, 2024

Schedules

Schedule 1 – Grants from the Ministry of Children, Community and Social Services

As required by the Ministry of Children, Community and Social Services, provided below is a transfer payment annual report, which shows a summary of all revenue and expenditures and any resulting surplus or deficit. 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:

Component name	Region/ Branch	Grant \$	Other revenues \$	Expenses \$	Surplus (deficit) \$
BPS – Other Adults' Social Services	Toronto	264,350	-	264,350	-
Intervenors Services	Toronto	1,063,397	-	1,063,652	(255)
Interpreting Services	Toronto	7,808,843	2,763,975	10,577,401	(4,583)
PFR – Minor Capital	Hamilton	7,400	-	7,478	(78)
Total grants from Ministry of Children, Community and Social Services		9,143,990	2,763,975	11,912,881	(4,916)

Schedule 2 – Language Interpreter Services Program

As required by the Ministry of Labour, Training and Skills Development, provided below is a transfer payment annual report, which shows a summary of all revenue and expenditures and any resulting surplus or deficit. 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:

	2024 \$	2023 \$
Revenue	129,750	129,750
Expenses		
Salaries and benefits	29,822	31,269
Remuneration and travel	80,878	63,087
Program costs	7,821	18,178
Administration costs	12,224	17,216
	130,745	129,750
Deficiency of revenue over expenses for the year	(995)	-