

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

**Financial Statements
Year Ended March 31, 2019**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Saskatchewan Deaf and 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.

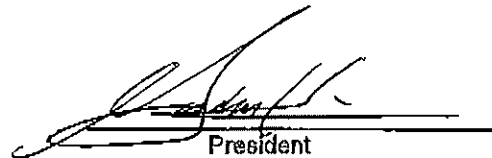
The integrity and reliability of Saskatchewan Deaf and Hard of Hearing Services Inc.'s reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable 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 Organization's auditors to review significant accounting, reporting and internal control matters. Upon their review the Board approves the financial statements and also considers and approves the engagement or re-appointment of the external auditors.

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



Executive Director



President

Saskatoon, SK
May 15, 2019



Chartered Professional
Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Saskatchewan Deaf and Hard of Hearing Services Inc.

Qualified Opinion

We have audited the financial statements of Saskatchewan Deaf and Hard of Hearing Services Inc. (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, 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 Organization 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 registered charities, the Organization is unable to economically implement controls that will offer assurance on the completeness of revenue from sources other than grants and fees and sales and we are unable to satisfy ourselves on amounts reported using other procedures. 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 revenues (expenses) and cash flows from operations for the year ended March 31, 2019 or current assets and net assets as at March 31, 2019. Our audit opinion on the financial statements for the prior year was also 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 Organization 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the

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An asset to our clients, not an expense

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Independent Auditor's Report to the Members of Saskatchewan Deaf and Hard of Hearing Services Inc.
(continued)

going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

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 Organization'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 Organization'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 Organization 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.

MWC LLP

Chartered Professional Accountants

Regina, Saskatchewan
May 15, 2019

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Statement of Financial Position

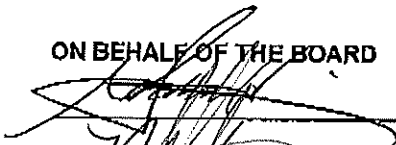

March 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 291,804	\$ 170,833
Restricted fund investments (Note 3)	222,624	216,692
Accounts receivable	51,690	80,889
Inventory (Note 4)	16,211	13,183
Goods and services tax recoverable	6,590	5,329
Prepaid expenses	8,758	5,428
	596,677	492,354
CAPITAL ASSETS (Note 5)	14,556	18,746
	\$ 611,233	\$ 511,100
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 42,471	\$ 24,076
Wages payable	30,019	34,691
Deferred revenue (Note 7)	72,557	73,382
	145,047	132,149
 NET ASSETS		
Unrestricted fund	243,562	162,259
Restricted fund	222,624	216,692
	466,186	378,951
	\$ 611,233	\$ 511,100

CONTINGENT LIABILITY (Note 10)

LEASE COMMITMENTS (Note 11)

ON BEHALF OF THE BOARD

 _____ Director
 _____ Director

See accompanying notes

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Statement of Operations Year Ended March 31, 2019

	2019	2018
REVENUES		
Grants (<i>Schedule 1</i>)	\$ 868,059	\$ 695,020
Fees and sales (<i>Schedule 2</i>)	164,102	160,206
Other revenues (<i>Schedule 3</i>)	118,842	151,394
	1,151,003	1,006,620
EXPENSES		
Amortization	4,190	5,099
Assistive device purchases	6,526	8,662
Bad debts	3,537	4,560
Board	1,611	2,224
Education and conference	27,751	27,139
Education materials and publicity	5,818	6,870
Freelance interpreting and support services	38,148	17,943
Fundraising	9,065	4,837
General and administrative	13,249	13,905
Hearing aid battery purchases	2,538	3,296
Office	22,729	26,881
Professional fees	8,016	7,357
Raise-a-reader program	-	1,400
Rent	95,457	92,490
Salaries and benefits	304,981	380,308
Supplies	5,692	5,936
Travel	21,432	21,631
	570,740	630,538
EXCESS OF REVENUES (EXPENSES) FROM OPERATIONS	580,263	376,082
PROGRAMMING AND OTHER EXPENSES		
CanSask Workforce Development program	374,547	288,871
Early Childhood and Family Services program	34,796	45,281
Support Employment Transition Initiative	578	-
Preschool	83,107	-
	493,028	334,152
EXCESS OF REVENUES (EXPENSES)	\$ 87,235	\$ 41,930

See accompanying notes

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Statement of Changes in Net Assets

Year Ended March 31, 2019

	Unrestricted Fund	Restricted Fund	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 162,259	\$ 216,692	\$ 378,951	\$ 337,021
Excess of revenues (expenses)	81,303	5,932	87,235	41,930
NET ASSETS - END OF YEAR	\$ 243,562	\$ 222,624	\$ 466,186	\$ 378,951

See accompanying notes

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Statement of Cash Flows Year Ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenues (expenses)	\$ 87,235	\$ 41,930
Items not affecting cash:		
Amortization	4,190	5,099
Reinvested earnings on investments	(3,208)	(497)
	88,217	46,532
Changes in non-cash working capital:		
Accounts receivable	29,199	(29,948)
Inventory	(3,028)	(7,613)
Accounts payable	18,395	(15,070)
Deferred revenue	(825)	5,365
Prepaid expenses	(3,330)	(147)
Goods and services tax recoverable	(261)	(498)
Wages payable	(4,672)	17,723
	35,478	(30,188)
Cash flow from operating activities	123,695	16,344
INVESTING ACTIVITIES		
Additions to capital assets	-	(3,000)
Purchase of investments	(219,416)	(150,000)
Proceeds on redemption of investments	216,692	50,231
	(2,724)	(102,769)
Cash flow used by investing activities	(2,724)	(102,769)
INCREASE (DECREASE) IN CASH FLOW	120,971	(86,425)
CASH - BEGINNING OF YEAR	170,833	257,258
CASH - END OF YEAR	\$ 291,804	\$ 170,833

See accompanying notes

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Notes to Financial Statements

Year Ended March 31, 2019

1. NATURE OF OPERATIONS

Saskatchewan Deaf and Hard of Hearing Services Inc. ("SDHHS" or the "Organization"), is a bilingual, bi-cultural, non-profit organization whose mission is to promote the independence of the deaf, late deafened, and hard of hearing persons 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 (ASNFPO).

Revenue recognition

The Organization 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, and sales are recognized when the service is provided.

Fund accounting

The Organization 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.

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SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Notes to Financial Statements

Year Ended March 31, 2019

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 fund investments 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.

Employee future benefits

The Organization has a defined contribution pension plan where the Organization and its employees contribute an identified amount to the plan annually. Amounts due to the plan are settled as they come due and there is no further obligation to report.

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Notes to Financial Statements

Year Ended March 31, 2019

3. RESTRICTED FUND INVESTMENTS

	2019	2018
Term deposit bearing interest at 1.95%, matures on May 26, 2019	\$ 51,410	\$ -
Term deposit bearing interest at 2.10%, matures on July 4, 2019	102,721	-
Term deposit bearing interest at 2.75%, matures on October 25, 2020	68,493	-
Term deposit bearing interest at 1.15%, matures on May 26, 2018	-	50,000
Term deposit bearing interest at 1.15%, matures on July 4, 2018	-	100,000
Term deposit bearing interest at 1.50%, matures on October 23, 2018	-	66,692
	\$ 222,624	\$ 216,692

4. INVENTORY

	2019	2018
Hearing aid batteries	\$ 1,536	\$ 1,224
Signing time kits	560	2,100
Assistive devices	409	1,278
ASL textbooks	13,706	8,581
	\$ 16,211	\$ 13,183

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Equipment	\$ 37,091	\$ 25,622	\$ 11,469	\$ 14,336
Computer equipment	12,857	9,770	3,087	4,410
	\$ 49,948	\$ 35,392	\$ 14,556	\$ 18,746

6. LINE OF CREDIT

The Organization has a \$32,000 line of credit of which \$Nil (2018 - \$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. As at year end Conexus Credit Union prime was 3.95% (2018 - 2.45%).

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Notes to Financial Statements

Year Ended March 31, 2019

7. DEFERRED REVENUE

	2019	2018
Ministry of the Education - Preschool program	\$ 42,644	\$ -
ASL class registration fees	7,931	2,173
Ministry of the Economy - CanSask Workforce Development	5,868	53,718
Access Communications grant	5,200	7,000
Community Initiatives Fund (CIF) - Early Childhood & Family Services	4,000	-
Capital donation	2,700	2,700
Youth conference	2,409	3,311
Regina leisure services	1,805	4,480
	<u>\$ 72,557</u>	<u>\$ 73,382</u>

8. EMPLOYEE BENEFITS PLAN

The SDHHS has a defined contribution pension plan. During the year, employer contributions totaled \$18,251 (2018 - \$21,331).

9. 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, 2019.

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.

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SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Notes to Financial Statements

Year Ended March 31, 2019

9. FINANCIAL INSTRUMENTS (*continued*)

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.

10. CONTINGENT LIABILITY

The Organization receives grant funding from various source that span the Organization's fiscal yearend. The Organization is required to submit funding reports at the end of the funding period which are reviewed by the granting agency and can result in the requirement to repay funding which is unused or disallowed. Any repayment is recorded in the year the Organization is informed by the funding agency.

11. COMMITMENTS

The SDHHS has lease commitments related to rental of premises in the Saskatoon office. Rental commitments comprise of \$2,150 plus occupancy costs per month up to July 2020, increasing to \$2,250 plus occupancy costs until the lease expires in July 2022.

12. CORRESPONDING FIGURES

The prior year's interpreting service fee revenue and salaries and benefits expense have been reclassified by \$11,020 to reflect the internal charges for these services provided to the CanSask Workforce Development program.

There was no change in the previously reported total of assets, liabilities, or net assets, as at March 31, 2018 or on the total of revenues, expenses or excess of revenue (expense) for the year then ended as a result of the reclassification.

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Grants

(Schedule 1)

Year Ended March 31, 2019

	2019	2018
Ministry of Social Services grant	\$ 358,243	\$ 358,243
Ministry of the Economy grant		
- CanSask Workforce Development	387,690	299,030
Ministry of the Education grant - Preschool	83,107	-
Early Childhood and Family Services grants	27,260	15,500
HRDC - Summer Student grant	5,982	10,967
City grants	5,630	8,280
SaskCulture grant	147	1,500
Raise a Reader grant	-	1,500
	\$ 868,059	\$ 695,020

Fees and Sales

(Schedule 2)

Year Ended March 31, 2019

	2019	2018
Interpreting service fees	\$ 128,426	\$ 139,026
Computerized notetaking fees	20,805	5,143
Assistive device sales	10,461	10,319
Hearing aid battery sales	4,410	5,718
	\$ 164,102	\$ 160,206

Other Revenues

(Schedule 3)

Year Ended March 31, 2019

	2019	2018
ASL class registrations and textbooks	\$ 38,437	\$ 44,287
Fundraising	26,307	16,284
Early Childhood and Family Services sponsorships	16,970	15,389
Donations	16,169	19,317
Recovery of travel expenses	10,215	13,782
Interest income	5,932	873
Conference registrations and donations	2,368	38,754
Educational consultation and camps	1,000	1,000
Memberships	915	650
Miscellaneous	529	1,058
	\$ 118,842	\$ 151,394

See accompanying notes