

---

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

Financial Statements

Year Ended March 31, 2015

---

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

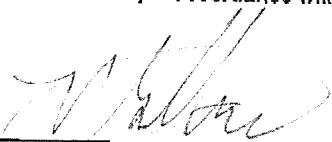
---

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.

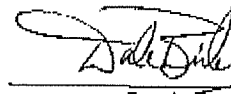
The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Upon their review the Board approves the financial statements and also considers and approves, on behalf of the members, the engagement or re-appointment of the external auditors.

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



---

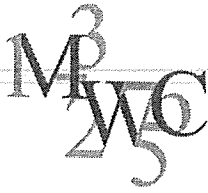
Executive Director



---

President

Saskatoon, Saskatchewan  
May 28, 2015



Chartered Professional  
Accountants LLP

---

## INDEPENDENT AUDITOR'S REPORT

---

**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, 2015 and the statements of operations, 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 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.

*(continues)*

*An asset to our clients. not an expense*

2320 Lorne Street, Regina, SK S4P 2M9 ☎306-352-8621 📠306-565-8476 🌐mwc-cpa.ca

**Basis for Qualified Opinion**

In common with many charitable organizations, the organization 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 organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue (expenses), 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, 2015 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*MWC LLP*

Chartered Professional Accountants

Regina, Saskatchewan  
May 28, 2015

# SASKATCHEWAN DEAF & HARD OF HEARING SERVICES INC.

## Statement of Financial Position

March 31, 2015

	2015	2014
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 153,908	\$ 175,690
Restricted fund (Note 3)	50,000	20,440
Accounts receivable	19,248	32,794
Inventory	1,859	1,743
Goods and services tax recoverable	4,911	2,811
Prepaid expenses	3,746	3,791
	233,672	237,269
<b>CAPITAL ASSETS (Note 4)</b>	6,814	6,514
	\$ 240,486	\$ 243,783
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 53,133	\$ 47,738
Deferred revenue (Note 6)	73,133	134,404
	126,266	182,142
<b>NET ASSETS</b>		
General fund	64,220	37,331
Restricted fund	50,000	24,310
	114,220	61,641
	\$ 240,486	\$ 243,783

ON BEHALF OF THE BOARD

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See notes to financial statements

# SASKATCHEWAN DEAF & HARD OF HEARING SERVICES INC.

## Statement of Operations Year Ended March 31, 2015

	2015	2014
<b>REVENUES</b>		
Grants ( <i>Schedule 1</i> )	\$ 873,700	\$ 780,340
Fees and sales ( <i>Schedule 2</i> )	151,389	153,427
Other revenues ( <i>Schedule 3</i> )	97,024	68,000
	1,122,113	1,001,767
<b>GENERAL EXPENSES</b>		
Amortization	2,080	2,166
Assistive device purchases	15,033	11,960
Bad debts	1,899	580
Board	2,178	3,511
Education and conference	24,056	10,859
Education materials and publicity	4,397	5,971
Freelance interpreting and support services	32,270	30,244
Fundraising expense	2,299	1,800
General and administrative	15,097	11,842
Hearing aid battery purchases	3,859	4,418
Office	38,170	33,268
Professional fees	8,195	9,643
Rent	100,171	93,076
Salaries and benefits	401,446	461,614
Supplies	6,736	9,882
Travel	24,720	25,150
	682,606	715,984
<b>SPECIAL PROGRAM EXPENSES</b>		
CanSask Workforce Development Program	328,723	248,206
Early Childhood & Family Services	49,965	9,842
Support Employment Transition Initiative	3,240	41,483
United Way of Regina - Outcome Measures Program	5,000	-
	386,928	299,531
<b>EXCESS OF REVENUES (EXPENSES)</b>	<b>\$ 52,579</b>	<b>\$ (13,748)</b>

See notes to financial statements

# SASKATCHEWAN DEAF & HARD OF HEARING SERVICES INC.

## Statement of Changes in Net Assets

Year Ended March 31, 2015

	General Fund	Restricted Fund	2015	2014
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 37,331	\$ 24,310	\$ 61,641	\$ 75,389
Excess of revenues (expenses)	52,579	-	52,579	(13,748)
Transfer (Note 3)	(25,690)	25,690	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 64,220</b>	<b>\$ 50,000</b>	<b>\$ 114,220</b>	<b>\$ 61,641</b>

See notes to financial statements

# SASKATCHEWAN DEAF & HARD OF HEARING SERVICES INC.

## Statement of Cash Flow Year Ended March 31, 2015

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Excess of revenues (expenses)	\$ 52,579	\$ (13,748)
Item not affecting cash:		
Amortization of capital assets	2,080	2,166
	54,659	(11,582)
Changes in non-cash working capital:		
Accounts receivable	13,546	(8,593)
Inventory	(116)	82
Accounts payable	5,394	(11,639)
Deferred revenue	(61,271)	83,250
Prepaid expenses	45	(66)
Goods and services tax payable	(2,100)	1,036
	(44,502)	64,070
Cash flow from operating activities	10,157	52,488
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	(2,379)	-
<b>INCREASE IN CASH FLOW</b>	7,778	52,488
<b>CASH - BEGINNING OF YEAR</b>	196,130	143,642
<b>CASH - END OF YEAR</b>	\$ 203,908	\$ 196,130
<b>CASH CONSISTS OF:</b>		
Cash	\$ 153,908	\$ 175,690
Restricted fund	50,000	20,440
	\$ 203,908	\$ 196,130

See notes to financial statements



# SASKATCHEWAN DEAF & HARD OF HEARING SERVICES INC.

## Notes to Financial Statements

Year Ended March 31, 2015

### 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

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

#### Revenue recognition

The Corporation follows the deferral method of accounting for contributions which includes grants, donations, memberships, and sponsorships. 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 from fees, registrations, rents 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 and for an operational reserve in the event a change in funding or operations occurs. 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.

(continues)

# SASKATCHEWAN DEAF & HARD OF HEARING SERVICES INC.

## Notes to Financial Statements

Year Ended March 31, 2015

### 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, restricted 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 FUND

	<u>2015</u>	<u>2014</u>
Term deposit at 0.55% interest, maturing April 24, 2014	\$ -	\$ 20,440
Term deposit at 0.35% interest, maturing April 14, 2015	20,548	-
Cash	29,452	-
	<u>\$ 50,000</u>	<u>\$ 20,440</u>

The Board of Directors approved a transfer to the restricted fund to bring the fund to a balance of \$50,000.

# SASKATCHEWAN DEAF & HARD OF HEARING SERVICES INC.

## Notes to Financial Statements

Year Ended March 31, 2015

### 4. CAPITAL ASSETS

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Equipment	\$ 22,370	\$ 17,663	\$ 4,707	\$ 3,505
Computer equipment	6,142	4,035	2,107	3,009
	<u>\$ 28,512</u>	<u>\$ 21,698</u>	<u>\$ 6,814</u>	<u>\$ 6,514</u>

### 5. LINE OF CREDIT

The Corporation has a \$32,000 line of credit of which \$nil (2014 - \$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

	2015	2014
Ministry of the Economy - Can Sask Work Development Community Initiatives Fund (CIF) - Early Childhood & Family Services	\$ 40,668	\$ 82,228
Youth conference	26,500	40,000
Sask Deaf Sports Association	3,954	4,544
ASL class registration fees	-	4,500
	<u>2,011</u>	<u>3,132</u>
	<u>\$ 73,133</u>	<u>\$ 134,404</u>

### 7. EMPLOYEE BENEFITS PLAN

The SDHHS has a defined contribution pension plan. During the year, employer contributions totaled \$21,340 (2014 - \$18,648).

# SASKATCHEWAN DEAF & HARD OF HEARING SERVICES INC.

## Notes to Financial Statements

Year Ended March 31, 2015

---

### 8. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and management is responsible to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2015.

#### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization 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 organization has a significant number of customers which minimizes concentration of credit risk. In addition, the majority of the organization's funding and revenue sources come from Government organizations. The likelihood of default from these organizations is considered to be low.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization 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 organization 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 organization does not hold any significant amounts in a foreign currency and therefore the risk is not considered to be 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 organization manages exposure through its normal operating and financing activities. The organization 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; \$2,945 per month expiring February 2019 and for Saskatoon; \$3,832 per month expiring July 2017.

### 10. CORRESPONDING FIGURES

Some of the corresponding figures have been reclassified to conform to the current year's presentation.

# SASKATCHEWAN DEAF & HARD OF HEARING SERVICES INC.

## Grants

*(Schedule 1)*

Year Ended March 31, 2015

	2015	2014
Ministry of Social Services	\$ 354,696	\$ 359,263
Ministry of the Economy - CanSask Work Development	341,261	248,206
United Way - Saskatoon	76,878	70,613
CIF - Early Childhood & Family Services	53,500	-
United Way Regina	35,353	40,115
HRDC - Summer Student Grant	11,547	4,289
City Grants	465	10,170
Sask Assoc of Rehabilitation Centres - Support Employment Transition Initiative	-	47,664
Other - Quality of life grant	-	20
	<b>\$ 873,700</b>	<b>\$ 780,340</b>

## Fees and Sales

*(Schedule 2)*

Year Ended March 31, 2015

	2015	2014
Interpreting services	\$ 122,266	\$ 118,100
Assistive device sales	15,307	15,839
Hearing aid battery sales	11,371	12,788
Computerized notetaking services	2,445	2,200
Office support fees	-	4,500
	<b>\$ 151,389</b>	<b>\$ 153,427</b>

## Other Revenues

*(Schedule 3)*

Year Ended March 31, 2015

	2015	2014
ASL program registrations	\$ 23,401	\$ 24,558
Conference	22,038	8,193
Donations	21,554	12,299
Fundraising projects	16,754	8,868
Rent	4,750	5,360
Miscellaneous	1,075	2,505
Memberships	780	840
Recovery of travel expenses	6,672	5,377
	<b>\$ 97,024</b>	<b>\$ 68,000</b>

See notes to financial statements

