

**SASKATCHEWAN DEAF & HARD  
OF HEARING SERVICES INC.**

**Financial Statements**

**Year Ended March 31, 2014**

## **Management's Responsibility for Financial Reporting**

The financial statements of Saskatchewan Deaf & Hard of Hearing Services Inc. have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Saskatchewan Deaf & Hard of Hearing Services Inc. 's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Mintz & Wallace Chartered Accountants LLP, in accordance with Canadian generally accepted auditing standards.

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Executive Director

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President

Saskatoon, Saskatchewan  
May 14, 2014

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## INDEPENDENT AUDITOR'S REPORT

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### To the Members of Saskatchewan Deaf & Hard of Hearing Services Inc.

We have audited the accompanying financial statements of Saskatchewan Deaf & Hard of Hearing Services Inc., which comprise the statement of financial position as at March 31, 2014 and the statements of revenues and expenditures, changes in net assets and cash flows 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 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.

### 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 generally accepted 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 judgment, 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 control 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 control. 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.

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*An asset to our clients, not an expense.*

**Basis for Qualified Opinion**

In common with many charitable organizations, the corporation derives revenue from sources other than grants, fees and sales, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the corporation and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures, current assets and net assets.

**Qualified Opinion**

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Deaf & Hard of Hearing Services Inc. as at March 31, 2014 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.

Regina, Saskatchewan  
May 14, 2014



Mintz & Wallace  
Chartered Accountants LLP

# SASKATCHEWAN DEAF & HARD OF HEARING SERVICES INC.

## Statement of Financial Position

March 31, 2014

	2014	2013
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 175,690	\$ 123,312
Restricted cash (Note 3)	20,440	20,330
Accounts receivable	32,794	24,201
Inventory	1,743	1,825
Goods and services tax recoverable	2,811	3,847
Prepaid expenses	3,791	3,725
	<u>237,269</u>	<u>177,240</u>
<b>CAPITAL ASSETS (Note 4)</b>	<u>6,515</u>	<u>8,681</u>
	<u>\$ 243,784</u>	<u>\$ 185,921</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 47,739	\$ 59,378
Deferred revenue (Note 6)	134,404	51,154
	<u>182,143</u>	<u>110,532</u>
<b>NET ASSETS</b>		
Unrestricted fund	37,331	51,079
Restricted fund	24,310	24,310
	<u>61,641</u>	<u>75,389</u>
	<u>\$ 243,784</u>	<u>\$ 185,921</u>

### ON BEHALF OF THE BOARD

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

See notes to financial statements

# SASKATCHEWAN DEAF & HARD OF HEARING SERVICES INC.

## Statement of Revenues and Expenditures

Year Ended March 31, 2014

	2014	2013
<b>REVENUES</b>		
Grants <i>(Schedule 1)</i>	\$ 782,577	\$ 806,235
Fees <i>(Schedule 2)</i>	130,177	109,329
Other revenues <i>(Schedule 3)</i>	60,386	74,812
Assistive device sales	15,839	21,082
Hearing aid battery sales	12,788	13,515
	1,001,767	1,024,973
<b>EXPENDITURES</b>		
Amortization	2,166	2,938
Assistive device purchases	11,960	14,544
Bad debts	580	1,472
Board	3,511	3,873
Education and conference	10,859	14,551
Education materials and publicity	5,971	5,334
Freelance interpreting and support services	30,244	36,675
Fundraising expense	1,800	2,383
Hearing aid battery purchases	4,418	4,448
Miscellaneous	11,841	14,602
Office	33,268	34,594
Professional fees	9,643	6,031
Raise-a-reader program	-	4,307
Rent	93,076	83,471
Salaries and benefits	704,504	682,544
Supplies	9,882	2,308
Travel	25,150	20,878
	958,873	934,953
<b>EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS</b>	42,894	90,020
<b>SPECIAL PROGRAMS</b>		
CanSask Workforce Development Program	45,700	57,309
Early Childhood & Family Support	9,842	13,887
Support Employment Transition Initiative	1,100	4,225
	56,642	75,421
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ (13,748)	\$ 14,599

See notes to financial statements

# SASKATCHEWAN DEAF & HARD OF HEARING SERVICES INC.

## Statement of Changes in Net Assets

Year Ended March 31, 2014

	Unrestricted Fund	Restricted Fund	2014	2013
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 51,079	\$ 24,310	\$ 75,389	\$ 60,790
Deficiency of revenues over expenditures	(13,748)	-	(13,748)	14,599
<b>NET ASSETS - END OF YEAR</b>	\$ 37,331	\$ 24,310	\$ 61,641	\$ 75,389

See notes to financial statements

# SASKATCHEWAN DEAF & HARD OF HEARING SERVICES INC.

## Statement of Cash Flows Year Ended March 31, 2014

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures	\$ (13,748)	\$ 14,599
Item not affecting cash:		
Amortization of capital assets	2,166	2,938
	(11,582)	17,537
Changes in non-cash working capital:		
Accounts receivable	(8,593)	13,189
Inventory	82	(279)
Accounts payable	(11,639)	(8,374)
Deferred revenue	83,250	30,713
Prepaid expenses	(66)	(38)
GST payable (receivable)	1,036	1,235
	64,070	36,446
<b>INCREASE IN CASH FLOW</b>	<b>52,488</b>	<b>53,983</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>143,642</b>	<b>89,659</b>
<b>CASH - END OF YEAR</b>	<b>\$ 196,130</b>	<b>\$ 143,642</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 175,690	\$ 123,312
Restricted cash	20,440	20,330
	<b>\$ 196,130</b>	<b>\$ 143,642</b>

See notes to financial statements



# SASKATCHEWAN DEAF & HARD OF HEARING SERVICES INC.

## Notes to Financial Statements

Year Ended March 31, 2014

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### 1. NATURE OF OPERATIONS

Saskatchewan Deaf and Hard of Hearing Services Inc. ("SDHHS" or the "Corporation"), is a bilingual, bi-cultural, non-profit organization whose mission is to promote the independence of the deaf, late deafened, and hard of hearing person by providing services that enhance their quality of life.

SDHHS is incorporated under the Non-Profit Corporations Act as a not-for-profit organization and is a registered charity under the *Income Tax Act* and is exempt from income taxes.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

These financial statements are presented in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

#### Revenue recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Revenue for fees and sales are recognized when the service is provided.

#### Fund accounting

The Corporation uses fund accounting and has the following funds:

##### Unrestricted Fund

The unrestricted fund reports the results of the day-to-day operating activities of the SDHHS.

##### Restricted Fund

SDHHS appropriates certain amounts from unrestricted net assets to provide for capital asset replacements. From time to time, SDHHS also makes appropriations to provide for special projects as approved by the Board of Directors

#### Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

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# SASKATCHEWAN DEAF & HARD OF HEARING SERVICES INC.

## Notes to Financial Statements

Year Ended March 31, 2014

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

#### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. 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.

Financial assets including cash and receivables are reported at amortized cost.

Financial liabilities including accounts payable and accrued liabilities are measured at amortized cost.

#### Capital assets

Capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods. In the year of acquisition one half of the stated rate is used.

Equipment	20%	declining balance method
Computer equipment	30%	declining balance method

#### Contributed services

Volunteers contribute many hours per year to assist SDHHS in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

### 3. RESTRICTED CASH

	<u>2014</u>	<u>2013</u>
Term deposit at 0.55% interest, maturing April 24, 2013. <i>(market value \$20,330)</i>	\$ -	\$ 20,330
Term deposit at 0.55% interest, maturing April 19, 2014 <i>(market value \$20,440)</i>	<u>20,440</u>	-
	<u>\$ 20,440</u>	<u>\$ 20,330</u>

# SASKATCHEWAN DEAF & HARD OF HEARING SERVICES INC.

## Notes to Financial Statements

Year Ended March 31, 2014

#### 4. CAPITAL ASSETS

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Equipment	\$ 19,991	\$ 16,486	\$ 3,505	\$ 4,382
Computer equipment	6,142	3,132	3,010	4,299
	\$ 26,133	\$ 19,618	\$ 6,515	\$ 8,681

#### 5. LINE OF CREDIT

The Corporation has a \$32,000 line of credit of which \$nil (2013 - \$nil) has been drawn upon at year end. The line of credit bears interest at prime plus 2% and is secured by a general security agreement and an assignment of all provincial grants.

#### 6. DEFERRED REVENUE

	2014	2013
Ministry of the Economy - Can Sask Work Development	\$ 82,228	\$ 36,748
Community Living	40,000	-
Youth conference	4,544	4,221
Sask Deaf Sports Association	4,500	4,500
ASL class registration fees	3,132	5,685
	\$ 134,404	\$ 51,154

#### 7. EMPLOYEE BENEFITS PLAN

The SDHHS has a defined contribution pension plan. During the year, employer contributions totaled \$18,648 (2013 - \$16,126).

# SASKATCHEWAN DEAF & HARD OF HEARING SERVICES INC.

## Notes to Financial Statements

Year Ended March 31, 2014

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### 8. FINANCIAL INSTRUMENTS

The corporation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the corporation's risk exposure and concentration as of March 31, 2014.

#### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The corporation is exposed to credit risk from customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The corporation has a significant number of customers which minimizes 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 corporation is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, contributions to the pension plan, line of credit and accounts payable.

#### Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The corporation is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk. The company does not hold any significant amounts in a foreign currency and therefore the risk is not considered significant.

#### 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 corporation manages exposure through its normal operating and financing activities. The corporation is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

### 9. COMMITMENTS

The SDHHS has lease commitments related to rental of premises in the Regina and Saskatoon offices. Rental commitments for Regina; \$3,132 per month expiring July 2014 and for Saskatoon; \$2,150 per month expiring July 2017.

# SASKATCHEWAN DEAF & HARD OF HEARING SERVICES INC.

## Grants

*(Schedule 1)*

Year Ended March 31, 2014

	2014	2013
Ministry of Social Services	\$ 359,263	\$ 341,268
Ministry of the Economy - Can Sask Work Development	248,206	259,038
United Way - Saskatoon	70,613	72,500
Saskatchewan Assoc of Rehabilitation Centres - Support Employment Transition Initiative	47,664	54,103
United Way - Regina	40,115	37,655
City Grants	10,170	2,770
HRDC - Summer Student Grant	4,289	9,009
Early Childhood & Family Support	2,237	6,939
Other - Quality of life grant	20	3,653
RAD - Consulting	-	15,000
Raise a Reader Grant - Regina & Saskatoon	-	4,300
	<b>\$ 782,577</b>	<b>\$ 806,235</b>

## Fees

*(Schedule 2)*

Year Ended March 31, 2014

	2014	2013
Interpreting	\$ 118,100	\$ 102,101
Computerized notetaking	2,200	2,148
Office support fees	4,500	-
Recovery of travel expenses	5,377	5,080
	<b>\$ 130,177</b>	<b>\$ 109,329</b>

See notes to financial statements

# SASKATCHEWAN DEAF & HARD OF HEARING SERVICES INC.

## Other Revenues

(Schedule 3)

Year Ended March 31, 2014

	2014	2013
ASL program registrations	\$ 24,558	\$ 28,086
Donations	12,299	21,682
Conference	8,193	10,332
Fundraising projects	6,631	5,603
Memberships	840	1,055
Miscellaneous	2,505	2,744
Rent	5,360	5,310
	<u>\$ 60,386</u>	<u>\$ 74,812</u>

See notes to financial statements