



Financial Statements

The Hearing Foundation of Canada

March 31, 2015

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Independent Auditor's Report

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To the Board of Directors of
The Hearing Foundation of Canada

We have audited the accompanying financial statements of The Hearing Foundation of Canada, which comprise the statement of financial position as at March 31, 2015 and the statements of revenue and expenditures, changes in fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Independent Auditor's Report (continued)

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

In common with many charities, the Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donations revenue, increase (decrease) in fund balances and cash flows from operations for the years ended March 31, 2015 and March 31, 2014, current assets as at March 31, 2015 and 2014, and net assets as at April 1, 2014 and 2013 and March 31, 2015 and 2014. Our audit opinion on the financial statements for the year ended March 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, the financial statements present fairly, except for the possible effects of the matter described in the *Basis for qualified opinion* paragraph, the financial position of The Hearing Foundation of Canada as at March 31, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Toronto, Canada
June 24, 2015

Chartered Accountants
Licensed Public Accountants

The Hearing Foundation of Canada

Statement of Financial Position

Year ended March 31

2015

2014

Assets

Current assets

Cash	\$ 409,300	\$ 622,586
Short-term investments	688,523	397,928
Harmonized Sales Tax receivable	27,450	44,964
Prepaid expenses and other	<u>20,131</u>	<u>16,831</u>
	<u>\$ 1,145,404</u>	<u>\$ 1,082,309</u>

Liabilities and Fund Balances

Current liabilities

Accounts payable and accrued liabilities (Note 3)	\$ 21,345	\$ 32,926
Deferred contributions (Note 4)	<u>94,000</u>	<u>233,000</u>
	<u>115,345</u>	<u>265,926</u>

Fund balances

Unrestricted	341,536	418,455
ECHO Fund (Note 5)	<u>688,523</u>	<u>397,928</u>
	<u>1,030,059</u>	<u>816,383</u>
	<u>\$ 1,145,404</u>	<u>\$ 1,082,309</u>

Commitments (Note 7)

On behalf of the Board of Directors

_____ Director

_____ Director

See accompanying notes to the financial statements.

The Hearing Foundation of Canada

Statement of Revenue and Expenditures

Year ended March 31

2015

2014

Revenue

Donations (Note 6)	\$ 785,110	\$ 980,101
Bequests	286,344	61,817
Net investment gain	<u>4,251</u>	<u>2,336</u>
	<u>1,075,705</u>	<u>1,044,254</u>

Expenditures

Salaries and benefits	396,604	347,276
Program-contracted services	109,654	102,345
Professional services	78,278	81,639
Medical research grants	50,000	78,000
Communications	71,718	61,568
Premises	53,232	38,312
Printing	50,433	35,214
Equipment and supplies	36,090	23,733
Fundraising and other	<u>16,020</u>	<u>19,299</u>

862,029 787,386

Excess of revenue over expenditures \$ 213,676 \$ 256,868

See accompanying notes to the financial statements.

The Hearing Foundation of Canada

Statement of Changes in Fund Balances

Year ended March 31

	<u>Unrestricted</u>	<u>ECHO Fund</u>	<u>2015 Total</u>	<u>2014 Total</u>
Fund balances, beginning of year	\$ 418,455	\$ 397,928	\$ 816,383	\$ 559,515
Excess of revenue over expenditures	(72,668)	286,344	213,676	256,868
Inter-fund transfer	<u>(4,251)</u>	<u>4,251</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	\$ <u>341,536</u>	\$ <u>688,523</u>	\$ <u>1,030,059</u>	\$ <u>816,383</u>

See accompanying notes to the financial statements.

The Hearing Foundation of Canada

Statement of Cash Flows

Year ended March 31	2015	2014
Operating		
Excess of revenue over expenditures	\$ 213,676	\$ 256,868
Items not involving cash		
Deferred contributions – recognized (Note 4)	(446,000)	(510,000)
Net gain on investments	<u>(4,251)</u>	<u>(2,336)</u>
	(236,575)	(255,468)
Net change in non-cash working capital items		
Harmonized Sales Tax receivable	17,514	(23,952)
Prepaid expenses and other	(3,300)	(5,647)
Accounts payable and accrued liabilities	<u>(11,581)</u>	<u>(4,726)</u>
	2,633	(34,325)
Deferred contributions – received (Note 4)	<u>307,000</u>	<u>423,000</u>
Cash flows from operating activities	73,058	133,207
Investing		
Purchases of short-term investments and cash flows from investing activities	<u>(286,344)</u>	<u>(61,817)</u>
Net change in cash during the year	(213,286)	71,390
Cash, beginning of year	<u>622,586</u>	<u>551,196</u>
Cash, end of year	\$ <u>409,300</u>	\$ <u>622,586</u>

See accompanying notes to the financial statements.

The Hearing Foundation of Canada

Notes to Financial Statements

Year ended March 31, 2015

1. Mission and purpose

The Hearing Foundation of Canada (the "Foundation") is incorporated without share capital under the Canada Not-for-Profit Corporations Act. The Foundation is registered with the Canada Revenue Agency as a charitable organization and is exempt from income taxes, provided that certain disbursement criteria and conditions are met.

The Foundation funds medical research, public education and advocacy on issues relating to hearing health. The Foundation is committed to eliminating the devastating effects of hearing loss on the quality of life of Canadians, particularly youth, by promoting prevention, early diagnosis, leading-edge medical research and successful intervention.

2. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), the more significant of which are outlined below.

Use of estimates

The preparation of the Foundation's financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from such estimates.

Revenue recognition

The Foundation follows the deferral method of accounting for restricted contributions. Restricted contributions for medical research grants are recognized as revenue in the fiscal year in which the related expenditures are incurred. Restricted contributions designated for programs are recognized as revenue on a quarterly basis over the length of one calendar year from the quarter of receipt. To the extent that revenue has not been recognized, it has been reflected as deferred contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Short-term investments

Short-term investments consist of money market fund investments and are recorded at fair market value.

Contributed goods

Contributed goods and capital donations are recorded at fair market value as at the date of contribution, if their fair value can be determined.

The Hearing Foundation of Canada

Notes to Financial Statements

Year ended March 31, 2015

2. Summary of significant accounting policies (continued)

Volunteer services

Volunteers provide invaluable donated services to the Foundation. Since volunteer time is not purchased, these contributed services are not recognized in the financial statements.

Financial instruments

The Foundation's financial instruments consist of cash, short-term investments, and accounts payable. The carrying value of these financial instruments except for short-term investments, approximate fair value due to their short-term maturities.

3. Accounts payable and accrued liabilities

Total government remittances payable as at March 31, 2015 was \$0 (2014 - \$11,380).

4. Deferred contributions

	<u>Infant/Child Publications</u>	<u>Medical Research</u>	<u>Sound Sense</u>	<u>Total</u>
Balance, beginning of year	\$ 83,000	\$ 28,000	\$ 122,000	\$ 233,000
Funds received	-	58,000	249,000	307,000
Less: revenue recognized during the year	<u>(83,000)</u>	<u>(54,000)</u>	<u>(309,000)</u>	<u>(446,000)</u>
Balance, end of year	\$ <u>-</u>	\$ <u>32,000</u>	\$ <u>62,000</u>	\$ <u>94,000</u>

5. ECHO Fund

In 1997, the Foundation established the ECHO Fund to support the services of the Foundation. The ECHO Fund holds all undesignated bequests and is not available for use by the Foundation without prior approval of the Board of Directors. The annual investment income earned on the funds is reinvested in the ECHO Fund.

6. Related party transactions

Included in revenues are donations made by various members of the Board of Directors and the Advisory Committee totalling \$160,177 (2014 - \$244,317).

The Hearing Foundation of Canada

Notes to Financial Statements

Year ended March 31, 2015

7. Financial instruments

Transactions in financial instruments may result in the Foundation assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments.

Credit risk

The Foundation is exposed to concentration risk in that its cash balances held with financial institutions are in excess of Canadian Deposit Insurance Corporation limits.

Interest rate risk

Interest rate risk is the risk that the fair value (price risk) or future cash flows of a financial instrument will fluctuate because of changes in market interest rates (cash flow risk). The Foundation is exposed to price risk with respect to its short-term investments.

Currency risk

Currency risk is the risk arising from the change in price of one currency against another. The Foundation is not exposed to significant currency risk.

Liquidity risk

The Foundation's liquidity risk represents the risk that the Foundation could encounter difficulty in meeting obligations associated with its financial liabilities. The Foundation is not exposed to significant liquidity risk due to its strong working capital position.