NOVA SCOTIA HEARING AND SPEECH CENTRES

Financial Statements

Year Ended March 31, 2026

NOVA SCOTIA HEARING AND SPEECH CENTRES
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Year Ended March 31, 2026

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LYLE TILLEY DAVIDSON
Chartered Professional Accountants

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, 2026, 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, 2026, 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.

Lyle Tilley Davidson

Halifax, Nova Scotia
June 25, 2026

CHARTERED PROFESSIONAL ACCOUNTANTS

NOVA SCOTIA HEARING AND SPEECH CENTRES
Statement of Financial Position
March 31, 2026

	Operating Fund	Fund 1 (Emergency)	Fund 2 (Innovation)	2026	2025
ASSETS					
CURRENT					
Cash	$ 3,456,144	$ 1,128	$ -	**$ 3,457,272**	$ 4,404,263
Accounts receivable *(Note 4)*	2,409,471	459	471	**2,410,401**	1,556,249
Interfund receivables	35,108	4,015	8,161	**47,284**	43,804
Prepaid expenses	122,330	-	-	**122,330**	85,860
	6,023,053	5,602	8,632	**6,037,287**	6,090,176
CAPITAL ASSETS *(Note 5)*	582,221	-	-	**582,221**	711,111
MARKETABLE SECURITIES *(Note 6)*	-	919,019	720,265	**1,639,284**	1,420,465
SPECIAL PURPOSE FUNDS *(Notes 10, 11)*	13,216	-	-	**13,216**	-
	$ 6,618,490	$ 924,621	$ 728,897	**$ 8,272,008**	$ 8,221,752
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable and accrued liabilities *(Note 7)*	$ 990,273	$ -	$ 2,066	**$ 992,339**	$ 658,215
Interfund payables	12,176	35,108	-	**47,284**	43,804
Deferred revenue *(Notes 8, 11)*	1,957,000	-	-	**1,957,000**	2,004,000
	2,959,449	35,108	2,066	**2,996,623**	2,706,019
DEFERRED CONTRIBUTIONS - CAPITAL ASSETS *(Note 9)*	2,257,718	-	-	**2,257,718**	2,491,156
SPECIAL PURPOSE FUNDS *(Notes 10, 11)*	-	-	-	**-**	241,031
	5,217,167	35,108	2,066	**5,254,341**	5,438,206
FUND BALANCES	1,401,323	889,513	726,831	**3,017,667**	2,783,546
	$ 6,618,490	$ 924,621	$ 728,897	**$ 8,272,008**	$ 8,221,752

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

ON BEHALF OF THE BOARD

Director

Director

LYLE TILLEY DAVIDSON

NOVA SCOTIA HEARING AND SPEECH CENTRES
Statement of Revenues and Expenditures
Year Ended March 31, 2026

	Operating Fund	Fund 1 (Emergency)	Fund 2 (Innovation)	**2026**	2025
REVENUE					
Department of Health *(Notes 9, 11)*	$ 16,538,439	$ -	$ -	**$ 16,538,439**	$ 15,876,422
Department of Health - EIBI *(Note 11)*	1,513,879	-	-	**1,513,879**	1,477,030
IWK - PPAS	1,330,307	-	-	**1,330,307**	1,102,896
Out of Province	247,417	-	-	**247,417**	204,165
Investment income *(Note 12)*	-	111,746	102,036	**213,782**	130,426
Miscellaneous income	74,756	-	-	**74,756**	30,107
Recoveries	26,348	-	-	**26,348**	24,864
Contract revenue	12,492	-	-	**12,492**	9,357
	19,743,638	111,746	102,036	**19,957,420**	18,855,267
EXPENDITURES					
Administrative expenses *(Note 13)*	1,528,024	-	-	**1,528,024**	2,547,025
Autism program *(Note 13)*	978,644	-	-	**978,644**	897,229
Core hearing and speech services *(Note 13)*	11,650,811	-	-	**11,650,811**	10,410,003
EIBI *(Note 13)*	1,513,879	-	-	**1,513,879**	1,477,030
Investment fees	-	11,992	7,205	**19,197**	17,441
Operational *(Note 13)*	2,431,770	-	-	**2,431,770**	2,042,240
PPAS *(Note 13)*	1,329,953	-	-	**1,329,953**	1,102,546
Scholarships	-	2,277	-	**2,277**	1,060
	19,433,081	14,269	7,205	**19,454,555**	18,494,574
EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS	310,557	97,477	94,831	**502,865**	360,693
OTHER EXPENDITURES					
Amortization of capital assets	268,744	-	-	**268,744**	248,968
EXCESS OF REVENUE OVER EXPENDITURES	$ 41,813	$ 97,477	$ 94,831	**$ 234,121**	$ 111,725

LYLE TILLEY DAVIDSON

NOVA SCOTIA HEARING AND SPEECH CENTRES
Statement of Changes in Fund Balances
Year Ended March 31, 2026

	Operating Fund	Fund 1 (Emergency)	Fund 2 (Innovation)	**2026**	2025
FUND BALANCES - BEGINNING OF YEAR	$ 1,359,510	$ 792,036	$ 632,000	**$ 2,783,546**	$ 2,671,821
Excess of revenue over expenditures	41,813	97,477	94,831	**234,121**	111,725
FUND BALANCES - END OF YEAR	$ 1,401,323	$ 889,513	$ 726,831	**$ 3,017,667**	$ 2,783,546

LYLE TILLEY DAVIDSON

NOVA SCOTIA HEARING AND SPEECH CENTRES
Statement of Cash Flows
Year Ended March 31, 2026

	2026	2025
OPERATING ACTIVITIES		
Excess of revenue over expenditures	**$ 234,121**	$ 111,725
Items not affecting cash:		
Amortization of capital assets	**268,744**	248,968
Amortization of deferred capital contributions	**(233,439)**	(205,468)
Realized loss (gain) on sale of marketable securities	**27,650**	(14,773)
Unrealized gain on marketable securities	**(185,947)**	(71,053)
	111,129	69,399
Changes in non-cash working capital:		
Accounts receivable	**(854,152)**	(88,391)
Accounts payable and accrued liabilities	**334,124**	249,399
Deferred revenue	**(47,000)**	1,434,835
Prepaid expenses	**(36,470)**	31,132
	(603,498)	1,626,975
Cash flow from (used by) operating activities	**(492,369)**	1,696,374
INVESTING ACTIVITIES		
Purchase of capital assets	**(139,854)**	(418,508)
Proceeds from sale of marketable securities	**307,542**	69,558
Purchase of marketable securities	**(368,063)**	(87,528)
Cash flow used by investing activities	**(200,375)**	(436,478)
FINANCING ACTIVITIES		
Special purpose fund receipts	**852,975**	1,316,369
Special purpose fund expenses	**(1,107,222)**	(1,525,618)
Cash flow used by financing activities	**(254,247)**	(209,249)
INCREASE (DECREASE) IN CASH FLOW	**(946,991)**	1,050,647
Cash - beginning of year	**4,404,263**	3,353,616
CASH - END OF YEAR	**$ 3,457,272**	$ 4,404,263

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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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, the useful lives of capital assets and accrued liabilities. 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, 2026.

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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, 2026, the Centres held cash of $11,527 (2025 - $11,599) 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:

	2026	2025
Patient receivables	**$ 1,009,017**	$ 656,106
Provincial funding receivable	**1,301,553**	767,528
Allowance for doubtful accounts	**(1,500)**	(1,500)
Harmonized sales taxes receivable	**100,401**	104,582
	$ 2,409,471	$ 1,526,716

5. CAPITAL ASSETS

	Cost	Accumulated amortization	**2026 Net book value**	2025 Net book value
Clinic equipment	$ 4,531,026	$ 4,095,803	**$ 435,223**	$ 648,880
Computer equipment	8,223	8,223	**-**	-
Furniture and fixtures	64,930	34,868	**30,062**	22,610
Leasehold improvements	947,575	831,254	**116,321**	38,700
Audio booths	68,578	67,963	**615**	921
	$ 5,620,332	$ 5,038,111	**$ 582,221**	$ 711,111

6. MARKETABLE SECURITIES

	2026	2025
Fund 1 (Emergency)		
Fixed income securities	**$ 30,030**	$ 180,665
Equity securities and short term notes	**888,989**	614,144
	919,019	794,809
Fund 2 (Innovation)		
Mutual fund securities	**720,265**	625,656
	$ 1,639,284	$ 1,420,465

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OPERATING FUND

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

	2026	2025
Trade payables and accrued liabilities	**$ 679,646**	$ 426,684
Salary and vacation payables and accruals	**310,627**	229,715
	$ 990,273	$ 656,399

8. DEFERRED REVENUE

	2025	Funding received	Revenue recognized	**2026**
QEII Foundation grant	$ -	$ 39,679	$ 39,679	$ -
DHW inflationary grant	260,000	-	-	**260,000**
DHW contingency funds deferral	237,000	-	-	**237,000**
DHW surplus deferral	1,507,000	-	47,000	**1,460,000**
	$ 2,004,000	$ 39,679	$ 86,679	**$ 1,957,000**

9. DEFERRED CONTRIBUTIONS - CAPITAL ASSETS

	2026	2025
Capital contributions	**$ 3,051,778**	$ 3,051,778
Accumulated amortization	**(794,060)**	(560,622)
	$ 2,257,718	$ 2,491,156

Included in capital contributions is $1,677,218 of unspent funding to be used for future capital purchases. Included in Department of Health revenue is $233,439 (2025 - $205,468) of amortization of deferred capital contributions.

10. SPECIAL PURPOSE FUNDS

	2025	Receipts	Expenditures	2026
Audio continuing education fund	$ 7,014	$ -	$ -	**$ 7,014**
Kentville donations	(509)	-	-	**(509)**
Refurbishing program	1,539	-	-	**1,539**
Cochlear implant program	114,783	786,000	1,031,885	**(131,102)**
SLP prevention and promotion	613	-	-	**613**
Reserve capital equipment	59,456	-	-	**59,456**
SLP education	50,290	-	-	**50,290**
Other contract revenue	7,845	66,975	75,337	**(517)**
	$ 241,031	$ 852,975	$ 1,107,222	**$ (13,216)**

11. PROVINCE OF NOVA SCOTIA

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

	2026	2025
Billed funding		
Operational funding	**$ 16,305,000**	$ 16,032,000
EIBI	**1,513,879**	1,477,030
Cochlear implants (included in special purpose funds)	**739,000**	739,000
Wage recoveries	**-**	1,145,954
	18,557,879	19,393,984
Accrued funding		
Pregnancy top ups	**221,633**	102,664
	$ 18,779,512	$ 19,496,648

12. INVESTMENT INCOME

	2026	2025
Fund 1 (Emergency)		
Realized gain (loss) on sale of investments	$ (29,481)	$ 13,321
Unrealized gain in market value	102,119	49,806
Investment income	39,108	25,093
	111,746	88,220
Fund 2 (Innovation)		
Realized gain on sale of investments	1,831	1,452
Unrealized gain in market value	83,828	21,247
Reinvested distribution income	16,377	19,507
	102,036	42,206
	$ 213,782	$ 130,426

13. SALARIES AND BENEFITS

	2026	2025
Clinical salaries and benefits	$ 11,080,295	$ 9,853,351
Operational salaries and benefits	282,554	239,876
Administrative salaries and benefits	1,228,149	2,210,149
Autism salaries and wages	934,383	847,677
EIBI salaries and benefits	1,445,371	1,389,068
PPAS salaries and benefits	1,096,605	1,011,481
	$ 16,067,357	$ 15,551,602

14. PENSION PLAN

The employees of the Centres are part of the Nova Scotia Heath Employees' Pension Plan (NSHEPP) which is a defined benefit pension plan. The most recent actuarial valuation dated March 26, 2025 showed a funding excess on a going concern basis for the entire multi-employer plan of $326 million. 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 $1,330,361 (2025 - $1,334,538), 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 Centres.

16. LEASE COMMITMENTS

The Centres have a long term lease with respect to their premises and certain equipment. Future minimum lease payments as at March 31, 2026, are as follows:

	Equipment	Premises	Total
2027	$ 32,293	$ 588,836	$ 621,129
2028	32,293	588,836	621,129
2029	32,293	370,105	402,398
2030	8,073	375,455	383,528
2031	-	385,037	385,037
Thereafter	-	2,880,669	2,880,669
	$ 104,952	$ 5,188,938	$ 5,293,890

17. ECONOMIC DEPENDENCE

The Centres derive approximately 90% (2025 - 92%) of their revenue from the Province of Nova Scotia, therefore the Centres are economically dependent on the Province.