The Canadian Hearing Society

Financial Statements
March 31, 2010

PRICEWATERHOUSECOOPERS

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June 26, 2010

Auditors' Report

To the Directors and Members of
The Canadian Hearing Society

We have audited the balance sheet of **The Canadian Hearing Society** as at March 31, 2010 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following two paragraphs, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Society derives a portion of its revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from donations and fundraising activities was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenses, assets and fund balances.

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.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue from donations and fundraising activities referred to in the above paragraph and the effects of the failure to capitalize and amortize certain purchases of property, plant and equipment as described in note 2(f), these financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2010 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

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate legal entity.

The Canadian Hearing Society

Balance Sheet

As at March 31, 2010

			2010	2009
	Operating fund $	**Designated funds $**	**Total $**	**Total $**
Assets				
Current assets				
Cash (note 6)	1,434,649	-	1,434,649	1,484,765
Grants receivable	113,524	-	113,524	104,197
Accounts receivable	1,416,465	-	1,416,465	1,253,023
Inventory	516,607	-	516,607	374,906
Other assets	106,199	-	106,199	43,299
	3,587,444	-	3,587,444	3,260,190
Investments	-	4,287,624	4,287,624	3,660,535
Interfund loan (note 4)	(111,397)	111,397	-	-
Property, plant and equipment (note 3)	3,818,964	-	3,818,964	3,807,008
	7,295,011	4,399,021	11,694,032	10,727,733
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	1,512,472	-	1,512,472	2,141,417
Amount repayable to funders (note 6)	792,385	-	792,385	544,415
Loan payable (note 7)	-	-	-	2,044
Deferred revenue (note 8)	1,916,778	-	1,916,778	1,328,249
	4,221,635	-	4,221,635	4,016,125
Fund Balances				
Operating fund				
Property, plant and equipment	3,818,963	-	3,818,963	3,807,008
General	(745,587)	-	(745,587)	(819,778)
Designated funds (note 9)	-	4,399,021	4,399,021	3,724,378
	3,073,376	4,399,021	7,472,397	6,711,608
	7,295,011	4,399,021	11,694,032	10,727,733

Approved by the Board of Directors

_____ Director _____ Director

The Canadian Hearing Society

Statement of Operations

For the year ended March 31, 2010

			2010	2009
	Operating fund $	**Designated funds $**	**Total $**	**Total $**
Revenue				
Grants				
Province of Ontario (notes 8 and 10)	20,583,618	-	20,583,618	19,650,904
Federal and other (note 10)	382,919	-	382,919	322,971
Sales of goods and services (note 8)	11,324,225	-	11,324,225	9,519,034
Regional United Way contributions	1,815,778	-	1,815,778	1,903,900
Fundraising and gaming activities (note 8)	1,355,224	50	1,355,274	1,880,348
Interest and dividends	-	99,983	99,983	112,817
Gain (loss) on investments	28	627,106	627,134	(651,269)
	35,461,792	727,139	36,188,931	32,738,705
Expenses				
Salaries and benefits	22,894,770	-	22,894,770	21,427,653
Cost of sales	5,079,639	-	5,079,639	4,271,584
Office and program costs	1,957,424	-	1,957,424	2,052,856
Occupancy	2,108,872	-	2,108,872	2,062,437
Service costs	1,297,919	-	1,297,919	1,332,940
Professional development and travel	1,358,372	-	1,358,372	1,345,397
Promotion and gaming	381,726	-	381,726	391,328
Amortization of property, plant and equipment	23,670	-	23,670	24,539
Bad debts	13,015	-	13,015	5,363
Client assistance and other	312,735	-	312,735	237,556
	35,428,142	-	35,428,142	33,151,653
Excess (deficiency) of revenue over expenses before discontinued operations	33,650	727,139	760,789	(412,948)
Discontinued operations (note 16)	-	-	-	(21,796)
Excess (deficiency) of revenue over expenses for the year	33,650	727,139	760,789	(434,744)

The Canadian Hearing Society

Statement of Changes in Fund Balances

For the year ended March 31, 2010

	Operating fund				2010	2009
	General	**Property, plant and equipment**	**Total**	**Designated funds**	**Total**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Balances - Beginning of year	(819,778)	3,807,008	2,987,230	3,724,378	6,711,608	7,146,352
Excess (deficiency) of revenue over expenses for the year	57,320	(23,670)	33,650	727,139	760,789	(434,744)
Appropriation (note 4)	(258,000)	-	(258,000)	258,000	-	-
Purchase of property, plant and equipment	(35,625)	35,625	-	-	-	-
	(1,056,083)	3,818,963	2,762,880	4,709,517	7,472,397	6,711,608
Interfund transfers (note 4)	310,496	-	310,496	(310,496)	-	-
Balances - End of year	(745,587)	3,818,963	3,073,376	4,399,021	7,472,397	6,711,608

The Canadian Hearing Society

Statement of Cash Flows

For the year ended March 31, 2010

	2010 $	2009 $
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	760,789	(434,744)
Adjustments for non-cash items		
Amortization of property, plant and equipment	23,670	24,539
Interest and dividends reinvested	(99,983)	(112,817)
(Gain) loss on investments	(627,106)	657,272
	57,370	134,250
Change in non-cash working capital balances		
Grants receivable	(9,327)	593,234
Accounts receivable	(163,442)	27,939
Inventory	(141,701)	(10,868)
Other assets	(62,900)	20,811
Accounts payable and accrued liabilities	(628,945)	583,935
Amount repayable to funders	247,970	95,151
Deferred revenue	588,529	926,346
	(112,446)	2,370,798
Investing activities		
Purchase of investments	-	(370,000)
Sale of investments	100,000	112,613
Proceeds from sale of property, plant and equipment	(35,626)	-
Loan payable	(2,044)	(10,194)
	62,330	(267,581)
Change in cash during the year	(50,116)	2,103,217
Cash (bank indebtedness) - Beginning of year	1,484,765	(618,452)
Cash - End of year	1,434,649	1,484,765
Supplementary information		
Interest paid	4,265	11,703

1 The organization

The Canadian Hearing 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;
- 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 the accounting standards for not-for-profit organizations published by The Canadian Institute of Chartered Accountants (CICA), using the restricted fund method of reporting restricted contributions.

These financial statements include the operations of the head office of the Society, its 13 regional offices, and its 13 area offices. 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.

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, 2010. The Society recognized a writedown of approximately $nil (2009 - $14,619).

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 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
Automobiles	5 years
Computer equipment	3 years
Computer equipment under capital lease	term of lease

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 generally accepted accounting principles require these asset purchases to be capitalized and amortization provided on a continuing basis in accordance with the present amortization accounting policies. In the current year, the Society would have recorded in the operating fund, property, plant and equipment an amount totalling $783,497 (2009 - $591,253) along with the related amortization of approximately $89,133 (2009 - $75,185). The current year's amortization expense of property, plant and equipment previously expensed in prior years would have been an additional amount of approximately $480,374 (2009 - $431,542). 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 $1,354,340 (2009 - $1,140,350).

g) 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.

h) 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.

i) Use of estimates

The preparation of these financial statements in accordance with Canadian generally accepted accounting principles 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.

j) Expenditures

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

k) 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 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
Loan payable	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 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.

l) Changes in accounting policies

- Section 4400, Financial Statement Presentation By Not-for-Profit Organizations

  Effective January 1, 2009, the Society adopted retrospectively the changes to the recommendations in CICA Handbook Section 4400, Financial Statement Presentation By Not-for-Profit Organizations that includes the option to eliminate the requirement to separately disclose the amount of net assets invested in property, plant and equipment. The Society has chosen to continue its current disclosure of net assets invested in property, plant and equipment as a separate component of its net assets.

- Section 1000, Financial Statement Concepts

  Effective January 1, 2009, the Society adopted retrospectively the changes to the recommendations in CICA Handbook Section 1000, Financial Statement Concepts. This standard clarifies that items that do not meet the definition of an asset or a liability may not be recognized on the balance sheet. The adoption of this standard has no impact on the financial statements of the Society.

- Section 4470, Disclosure of Allocated Expenses By Not-for-Profit Organizations

  Effective January 1, 2009, the Society adopted retrospectively CICA Handbook Section 4470, Disclosure of Allocated Expenses By Not-for-Profit Organizations, which requires an organization to disclose its allocation policy, if it classifies expenses by function and allocates some of its fundraising and general support costs to another function. The adoption of this standard has no impact on the financial statements of the Society.

3 Property, plant and equipment

			2010
	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	47,280	194,149
Building improvements (post 2002)	48,597	45,492	3,105
Furniture and equipment	254,526	250,613	3,913
Automobiles	59,618	18,395	41,223
Computer equipment	17,783	17,783	-
	4,198,527	379,563	3,818,964

			2009
	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	41,244	200,185
Building improvements (post 2002)	48,597	43,008	5,589
Furniture and equipment	254,526	245,399	9,127
Automobiles	23,992	13,596	10,396
Computer equipment	17,783	12,646	5,137
	4,162,901	355,893	3,807,008

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 2010, the Society's Board of Directors approved the transfer of internally restricted funds amounting to $310,496 (2009 - $379,104). 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 fiscal 2010, the Society's Board approved an appropriation of $130,000 to regional funds (2009 - $266,667) and $128,000 to building funds (2009 - $128,000) from the operating fund to the internally restricted fund for various building costs.

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, 2010, $nil (2009 - $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 Loan payable

The loan is unsecured, bearing interest at 3% and is repayable in fixed monthly instalments of $834. In fiscal 2008, the Society obtained a loan from Chrysler Financial bearing interest at nil% and is repayable over 36 monthly instalments of $681. The balance has been paid in full in fiscal 2010.

8 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:

	2010 **$**	**2009** **$**
Balance - Beginning of year	1,328,249	401,903
Less: Amounts recognized as revenue in the year	(1,098,472)	(922,068)
Add: Amounts received related to subsequent years	1,687,001	1,848,414
Balance - End of year	1,916,778	1,328,249

9 Designated funds

	2010 $	2009 $
Externally restricted by donor		
Allison Cochlear Implant Fund	26,819	22,588
CHS Children's Fund	90,505	91,725
CHS General Assistance Fund	-	2,300
Donald & Anne C. McLean Fund*	281,775	234,807
Dorothy O'Neill Research Fund	44,275	36,895
Durham Area Fund	19,135	15,946
Hamilton Steele Children's Fund	312,039	260,027
IMO Monica Price Bursary	3,952	3,729
London Regional Fund	100,808	84,005
Niagara Area Fund	171,166	142,748
Nicole Majorose Fund	4,970	4,141
Peel Regional Fund	101,848	84,872
Waterloo Building Occupancy Fund	44,441	37,034
Waterloo Children's Fund	7,072	5,893
	1,208,805	1,026,710
Board restricted - unrestricted by donor		
Award Fund	14,342	11,951
Chatham Area Fund	17,483	28,021
Eugene Fowler Volunteer Award	269	224
Hamilton Access Fund	10,604	8,836
Hamilton Building Fund	98,598	82,163
Kingston Regional Fund	-	10,000
Kortwright Fund	15,643	13,035
Ottawa Regional Fund	304,216	284,537
Peterborough Regional Fund	151,274	125,143
Repairs and Equipment Fund	-	4,718
Head Office Building Fund	902,908	642,265
Strategic Initiatives Fund	1,012,523	990,960
Sudbury Audiology Loan Reserve	4,845	4,038
Sudbury Regional Fund	100,311	546
Thunder Bay Regional Fund	20,573	-
Toronto Regional Fund	46,621	43,215
Training and Development Fund	390,947	362,445
Waterloo Regional Fund	25,273	21,061
Waterloo Stork Family Fund	57,561	50,989
Windsor Regional Fund	16,225	13,521
	3,190,216	2,697,668
	4,399,021	3,724,378

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

10 Grants

The Society has received the following grants:

	2010 $	2009 $
Provincial		
Ministry of Health and Long-Term Care	9,424,512	9,144,118
Ministry of Community and Social Services (note 11)	7,458,249	6,968,139
Ministry of Training, Colleges and Universities	2,381,911	2,077,340
Ministry of Community and Social Services - Ontario Disability Support Program (note 11)	589,297	506,746
Other	532,449	808,756
Ontario Trillium Foundation	197,200	145,805
	20,583,618	19,650,904
Federal		
Human Resources and Social Development Canada	135,673	98,643
Citizenship Immigration Canada	199,641	164,060
Other	47,605	60,268
	382,919	322,971
	20,966,537	19,973,875

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 repayable, 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) $	Repayable based on targets $
Provincial Ontario Interpreting Services								
Provincial	8783	109702	BPS - Other Adult Social Services	208,089	-	208,089	-	-
	8756	109702	Interpreter Services	627,311	482,808	1,148,500	(38,381)	
	8756	1000162	Interpreter Services	706,342	191,839	867,155	31,026	-
	8756	1000163	Interpreter Services	671,634	258,522	964,135	(33,979)	-
	8756	1000164	Interpreter Services	437,330	144,639	604,460	(22,491)	-
	8756	1000165	Interpreter Services	687,309	255,259	934,383	8,185	-
	8756	1000166	Interpreter Services	557,999	133,908	667,853	24,054	-
	8756	1000167	Interpreter Services	518,076	170,393	680,671	7,798	-
	8756	1000168	Interpreter Services	326,534	34,378	335,128	25,784	-
	8756	1000169	Interpreter Services	519,344	58,203	539,067	38,480	-
	8754	109702	Interpreter Internship Program	848,637	146	844,514	4,269	-
	8753	109702	Langue de Québecoise (LSQ) Interpreter Services	269,808	57,849	305,352	22,305	-
	8752	1000684	After-Hours Health Related Interpreting Services	692,833	64,851	768,981	(11,297)	-
	8915	109702	Partner Facility Renewal - Capital	25,000	-	24,447	553	-
				7,096,246	1,852,795	8,892,735	56,306	-
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	362,048	-	363,504	(1,456)	-
	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	-	-
				7,514,555	1,852,795	9,312,500	54,850	-
Less: Repayables for 2009 - 2010				(56,306)				
Total grants from Ministry of Community and Social Services				7,458,249				

Region	Detail code	TPBE	Service name	Grant $	Other revenues $	Expenses $	Surplus (deficit) $	Repayable based on targets $
Toronto	8611	109702	Job placement	72,000	85,880	157,880	-	1,000
	9275	109702	Job retention	60,000	-	77,082	(17,082)	10,499
	9276	109702	Exceptional work related supports	31,600	-	24,411	7,189	7,189
				163,600	85,880	259,373	(9,893)	18,688
North Bay	8611	083842	Job placement	16,000	785	16,785	-	2,000
	9275	083842	Job retention	25,000	-	12,607	12,393	2,702
	9276	083842	Exceptional work related supports	18,500	-	18,094	406	406
				59,500	785	47,486	12,799	5,108
Peterborough	9275	1000523	Job retention	57,000	-	53,364	3,636	24,750
	9276	1000523	Exceptional work related supports*	192,334	-	132,039	60,295	43,295
				249,334	-	185,403	63,931	68,045
Sault Ste. Marie	8611	0409687	Job placement	21,000	-	21,000	-	9,000
	9275	0409687	Job retention	52,000	-	21,078	30,922	8,558
	9276	0409687	Exceptional work related supports	25,000	-	24,695	305	305
				98,000	-	66,773	31,227	17,863
Sudbury	8611	052686	Job placement	40,000	-	40,000	-	12,000
	9275	052686	Job retention	72,500	-	41,200	31,300	7,691
	9276	052686	Exceptional work related supports	32,000	-	28,720	3,280	3,280
				144,500	-	109,920	34,580	22,971
				714,934	86,665	668,955	132,644	132,675
Less: Repayables for 2009 - 2010				(132,675)				
Prior years' adjustments re advances and payables				7,038				
Total grants from Ministry of Community and Social Services - ODSP				589,297				

* The Ministry has recovered $22,666 from 9276-1000523.

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:

	2010 $	2009 $
Revenue	151,077	149,199
Expenses		
Cost of tickets sold and promotion fees - retail	21,323	21,043
Promotion fees - agent	47,172	46,584
Licence fees and other	31,574	31,726
	100,069	99,353
Excess of revenue over expenses for the year	51,008	49,846

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:

	$
2011	944,802
2012	773,965
2013	562,704
2014	518,197
2015	382,830
Thereafter	176,979
	3,359,477

14 Community service grant

The Society received a community service grant of $15,405 (2009 - $15,100) from the City of Toronto.

15 United Way contribution

The Society received a contribution of $42,084 (2009 - $42,084) from the United Way of Burlington and Greater Hamilton.

16 Discontinued operations

Due to a change in business conditions, the Society closed the Dryden area office in June 2008. Clients will continue to be served by other organizations providing the same services. The results of the operations for this office have been reported separately from continuing operations.

17 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 9. 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.

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

In the normal course of operations, various 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.