

SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS
FINANCIAL STATEMENTS
for the year ended March 31, 2019

SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS
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for the year ended March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the financial statements of **Society of Deaf and Hard of Hearing Nova Scotians** (the "Society"), which comprise the statement of financial position as at March 31, 2019, and the statements of revenue 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses (expenses over revenue), and cash flows from operations for the year ended March 31, 2019, current assets and fund balances as at March 31, 2019. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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

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Independent Auditor's Report to the Members of Society of Deaf and Hard of Hearing Nova Scotians (*continued*)

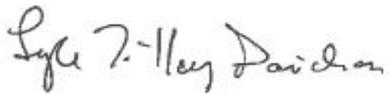
Auditor's Responsibilities for the Audit of the Financial Statements

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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Halifax, Nova Scotia
September 10, 2019


CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS
 STATEMENT OF FINANCIAL POSITION
as at March 31, 2019

	2019	2018
ASSETS		
HALIFAX - CURRENT ASSETS		
Cash	\$ 47,117	\$ 133,180
Cash - restricted (note 5)	61,268	155,284
Short term investments (note 6)	10,963	10,821
Accounts receivable (note 3)	135,053	99,693
Harmonized sales tax recoverable	12,078	9,519
Inventory (note 7)	4,786	6,536
Prepaid expenses	2,489	2,064
	273,754	417,097
HALIFAX - CAPITAL ASSETS (note 4)	2,456	1,836
	276,210	418,933
CAPE BRETON - CURRENT ASSETS		
Cash	21,147	15,155
Accounts receivable	50,510	17,918
Harmonized sales tax recoverable	1,639	1,474
Prepaid expenses	830	1,191
	74,126	35,738
CAPE BRETON - CAPITAL ASSETS (note 4)	321	482
	74,447	36,220
	\$ 350,657	\$ 455,153
LIABILITIES		
HALIFAX - CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 8)	\$ 34,140	\$ 37,709
Interpreter project liabilities (note 9)	61,268	155,284
Deferred revenue	23,106	7,205
	118,514	200,198
CAPE BRETON - CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 8)	38,140	11,229
	156,654	211,427
NET ASSETS		
UNRESTRICTED NET ASSETS	191,226	241,408
INVESTED IN CAPITAL ASSETS	2,777	2,318
	194,003	243,726
	\$ 350,657	\$ 455,153

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, 2019

	Deaf Literacy NS Fund	Halifax	Cape Breton	2019 Total	2018 Total
REVENUE					
Administration fees	\$ -	\$ 32,767	\$ -	\$ 32,767	\$ 53,600
Carol Patrie workshop	-	-	-	-	2,330
Dept. of Community Services	-	83,200	77,314	160,514	160,514
Dept. of Education, CLI	38,062	-	-	38,062	25,480
Donations	-	850	4,800	5,650	2,369
Fundraising	-	163	1,460	1,623	13,829
Grants	-	-	3,215	3,215	1,183
Halifax support	-	-	70,875	70,875	4,500
Interpreter contract admin	-	32,712	-	32,712	32,392
Interpreter services (note 11)	-	409,157	29,402	438,559	451,816
ISANS project	-	8,686	-	8,686	22,517
Other	810	192	310	1,312	2,261
RDSP project	-	24,671	18,326	42,997	-
Technical devices	-	8,925	6,500	15,425	22,101
United Way	-	49,978	5,819	55,797	58,849
	38,872	651,301	218,021	908,194	853,741
OPERATING EXPENSES					
Advertising and promotions	-	1,414	239	1,653	10,223
Amortization	-	1,015	160	1,175	920
Bad debts	-	5,234	-	5,234	2,158
Cape Breton support	-	70,875	-	70,875	4,500
Carol Patrie workshop	-	-	-	-	3,343
Community learning	38,872	-	-	38,872	27,159
Independent interpreters	-	296,374	-	296,374	319,885
Insurance	-	2,832	511	3,343	5,968
ISANS project	-	8,686	-	8,686	22,517
Office	-	13,108	2,089	15,197	15,211
Other projects	-	-	383	383	409
Postage and delivery	-	212	-	212	82
Professional development	-	144	-	144	1,494
Professional fees	-	9,408	1,270	10,678	8,121
RDSP project	-	2,252	-	2,252	-
Rental	-	28,642	16,716	45,358	42,308
Salaries and wages	-	241,351	173,854	415,205	319,388
Technical devices (note 7)	-	18,345	6,436	24,781	21,359
Telephone and pagers	-	10,399	1,451	11,850	11,389
Travel	-	2,054	3,591	5,645	3,907
	38,872	712,345	206,700	957,917	820,341
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES					
	\$ -	\$ (61,044)	\$ 11,321	\$ (49,723)	\$ 33,400

SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS
 STATEMENT OF HALIFAX AFFILIATE REVENUE AND EXPENSES
for the year ended March 31, 2019

	2019	2018
REVENUE		
Administration fees	\$ 32,767	\$ 53,600
Carole Patrie workshop	-	2,330
Dept. of Community Services	83,200	83,200
Donations	850	1,528
Fundraising	163	-
Interpreter contract admin	32,712	32,392
Interpreter services (note 11)	409,157	436,378
ISANS project	8,686	22,517
Other	192	219
RDSP project	24,671	-
Technical devices	8,925	10,261
United Way	49,978	50,616
	651,301	693,041
OPERATING EXPENSES		
Advertising and promotions	1,414	1,474
Amortization	1,015	754
Bad debts	5,234	2,158
Cape Breton support	70,875	4,500
Carol Patrie workshop	-	3,343
Independent interpreters	296,374	319,885
Insurance	2,832	4,575
ISANS project	8,686	22,517
Office	13,108	13,738
Postage and delivery	212	82
Professional development	144	1,494
Professional fees	9,408	6,946
RDSP project	2,252	-
Rental	28,642	27,849
Salaries and wages	241,351	226,168
Technical devices (note 7)	18,345	10,065
Telephone and pagers	10,399	10,013
Travel	2,054	2,605
	712,345	658,166
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (61,044)	\$ 34,875

SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS
STATEMENT OF CAPE BRETON AFFILIATE REVENUE AND EXPENSES
for the year ended March 31, 2019

	2019	2018
REVENUE		
Dept. of Community Services	\$ 77,314	\$ 77,314
Donations	4,800	841
Fundraising	1,460	13,829
Grants	3,215	1,183
Halifax support	70,875	4,500
Interpreter services	29,402	15,438
Other	310	205
RDSP project	18,326	-
Technical devices	6,500	11,840
United Way	5,819	8,233
	218,021	133,383
OPERATING EXPENSES		
Advertising and promotions	239	8,591
Amortization	160	166
Insurance	511	1,393
Office	2,089	1,473
Other projects	383	409
Professional fees	1,270	1,175
Rental	16,716	14,459
Salaries and wages	173,854	93,220
Technical devices	6,436	11,294
Telephone and pagers	1,451	1,376
Travel	3,591	1,302
	206,700	134,858
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 11,321	\$ (1,475)

SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS
 STATEMENT OF DEAF LITERACY NS FUND REVENUE AND EXPENSES
for the year ended March 31, 2019

	2019	2018
REVENUE		
Dept. of Education, CLI	\$ 38,062	\$ 25,480
Other	810	1,837
	<u>38,872</u>	<u>27,317</u>
OPERATING EXPENSES		
Community learning	<u>38,872</u>	<u>27,317</u>
	<u>38,872</u>	<u>27,317</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ -	\$ -

SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS
 STATEMENT OF CHANGES IN NET ASSETS
for the year ended March 31, 2019

	Invested in Capital Assets	Unrestricted Net Assets	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 2,318	\$ 241,408	\$ 243,726	\$ 210,326
Excess (deficiency) of revenue over expenses	(1,175)	(48,548)	(49,723)	33,400
Purchase of capital assets	1,634	(1,634)	-	-
NET ASSETS - END OF YEAR	\$ 2,777	\$ 191,226	\$ 194,003	\$ 243,726

SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS

STATEMENT OF CASH FLOWS
for the year ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ (49,723)	\$ 33,400
Amortization	1,175	920
	<u>(48,548)</u>	<u>34,320</u>
Changes in non-cash working capital:		
Accounts receivable	(67,954)	(2,070)
Harmonized sales tax recoverable	(2,724)	9,440
Inventory	1,750	890
Prepaid expenses	(64)	-
Accounts payable and accrued liabilities	23,345	1,967
Interpreter project liabilities	(94,016)	86,923
Deferred revenue	15,901	(5,395)
	<u>(172,310)</u>	<u>126,075</u>
INVESTING ACTIVITIES		
Purchase of capital assets	<u>(1,635)</u>	<u>(834)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	(173,945)	125,241
CASH AND SHORT-TERM INVESTMENTS - BEGINNING OF YEAR	<u>314,440</u>	<u>189,199</u>
CASH AND SHORT-TERM INVESTMENTS - END OF YEAR	<u>\$ 140,495</u>	<u>\$ 314,440</u>
Cash and short-term investments consist of the following:		
Halifax		
Cash	\$ 47,117	\$ 133,180
Cash - restricted	61,268	155,284
Short-term investments	10,963	10,821
Cape Breton		
Cash	<u>21,147</u>	<u>15,155</u>
	<u>\$ 140,495</u>	<u>\$ 314,440</u>

SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS
NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

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.

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SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS

NOTES TO FINANCIAL STATEMENTS

*for the year ended March 31, 2019***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, 2019.

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SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

	2019	2018
Accounts receivable	\$ 140,479	\$ 102,766
Allowance for doubtful accounts	(5,426)	(3,073)
	\$ 135,053	\$ 99,693

4. CAPITAL ASSETS

	2019		2018	
	Cost	Accumulated amortization	Net	Net
Halifax				
Devices	\$ 11,162	\$ 10,589	\$ 573	\$ 716
Computer equipment	22,457	20,574	1,883	1,120
	33,619	31,163	2,456	1,836
Cape Breton				
Furniture and fixtures	785	464	321	402
Computer equipment	481	481	-	80
	785	464	321	402

SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

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.

	2019	2018
Opening balance	\$ 10,821	\$ 10,755
Interest income	142	66
	\$ 10,963	\$ 10,821

7. INVENTORY

	2019	2018
Opening balance	\$ 6,536	\$ 7,426
Purchases	16,595	5,358
Cost of goods sold	(18,345)	(6,248)
	\$ 4,786	\$ 6,536

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
HALIFAX		
Accounts payable and accrued liabilities	\$ 29,079	\$ 32,393
Source deductions payable	5,061	5,316
	\$ 34,140	\$ 37,709
CAPE BRETON		
Accounts payable and accrued liabilities	\$ 9,931	\$ 8,769
Source deductions payable	28,209	2,460
	\$ 38,140	\$ 11,229

SOCIETY OF DEAF AND HARD OF HEARING NOVA SCOTIANS

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

9. INTERPRETER PROJECT LIABILITIES

Interpreter project liabilities consist of the following:

	<u>2019</u>	<u>2018</u>
Source deductions payable	\$ -	\$ 182
Department of Education - unexpended funds	61,268	155,102
	<u>\$ 61,268</u>	<u>\$ 155,284</u>

10. COMMITMENTS

The aggregate annual payments under a long-term property lease for the Cape Breton affiliate office expiring December 2023 as well as a long-term property lease for the Halifax affiliate office expiring February 2020 are as follows:

Year ending - March 31, 2020	\$ 36,045
2021	11,700
2022	11,700
2023	11,700
2024	8,775
	<u>\$ 79,920</u>

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, 2019 the contract has one year remaining.