

NOVA SCOTIA HEARING AND SPEECH CENTRES
Financial Statements
Year Ended March 31, 2024

NOVA SCOTIA HEARING AND SPEECH CENTRES
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Year Ended March 31, 2024

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INDEPENDENT AUDITOR'S REPORT

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, 2024, and the statements of revenues and expenditures, changes in fund balances 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, 2024, 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.

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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 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 20, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

NOVA SCOTIA HEARING AND SPEECH CENTRES

Statement of Financial Position

March 31, 2024

	Operating Fund	Fund 1 (Emergency)	Fund 2 (Innovation)	2024	2023
ASSETS					
CURRENT					
Cash	\$ 3,335,428	\$ 18,188	\$ -	\$ 3,353,616	\$ 2,710,921
Accounts receivable (Note 4)	1,438,485	321	418	1,439,224	2,179,405
Interfund receivables	31,770	2,664	7,282	41,716	39,578
Prepaid expenses	116,992	-	-	116,992	78,604
CAPITAL ASSETS (Note 5)	4,922,675	21,173	7,700	4,951,548	5,008,508
MARKETABLE SECURITIES (Note 6)	541,571	-	-	541,571	297,096
	-	726,305	590,365	1,316,670	1,214,281
	\$ 5,464,246	\$ 747,478	\$ 598,065	\$ 6,809,789	\$ 6,519,885
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable and accrued liabilities (Note 7)	\$ 407,155	\$ -	\$ 1,663	\$ 408,818	\$ 534,590
Interfund payables	9,946	31,770	-	41,716	39,579
Deferred revenue (Note 8)	540,530	-	-	540,530	-
	957,631	31,770	1,663	991,064	574,169
DEFERRED CONTRIBUTIONS - CAPITAL ASSETS (Notes 9, 11)	2,696,624	-	-	2,696,624	1,219,470
SPECIAL PURPOSE FUNDS (Notes 10, 11)	450,281	-	-	450,281	2,155,281
	4,104,536	31,770	1,663	4,137,969	3,948,920
FUND BALANCES	1,359,710	715,708	596,402	2,671,820	2,570,965
	\$ 5,464,246	\$ 747,478	\$ 598,065	\$ 6,809,789	\$ 6,519,885

CONTINGENT LIABILITY (Note 15)
LEASE COMMITMENTS (Note 16)

ON BEHALF OF THE BOARD


 Director


 Director

NOVA SCOTIA HEARING AND SPEECH CENTRES
Statement of Revenues and Expenditures
Year Ended March 31, 2024

	Operating Fund	Fund 1 (Emergency)	Fund 2 (Innovation)	2024	2023
REVENUE					
Department of Health (Notes 9, 11)	\$ 13,600,965	-	-	\$ 13,600,965	\$ 13,658,465
Department of Health - EIBI (Note 11)	1,575,397	-	-	1,575,397	1,559,755
IWK - PPAS	1,167,551	-	-	1,167,551	867,295
Contract revenue	10,274	-	-	10,274	17,067
Out of Province	180,722	-	-	180,722	190,213
Miscellaneous income	39,894	-	-	39,894	55,734
Investment income (loss) (Note 12)	-	71,959	47,579	119,538	(16,627)
Recoveries	31,220	-	-	31,220	28,016
	16,606,023	71,959	47,579	16,725,561	16,359,918
EXPENDITURES					
Administrative expenses (Note 13)	1,241,750	-	-	1,241,750	1,215,394
Autism program (Note 13)	944,474	-	-	944,474	1,010,383
Core hearing and speech services (Note 13)	9,517,797	-	-	9,517,797	9,625,101
EIBI (Note 13)	1,575,397	-	-	1,575,397	1,559,755
Operational (Note 13)	1,927,104	-	-	1,927,104	1,787,878
PPAS (Note 13)	1,167,551	-	-	1,167,551	867,295
Investment fees	-	9,420	5,900	15,320	15,751
Scholarships	-	1,060	-	1,060	1,058
	16,374,073	10,480	5,900	16,390,453	16,082,615
EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS					
	231,950	61,479	41,679	335,108	277,303
OTHER EXPENDITURES					
Amortization of capital assets	234,253	-	-	234,253	181,379
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES					
	\$ (2,303)	\$ 61,479	\$ 41,679	\$ 100,855	\$ 95,924

NOVA SCOTIA HEARING AND SPEECH CENTRES
Statement of Changes in Fund Balances
Year Ended March 31, 2024

	Operating Fund	Fund 1 (Emergency)	Fund 2 (Innovation)	2024	2023
FUND BALANCES - BEGINNING OF YEAR	\$ 1,362,013	\$ 654,229	\$ 554,723	\$ 2,570,965	\$ 2,475,041
Excess (deficiency) of revenue over expenditures	(2,303)	61,479	41,679	100,855	95,924
FUND BALANCES - END OF YEAR	\$ 1,359,710	\$ 715,708	\$ 596,402	\$ 2,671,820	\$ 2,570,965

NOVA SCOTIA HEARING AND SPEECH CENTRES

Statement of Cash Flows

Year Ended March 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 100,855	\$ 95,924
Items not affecting cash:		
Amortization of capital assets	234,253	181,379
Amortization of deferred capital contributions	(121,766)	(67,494)
Realized gain on sale of marketable securities	(24,111)	(8,799)
Unrealized loss (gain) on marketable securities	(32,662)	103,127
	<u>156,569</u>	<u>304,137</u>
Changes in non-cash working capital:		
Accounts receivable	740,184	(747,400)
Accounts payable and accrued liabilities	(125,775)	(345,006)
Deferred revenue	540,530	-
Prepaid expenses	(38,388)	(41,231)
	<u>1,116,551</u>	<u>(1,133,637)</u>
Cash flow from (used by) operating activities	<u>1,273,120</u>	<u>(829,500)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(478,728)	(135,635)
Proceeds from sale of marketable securities	95,092	32,106
Purchase of marketable securities	(140,709)	(97,375)
Cash flow used by investing activities	<u>(524,345)</u>	<u>(200,904)</u>
FINANCING ACTIVITIES		
Special purpose fund receipts	839,720	2,697,422
Special purpose fund expenses	(2,544,720)	(978,341)
Deferred capital contributions	1,598,920	1,168,491
Cash flow from (used by) financing activities	<u>(106,080)</u>	<u>2,887,572</u>
INCREASE IN CASH FLOW	642,695	1,857,168
Cash - beginning of year	<u>2,710,921</u>	<u>853,753</u>
CASH - END OF YEAR	\$ 3,353,616	\$ 2,710,921

NOVA SCOTIA HEARING AND SPEECH CENTRES

Notes to Financial Statements

Year Ended March 31, 2024

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 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 test 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, 2024

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, 2024.

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NOVA SCOTIA HEARING AND SPEECH CENTRES

Notes to Financial Statements

Year Ended March 31, 2024

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, 2024, the Centres held cash of \$11,664 (2023 - \$11,724) 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>2024</u>	<u>2023</u>
Patient receivables	\$ 446,648	\$ 457,516
Provincial funding receivable	884,122	1,640,740
Allowance for doubtful accounts	(1,500)	(1,500)
Harmonized sales taxes receivable	109,215	81,892
	<u>\$ 1,438,485</u>	<u>\$ 2,178,648</u>

NOVA SCOTIA HEARING AND SPEECH CENTRES

Notes to Financial Statements

Year Ended March 31, 2024

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Clinic equipment	\$ 4,174,803	\$ 3,634,462	\$ 540,341	\$ 295,558
Computer equipment	8,223	8,223	-	-
Furniture and fixtures	20,287	20,287	-	-
Leasehold improvements	790,080	790,080	-	-
Audio booths	68,578	67,348	1,230	1,538
	\$ 5,061,971	\$ 4,520,400	\$ 541,571	\$ 297,096

6. MARKETABLE SECURITIES

	2024	2023
<u>Fund 1 (Emergency)</u>		
Fixed income securities	\$ 198,086	\$ 155,714
Equity securities and short term notes	528,219	509,469
	726,305	665,183
<u>Fund 2 (Innovation)</u>		
Mutual fund securities	590,365	549,098
	\$ 1,316,670	\$ 1,214,281

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OPERATING FUND

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

	2024	2023
Trade payables and accrued liabilities	\$ 203,850	\$ 315,364
Salary and vacation payables and accruals	203,305	217,659
	\$ 407,155	\$ 533,023

8. DEFERRED REVENUE

	2023	Funding received	Revenue recognized	2024
QEII Foundation grant	\$ -	\$ 68,314	\$ 24,784	\$ 43,530
DHW inflationary grant	-	260,000	-	260,000
DHW contingency funds deferral	-	237,000	-	237,000
	\$ -	\$ 565,314	\$ 24,784	\$ 540,530

NOVA SCOTIA HEARING AND SPEECH CENTRES

Notes to Financial Statements

Year Ended March 31, 2024

9. DEFERRED CONTRIBUTIONS - CAPITAL ASSETS

	<u>2024</u>	<u>2023</u>
Capital contributions	\$ 3,051,778	\$ 1,452,858
Amortization	<u>(355,154)</u>	<u>(233,388)</u>
	\$ 2,696,624	\$ 1,219,470

Included in capital contributions is \$2,235,580 of unspent funding to be used for future capital purchases. Included in Department of Health revenue is \$121,766 (2023 - \$67,494) of amortization of deferred capital contributions.

10. SPECIAL PURPOSE FUNDS

	<u>2023</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>2024</u>
Audio continuing education fund	\$ 10,608	\$ -	\$ 3,594	\$ 7,014
Kentville donations	445	-	954	(509)
Refurbishing program	1,539	-	-	1,539
Cochlear implant program	2,022,544	760,600	2,458,275	324,869
SLP prevention and promotion	613	-	-	613
Reserve capital equipment	59,456	-	-	59,456
SLP education	54,313	-	4,173	50,140
Other contract revenue	5,763	79,120	77,724	7,159
	<u>\$ 2,155,281</u>	<u>\$ 839,720</u>	<u>\$ 2,544,720</u>	<u>\$ 450,281</u>

11. PROVINCE OF NOVA SCOTIA

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

	<u>2024</u>	<u>2023</u>
<u>Billed funding</u>		
Operational funding	\$ 13,716,199	\$ 13,609,491
EIBI	1,575,397	1,559,755
Capital funding	1,547,400	1,168,491
Cochlear implants (included in special purpose funds)	739,000	2,671,000
Wage recoveries	1,077,204	216,723
Inflationary funding	260,000	-
Other recoveries	142,629	-
	<u>19,057,829</u>	<u>19,225,460</u>
<u>Accrued funding</u>		
Pregnancy top ups	67,873	6,388
	<u>\$ 19,125,702</u>	<u>\$ 19,231,848</u>

NOVA SCOTIA HEARING AND SPEECH CENTRES

Notes to Financial Statements

Year Ended March 31, 2024

12. INVESTMENT INCOME

	<u>2024</u>	<u>2023</u>
<u>Fund 1 (Emergency)</u>		
Realized gain on sale of investments	\$ 22,937	\$ 7,472
Unrealized gain (loss) in market value	24,464	(50,615)
Investment income	<u>24,558</u>	<u>20,778</u>
	<u>71,959</u>	<u>(22,365)</u>
<u>Fund 2 (Innovation)</u>		
Realized gain on sale of investments	1,174	1,327
Unrealized gain (loss) in market value	8,198	(52,512)
Reinvested distribution income	<u>38,207</u>	<u>56,923</u>
	<u>47,579</u>	<u>5,738</u>
	<u>\$ 119,538</u>	<u>\$ (16,627)</u>

13. SALARIES AND BENEFITS

Included in the various program expenses are the following salaries and benefits, net of wage recoveries of \$1,077,204 (2023 - \$216,723):

	<u>2024</u>	<u>2023</u>
Clinical salaries and benefits	\$ 9,089,668	\$ 9,281,754
Operational salaries and benefits	226,784	217,400
Administrative salaries and benefits	1,012,571	1,016,112
Autism salaries and wages	881,978	954,972
EIBI salaries and benefits	1,463,832	1,456,433
PPAS salaries and benefits	<u>1,096,387</u>	<u>769,794</u>
	<u>\$ 13,771,220</u>	<u>\$ 13,696,465</u>

14. PENSION PLAN

The employees of the Centres are part of the Nova Scotia Health Employees' Pension Plan (NSHEPP) which is a defined benefit pension plan. The most recent actuarial valuation dated January 14, 2022 showed a funding excess on a going concern basis for the entire multi-employer plan of \$3.15 billion. The Centres bear no direct financial responsibility for any unfunded liability of the plan as the responsibility lies with the plan administrators.

The plan is funded jointly by employee and employer contributions. The employer's contributions are included in the expenses of the Centres. Total employer contributions were \$1,176,128 (2023 - \$1,186,478), which is equal to the pension expense for the year.

15. 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.

NOVA SCOTIA HEARING AND SPEECH CENTRES
Notes to Financial Statements
Year Ended March 31, 2024

16. LEASE COMMITMENTS

The Centres has a long term lease with respect to their premises and certain equipment. Future minimum lease payments as at March 31, 2024, are as follows:

	Equipment	Premises	Total
2025	\$ 32,831	\$ 501,629	\$ 534,460
2026	32,508	320,332	352,840
2027	32,444	267,105	299,549
2028	32,444	267,105	299,549
2029	32,444	48,375	80,819
Thereafter	8,111	-	8,111
	\$ 170,782	\$ 1,404,546	\$ 1,575,328

17. ECONOMIC DEPENDENCE

The Centres derive approximately 98% (2023 - 98%) of their revenue from the Province of Nova Scotia, therefore the Centres are economically dependent on the Province.