

The Canadian Hearing Society

Financial Statements
March 31, 2013



June 22, 2013

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 (the Society), which comprise the statement of financial position as at March 31, 2013 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 accounting standards for not-for-profit organizations (ASNPO), 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

Commencing in fiscal 1998, the Society decided to expense certain purchases of property, plant and equipment in the year in accordance with instructions received from certain government agencies. ASNPO requires asset purchases to be capitalized and amortized on a continuing basis over their useful lives. In the current year, the Society expensed in the operating fund, property, plant and equipment, \$651,024 (2012 - \$734,134), which should have been capitalized. Amortization expense is understated by \$685,678

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(2012 - \$640,111). 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 \$1,607,654 (2012 - \$1,642,308), which is a departure from ASNPO.

ASNPO requires the Society to record its capital assets either at cost less applicable amortization, which is to be applied retroactively, or to record its capital assets at fair value as at the date of transition. The Society recorded its land and buildings acquired prior to 2003 at cost and does not have an historical depreciated cost or fair value. Since the information is not available to separate the cost of the land and buildings, the Society chooses not to amortize these amounts and we were unable to quantify the effect of this departure from ASNPO. Therefore, we were not able to determine whether any adjustments might be necessary to amortization of property, plant and equipment, deficiency of revenue over expenses for the year ended March 31, 2013, property, plant and equipment and total assets as at March 31, 2013 and fund balances as at April 1, 2012 and March 31, 2013.

In common with many not-for-profit organizations, the Society derives revenue from fundraising and gaming activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these fundraising and gaming revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and gaming revenue, deficiency of revenue over expenses and cash flows from operating activities for the year ended March 31, 2013, current assets as at March 31, 2013 and fund balances as at April 1, 2012 and March 31, 2013.

Qualified opinion

In our opinion, except for the effects and 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 Society as at March 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Comparative information

Without modifying our opinion, we draw attention to note 2 to the financial statements, which describes that the Society adopted ASNPO on April 1, 2012, with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at March 31, 2012 and April 1, 2011, and the statements of operations, changes in fund balances and cash flows for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

The Canadian Hearing Society

Statement of Financial Position

As at March 31, 2013

				March 31, 2013	March 31, 2012	April 1, 2011
	Operating fund \$	Designated funds \$	Endowment fund \$	Total \$	Total \$ (Unaudited) (note 2)	Total \$ (Unaudited) (note 2)
Assets						
Current assets						
Cash (notes 7 and 8)	116,230	-	-	116,230	391,646	1,630,141
Grants receivable	202,556	-	-	202,556	199,218	346,793
Accounts receivable	1,693,525	-	-	1,693,525	1,641,512	1,346,921
Inventory	499,297	-	-	499,297	451,148	509,381
Other assets	294,593	-	-	294,593	149,706	123,074
Interfund receivable (note 6)	193,315	-	-	193,315	52,867	304,342
Restricted investments (notes 4 and 8)	-	900,000	-	900,000	-	-
	2,999,516	900,000	-	3,899,516	2,886,097	4,260,652
Investments (notes 4 and 8)	-	3,912,504	311,944	4,224,448	4,966,525	4,767,312
Property, plant and equipment (note 5)	4,176,090	-	-	4,176,090	4,189,359	3,830,216
	7,175,606	4,812,504	311,944	12,300,054	12,041,981	12,858,180
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	1,684,179	-	-	1,684,179	1,643,376	1,617,354
Amount repayable to funders (note 8)	479,446	-	-	479,446	462,259	683,252
Deferred revenue (note 9)	1,679,168	-	-	1,679,168	1,443,067	1,657,871
Interfund payable (note 6)	-	193,315	-	193,315	52,867	304,342
	3,842,793	193,315	-	4,036,108	3,601,569	4,262,819
Sick leave benefit liability (note 10)	1,136,015	-	-	1,136,015	1,005,000	466,663
	4,978,808	193,315	-	5,172,123	4,606,569	4,729,482
Fund Balances						
Operating fund						
Property, plant and equipment	4,176,090	-	-	4,176,090	4,189,359	3,830,216
General	(1,979,292)	-	-	(1,979,292)	(1,667,605)	(773,172)
Designated funds (notes 6 and 11)	-	4,619,189	311,944	4,931,133	4,913,658	5,071,654
	2,196,798	4,619,189	311,944	7,127,931	7,435,412	8,128,698
	7,175,606	4,812,504	311,944	12,300,054	12,041,981	12,858,180

Approved by the Board of Directors

_____ Director _____ 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, 2013

				2013	2012
	Operating fund \$	Designated funds \$	Endowment fund \$	Total \$	Total \$ (Unaudited) (note 2)
Revenue					
Grants					
Province of Ontario (notes 9 and 12)	20,352,489	-	-	20,352,489	20,323,662
Federal and other (note 12)	384,410	-	-	384,410	735,802
Sales of goods and services (note 9)	10,713,713	-	-	10,713,713	10,682,198
Regional United Way contributions	1,644,082	-	-	1,644,082	1,682,611
Fundraising and gaming activities (note 9)	1,504,668	-	-	1,504,668	1,420,414
Interest and dividends	-	87,686	5,986	93,672	110,248
Gain (loss) on investments	-	209,205	14,282	223,487	(11,035)
	34,599,362	296,891	20,268	34,916,521	34,943,900
Expenses					
Salaries and benefits	23,981,273	141,900	-	24,123,173	23,405,107
Cost of sales	4,537,880	-	-	4,537,880	4,708,584
Office and program costs	1,709,393	23,692	-	1,733,085	1,817,693
Occupancy	1,815,601	92,185	-	1,907,786	2,177,916
Service costs	994,667	107,186	-	1,101,853	1,184,480
Professional development and travel	1,031,058	33,141	-	1,064,199	1,192,814
Promotion and gaming	446,881	500	-	447,381	554,294
Amortization of property, plant and equipment	77,627	-	-	77,627	25,261
Bad debts	15,886	-	-	15,886	24,522
Client assistance and other	25,779	39,080	-	64,859	57,037
	34,636,045	437,684	-	35,073,729	35,147,708
Excess (deficiency) of revenue over expenses before undernoted	(36,683)	(140,793)	20,268	(157,208)	(203,808)
Sick leave benefit (note 10)	150,273	-	-	150,273	489,478
Excess (deficiency) of revenue over expenses for the year	(186,956)	(140,793)	20,268	(307,481)	(693,286)

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, 2013

						2013	2012
	Operating fund						
	General \$	Property, plant and equipment \$	Total \$	Designated funds \$	Endowment fund \$	Total \$	Total \$ (Unaudited) (note 2)
Balances - Beginning of year	(1,667,605)	4,189,359	2,521,754	4,621,982	291,676	7,435,412	8,128,698
Excess (deficiency) of revenue over expenses for the year	(109,329)	(77,627)	(186,956)	(140,793)	20,268	(307,481)	(693,286)
Appropriation (note 6)	(138,000)	-	(138,000)	138,000	-	-	-
Purchase of property, plant and equipment	(64,358)	64,358	-	-	-	-	-
Balances - End of year	<u>(1,979,292)</u>	<u>4,176,090</u>	<u>2,196,798</u>	<u>4,619,189</u>	<u>311,944</u>	<u>7,127,931</u>	<u>7,435,412</u>

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, 2013

	2013 \$	2012 \$ (Unaudited) (note 2)
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	(307,481)	(693,286)
Adjustments for non-cash items		
Amortization of property, plant and equipment	77,627	25,261
Interest and dividends reinvested	(93,672)	(110,248)
Net loss (gain) on investments	(223,487)	11,035
Increase in sick leave benefit liability	131,015	538,337
	<hr/>	<hr/>
	(415,998)	(228,901)
Change in non-cash working capital balances		
Grants receivable	(3,338)	147,575
Accounts receivable	(52,013)	(294,591)
Inventory	(48,149)	58,233
Other assets	(144,887)	(26,632)
Accounts payable and accrued liabilities	40,803	26,022
Amount repayable to funders	17,187	(220,993)
Deferred revenue	236,101	(214,804)
	<hr/>	<hr/>
	(370,294)	(754,091)
Investing activities		
Sale (purchase) of investments	159,236	(100,000)
Purchase of property, plant and equipment	(64,358)	(384,404)
	<hr/>	<hr/>
	94,878	(484,404)
Change in cash during the year	(275,416)	(1,238,495)
Cash - Beginning of year	391,646	1,630,141
	<hr/>	<hr/>
Cash - End of year	116,230	391,646
	<hr/>	<hr/>
Supplementary information		
Interest paid	3,179	3,219

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

The Canadian Hearing Society

Notes to Financial Statements

March 31, 2013

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 Transition to accounting standards for not-for-profit organizations

Effective April 1, 2012, the Society elected to adopt Canadian accounting standards for not-for-profit organizations (ASNPO) (Part III of The Canadian Institute of Chartered Accountants (CICA) Handbook) as issued by the Canadian Accounting Standards Board. The Society has elected under Section 1501, First-time Adoption by Not-for-Profit Organizations, the exemption to designate its bonds and guaranteed investment certificates to be measured at fair value upon transition to ASNPO.

The transition from Canadian generally accepted accounting principles to ASNPO had no significant impact on the statement of financial position, statements of operations, changes in fund balances and cash flows generated by the Society.

3 Summary of significant accounting policies

These financial statements have been prepared in accordance with ASNPO and include the following significant policies:

Fund accounting

These financial statements include the operations of the head office of the Society and its 28 locations, and the Society 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.

The Canadian Hearing Society

Notes to Financial Statements

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- Operating fund - General - includes program surpluses that have been designated by the Board of Directors (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.
- Endowment fund - includes donations that are required to be maintained by the Society on a permanent basis, and also includes investment income earned on these 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. Goods and services revenue is recognized when the goods are sold or the service is rendered by the Society. Fundraising and gaming activities revenue is recognized when the donations are received.

All contributions are generally considered unrestricted contributions to the Society unless a donor specifies otherwise and are therefore reflected as revenue of the restricted 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.

Deferred revenue

Revenue is deferred in the operating fund when it relates to funding received that is related to subsequent periods.

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 Hearing Aid Program inventory, and a weighted average basis for Communicative Device Program 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, 2013. The Society recognized a writedown of approximately \$nil (2012 - \$nil).

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 Canadian Hearing Society

Notes to Financial Statements

March 31, 2013

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
Telephone equipment	6 years
Video conferencing equipment	6 years

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 indicate a tangible capital asset no longer contributes to the Society'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 net income.

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.

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

Financial assets measured at amortized cost include cash, grants receivable, accounts receivable and guaranteed investment certificates.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and the amount repayable to funders.

Transaction costs are capitalized and amortized on a straight-line basis over the useful life of the related financial instrument.

The Canadian Hearing Society

Notes to Financial Statements

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Use of estimates

The preparation of these 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 revenues and expenses during the reporting period. For all estimates, actual results could differ from those estimates.

4 Investments

	2013 \$	2012 \$
Guaranteed investment certificates held with Royal Bank of Canada		
Short-term restricted investments		
One-year cashable, 0.80%, maturity October, 1, 2013	900,000	-
Equity instruments held in pooled funds with Leith Wheeler Investment Counsel Ltd. quoted in an active market	3,474,448	4,966,525
Guaranteed investment certificates held with Royal Bank of Canada		
Non-redeemable, 1.38%, maturity December 31, 2013	300,000	-
Non-redeemable, 1.40%, maturity April 1, 2013	450,000	-
	4,224,448	4,966,525

5 Property, plant and equipment

	2013		
	Cost \$	Accumulated amortization \$	Net
Land and buildings (prior to 2003)	3,476,574	-	3,476,574
Land (post 2002)	100,000	-	100,000
Buildings (post 2002)	241,429	65,387	176,042
Building improvements (post 2002)	48,597	48,597	-
Furniture and equipment	295,923	254,526	41,397
Automobiles	59,618	45,368	14,250
Computer equipment	32,117	18,182	13,935
Telephone equipment	44,233	-	44,233
Video conferencing equipment	384,404	74,745	309,659
	4,682,895	506,805	4,176,090

The Canadian Hearing Society

Notes to Financial Statements

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	2012		
	Cost	Accumulated	Net
	\$	amortization	\$
	\$	\$	\$
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	-
Telephone equipment	-	-	-
Video conferencing equipment	384,404	10,678	373,726
	4,618,537	429,178	4,189,359

6 Interfund receivables and payables

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

The Society's Board approved an appropriation relating to fiscal 2013 of \$10,000 (2012 - \$106,739) to regional funds and \$128,000 (2012 - \$128,000) to building funds from the operating fund to the internally restricted fund for various building costs.

7 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, 2013, \$nil (2012 - \$nil) of the line of credit had been utilized.

8 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.

9 Deferred revenue

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

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

	2013	2012
	\$	\$
Balance - Beginning of year	1,443,067	1,657,871
Less: Amounts recognized as revenue in the year	(815,374)	(1,315,799)
Add: Amounts received	1,051,475	1,100,995
	1,679,168	1,443,067

The Canadian Hearing Society

Notes to Financial Statements

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10 Sick leave benefit

In accordance with the Society's sick leave defined benefit plan, employees receive a maximum of eighteen sick days per annum and unused days accumulate. Employees are entitled to a cash payment equal to 50% of the value of the unused sick days on 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 2013, the Society undertook an actuarial valuation of the sick leave benefit and based on the results of the actuarial report, increased the liability by \$150,273 to \$1,136,015 (2012 - \$1,005,000).

Sick day benefit payments during the year amounted to \$19,257 (2012 - \$48,859).

11 Designated funds

	2013 \$	2012 \$
Externally restricted by donor		
Allison Cochlear Implant Fund	29,864	28,180
CHS Children's Fund	74,021	78,185
Dorothy O'Neill Research Fund	25,905	24,222
Durham Area Fund	21,675	20,266
Hamilton Steele Children's Fund	345,040	327,631
IMO Monica Price Bursary	3,607	3,861
London Regional Fund	132,863	124,230
Niagara Area Fund	203,091	189,895
Nicole Majorose Fund	5,897	5,514
Peel Regional Fund	30,919	28,910
Waterloo Building Occupancy Fund	33,763	32,379
Waterloo Children's Fund	8,391	7,846
	<hr/>	<hr/>
	915,036	871,119
Board restricted - unrestricted by donor		
Award Fund	17,017	15,911
Chatham Area Fund	20,744	19,396
Hamilton Access Fund	12,581	11,764
Hamilton Building Fund	72,627	86,697
Kortwright Fund	18,560	17,354
Ottawa Regional Fund	298,543	303,655
Peterborough Regional Fund	199,370	206,840
Sault Ste. Marie Regional Fund	39,680	37,101
Head Office Building Fund	1,480,283	1,269,644
Strategic Initiatives Fund	825,534	964,744
Sudbury Regional Fund	203,491	211,003
Thunder Bay Regional Fund	24,410	22,824
Toronto Regional Fund	43,123	40,322
Training and Development Fund	387,652	410,847

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	2013 \$	2012 \$
Waterloo Regional Fund	29,987	28,039
Waterloo Stork Family Fund	25,098	35,554
Windsor Regional Fund	5,454	69,168
	<hr/> 3,704,154	<hr/> 3,750,863
	<hr/> 4,619,190	<hr/> 4,621,982
Endowment fund		
Donald & Anne C. McLean Fund*	<hr/> 311,943	<hr/> 291,676

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

12 Grants

The Society has received the following grants:

	2013 \$	2012 \$
Provincial		
Ministry of Health and Long-Term Care	10,074,189	9,730,169
Ministry of Community and Social Services (note 13)	7,334,156	7,357,369
Ministry of Training, Colleges and Universities	2,320,914	2,206,610
Ministry of Community and Social Services - Ontario Disability Support Program	441,160	521,700
Other	107,070	372,714
Ontario Trillium Foundation	75,000	135,100
	<hr/> 20,352,489	<hr/> 20,323,662
Federal and other		
Human Resources and Social Development Canada	58,902	395,499
Citizenship Immigration Canada	281,175	280,405
Other	44,333	59,898
	<hr/> 384,410	<hr/> 735,802
	<hr/> 20,736,899	<hr/> 21,059,464

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Notes to Financial Statements

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13 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) \$
Provincial Ontario Interpreting Services							
Provincial	8783	109702	BPS - Other Adult Social Services	208,089	-	208,089	-
	9295	109702	Interpreter Services	629,848	360,418	1,012,664	(22,398)
	9295	1000162	Interpreter Services	705,107	178,518	843,579	40,046
	9295	1000163	Interpreter Services	662,282	309,231	980,727	(9,214)
	9295	1000164	Interpreter Services	427,978	151,655	591,893	(12,260)
	9295	1000165	Interpreter Services	677,957	312,351	963,488	26,820
	9295	1000166	Interpreter Services	548,647	166,602	693,068	22,181
	9295	1000167	Interpreter Services	510,609	137,482	624,265	23,826
	9295	1000168	Interpreter Services	319,067	39,746	322,968	35,845
	9295	1000169	Interpreter Services	509,992	93,674	604,977	(1,311)
	8754	109702	Interpreter Internship Program	858,637	-	844,848	13,789
	8753	109702	Langue de Québécoise (LSQ) Interpreter Services	279,808	47,985	335,905	(8,112)
	8752	1000684	After-Hours Health Related Interpreting Services	692,833	91,223	798,601	(14,545)
	9295	109702	Infrastructure improvement - Toronto	19,900	-	17,998	1,902
				<u>7,050,754</u>	<u>1,888,885</u>	<u>8,843,070</u>	<u>96,569</u>
Broader Public Sector and Intervenors Service Funding							
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	327,425	-	323,710	3,715
	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	-
				<u>7,434,440</u>	<u>1,888,885</u>	<u>9,223,041</u>	<u>100,284</u>
				(100,284)			
Less: Repayables for 2012 - 2013							
Total grants from Ministry of Community and Social Services				<u>7,334,156</u>			

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14 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:

	2013 \$	2012 \$
Revenue	182,715	145,160
Expenses		
Cost of tickets sold and promotion fees - retail	25,128	20,224
Promotion fees - agent	57,433	45,761
Licence fees and other	48,887	48,879
	<u>131,448</u>	<u>114,864</u>
Excess of revenue over expenses for the year	<u>51,267</u>	<u>30,296</u>

15 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:

	\$
2014	1,085,615
2015	974,402
2016	632,829
2017	350,851
2018	251,907
Thereafter	<u>239,129</u>
	<u>3,534,733</u>

16 Community service grant

The Society received a community service grant of \$15,715 (2012 - \$15,715) from the City of Toronto.

17 United Way contribution

The Society received a contribution of \$40,956 (2012 - \$42,084) from the United Way of Burlington and Greater Hamilton.

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18 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.

19 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.