

VOICE FOR HEARING IMPAIRED CHILDREN

FINANCIAL STATEMENTS

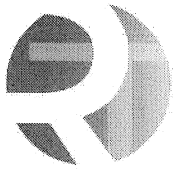
MAY 31, 2020

VOICE FOR HEARING IMPAIRED CHILDREN

MAY 31, 2020

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R.TISI

Business Profitability and Growth Advisor
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Members of:
Voice For Hearing Impaired Children

Qualified Opinion

We have audited the financial statements of Voice For Hearing Impaired Children, which comprise the Statement of Financial Position as at May 31, 2020 and the Statements of Revenues, Expenses and Surplus, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, these financial statements present fairly, in all material respects, the financial position of the organization as at May 31, 2020 and the results of its operations and the cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Voice For Hearing Impaired Children derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Voice For Hearing Impaired Children. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of expenses over revenues, and cash flows from operations for the year ended May 31, 2020, current assets as at May 31, 2020, and net assets as at May 31, 2019 and May 31, 2020.

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 are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and, we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities for 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 consolidated 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.

1.

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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the organization to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

Welland, Ontario
November 20, 2020



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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, 2020

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT		
Cash	\$ 121,799	\$ 117,933
Taxes receivable	1,025	3,825
Other current assets	<u>3,910</u>	<u>1,021</u>
	<u>\$ 126,734</u>	<u>\$ 122,779</u>


LIABILITIES

CURRENT		
Accounts payable and accrued liabilities	\$ 213	\$ 24,470
Source deductions payable	-	587
Deferred income/revenue	<u>117,593</u>	<u>92,597</u>
	<u>117,806</u>	<u>117,654</u>

NET ASSETS

ACCUMULATED SURPLUS	<u>8,928</u>	<u>5,125</u>
	<u>\$ 126,734</u>	<u>\$ 122,779</u>

APPROVED ON BEHALF OF THE BOARD:



Director

Director

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

VOICE FOR HEARING IMPAIRED CHILDREN

STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED DEFICIT

FOR THE YEAR ENDED MAY 31, 2020

	<u>2020</u>	<u>2019</u>
REVENUE		
Contributions	\$ 59,995	\$ 24,552
Fundraising and special events	21,721	25,742
Membership fees	5,880	4,025
Conference fees	-	42,009
Camp fees	<u>13,340</u>	<u>31,335</u>
	<u>100,936</u>	<u>127,663</u>
PROGRAM EXPENSES		
Conference	994	38,880
Voice camp	24,861	28,847
Gift of Hearing	<u>9,998</u>	<u>5,069</u>
	<u>35,853</u>	<u>72,796</u>
OTHER EXPENSES		
Advertising	150	-
Bank Charges	1,827	1,424
Computer-related Expenses	732	744
Fundraising and Special Events	31,766	26,895
Insurance	2,622	2,197
Office	1,524	1,455
Professional fees	5,717	5,197
Rent	1,411	925
Travel	255	1,615
Utilities	976	936
Wages	<u>14,300</u>	<u>11,311</u>
	<u>61,280</u>	<u>52,699</u>
	<u>97,133</u>	<u>125,495</u>
EXCESS OF REVENUE OVER EXPENSES	3,803	2,168
SURPLUS (DEFICIT), BEGINNING OF YEAR	<u>5,125</u>	<u>2,957</u>
SURPLUS, END OF YEAR	<u>\$ 8,928</u>	<u>\$ 5,125</u>

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

VOICE FOR HEARING IMPAIRED CHILDREN

STATEMENT OF CASH FLOWS

MAY 31, 2020

	<u>2020</u>	<u>2019</u>
CASH PROVIDED BY OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ <u>3,803</u>	\$ <u>2,168</u>
Items not requiring an outlay of cash:		
	<u>3,803</u>	<u>2,168</u>
CHANGES IN NON-CASH WORKING CAPITAL:		
Increase in deferred charges	24,999	8,399
(Decrease) increase in interest and income taxes payable	(587)	587
Decrease in accounts payable and accrued liabilities	(24,260)	(6,719)
Decrease (increase) in taxes receivable	2,800	(2,536)
(Increase) decrease in prepaid expenses	<u>(2,889)</u>	<u>442</u>
	<u>63</u>	<u>173</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,866	2,341
NET CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>117,933</u>	<u>115,592</u>
NET CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 121,799</u></u>	<u><u>\$ 117,933</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, 2020

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.

VOICE FOR HEARING IMPAIRED CHILDREN

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments

The organization 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 deferred revenues.

3. FINANCIAL INSTRUMENTS

(a) Fair value

Cash and cash equivalents, accounts receivable, 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.

(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, 2020

3. FINANCIAL INSTRUMENTS (Continued)

(c) Risk management

The organization 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 organization 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 organization's assets and liabilities due to fluctuations in interest rates. The value of the organization's assets is affected by short-term changes in nominal and real interest rates. To properly manage the organization'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. SUBSEQUENT EVENTS

The following events occurred subsequent to the fiscal year end:

COVID-19

During the fiscal year and subsequently, there was a global health crisis that resulted in wide spread lockdowns across the world. Lockdown requirements included that all gatherings be stopped until further notice. During May 2020, the organization holds their Conference event and that was delayed due to this pandemic.

COVID-19 has impacted the organization's future plans to hold their camp and conference events and offer support to hard of hearing children.