

FILE

VOICE FOR HEARING IMPAIRED CHILDREN
FINANCIAL STATEMENTS
MAY 31, 2017

VOICE FOR HEARING IMPAIRED CHILDREN

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INDEPENDENT AUDITOR'S REPORT

To the Members of:
Voice For Hearing Impaired Children

I have audited the accompanying financial statements of Voice For Hearing Impaired Children, which comprise the statement of financial position as at May 31, 2017, and the statement of revenue, expenses and changes in net assets, and statement of 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Voice For Hearing Impaired Children derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to donation revenue, fundraising revenue, excess of revenues over expenses, current assets and net assets.

We were appointed as auditors of the organization on July 19, 2017 and thus were not able to audit the surplus at the beginning of the year. Since we were unable to satisfy ourselves by alternative means concerning the surplus balance as of May 31, 2016, we were unable to determine whether adjustments might have been necessary in respect of income for the year reported in the Statement of Revenue, Expenses and Accumulated Surplus and the Statement of Financial Position.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the previous paragraph, the financial statements present fairly, in all material respects, the financial position of Voice For Hearing Impaired Children as at May 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of Matter

As discussed in Note 4 to the financial statements, the board of directors implemented cost cutting measures by winding down operations. As a consequence, there was a payable established under a severance agreement. This liability payable over a three year period, with the last payment occurring in fiscal year 2019.

Welland, Ontario
November 11, 2017



R. TISI PROFESSIONAL CORPORATION
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

VOICE FOR HEARING IMPAIRED CHILDREN

STATEMENT OF FINANCIAL POSITION

AS AT MAY 31, 2017

ASSETS

	<u>2017</u>
CURRENT	
Cash	\$ 116,383
Accounts receivable	4,158
Taxes receivable	5,285
Other current assets	<u>2,504</u>
	<u>\$ 128,330</u>

LIABILITIES

CURRENT	
Accounts payable and accrued liabilities	\$ 70,898
Deferred income/revenue	<u>68,577</u>
	<u>139,475</u>

NET ASSETS

ACCUMULATED DEFICIT	<u>(11,145)</u>
	<u>\$ 128,330</u>

APPROVED ON BEHALF OF THE BOARD:

Franky B. Lay Director
J. Charney Director

VOICE FOR HEARING IMPAIRED CHILDREN

STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED DEFICIT FOR THE YEAR ENDED MAY 31, 2017

	<u>2017</u>
REVENUE	
Contributions	\$ 116,421
Grants	26,758
Fundraising and special events	8,243
Contracted services	13,717
Membership fees	4,551
Conference fees	<u>58,813</u>
	<u>228,503</u>
PROGRAM EXPENSES	
Therapy program delivery	32,604
Public information	50,106
Voice camp	15,236
Training and mentorship	<u>6,600</u>
	<u>104,546</u>
OTHER EXPENSES	
Advertising	1,342
Bank Charges	6,003
Computer-related Expenses	5,540
Fundraising and Special Events	2,968
Insurance	7,583
Interest	194
Office	4,890
Rent	30,592
Travel	48
Utilities	3,378
Wages	<u>94,880</u>
	<u>157,418</u>
	<u>261,964</u>
EXCESS OF EXPENSES OVER REVENUE	(33,461)
SURPLUS, BEGINNING OF YEAR	<u>22,316</u>
DEFICIT, END OF YEAR	<u>\$ (11,145)</u>

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

VOICE FOR HEARING IMPAIRED CHILDREN

STATEMENT OF CASH FLOWS

MAY 31, 2017

	<u>2017</u>
CASH PROVIDED BY OPERATING ACTIVITIES	
Net loss	\$ <u>(33,461)</u>
Items not requiring an outlay of cash:	
	<u>(33,461)</u>
CHANGES IN NON-CASH WORKING CAPITAL:	
Increase in Deferred Revenue	9,295
Increase in accounts payable and accrued liabilities	45,207
(Increase) in Taxes Receivable	(3,441)
Decrease in prepaid expenses	16,109
(Increase) in accounts receivable	<u>(3,518)</u>
	<u>63,652</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
NET INCREASE IN CASH AND CASH EQUIVALENTS	30,191
NET CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>86,192</u>
NET CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ <u>116,383</u></u>

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

VOICE FOR HEARING IMPAIRED CHILDREN

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2017

1. NATURE OF FINANCIAL STATEMENTS

VOICE for Hearing Impaired Children is incorporated in the province of Ontario without share capital. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act.

VOICE for Hearing Impaired Children is a Canadian pediatric hearing association for children with hearing loss whose parents has chosen to help them learn to hear, listen and speak. The organization's mission is to ensure that all children with hearing loss have their rights upheld with access to services for developing their abilities to hear, listen and speak.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of CPA Canada Handbook and include the following significant accounting policies:

(a) Basis of accounting

These financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations in Part III of CICA Handbook using the deferral method of accounting.

These financial statements show only the assets and liabilities under the control of management and the changes therein. All revenues and expenses are recorded on the accrual basis.

(b) Revenue recognition

The organization follows the deferral method of revenue recognition for contributions.

Externally restricted contributions, including project grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Unrestricted contributions, including donations and amounts received from fundraising, are recorded when received.

Donated materials and services are not recorded in the accounts.

Interest income and all other income is recognized as revenue when earned.

(c) Expense Allocation

Program costs include the costs of personnel, premises, administrative and other expenses that are directly related to providing the programs.

(d) Estimation uncertainty

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, revenue and expenses. The actual results are likely to differ from the judgments, estimates, and assumption made by management, and will seldom equal the estimated results.

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NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments

The Local initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess/(deficiency) of revenue over expenses. Financial assets measured at amortized cost include cash, accounts receivable, and prepaid expenses. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and government remittances.

3. FINANCIAL INSTRUMENTS

(a) Fair value

Cash and cash equivalents, accounts receivable, short-term investments, accounts payable and accrued liabilities are short-term financial instruments whose fair values approximate their carrying values due to the short-term maturities of those instruments. The fair value of long-term investments that are listed on an active exchange are equal to their quoted market value.

(b) Market values

Market value of marketable securities is determined based on the trade price at the end of the year. The determination of the market values is dependent upon many assumptions. The calculation of estimated market value is based on market conditions at a specific point in time and in the respective geographic locations and may not be reflective of future market values. The associated market values and investment returns will therefore be subject to a variety of risk factors, both specific to the individual investments and arising from general economic conditions. The actual amounts ultimately realized could differ from the amounts reported in these financial statements.

VOICE FOR HEARING IMPAIRED CHILDREN

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2017

3. FINANCIAL INSTRUMENTS (Continued)

(c) Risk management

The Local is exposed to various risks in relation to its investment portfolio, consisting of investment assets. The main types of risks are market risk, credit risk, and liquidity risk.

(i) Market risk

The Local is exposed to market risk through its use of financial instruments and specifically interest rate risk, which result from its investing activities.

(ii) Interest rate risk

Interest rate risk refers to the effect on the market value of the Local's assets and liabilities due to fluctuations in interest rates. The value of the Local's assets is affected by short-term changes in nominal and real interest rates. To properly manage the Local's interest rate risk, appropriate guidelines on the weighting and duration for the fixed income investments are set and monitored.

(iii) Credit risk

Credit risk is the risk of loss should the counter-party to a transaction default or otherwise fail to perform under the terms of the contract. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness and the respective concentration risk.

4. SIGNIFICANT EVENTS

(a) Management Change

In prior year the Board of Directors voted to close the head office and terminate all employees as a cost cutting measure. The corporation continues to operate on a strictly volunteer basis.

(b) Severance Agreement

This payable was established under a severance agreement prior to the current Board of Directors. This liability payable over a three year period, with the last payment occurring in fiscal year 2019.