

**SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS**  
**FINANCIAL STATEMENTS**  
*for the year ended March 31, 2018*

**SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS**  
INDEX TO FINANCIAL STATEMENTS  
*for the year ended March 31, 2018*

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of **Society of Deaf and Hard of Hearing Nova Scotians**

We have audited the accompanying financial statements of **Society of Deaf and Hard of Hearing Nova Scotians**, which comprise the statement of financial position as at March 31, 2018 and the statements of revenue and expenses, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards for not-for-profit organizations, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.


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

### Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts reported in the books of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2017 and March 31, 2018, current assets and net assets at March 31, 2017 and March 31, 2018 and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures, assets and fund balances.

### Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined necessary had we been able to satisfy ourselves concerning the completeness of the revenue referred to above, the financial statements present fairly, in all material respects, the financial position of **Society of Deaf and Hard of Hearing Nova Scotians** as at March 31, 2018 and the results of its operations and cash flow for the year then ended in accordance with accounting standards for not-for-profit organizations.



**CHARTERED PROFESSIONAL ACCOUNTANTS**  
**Licensed Public Accountant**  
Halifax, Nova Scotia  
September 11, 2018

**SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS**  
 STATEMENT OF FINANCIAL POSITION  
*as at March 31, 2018*

	2018	2017
<b>ASSETS</b>		
<b>HALIFAX - CURRENT ASSETS</b>		
Cash	\$ 133,180	\$ 85,045
Cash - restricted (note 5)	155,284	68,360
Short term investments (note 6)	10,821	10,755
Accounts receivable (note 3)	99,693	109,415
Harmonized sales tax recoverable	9,519	17,016
Inventory (note 7)	6,536	7,426
Prepaid expenses	2,064	2,064
	417,097	300,081
<b>HALIFAX - CAPITAL ASSETS</b> (note 4)	1,836	1,756
	418,933	301,837
<b>CAPE BRETON - CURRENT ASSETS</b>		
Cash	15,155	25,039
Accounts receivable	17,918	6,128
Harmonized sales tax recoverable	1,474	3,417
Prepaid expenses	1,191	1,191
	35,738	35,775
<b>CAPE BRETON - CAPITAL ASSETS</b> (note 4)	482	648
	36,220	36,423
	\$ 455,153	\$ 338,260
<b>LIABILITIES</b>		
<b>HALIFAX - CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (note 8)	\$ 37,709	\$ 37,015
Interpreter project liabilities (note 9)	155,284	68,361
Deferred revenue	7,205	12,600
	200,198	117,976
<b>CAPE BRETON - CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (note 8)	11,229	9,958
	211,427	127,934
<b>NET ASSETS</b>		
<b>UNRESTRICTED NET ASSETS</b>	241,408	207,923
<b>INVESTED IN CAPITAL ASSETS</b>	2,318	2,403
	243,726	210,326
	\$ 455,153	\$ 338,260

*Signed on behalf of the Board*

\_\_\_\_\_ Director

\_\_\_\_\_ Director

COMMITMENTS (note 10)

**SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS**

## STATEMENT OF REVENUE AND EXPENSES

*for the year ended March 31, 2018*

	Deaf Literacy NS Fund	Halifax	Cape Breton	2018 Total	2017 Total
<b>REVENUE</b>					
Administration fees	\$ -	\$ 53,600	\$ -	\$ 53,600	\$ 53,600
Carol Patrie workshop	-	2,330	-	2,330	4,045
Dept. of Community Services	-	83,200	77,314	160,514	152,109
Dept. of Education, CLI	25,480	-	-	25,480	26,763
Donations	-	1,528	841	2,369	5,740
Fundraising	-	-	13,829	13,829	1,710
Grants	-	-	1,183	1,183	2,085
Halifax support	-	-	4,500	4,500	4,500
Interpreter contract admin	-	32,392	-	32,392	32,392
Interpreter services (note 11)	-	436,378	15,438	451,816	427,245
ISANS project	-	22,517	-	22,517	12,559
Other	1,837	219	205	2,261	2,272
Technical devices	-	10,261	11,840	22,101	20,114
United Way	-	50,616	8,233	58,849	60,092
	27,317	693,041	133,383	853,741	805,226
<b>OPERATING EXPENSES</b>					
Advertising and promotions	158	1,474	8,591	10,223	4,528
Amortization	-	754	166	920	1,173
Bad debts (recovery)	-	2,158	-	2,158	(2,596)
Cape Breton support	-	4,500	-	4,500	4,500
Carol Patrie workshop	-	3,343	-	3,343	2,922
Community learning	27,159	-	-	27,159	27,583
Independent interpreters	-	319,885	-	319,885	294,087
Insurance	-	4,575	1,393	5,968	4,420
ISANS project	-	22,517	-	22,517	13,167
Office	-	13,738	1,473	15,211	15,235
Other projects	-	-	409	409	388
Postage and delivery	-	82	-	82	1,287
Professional development	-	1,494	-	1,494	5,730
Professional fees	-	6,946	1,175	8,121	6,860
Rental	-	27,849	14,459	42,308	42,102
Salaries and wages	-	226,168	93,220	319,388	318,816
Technical devices (note 7)	-	10,065	11,294	21,359	19,969
Telephone and pagers	-	10,013	1,376	11,389	11,524
Travel	-	2,605	1,302	3,907	2,457
	27,317	658,166	134,858	820,341	774,152
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>					
	\$ -	\$ 34,875	\$ (1,475)	\$ 33,400	\$ 31,074

**SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS**  
 STATEMENT OF HALIFAX AFFILIATE REVENUE AND EXPENSES  
*for the year ended March 31, 2018*

	2018	2017
<b>REVENUE</b>		
Administration fees	\$ 53,600	\$ 53,600
Carol Patrie workshop	2,330	4,045
Dept. of Community Services	83,200	83,200
Donations	1,528	1,362
Fundraising	-	331
Interpreter contract admin	32,392	32,392
Interpreter services (note 11)	436,378	402,948
ISANS project	22,517	12,559
Other	219	1,292
Technical devices	10,261	12,557
United Way	50,616	48,507
	<u>693,041</u>	<u>652,793</u>
<b>OPERATING EXPENSES</b>		
Advertising and promotions	1,474	3,857
Amortization	754	928
Bad debts (recovery)	2,158	(2,596)
Cape Breton support	4,500	4,500
Carol Patrie workshop	3,343	2,922
Independent interpreters	319,885	294,087
Insurance	4,575	3,027
ISANS project	22,517	13,167
Office	13,738	13,222
Postage and delivery	82	1,287
Professional development	1,494	5,730
Professional fees	6,946	6,450
Rental	27,849	26,372
Salaries and wages	226,168	225,926
Technical devices	10,065	10,800
Telephone and pagers	10,013	9,929
Travel	2,605	1,382
	<u>658,166</u>	<u>620,990</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 34,875</u>	<u>\$ 31,803</u>

**SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS**  
**STATEMENT OF CAPE BRETON AFFILIATE REVENUE AND EXPENSES**  
*for the year ended March 31, 2018*

	<b>2018</b>	<b>2017</b>
<b>REVENUE</b>		
Dept. of Community Services	\$ 77,314	\$ 68,909
Donations	841	4,378
Fundraising	13,829	1,379
Grants	1,183	2,085
Halifax support	4,500	4,500
Interpreter services	15,438	24,297
Other	205	145
Technical devices	11,840	7,557
United Way	8,233	11,585
	<hr/>	<hr/>
	133,383	124,835
<b>OPERATING EXPENSES</b>		
Advertising and promotions	8,591	656
Amortization	166	245
Insurance	1,393	1,393
Office	1,473	2,013
Other projects	409	388
Professional fees	1,175	410
Rental	14,459	15,730
Salaries and wages	93,220	92,890
Technical devices	11,294	9,169
Telephone and pagers	1,376	1,595
Travel	1,302	1,075
	<hr/>	<hr/>
	134,858	125,564
<b>DEFICIENCY OF REVENUE OVER EXPENSES</b>	<hr/> <b>\$ (1,475)</b>	<hr/> <b>\$ (729)</b>

**SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS**  
**STATEMENT OF DEAF LITERACY NS FUND REVENUE AND EXPENSES**  
*for the year ended March 31, 2018*

	<b>2018</b>	<b>2017</b>
<b>REVENUE</b>		
Dept. of Education, CLI	\$ 25,480	\$ 26,763
Other	1,837	835
	<u>27,317</u>	<u>27,598</u>
<b>OPERATING EXPENSES</b>		
Advertising and promotions	158	15
Community learning	27,159	27,583
	<u>27,317</u>	<u>27,598</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	\$ -	\$ -



**SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS**  
 STATEMENT OF CHANGES IN NET ASSETS  
*for the year ended March 31, 2018*

	<b>Invested in Capital Assets</b>	<b>Unrestricted Net Assets</b>	<b>2018</b>	<b>2017</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 2,403	\$ 207,923	\$ 210,326	\$ 179,252
Excess (deficiency) of revenue over expenses	(920)	34,320	33,400	31,074
Purchase of capital assets	835	(835)	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 2,318</b>	<b>\$ 241,408</b>	<b>\$ 243,726</b>	<b>\$ 210,326</b>

**SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS**

STATEMENT OF CASH FLOW  
for the year ended March 31, 2018

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 33,400	\$ 31,074
Amortization	920	1,173
	<u>34,320</u>	<u>32,247</u>
Changes in non-cash working capital:		
Accounts receivable	(2,070)	(60,253)
Harmonized sales tax recoverable	9,440	(11,384)
Inventory	890	(810)
Prepaid expenses	-	(82)
Accounts payable and accrued liabilities	1,968	17,275
Interpreter project liabilities	86,923	38,085
Deferred revenue	(5,395)	366
	<u>126,076</u>	<u>15,444</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(835)	-
	<u>125,241</u>	<u>15,444</u>
<b>INCREASE IN CASH DURING THE YEAR</b>	<b>125,241</b>	<b>15,444</b>
<b>CASH AND SHORT-TERM INVESTMENTS - BEGINNING OF YEAR</b>	<b>189,199</b>	<b>173,755</b>
<b>CASH AND SHORT-TERM INVESTMENTS - END OF YEAR</b>	<b>\$ 314,440</b>	<b>\$ 189,199</b>
Cash and short-term investments consist of the following:		
Halifax		
Cash	\$ 133,180	\$ 85,045
Cash - restricted	155,284	68,360
Short-term investments	10,821	10,755
Cape Breton		
Cash	15,155	25,039
	<u>\$ 314,440</u>	<u>\$ 189,199</u>

**SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS**

## NOTES TO FINANCIAL STATEMENTS

*for the year ended March 31, 2018*

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**NATURE OF ORGANIZATION**

The Society of Deaf and Hard of Hearing Nova Scotians (the "Society") was incorporated under the Society's Act of Nova Scotia in April 1980 when it was named Metro Services for the Deaf. The purpose of the organization is to administer funds to finance projects and services for deaf and hard of hearing persons. There are two geographic regions of activity: Cape Breton and Halifax, each operates separately funded accounts. The Society is exempt from income taxes under the Income Tax Act as a not-for-profit organization and registered charity.

**1. 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 and cash equivalents**

Cash consists of deposits in Canadian financial institutions net of outstanding cheques. Cash equivalents consist of funds deposited in a money market fund with a Canadian brokerage firm.

**Inventory**

Inventory is measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventory includes all costs to purchase, convert, and bring the inventories to their present location and condition. Cost is determined using the first in first out method. Inventory valuation reserves are maintained for inventory that is slow moving or obsolete.

**Capital assets**

Capital assets are recorded at cost and are amortized using the declining balance method at the annual rate of 20% for devices and furniture and fixtures, and 45% for computer equipment.

Amortization is calculated at one-half of the normal annual rate in the year of acquisition; no amortization is recorded in the year of disposal.

**Impairment of long lived assets**

The Society 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.

(continues)

**SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS**

## NOTES TO FINANCIAL STATEMENTS

*for the year ended March 31, 2018***1. 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from these estimates. The most significant estimates in these financial statements include the estimated useful life of capital assets, allowance for doubtful accounts, inventory obsolescence, deferred revenue and accrued liabilities.

**Contributed goods and services**

The fair market value of contributed goods and services, if any, are recorded if the amount can be reasonably estimated. When the amount cannot be estimated, the nature of significant donated goods and services are disclosed in the notes.

**Revenue recognition**

The Society uses the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Workshop revenue is recognized as revenue when the workshop is held.

Technical device revenue is recognized when all the following conditions are met:

- products are delivered to the customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured

**Financial instruments**

Financial instruments are recorded at fair value when acquired or issued except for related party transactions 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.

**2. FINANCIAL INSTRUMENTS**

The Society is 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, short term investments, accounts receivable, accounts payable and accrued liabilities and interpreter project liabilities. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2018.

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# SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS

## NOTES TO FINANCIAL STATEMENTS

*for the year ended March 31, 2018*

### 2. FINANCIAL INSTRUMENTS (continued)

#### Credit risk

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

#### Liquidity risk

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

#### 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 risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk.

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through its investments in money market mutual funds.

### 3. ACCOUNTS RECEIVABLE

	2018	2017
Accounts receivable	\$ 102,766	\$ 110,789
Allowance for doubtful accounts	(3,073)	(1,374)
	\$ 99,693	\$ 109,415

### 4. CAPITAL ASSETS

	2018		2017	
	Cost	Accumulated amortization	Net	Net
Halifax				
Devices	\$ 11,162	\$ 10,446	\$ 716	\$ 895
Computer equipment	20,823	19,703	1,120	861
	31,985	30,149	1,836	1,756
Cape Breton				
Furniture and fixtures	785	383	402	502
Computer equipment	481	401	80	146
	1,266	784	482	648

# SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS

## NOTES TO FINANCIAL STATEMENTS

*for the year ended March 31, 2018*

### 5. RESTRICTED CASH

Restricted cash represents funds which have been received from the Department of Education which must be used for interpreter salaries, source deduction remittances and related expenses.

### 6. SHORT TERM INVESTMENTS

Short-term investments consist of Royal Bank of Canada money market mutual funds with interest approximating 0.25% annually.

	2018	2017
Opening balance	\$ 10,755	\$ 10,718
Interest income	66	37
	\$ 10,821	\$ 10,755

### 7. INVENTORY

	2018	2017
Opening balance	\$ 7,426	\$ 6,616
Purchases	5,358	11,610
Cost of goods sold	(6,248)	(10,800)
	\$ 6,536	\$ 7,426

### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
<b>HALIFAX</b>		
Accounts payable and accrued liabilities	\$ 32,393	\$ 27,543
Source deductions payable	5,316	9,472
	\$ 37,709	\$ 37,015
<b>CAPE BRETON</b>		
Accounts payable and accrued liabilities	\$ 8,769	\$ 7,307
Source deductions payable	2,460	2,651
	\$ 11,229	\$ 9,958

**SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS**

## NOTES TO FINANCIAL STATEMENTS

*for the year ended March 31, 2018***9. INTERPRETER PROJECT LIABILITIES**

Interpreter project liabilities consist of the following:

	<u>2018</u>	<u>2017</u>
Source deductions payable	\$ 182	\$ 2,111
Department of Education - unexpended funds	<u>155,102</u>	<u>66,250</u>
	<u>\$ 155,284</u>	<u>\$ 68,361</u>

**10. COMMITMENTS**

The aggregate annual payments under a long-term property lease for the Cape Breton affiliate office expiring December 2018 as well as a long-term property lease for the Halifax affiliate office expiring February 2019 are as follows:

Year ending - March 31, 2019	\$ 32,222
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**11. ECONOMIC DEPENDENCE**

The Society derives approximately 70% of its interpreter services revenue from the Nova Scotia Department of Health and Wellness. As at March 31, 2018 the contract has been renewed for two years.