Canadian Hearing Services

Non-consolidated Financial Statements
March 31, 2023

Independent auditor's report

To the Board of Directors and Members of Canadian Hearing Services

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of Canadian Hearing Services (the Organization) as at March 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

What we have audited
The Organization's non-consolidated financial statements comprise:

- the non-consolidated statement of financial position as at March 31, 2023;
- the non-consolidated statement of operations for the year then ended;
- the non-consolidated statement of changes in fund balances for the year then ended;
- the non-consolidated statement of cash flows for the year then ended; and
- the notes to the non-consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

The Organization had recorded its land and buildings acquired prior to 2002 in the amount of $3,476,574 at cost. Since information was not available to separate the cost of the land and buildings, the Organization had chosen not to amortize the amount applicable to these buildings. During the year ended March 31, 2023, the land and buildings were sold and a gain on disposal of property, plant and equipment of $15,462,269 was recognized. We were also unable to quantify the effect of this departure from ASNPO. Therefore, we are not able to determine the magnitude of adjustments to amortization of property, plant and equipment – held for sale, gain on disposal of property, plant and equipment and excess (deficiency) of revenue over expenses for the years ended March 31, 2023 and 2022, property, plant and equipment – held for sale and total assets as at March 31, 2022 and fund balances as at the beginning of the years ended March 31, 2023 and 2022 and the end of the year ended March 31, 2022. Our audit opinion on the non-consolidated financial statements for the year ended March 31, 2023 was modified accordingly because of the effects of this matter.

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 non-consolidated financial statements* section of our report.

PricewaterhouseCoopers LLP
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the non-consolidated financial statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated 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.

Auditor's responsibilities for the audit of the non-consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 non-consolidated 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 non-consolidated 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 non-consolidated 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 non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
June 22, 2023

Canadian Hearing Services

Non-consolidated Statement of Financial Position

As at March 31, 2023

	Operating fund $	Designated funds $	Endowment funds $	Futures fund $	2023 Total $	2022 Total $
Assets						
Current assets						
Cash	1,814,803	-	-	-	1,814,803	4,030,255
Grants receivable	271,626	-	-	-	271,626	182,955
Accounts receivable	614,108	-	-	-	614,108	794,128
Due from related party (note 16)	258,277	-	-	-	258,277	153,114
Other assets	285,905	-	-	-	285,905	196,389
Restricted short-term investments (note 14)	1,500,000	-	-	-	1,500,000	-
Interfund receivable (note 3)	-	78,154	-	-	78,154	108,877
	4,744,719	78,154	-	-	4,822,873	5,465,718
Investments (note 4)	-	5,326,520	679,426	19,799,997	25,805,943	6,067,801
Promissory note receivable (notes 5 and 16)	2,700,000	-	-	-	2,700,000	2,700,000
Property, plant and equipment (note 6)	1,824,448	-	-	-	1,824,448	1,314,519
Intangible assets (note 6)	729,410	-	-	-	729,410	940,753
Property, plant and equipment – held for sale (note 6)	-	-	-	-	-	3,894,927
	9,998,577	5,404,674	679,426	19,799,997	35,882,674	20,383,718
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	3,135,924	-	-	-	3,135,924	3,422,779
Amount repayable to funders (note 7)	657,086	-	-	-	657,086	675,599
Due to related party (note 16)	6,757	-	-	-	6,757	138,927
Deferred capital contributions (note 9)	496,743	-	-	-	496,743	644,633
Deferred contributions (note 8)	775,705	-	-	-	775,705	367,678
Interfund payable (note 3)	78,154	-	-	-	78,154	108,877
	5,150,369	-	-	-	5,150,369	5,358,493
Deferred capital contributions (note 9)	812,733	-	-	-	812,733	1,040,978
	5,963,102	-	-	-	5,963,102	6,399,471
Fund Balances						
Operating fund						
Property, plant and equipment	1,244,381	-	-	-	1,244,381	4,464,587
General	2,791,094	-	-	-	2,791,094	3,342,982
Designated and endowment funds (note 10)	-	5,404,674	679,426	19,799,997	25,884,097	6,176,678
	4,035,475	5,404,674	679,426	19,799,997	29,919,572	13,984,247
	9,998,577	5,404,674	679,426	19,799,997	35,882,674	20,383,718

Lease commitments (note 13)

Contingencies (note 15)

Approved by the Board of Directors

____________________ Director ____________________ Director

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

Canadian Hearing Services

Non-consolidated Statement of Operations

For the year ended March 31, 2023

	Operating fund $	Designated funds $	Endowment funds $	Futures fund $	2023 Total $	2022 Total $
Revenue						
Grants						
Province of Ontario (note 11)	22,872,941	-	-	-	22,872,941	22,784,919
Federal and other (note 11)	596,721	-	-	-	596,721	668,689
Regional United Way	1,012,979	-	-	-	1,012,979	1,081,311
Fundraising and gaming activities (note 12)	609,475	-	-	-	609,475	1,317,383
Miscellaneous	360,810	-	-	-	360,810	371,529
Interest and dividends	158,835	122,231	14,783	477,159	773,008	129,854
	25,611,761	122,231	14,783	477,159	26,225,934	26,353,685
Expenses						
Salaries and benefits	19,224,768	2,656	-	-	19,227,424	19,270,181
Office and program costs	1,361,322	-	-	-	1,361,322	1,737,490
Occupancy	1,699,938	-	-	-	1,699,938	1,692,082
Service costs	1,250,953	-	-	-	1,250,953	730,346
Professional development and travel	466,861	1,415	-	-	468,276	406,905
Promotion and gaming	309,570	-	-	-	309,570	564,307
Amortization of property, plant and equipment and intangible assets	834,541	-	-	-	834,541	1,211,826
Bad debts	4,279	-	-	-	4,279	4,580
Client assistance and other	371,054	26,652	-	-	397,706	425,934
	25,523,286	30,723	-	-	25,554,009	26,043,651
Excess of revenue over expenses from operations	88,475	91,508	14,783	477,159	671,925	310,034
Fair value change in investments	-	(177,412)	(21,457)	-	(198,869)	155,002
Gain on disposal of property, plant and equipment (note 6)	15,462,269	-	-	-	15,462,269	-
Loss from investments accounted for using the equity method (note 5)	-	-	-	-	-	(36,604)
Loss on sale of shares of CHS, Inc. (note 5)	-	-	-	-	-	(168,078)
Excess (deficiency) of revenue over expenses for the year	15,550,744	(85,904)	(6,674)	477,159	15,935,325	260,354

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

Canadian Hearing Services

Non-consolidated Statement of Changes in Fund Balances

For the year ended March 31, 2023

2023

	Operating fund General $	Operating fund Property, plant and equipment $	Operating fund Total $	Designated funds $	Endowment funds $	Futures fund $	Total $
Balances – Beginning of year	3,342,982	4,464,587	7,807,569	5,490,578	686,100	-	13,984,247
Excess (deficiency) of revenue over expenses for the year	15,550,744	-	15,550,744	(85,904)	(6,674)	477,159	15,935,325
Purchase of property, plant and equipment and intangible assets	(1,168,733)	1,168,733	-	-	-	-	-
Disposal of property, plant and equipment	3,930,533	(3,930,533)	-	-	-	-	-
Amortization of property, plant and equipment and intangible assets	834,541	(834,541)	-	-	-	-	-
Deferred capital contributions received (note 9)	303,832	(303,832)	-	-	-	-	-
Amortization of deferred capital contributions (note 9)	(679,967)	679,967	-	-	-	-	-
Appropriations (note 3)	(19,322,838)	-	(19,322,838)	-	-	19,322,838	-
Balances – End of year	2,791,094	1,244,381	4,035,475	5,404,674	679,426	19,799,997	29,919,572

2022

	Operating fund General $	Operating fund Property, plant and equipment $	Operating fund Total $	Designated funds $	Endowment funds $	Total $
Balances – Beginning of year	3,190,991	4,746,270	7,937,261	5,132,008	654,624	13,723,893
Excess (deficiency) of revenue over expenses for the year	(1,692)	-	(1,692)	230,570	31,476	260,354
Purchase of property, plant and equipment and intangible assets	(831,594)	831,594	-	-	-	-
Amortization of property, plant and equipment and intangible assets	1,211,826	(1,211,826)	-	-	-	-
Deferred capital contributions received (note 9)	555,338	(555,338)	-	-	-	-
Amortization of deferred capital contributions (note 9)	(653,887)	653,887	-	-	-	-
Appropriations (note 3)	(128,000)	-	(128,000)	128,000	-	-
Balances – End of year	3,342,982	4,464,587	7,807,569	5,490,578	686,100	13,984,247

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

Canadian Hearing Services

Non-consolidated Statement of Cash Flows

For the year ended March 31, 2023

	2023 $	2022 $
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	15,935,325	260,354
Adjustments for non-cash items		
Amortization of property, plant and equipment	834,541	1,211,826
Amortization of deferred capital contributions	(679,967)	(653,887)
Investment income reinvested	(614,173)	(124,375)
Fair value change in investments	198,869	(118,398)
Gain on disposal of property, plant and equipment	(15,462,269)	-
	212,326	575,520
Changes in non-cash working capital balances		
Grants receivable	(88,671)	249,800
Accounts receivable	180,020	112,577
Due from related party	(105,163)	(152,712)
Other assets	(89,516)	454,392
Accounts payable and accrued liabilities	(286,855)	817,166
Amount repayable to funders	(18,513)	167,318
Due to related party	(132,170)	(1,508,535)
Deferred contributions	408,027	(331,203)
	79,485	384,323
Investing activities		
Loss on sale of shares	-	168,078
Net proceeds from sale of property, plant and equipment	19,392,802	-
Sale of shares of CHS, Inc.	-	2,700,000
Promissory note receivable	-	(2,700,000)
Purchase of investments	(19,322,838)	(250,000)
Purchase of restricted short-term investments	(1,500,000)	-
Purchase of property, plant and equipment	(1,168,733)	(831,594)
	(2,598,769)	(913,516)
Financing activities		
Capital contributions	303,832	555,338
Change in cash during the year	(2,215,452)	26,145
Cash – Beginning of year	4,030,255	4,004,110
Cash – End of year	1,814,803	4,030,255

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

1 The Organization

Canadian Hearing Services (the Organization):

- has a vision to have a barrier-free society for Deaf and hard of hearing Canadians; and
- has a mission to be the leading organization delivering professional services and products that empower Deaf and hard of hearing Canadians to overcome barriers to participation.

The Organization is registered as a charity under the Income Tax Act (Canada) and therefore is not subject to income taxes, provided expenditures meet a certain threshold.

2 Summary of significant accounting policies

These non-consolidated financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) and include the following significant accounting policies.

Fund accounting

These non-consolidated financial statements include the operations of the head office of the Organization and its 22 locations. The Organization uses the restricted fund method of reporting restricted contributions. These non-consolidated 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 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 of Directors; and
- **Endowment funds** – include donations that are required to be maintained by the Organization on a permanent basis, and also include investment income earned on those 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. Fundraising and gaming revenues are recognized when the donations are received and upon completion of the event.

All contributions are generally considered unrestricted contributions to the Organization unless a donor specifies otherwise. Unrestricted contributions would be reflected as revenue of the operating 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.

Interest and dividend income are recognized when earned.

Cash

Cash consists of cash on deposit with banks and highly liquid securities with original maturities shorter than 90 days.

Investments

The Organization classifies its investments based on intention of use rather than the composition and maturity dates of the underlying investments. Although the Organization has the ability to liquidate its long-term investments at any given time, in substance, the Organization intends to hold the long-term investments for a period of greater than one year, to provide sufficient investment income to enable the Organization to carry out its mission and related activities effectively in the long term, as well as to preserve capital by closely managing the risk of significant investment loss in line with the investment policy. Investments are managed by a third party investment manager reporting directly to the Audit and Finance Committee established by the Board of Directors. The investments consist of a mix of publicly traded long-term fixed income investments.

The change in fair value of investments comprises realized and unrealized gains and losses from investments and is recorded in the non-consolidated statement of operations.

Deferred capital contributions

Contributions received for the purchase of property, plant and equipment are deferred and amortized into revenue over the same term and on the same basis as the related property, plant and equipment is amortized into expenses.

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 using the straight-line method based on the estimated useful lives of the particular assets over the following periods:

Buildings	40 years
Building improvements	five years
Furniture and equipment	five years
Computer equipment	three years
Video conferencing equipment	six years

Intangible assets

Certain software applications are recorded at cost, less accumulated amortization using the straight-line method based on the estimated useful lives of the intangible asset (five years).

Impairment of long-lived assets

The Organization 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 Organization'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 excess of revenue over expenses.

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 Organization is not able to provide the fair value of the recorded contributions. The Organization is dependent on the ongoing support of volunteers, the value of which has not been quantified in these non-consolidated 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 Organization initially measures its financial assets and financial liabilities at fair value except for related parties, which are initially measured at the exchange amount. The Organization subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the non-consolidated statement of operations.

Financial assets measured at amortized cost consist of cash, grants receivable, accounts receivable, interfund receivable, restricted short-term investments and promissory note receivable.

Financial liabilities measured at amortized cost consist of accounts payable and accrued liabilities, amount repayable to funders and interfund payable.

Financial assets, other than those measured at fair value, are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines whether there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value. Impairments are recognized through the use of an allowance account, with a corresponding charge in the non-consolidated statement of operations.

Use of estimates

The preparation of non-consolidated 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 non-consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. For all estimates, actual results could differ from those estimates.

3 Interfund receivables and payables

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

The Organization's Board of Directors approved an appropriation relating to fiscal 2023 of $19,322,838 (2022 – $nil) to the Futures fund and $nil (2022 – $128,000) to the building fund from the operating fund.

4 Investments

Investments consist of the following:

	2023 $	2022 $
Equity instruments held in pooled funds with Leith Wheeler Investment Counsel Ltd., quoted in an active market	6,005,946	6,067,801
Money market instruments held in pooled funds with Leith Wheeler Investment Counsel Ltd., quoted in an active market	19,799,997	-
	25,805,943	6,067,801

The following non-cash transactions were incurred by the Organization:

	2023 $	2022 $
Purchases of investments	777,024	565,951
Sale of investments	34,195	323,091

5 Investment – subsidiary company

During fiscal 2019, the Organization purchased all of the issued shares of CHS, Inc., a newly incorporated corporation with share capital, for $2,700,002. CHS, Inc. prepares financial statements according to Canadian Accounting Standards for Private Enterprises and has a fiscal year that spans from January 1 to December 31.

On January 31, 2022, the Organization sold the shares of CHS, Inc. to The Canadian Hearing Services Group for $2,700,000 in exchange for a promissory note receivable. The promissory note receivable is payable on demand, bears interest at prime rate less 1.45% and is secured with a pledge.

Loss from investments accounted for using the equity method

	2023 **$** (Unaudited)	**10 months ended January 31, 2022** **$** (Unaudited)
		(in thousands of dollars)
Revenue	-	9,970
Expenses	-	10,007
Deficiency of revenue over expenses for the year	-	(37)

Loss on sale of shares of CHS, Inc.

	March 31, 2022$
Sale price	2,700,000
Opening value	2,904,682
Loss from investments accounted for using the equity method	(36,604)
Carrying value as at January 31, 2022	2,868,078
	(168,078)

6 Property, plant and equipment

			2023	**2022**
	Cost **$**	**Accumulated amortization** **$**	**Net** **$**	**Net** **$**
Building improvements (post-2002)	1,774,447	476,673	1,297,774	586,573
Furniture and equipment	1,655,878	1,436,089	219,789	373,632
Computer equipment	1,253,378	946,493	306,885	354,314
	4,683,703	2,859,255	1,824,448	1,314,519

Intangible assets

			2023	**2022**
	Cost **$**	**Accumulated amortization** **$**	**Net** **$**	**Net** **$**
Software applications	1,571,057	841,647	729,410	940,753

Property, plant and equipment – held for sale

	2023			2022
	Cost $	Accumulated amortization $	Net $	Net $
Land and buildings (2002 and prior)	-	-	-	3,476,574
Building improvements (post-2002)	-	-	-	224,203
Furniture and equipment	-	-	-	194,150
	-	-	-	3,894,927

On April 22, 2022, the Organization completed the sale of its property at 271 Spadina Road classified as held for sale as at March 31, 2022, and entered into a leaseback agreement for a portion of the building. As only a portion of the building was leased back, the Organization has recognized the full amount of the gain on disposal of $15,462,269 in the non-consolidated statement of operations during the year ended March 31, 2023.

The line of credit, which was previously secured by the mortgage on the building, is now secured by restricted short-term investments (note 14).

7 Amount repayable to funders

The amount repayable to funders represents funds received that were not spent prior to year-end. Under the terms of the contract, the funder has the right to ask for any unspent funds to be repaid.

8 Deferred contributions

Deferred contributions represent amounts received that are related to specific uses for which the related expenditures have not been incurred.

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

	2023 $	2022 $
Balance – Beginning of year	367,678	698,881
Less: Amounts recognized as revenue in the year	(79,042)	(538,444)
Add: Amounts received	487,069	207,241
Balance – End of year	775,705	367,678

9 Deferred capital contributions

Deferred capital contributions include the unamortized portion of the capital contributions with which the Organization's building improvements and equipment purchases were made. Changes during the year to the deferred capital contributions balance are as follows:

	2023 $	2022 $
Balance – Beginning of year	1,685,611	1,784,160
Less: Amounts amortized into revenue	(679,967)	(653,887)
Add: Amounts received	303,832	555,338
Balance – End of year	1,309,476	1,685,611

10 Fund balances

	2023 $	2022 $
Designated funds		
Externally restricted by donor		
Allison Cochlear Implant Fund	44,577	45,015
CHS Children's Fund	45,665	46,114
Dorothy O'Neill Research Fund	41,492	41,899
Durham Area Fund	34,716	35,057
Hamilton Steele Children's Fund	442,029	450,536
IMO Monica Price Bursary	4,292	4,334
London Regional Fund	199,528	201,488
London Anne Sanderson Fund	109,637	110,714
Niagara Area Fund	320,640	323,789
Nicole Majorose Fund	9,445	9,537
Peel Regional Fund	45,066	45,509
Thunder Bay Sharon Bjorklund Fund	25,759	26,012
Waterloo Building Occupancy Fund	54,078	54,609
Waterloo Children's Fund	11,236	11,347
Waterloo Sertoma/LaSetoma Fund	264,960	269,870
	1,653,120	1,675,830
Board restricted – unrestricted by donor		
Hamilton Building Fund	85,645	86,486
Board Restricted Investment Fund	607,419	613,385
Ottawa Regional Fund	318,381	347,518
Peterborough Regional Fund	223,817	226,016
Sault Ste. Marie Regional Fund	63,554	64,178
Head Office Building Fund	1,859,118	1,877,379
Strategic Initiatives Fund	225,048	227,259
Thunder Bay Regional Fund	39,097	39,481
Toronto Regional Fund	69,070	69,749
Training and Development Fund	233,095	235,385
Waterloo Regional Fund	27,310	27,579
Waterloo Stork Family Fund	-	333
	3,751,554	3,814,748
	5,404,674	5,490,578

	2023 $	2022 $
Endowment funds*		
Donald and Anne C. McLean Fund	265,143	267,748
Hamilton McCormick Fund	414,283	418,352
	679,426	686,100
Futures fund*	19,799,997	-

* These are restricted funds, and only the investment income earned on the fund balance can be used by the Organization.

11 Grants

The Organization has received the following grants:

	2023 $	2022 $
Provincial		
Ministry of Health and Long-Term Care/Local Health Integration Networks (LHINs)	10,211,110	10,209,982
Ministry of Children, Community and Social Services (Schedule 1)	9,009,190	8,844,422
Ministry of Labour, Training and Skills Development	2,665,235	2,654,037
Ministry of Children, Community and Social Services – Ontario Disability Support Program	617,816	638,179
Other	369,590	438,299
	22,872,941	22,784,919
Federal and other		
Immigration, Refugees and Citizenship Canada	587,471	631,557
Other	9,250	37,132
	596,721	668,689
	23,469,662	23,453,608

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 presented under fundraising and gaming activities in the non-consolidated statement of operations:

	2023 $	2022 $
Revenue	238,663	266,210
Expenses		
Cost of tickets sold and promotion fees – retail	34,308	36,336
Promotion fees – agent	83,901	83,089
Licence fees and other	17,356	21,081
	135,565	140,506
Excess of revenue over expenses for the year	103,098	125,704

13 Lease commitments

The Organization is committed under operating leases for office space and office equipment over the next five fiscal years and thereafter as follows:

	$
2024	1,111,215
2025	1,259,678
2026	1,164,936
2027	1,133,419
2028	1,057,242
Thereafter	3,877,198
	9,603,688

14 Line of credit and short-term investments

The Organization has a line of credit with a chartered bank of up to $1,500,000, bearing interest at prime rate plus 0.35% per annum, which is secured by guaranteed investment certificates in the amount of $1,500,000 and classified as restricted short-term investments on the non-consolidated statement of financial position. As at March 31, 2023 and 2022, no amount of the line of credit had been utilized.

Restricted short-term investments consist of a guaranteed investment certificate (GIC) held with Royal Bank of Canada which is redeemable at any time, has an interest rate linked to the prime rate per annum and matured on April 14, 2023. Subsequent to April 14, 2023, the GIC automatically renewed for another year.

15 Contingencies

From time to time, lawsuits and claims have been brought against the Organization. The Organization contests such lawsuits and claims, and management believes any resulting outcome would not have a material effect on the non-consolidated statements of financial position and operations of the Organization.

16 Related party transactions

Related party transactions with CHS Global Partnerships for Research & Innovation (CHSGPR&I) are measured at their carrying amount, and all due from related party balances are due on demand, are non-interest bearing and have no specific terms of repayment. The ending due from balance consists of the following:

	2023 $	2022 $
Due (to) from CHSGPR&I	(6,757)	153,114

Related party transactions with The Hearing Foundation of Canada are measured at their carrying amount. Due from related party balances are due on demand, are non-interest bearing and have no specific terms of repayment. The ending due from related party balance consists of the following:

	2023 $	2022 $
Due from The Hearing Foundation of Canada	34,600	-

Related party transactions with CHS, Inc. are measured at their carrying amount. All due to related party balances are due on demand, are non-interest bearing and have no specific terms of repayment. Related party transactions during the year in the normal course of business include the use of shared services between the Organization and CHS, Inc., for which the Organization charged CHS, Inc. $1,264,276 (2022 – $1,237,793). Related party transactions that were not in the normal course of operations include the transfer of accounts receivable, accounts payable and deferred revenue balances for the sale of goods and services business to CHS, Inc. for net due to CHS, Inc. of $249,150 (2022 – $641,237). The ending due to/from related party balance consists of the following:

	2023 $	2022 $
Due from (to) CHS, Inc.	106,874	(138,927)

The promissory note receivable from CHS Group is payable on demand; interest rate is prime rate less 1.45% and it is secured with a pledge. The ending due from related party balance consists of the following:

	2023 $	2022 $
Promissory note receivable from CHS Group	2,700,000	2,700,000
Interest receivable from CHS Group	116,803	-

17 Financial instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations.

Liquidity risk

Liquidity risk is the risk an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Organization monitors its cash balances and cash flows generated from operations to meet its requirements.

Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

Interest rate risk

Interest rate risk is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest rate instruments subject the Organization to fair value interest rate risk, while floating interest rate instruments subject it to cash flow interest rate risk. As at March 31, 2023, the Organization's exposure to interest rate risk was as follows:

Cash	Fixed and floating rate
Marketable investments – bonds	Fixed and floating rate
Promissory note receivable	Floating rate
Restricted short-term investments	Floating rate

Currency risk

Currency risk is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises when financial assets or financial liabilities are denominated in a currency other than Canadian dollars. The Organization is not exposed to significant currency risk.

Other price risk

Other price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization's exposure to this risk arises from its investments in pooled funds. The Organization invests in a diversified portfolio of securities and is not exposed to concentrations of other price risk to a particular industry or company.

Credit risk

The Organization's credit risk arises on its cash, accounts receivable, restricted short-term investments, investments and promissory note receivable. The Organization's cash, restricted short-term investments and investments are maintained at major financial institutions; therefore, the Organization considers the risk of non-performance of these instruments to be remote.

To manage the credit risk on accounts receivable and promissory note receivable, the Organization assesses the credit risk of outstanding balances. The allowance for doubtful accounts recognized by the Organization on accounts receivables is insignificant. Accounts receivable are generally due within 30 to 90 days. No accounts receivable mature beyond one year.

Schedule 1 – Grants from the Ministry of Children, Community and Social Services

As required by the Ministry of Children, Community and Social Services, provided below is a transfer payment annual report, which shows a summary of all revenue and expenditures and any resulting surplus or deficit. 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:

Component name	Region/ Branch	Grant $	Other revenues $	Expenses $	Surplus (deficit) $
BPS-Other Adults' Social Services	Toronto	264,350	-	264,350	-
Intervenors Services	Toronto	933,397	-	933,413	(16)
Interpreting Services	Toronto	7,808,843	2,654,335	10,469,000	(5,822)
PFR – Minor Capital	Hamilton	2,600	-	2,600	-
Total grants from Ministry of Children, Community and Social Services		9,009,190	2,654,335	11,669,363	(5,838)

Schedule 2 – Language Interpreter Services Program

As required by the Ministry of Labour, Training and Skills Development, provided below is a transfer payment annual report, which shows a summary of all revenue and expenditures and any resulting surplus or deficit. 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:

	2023 $	2022 $
Revenue	129,750	129,750
Expenses		
Salaries and benefits	31,269	39,823
Remuneration and travel	63,087	61,632
Program costs	18,178	13,157
Administration costs	17,216	15,152
	129,750	129,764
Deficiency of revenue over expenses for the year	-	(14)