
NON-CONSOLIDATED FINANCIAL STATEMENTS

**WESTERN INSTITUTE FOR THE DEAF
AND HARD OF HEARING**
**(dba WAVEFRONT CENTRE FOR
COMMUNICATION ACCESSIBILITY)**

December 31, 2023



INDEPENDENT AUDITOR'S REPORT

To the Members of
Western Institute for the Deaf and Hard of Hearing (dba Wavefront Centre for Communication Accessibility)

Qualified Opinion

We have audited the non-consolidated financial statements of the Western Institute for the Deaf and Hard of Hearing (dba Wavefront Centre for Communication Accessibility) (the "Society"), which comprise the non-consolidated statement of financial position as at December 31, 2023, and the non-consolidated statements of changes in net assets, operations 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 the report, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Society as at December 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from donations, bequests and gifts, 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 the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations, bequests and gifts revenue, revenue under expenses, and cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years.

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 Society in accordance with the ethical requirements that are relevant to our audits 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 audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated 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.

In preparing the non-consolidated financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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.

INDEPENDENT AUDITOR'S REPORT

- 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 Society'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 Society'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 Society 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.

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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that the accounting principles used in these non-consolidated financial statements have been applied on a basis consistent with that of the preceding year.

Tompkins Wozny LLP

Vancouver, Canada
May 24, 2024

Chartered Professional Accountants



NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31

	2023	2022
	\$	\$
ASSETS		
Current		
Cash	1,267,973	748,402
Short-term investments [note 3]	8,000,000	10,591,266
Accounts receivable [note 4]	600,785	718,801
Inventory	102,496	73,524
Prepaid expenses	42,126	55,034
Total current assets	10,013,380	12,187,027
Capital assets [note 5]	759,479	582,800
	10,772,859	12,769,827
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accruals [note 6]	643,107	522,626
Deferred revenue	117,953	84,548
Total current liabilities	761,060	607,174
Deferred rent	74,824	80,427
Deferred contributions related to capital assets [note 7(i)]	138,396	209,991
Total liabilities	974,280	897,592
Net assets		
Invested in capital assets	621,083	372,809
Internally restricted [note 8]	6,750,000	7,050,000
Unrestricted	2,427,496	4,449,426
Total net assets	9,798,579	11,872,235
	10,772,859	12,769,827

Lease commitments [note 16]

See accompanying notes to the financial statements

On behalf of the Board:

Director

Director

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	Invested in Capital Assets \$	Internally Restricted \$	Unrestricted \$	Total \$
2023		<i>[Note 8]</i>		
Balance, beginning of year	372,809	7,050,000	4,449,426	11,872,235
Revenue under expenses	(283,487)	—	(1,790,169)	(2,073,656)
Investment in capital assets	531,761	—	(531,761)	—
Interfund transfers	—	(300,000)	300,000	—
Balance, end of year	621,083	6,750,000	2,427,496	9,798,579
2022				
Balance, beginning of year	5,182,427	—	2,159,735	7,342,162
Revenue over (under) expenses	(335,513)	—	4,865,586	4,530,073
Investment in capital assets	146,572	—	(146,572)	—
Sale of property - 2005 Quebec St, net of related debt of \$9,000,000 and restricted contributions	(4,620,677)	—	4,620,677	—
Interfund transfers	—	7,050,000	(7,050,000)	—
Balance, end of year	372,809	7,050,000	4,449,426	11,872,235

See accompanying notes to the financial statements

NON-CONSOLIDATED STATEMENT OF OPERATIONS

Year ended December 31

	2023	2022
	\$	\$
REVENUE		
Grants, donations, bequests and gifts		
Province of British Columbia <i>[note 9]</i>	91,548	91,548
United Way	184,007	155,522
Other grants	188,855	120,090
Donations, bequests and gifts	36,140	131,796
	500,550	498,956
Income from Social Enterprises		
Sales of hearing aids/communication devices	3,013,823	2,780,664
Cost of sales	(963,704)	(976,400)
Gross profit	2,050,119	1,804,264
Accessible Communications Services	1,861,984	1,679,218
Service contracts	267,641	222,920
Accessible Communications Services expenses	(1,196,404)	(1,068,981)
Gross profit	933,221	833,157
Total income from Social Enterprises	2,983,340	2,637,421
Other income		
Gaming	157,200	173,000
Endowment revenues - Vancouver Foundation <i>[note 10]</i>	56,437	53,782
Investment income <i>[note 11]</i>	508,704	144,461
Expense recoveries and other income	102,117	161,840
Total net revenue	4,308,348	3,669,460
EXPENSES		
Building occupancy	1,137,572	844,784
Loan interest	—	77,390
Office and general	439,594	475,281
Professional fees <i>[note 15]</i>	497,756	735,345
Publicity and public education	77,674	43,889
Salaries, employee benefits and contract services <i>[note 15]</i>	3,839,419	3,375,809
Transportation	106,502	96,377
Total expenses	6,098,517	5,648,875
Revenue under expenses for the year before other items	(1,790,169)	(1,979,415)
Amortization of deferred contributions related to capital assets <i>[note 7(i)]</i>	71,595	97,553
Amortization of capital assets	(355,082)	(433,066)
Gain on sale of property - 2005 Quebec Street <i>[note 18]</i>	—	6,845,001
Revenue over (under) expenses for the year	(2,073,656)	4,530,073

See accompanying notes to the financial statements

NON-CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31

	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Revenue over (under) expenses for the year	(2,073,656)	4,530,073
Items not affecting cash		
Amortization of capital assets	355,082	433,066
Amortization of deferred contributions related to capital assets	(71,595)	(97,553)
Decrease in market value of short-term investments, net	—	95,455
Gain on sale of property - 2005 Quebec Street	—	(6,845,001)
Changes in non-cash working capital items		
Accounts receivable	118,016	76,049
Inventory	(28,972)	77,401
Prepaid expenses	12,908	(3,176)
Accounts payable and accruals	120,481	108,637
Deferred revenue	33,405	52,371
Deferred rent	(5,603)	80,427
Cash used in operating activities	(1,539,934)	(1,492,251)
INVESTING ACTIVITIES		
Recovery of (acquisition) of capital assets	(531,761)	195,853
Deferred contributions	—	(51,469)
Redemption (purchase) of short-term investments (net)	2,591,266	(9,190,194)
Proceeds on sale of property, net of disposition costs and repayment of bank loan	—	10,954,024
Cash provided by investing activities	2,059,505	1,908,214
Increase in cash during the year	519,571	415,963
Cash, beginning of year	748,402	332,439
Cash, end of year	1,267,973	748,402

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

1. NATURE OF OPERATIONS AND NAME CHANGE

On July 23, 2019, the Western Institute for the Deaf and Hard of Hearing (the "Society") changed its operating name to Wavefront Centre for Communication Accessibility to better represent the Society. The legal name of the Society remains to be Western Institute for the Deaf and Hard of Hearing.

The Society is a not-for-profit organization and registered charity incorporated in 1956 pursuant to the British Columbia Societies Act. The Society is exempt from income taxes.

Operating as a Social Enterprise, the Society delivers a full range of innovative programs and services including Accessible Communications, Audiology and Communication Devices, Community Outreach and Community Research that assist people who are Deaf, DeafBlind and Hard of Hearing in achieving full communication accessibility.

2. SIGNIFICANT ACCOUNTING POLICIES

The non-consolidated financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Investment in 2005 Q Street Properties Ltd.

Investment in wholly-owned subsidiary, 2005 Q Street Properties Ltd. ("Q-Street") is recorded on a cost basis.

Use of Estimates

The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the year. Significant areas requiring the use of management estimates relate to the valuation allowances for accounts receivable, the determination of net recoverable value of assets, in particular as it relates to the useful lives of capital assets and the determination of the deferred portion of grants received. Actual results could differ from these estimates.

Revenue Recognition

The Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions, except for donations, gifts and bequests, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (Cont'd)

Donations, gifts and bequests are recorded on a cash basis. Donations in kind are recorded as revenue at the time received and are recorded at fair value, if independent evidence is available to support the fair value.

Revenue from sales of hearing aids is recognized when the customer's last fitting is completed. Technical equipment is recognized as revenue when title to the goods is transferred to the customer.

Revenue from fees for service is recognized when the service is provided.

Contributed Services

Volunteers contribute time to assist the Society in its operations. However, because of the difficulty associated with determining the fair value of these services, they are not recognized in the financial statements.

Measurement of Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value.

The Society subsequently measures all 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 net income.

Financial assets measured at amortized cost include cash, term deposits and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Short-Term Investments

The high interest savings account and term deposits are recorded at amortized cost. All other investments are recorded at market value.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Inventory

Inventory consists of purchased goods held for resale and is valued at the lower of cost and net realizable value.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the assets' estimated useful lives [note 5].

Amortization of Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets consists of grants and other donations received that are restricted for building costs.

Amortization of deferred contributions related to capital assets is recognized as revenue on a straight-line basis over the estimated useful lives of the related capital assets [note 5].

Pension Plan

The Society participates in a multi-employer defined benefit pension plan ("Pension Plan") with the United Way and certain of its funded agencies. Defined contribution plan accounting is applied to multi-employer defined benefit plans and accordingly, pension contributions are expensed as the actuary does not attribute portions of the unfunded liability, if any, to individual employers.

All full time employees of the Society who have attained the age of 25 must join the Pension Plan after completing one year of employment.

3. SHORT-TERM INVESTMENTS

	2023	2022
	\$	\$
High interest savings and term deposits	8,000,000	10,000,000
Mutual funds - bond, income and equity	—	591,266
	8,000,000	10,591,266

Interest rates on the term deposits range from 5.46% to 5.60% [2022 - 4.77% to 5.05%] with maturity dates ranging from January 2024 to February 2024.

The cost of the investments at December 31, 2023 is \$8,000,000 [2022 - \$10,579,920].

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

4. ACCOUNTS RECEIVABLE

	2023	2022
	\$	\$
Trades and other	591,971	622,023
Allowance for doubtful accounts	(16,519)	(16,519)
	575,452	605,504
Government - GST	25,333	113,297
	600,785	718,801

5. CAPITAL ASSETS

	Rate	Cost \$	Accumulated Amortization \$	Net Book Value \$
2023				
Leasehold improvements	5 yrs	588,616	234,149	354,467
Furniture and equipment	5 yrs	579,280	478,207	101,073
Audio assessment equipment	5 yrs	1,192,817	982,427	210,390
Computer equipment	3 yrs	379,546	355,021	24,525
Computer software	3 yrs	81,043	80,347	696
Website	5 yrs	57,500	57,500	—
Artwork	—	68,328	—	68,328
		2,947,130	2,187,651	759,479
2022				
Leasehold improvements	5 yrs	230,239	145,533	84,706
Furniture and equipment	5 yrs	555,223	380,476	174,747
Audio assessment equipment	5 yrs	1,060,238	835,243	224,995
Computer equipment	3 yrs	363,843	333,819	30,024
Computer software	3 yrs	79,998	79,998	—
Website	5 yrs	57,500	57,500	—
Artwork	—	68,328	—	68,328
		2,415,369	1,832,569	582,800

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

6. ACCOUNTS PAYABLE AND ACCRUALS

	2023	2022
	\$	\$
Trades and other	388,429	265,543
Vacation, overtime and sick time	209,191	224,707
Government remittance - Employer Health Tax	40,545	27,639
- PST	1,699	1,570
- WorkSafeBC	3,243	3,167
	643,107	522,626

7. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources externally restricted for capital assets and other programs.

(i) *Deferred contributions related to capital assets*

	2023	2022
	\$	\$
Balance, beginning of year	209,991	2,522,100
Add: Contributions for the year	—	83,500
Less: Contributions related to building and building improvements	—	(2,298,056)
Less: Amortized during the year	(71,595)	(97,553)
Balance, end of year	138,396	209,991

(ii) *Deferred contributions related to programs, research and other*

	2023	2022
	\$	\$
Balance, beginning of year	—	134,969
Less: Used during the year	—	(134,969)
Balance, end of year	—	—

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

8. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors internally restricted a portion of the Society's net assets for the following purposes:

	Beginning of Year \$	Used in the Year \$	End of Year \$
Tenant improvements - Tri-City location	250,000	—	250,000
- Kitsilano location	300,000	(300,000)	—
- Quebec Street location	500,000	—	500,000
Expansion improvements	6,000,000	—	6,000,000
	7,050,000	(300,000)	6,750,000

The above amounts must be spent within five years of December 28, 2027.

9. PROVINCE OF BRITISH COLUMBIA GRANT

The Society received a grant from the Province of British Columbia for audiology. In 2023, the grant revenue recognized as earned is \$91,548 [2022 - \$91,548].

10. ENDOWMENT FUNDS

The Vancouver Foundation administers the Western Institute for the Deaf and Hard of Hearing Endowment Fund, the Anderson Fund and the Rene Charbin Fund from which annual interest is provided to the Society. The Society does not have access to the capital in the funds held by the Vancouver Foundation.

11. INVESTMENT INCOME

During the year, investment income includes an unrealized market value gain (loss) in the amount of \$Nil [2022 - unrealized market value loss of \$95,455].

12. PENSION PLAN

The annual cost of the Pension Plan to the Society is 175% [2022 - 175%] of employee contributions. The Society's expense for the year ended December 31, 2023 in respect of pension contributions for its employees amounted to \$183,882 [2022 - \$131,050].

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

13. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis presents the Society's exposures to significant risk as at December 31, 2023:

Credit Risk

The Society is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The Society does not obtain collateral or other security to support its accounts receivable subject to credit risk but mitigates this risk by also dealing with Government agencies and, accordingly, reduces its risk of significant loss for non-performance.

The Society is also exposed to credit risk with respect to its bank deposits and term deposits. The Society reduces its credit risk by placing its bank deposits with a Canadian Credit Union and chartered Canadian bank.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Society manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Interest Rate Risk

The Society is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Society to a fair value risk while the floating rate instruments subject it to a cash flow risk. The Society is exposed to this type of risk as a result of investments in term deposits [note 3] and its line of credit [note 16].

14. LINE OF CREDIT

The Society has arranged a credit facility with RBC. The line of credit is to a maximum of \$500,000. The established interest rate is prime plus 1.0%. As at December 31, 2023, the Society had not utilized this credit facility [2022 - \$Nil].

The Society also provided a general security agreement over all of their assets as collateral for the \$500,000 revolving demand credit facility and for a credit card to a maximum \$250,000.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

15. SALARIES AND CONTRACT SERVICES

Pursuant to the British Columbia Societies Act, the Society is required to disclose amounts paid to contractors and employees of \$75,000 or more.

Salaries, employee benefits, contract and professional expense services include \$1,390,116 [2022 - \$1,328,322] paid to the ten highest compensated employees and contractors [2022 - ten employees] in the year.

16. LEASE COMMITMENTS

The Society is committed to the following estimated premises lease payments over the next five years:

	\$
2024	894,281
2025	843,404
2026	843,993
2027	905,726
2028	936,593
	4,423,997

17. RELATED PARTY TRANSACTIONS

(i) Subsidiary

The Society owns 100% of the shares of its wholly-owned subsidiary, Q-Street.

Summary of the unaudited financial information for Q-Street is as follows:

	2023 \$	2022 \$
Total assets	14,118	14,118
Total liabilities	2,269	2,269
Equity	11,849	11,849
	2023 \$	2022 \$
Revenue	—	—
Expenses	—	1,126
Net loss	—	(1,126)

Q-Street has been inactive for the last two years.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

17. RELATED PARTY TRANSACTIONS (CONT'D)

(ii) Accounts payable and accruals

As at December 31, 2023, accounts payable and accruals includes \$Nil [2022 - \$112,442] owing to senior management.

18. GAIN ON SALE OF PROPERTY

In 2022, the Society entered into a purchase and sale agreement to sell the land and building situated at 2005 Quebec Street, Vancouver, B.C. The gain on the sale was \$6,845,001, net of disposition costs of \$546,049 and a reversal of the related deferred contributions related to capital assets of \$2,298,129.