

**NOVA SCOTIA HEARING AND SPEECH CENTRES**  
**Financial Statements**  
**Year Ended March 31, 2023**

**NOVA SCOTIA HEARING AND SPEECH CENTRES**  
**Index to Financial Statements**  
**Year Ended March 31, 2023**

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**LYLE TILLEY DAVIDSON**  
Chartered Professional Accountants

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**INDEPENDENT AUDITOR'S REPORT**

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To the Members of Nova Scotia Hearing and Speech Centres

*Opinion*

We have audited the financial statements of Nova Scotia Hearing and Speech Centres (the "Centres"), which comprise the statement of financial position as at March 31, 2023, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Centres as at March 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

*Basis for Opinion*

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 Centres in accordance with 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 opinion.

*Responsibilities of 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 ASNPO, 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 financial statements, management is responsible for assessing the Centres' 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 Centres or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centres' financial reporting process.

*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.

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Independent Auditor's Report to the Members of Nova Scotia Hearing and Speech Centres (continued)

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 Centres' 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 Centres' 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 Centres 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.



Halifax, Nova Scotia  
June 15, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS


**NOVA SCOTIA HEARING AND SPEECH CENTRES**  
**Statement of Financial Position**  
**March 31, 2023**

	Operating Fund	Fund 1 (Emergency)	Fund 2 (Innovation)	2023	2022
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash	\$ 2,693,599	\$ 17,322	\$ -	\$ 2,710,921	\$ 853,753
Accounts receivable (Note 4)	2,178,648	363	394	2,179,405	1,432,006
Interfund receivables	30,709	2,070	6,799	39,578	37,203
Prepaid expenses	78,604	-	-	78,604	37,373
	4,981,560	19,755	7,193	5,008,508	2,360,335
<b>CAPITAL ASSETS (Note 5)</b>	297,097	-	-	297,097	342,842
<b>MARKETABLE SECURITIES (Note 6)</b>	-	665,183	549,098	1,214,281	1,243,341
	\$ 5,278,657	\$ 684,938	\$ 556,291	\$ 6,519,886	\$ 3,946,518
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT</b>					
Accounts payable and accrued liabilities (Note 7)	\$ 533,023	\$ -	\$ 1,568	\$ 534,591	\$ 879,598
Interfund payables	8,870	30,709	-	39,579	37,204
	541,893	30,709	1,568	574,170	916,802
<b>DEFERRED CONTRIBUTIONS - CAPITAL ASSETS (Notes 8, 10)</b>	1,219,470	-	-	1,219,470	118,474
<b>SPECIAL PURPOSE FUNDS (Notes 9, 10)</b>	2,155,281	-	-	2,155,281	436,200
	3,916,644	30,709	1,568	3,948,921	1,471,476
<b>FUND BALANCES</b>	1,362,013	654,229	554,723	2,570,965	2,475,042
	\$ 5,278,657	\$ 684,938	\$ 556,291	\$ 6,519,886	\$ 3,946,518

**CONTINGENT LIABILITY (Note 13)**  
**LEASE COMMITMENTS (Note 14)**

**ON BEHALF OF THE BOARD**

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

**NOVA SCOTIA HEARING AND SPEECH CENTRES**

**Statement of Revenues and Expenditures**

**Year Ended March 31, 2023**

	Operating Fund	Fund 1 (Emergency)	Fund 2 (Innovation)	2023	2022
<b>REVENUE</b>					
Department of Health <i>(Note 10)</i>	\$ 13,658,465	\$ -	\$ -	\$ 13,658,465	\$ 13,524,296
Department of Health - EIBI <i>(Note 10)</i>	1,559,755	-	-	1,559,755	1,598,584
IWK - PPAS	867,295	-	-	867,295	500,841
Contract revenue	17,067	-	-	17,067	9,219
Out of Province	190,213	-	-	190,213	128,851
Miscellaneous income	55,734	-	-	55,734	91,645
Investment income (loss) <i>(Note 11)</i>	-	(22,365)	5,738	(16,627)	118,857
Recoveries	28,016	-	-	28,016	29,870
	16,376,545	(22,365)	5,738	16,359,918	16,002,163
<b>EXPENDITURES</b>					
Administrative expenses <i>(Note 12)</i>	1,215,394	-	-	1,215,394	1,076,033
Autism program <i>(Note 12)</i>	1,010,383	-	-	1,010,383	1,370,930
Core hearing and speech services <i>(Note 12)</i>	9,625,101	-	-	9,625,101	9,355,042
EIBI <i>(Note 12)</i>	1,559,755	-	-	1,559,755	1,598,584
Operational <i>(Note 12)</i>	1,787,878	-	-	1,787,878	1,622,645
PPAS <i>(Note 12)</i>	867,295	-	-	867,295	500,841
Investment fees	-	9,694	6,058	15,752	15,349
Scholarships	-	1,058	-	1,058	1,058
	16,065,806	10,752	6,058	16,082,616	15,540,482
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FROM OPERATIONS</b>	310,739	(33,117)	(320)	277,302	461,681
<b>OTHER EXPENDITURES</b>					
Amortization of capital assets	181,379	-	-	181,379	158,305
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	\$ 129,360	\$ (33,117)	\$ (320)	\$ 95,923	\$ 303,376

**NOVA SCOTIA HEARING AND SPEECH CENTRES**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2023**

	Operating Fund	Fund 1 (Emergency)	Fund 2 (Innovation)	2023	2022
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 1,232,653	\$ 687,346	\$ 555,043	<b>\$ 2,475,042</b>	\$ 2,171,666
Excess of revenue over expenditures	129,360	(33,117)	(320)	<b>95,923</b>	303,376
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,362,013</b>	<b>\$ 654,229</b>	<b>\$ 554,723</b>	<b>\$ 2,570,965</b>	<b>\$ 2,475,042</b>

**NOVA SCOTIA HEARING AND SPEECH CENTRES**

**Statement of Cash Flows  
Year Ended March 31, 2023**

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 95,923	\$ 303,376
Items not affecting cash:		
Amortization of capital assets	181,379	158,305
Amortization of deferred capital contributions	(67,494)	(41,473)
Realized gain on sale of investments	(8,799)	(69,582)
Unrealized gain on investments	103,127	{15,252}
	<u>304,136</u>	<u>335,374</u>
Changes in non-cash working capital:		
Accounts receivable	(747,400)	(42,491)
Accounts payable and accrued liabilities	(345,006)	129,986
Prepaid expenses	{41,231}	141,992
	<u>{1,133,637}</u>	<u>229,487</u>
Cash flow from (used by) operating activities	<u>{829,501}</u>	564,861
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(135,635)	(169,459)
Proceeds from sale of investments	32,107	115,337
Purchase of investments	{97,375}	{126,054}
Cash flow used by investing activities	<u>{200,903}</u>	<u>{180,176}</u>
<b>FINANCING ACTIVITIES</b>		
Special purpose fund receipts	2,697,422	970,736
Special purpose fund expenses	(978,341)	(1,013,089)
Deferred capital contributions	1,168,491	77,000
Cash flow from financing activities	<u>2,887,572</u>	<u>34,647</u>
<b>INCREASE IN CASH FLOW</b>	<b>1,857,168</b>	<b>419,332</b>
Cash - beginning of year	<u>853,753</u>	<u>434,421</u>
<b>CASH - END OF YEAR</b>	<b>\$ 2,710,921</b>	<b>\$ 853,753</b>



# NOVA SCOTIA HEARING AND SPEECH CENTRES

## Notes to Financial Statements

Year Ended March 31, 2023

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### 1. STATUS AND NATURE OF OPERATIONS

Nova Scotia Hearing and Speech Centres (the "Centres") are a registered charity incorporated provincially under the Societies Act of Nova Scotia. The Centres are designated by the Department of Health as the healthcare agency responsible for providing hearing services to all citizens in Nova Scotia and speech language services to preschool children and adults.

As a registered charity the Centres are exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

#### Cash

Cash consists of petty cash and deposits held within Canadian financial institutions, net of outstanding cheques.

#### Financial instruments

Financial instruments are recorded at fair value when acquired or issued, except for transactions with related parties which are recorded at the exchange amount. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

#### Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates:

Clinic equipment	5 years
Computer equipment	5 years
Furniture and fixtures	5 years
Leasehold improvements	10 years
Audio booths	10 years

Contributed capital assets are recorded at fair value at the date of contribution. When a capital asset no longer contributes to the Centres' ability to provide services, its carrying amount is written down to its residual value.

#### Impairment of long lived assets

The Centres tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

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# NOVA SCOTIA HEARING AND SPEECH CENTRES

## Notes to Financial Statements

Year Ended March 31, 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. The primary estimates made by management relate to the allowance for doubtful accounts and the useful lives of capital assets. Actual results could differ from these estimates.

#### Fund accounting

The Centres use fund accounting to prepare its financial statements. These funds are the Operating Fund, Fund 1 (Emergency) and Fund 2 (Innovation).

The Operating Fund manages the operations of the Centres and is funded through the Department of Health based on annual business plans prepared by management and submitted to the Department of Health. Included in the Operating Fund is the Centres' investment in capital assets, net of amortization.

Fund 1 (Emergency) holds and administers certain investments of the Centres. It is an accumulation of both restricted and general donations and investment income. Its primary purpose is to serve as contingency to support business continuity, the maintenance of operations and patient/staff safety.

Fund 2 (Innovation) solicits, raises, accepts and manages donations, gifts and bequests for the purpose of honoring donor's intent with regard to access to HSNS Services for Nova Scotians. This fund should support innovations/research in service delivery and quality improvement. It should also support the improvement/equity and safety of services to meet the needs of diverse NS Communities and maximize the organization's potential through strategic partnerships and other levels of government.

#### Revenue recognition

Nova Scotia Hearing and Speech Centres follow the deferral method of accounting for contributions, which includes government support and professional fees for services provided.

Unrestricted contributions are recognized when received or receivable to the extent that amounts to be received can be reasonably estimated and collection is reasonably assured.

Contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the related amortization expense.

Investment income is recognized as revenue when earned.

### 3. FINANCIAL INSTRUMENTS

The Centres are exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. Financial instruments consist of cash, accounts receivable, marketable securities and accounts payable. The following analysis provides information about the Centres' risk exposure and concentration as of March 31, 2023.

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# NOVA SCOTIA HEARING AND SPEECH CENTRES

## Notes to Financial Statements

Year Ended March 31, 2023

### 3. FINANCIAL INSTRUMENTS (continued)

#### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The nature of revenue and significant number of customers minimizes the concentration of credit risk.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Centres are exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, accounts payable and accrued liabilities.

#### Market risk

Market risk is the risk that 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: currency rate risk, interest rate risk and other price risk. The Centres are mainly exposed to currency risk and other price risk.

#### Currency risk

Currency risk is the risk to the Centres' earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Centres are exposed to foreign currency exchange risk on cash held in U.S. dollars. At March 31, 2023, the Centres held cash of \$11,724 (2022 - \$11,784) that was exposed to fluctuations in the U.S. currency. The Centres do not use derivative instruments to reduce their exposure to foreign currency risk.

#### Other price risk

Other price risk is the risk that 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 Centres are exposed to other price risk through their investment in quoted shares.

### 4. ACCOUNTS RECEIVABLE - OPERATING FUND

The Operating Fund accounts receivable consists of the following:

	<u>2023</u>	<u>2022</u>
Patient receivables	\$ 457,516	\$ 93,574
Provincial funding receivable	1,640,740	1,190,787
Allowance for doubtful accounts	(1,500)	(1,500)
Harmonized sales taxes receivable	81,892	148,097
	<u>\$ 2,178,648</u>	<u>\$ 1,430,958</u>

**NOVA SCOTIA HEARING AND SPEECH CENTRES**  
**Notes to Financial Statements**  
**Year Ended March 31, 2023**

**5. CAPITAL ASSETS**

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Clinic equipment	\$ 3,696,075	\$ 3,400,516	\$ 295,559	\$ 337,954
Computer equipment	8,223	8,223	-	1,645
Furniture and fixtures	20,287	20,287	-	-
Leasehold improvements	790,080	790,080	-	1,398
Audio booths	68,578	67,040	1,538	1,845
	<b>\$ 4,583,243</b>	<b>\$ 4,286,146</b>	<b>\$ 297,097</b>	<b>\$ 342,842</b>

**6. MARKETABLE SECURITIES**

	2023	2022
<u>Fund 1 (Emergency)</u>		
Fixed income securities	\$ 155,714	\$ 212,638
Equity securities and short term notes	509,469	481,285
	<b>665,183</b>	<b>693,923</b>
<u>Fund 2 (Innovation)</u>		
Mutual fund securities	549,098	549,418
	<b>\$ 1,214,281</b>	<b>\$ 1,243,341</b>

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OPERATING FUND**

The Operating Fund accounts payable and accrued liabilities consists of the following:

	2023	2022
Trade payables and accrued liabilities	\$ 315,364	\$ 624,503
Salary and vacation payables and accruals	217,659	253,517
	<b>\$ 533,023</b>	<b>\$ 878,020</b>

**8. DEFERRED CONTRIBUTIONS - CAPITAL ASSETS**

	2023	2022
Capital contributions	\$ 1,452,858	\$ 284,367
Amortization	(233,388)	(165,893)
	<b>\$ 1,219,470</b>	<b>\$ 118,474</b>

Included in capital contributions is \$1,115,387 of unspent funding to be used for future capital purchases.



**NOVA SCOTIA HEARING AND SPEECH CENTRES**

**Notes to Financial Statements**

**Year Ended March 31, 2023**

**9. SPECIAL PURPOSE FUNDS**

	2022	Receipts	Expenses	2023
Audio continuing education fund	\$ 12,293	\$ -	\$ 1,685	\$ 10,608
Kentville donations	1,250	-	805	445
Refurbishing program	1,539	-	-	1,539
Cochlear implant program	303,556	2,671,000	952,012	2,022,544
SLP prevention and promotion	613	-	-	613
Reserve capital equipment	59,456	-	-	59,456
SLP education	54,313	-	-	54,313
Other contract revenue	3,180	26,422	23,839	5,763
	<u>\$ 436,200</u>	<u>\$ 2,697,422</u>	<u>\$ 978,341</u>	<u>\$ 2,155,281</u>

**10. PROVINCE OF NOVA SCOTIA**

Funding billed and accrued from the Province of Nova Scotia is as follows:

	2023	2022
<u>Billed funding</u>		
Operational funding	\$ 13,609,491	\$ 13,482,822
EIBI	1,559,755	1,598,584
Capital funding	1,168,491	-
Cochlear implants (included in special purpose funds)	2,671,000	727,118
	<u>19,008,737</u>	<u>15,808,524</u>
<u>Accrued funding</u>		
Pregnancy top ups	6,388	17,313
	<u>\$ 19,015,125</u>	<u>\$ 15,825,837</u>

**11. INVESTMENT INCOME**

	2023	2022
<u>Fund 1 (Emergency)</u>		
Realized gain on sale of investments	\$ 7,472	\$ 27,101
Unrealized gain (loss) in market value	(50,615)	9,525
Investment income	20,778	23,079
	<u>(22,365)</u>	<u>59,705</u>
<u>Fund 2 (Innovation)</u>		
Realized gain on sale of investments	1,327	1,958
Unrealized gain (loss) in market value	(52,512)	6,018
Reinvested distribution income	56,923	51,176
	<u>5,738</u>	<u>59,152</u>
	<u>\$ (16,627)</u>	<u>\$ 118,857</u>

**NOVA SCOTIA HEARING AND SPEECH CENTRES**

**Notes to Financial Statements**

**Year Ended March 31, 2023**

**12. SALARIES AND BENEFITS**

Included in the various program expenses are the following salaries and benefits:

	<u>2023</u>	<u>2022</u>
Clinical salaries and benefits	\$ 9,281,754	\$ 9,094,501
Operational salaries and benefits	217,400	252,431
Administrative salaries and benefits	1,016,112	887,364
Autism salaries and wages	954,972	1,236,438
EIBI salaries and benefits	1,456,433	1,500,764
PPAS salaries and benefits	769,794	427,360
	<u>\$ 13,696,465</u>	<u>\$ 13,398,858</u>

**13. CONTINGENT LIABILITY**

An employee of the Centres is of the opinion that they were denied access to the pension plan. As such, the individual has requested to be retroactively admitted to the plan. The Centres' officials are of the opinion that the claim will be unsuccessful and accordingly, no liability has been recorded in the accounts of the Centre.

**14. LEASE COMMITMENTS**

The Centres have long term leases with respect to their premises and certain equipment. Future minimum lease payments as at March 31, 2023, are as follows:

	<u>Premises</u>	<u>Equipment</u>	<u>Total</u>
2024	\$ 91,326	\$ 49,552	\$ 140,878
2025	53,227	41,078	94,305
	<u>\$ 144,553</u>	<u>\$ 90,630</u>	<u>\$ 235,183</u>