

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

**Financial Statements
Year Ended March 31, 2020**

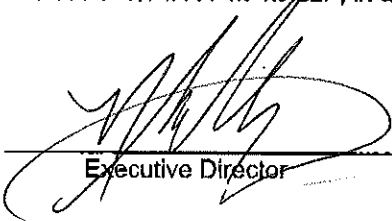
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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.

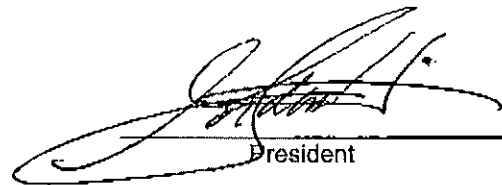
The integrity and reliability of Saskatchewan Deaf and Hard of Hearing Services Inc.'s reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable 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 29, 2020



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, 2020, 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, 2020 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, 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, 2020 or current assets and net assets as at March 31, 2020. 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 29, 2020

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Statement of Financial Position

March 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 433,156	\$ 291,804
Restricted fund investments (Note 3)	226,558	222,624
Accounts receivable	61,570	51,690
Inventory (Note 4)	10,977	16,211
Goods and services tax recoverable	5,333	5,590
Prepaid expenses	9,389	8,758
	746,983	596,677
CAPITAL ASSETS (Note 5)	13,714	14,556
	\$ 760,697	\$ 611,233
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 24,427	\$ 42,472
Wages payable	31,868	30,019
Deferred revenue (Note 7)	189,817	72,557
	246,112	145,048
 NET ASSETS		
Unrestricted fund	288,027	243,561
Restricted fund	226,558	222,624
	514,585	466,185
	\$ 760,697	\$ 611,233

CONTINGENT LIABILITY (Note 10)

LEASE COMMITMENTS (Note 11)

ON BEHALF OF THE BOARD


 _____ Director
 Art Hilcop
 _____ Director

See notes to financial statements

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Statement of Operations Year Ended March 31, 2020

	2020	2019
REVENUES		
Grants <i>(Schedule 1)</i>	\$ 930,168	\$ 868,059
Fees and sales <i>(Schedule 2)</i>	168,603	164,102
Other revenues <i>(Schedule 3)</i>	114,952	118,842
	1,213,723	1,151,003
EXPENSES		
Amortization	3,640	4,190
Assistive device purchases	6,084	6,526
Bad debts	2,918	3,537
Board	2,493	1,611
Education and conference	26,547	27,751
Education materials and publicity	7,966	5,818
Freelance interpreting and support services	34,163	38,148
Fundraising	7,830	6,387
General and administrative	23,034	15,926
Hearing aid battery purchases	1,673	2,538
Office	21,944	22,731
Professional fees	7,917	8,016
Rent	93,735	95,457
Salaries and benefits	355,332	304,981
Supplies	6,811	5,692
Travel	24,719	21,432
	626,806	570,741
EXCESS OF REVENUES (EXPENSES) FROM OPERATIONS	586,917	580,262
PROGRAMMING AND OTHER EXPENSES		
CanSask Workforce Development program	376,240	374,547
Preschool	111,048	83,107
Early Childhood and Family Services program	51,229	34,796
Support Employment Transition Initiative	-	578
	538,517	493,028
EXCESS OF REVENUES (EXPENSES)	\$ 48,400	\$ 87,234

See notes to financial statements

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Statement of Changes in Net Assets

Year Ended March 31, 2020

	Unrestricted Fund	Restricted Fund	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 243,561	\$ 222,624	\$ 466,185	\$ 378,951
Excess of revenues (expenses)	44,466	3,934	48,400	87,234
NET ASSETS - END OF YEAR	\$ 288,027	\$ 226,558	\$ 514,585	\$ 466,185

See notes to financial statements

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Statement of Cash Flows

Year Ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues (expenses)	\$ 48,400	\$ 87,234
Items not affecting cash:		
Amortization	3,640	4,190
Reinvested earnings on investments	(3,934)	(5,932)
	48,106	85,492
Changes in non-cash working capital:		
Accounts receivable	(9,880)	29,199
Inventory	5,234	(3,028)
Accounts payable	(18,045)	18,396
Deferred revenue	117,260	(825)
Prepaid expenses	(631)	(3,330)
Goods and services tax recoverable	257	(261)
Wages payable	1,849	(4,672)
	96,044	35,479
Cash flow from operating activities	144,150	120,971
INVESTING ACTIVITY		
Additions to capital assets	(2,798)	-
INCREASE IN CASH FLOW	141,352	120,971
CASH - BEGINNING OF YEAR	291,804	170,833
CASH - END OF YEAR	\$ 433,156	\$ 291,804

See notes to financial statements

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Notes to Financial Statements

Year Ended March 31, 2020

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, 2020

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.

3. RESTRICTED FUND INVESTMENTS

Investments consist of term deposits that mature between May 2020 and October 2020 and earn interest from 2.10% to 2.75% (2019 - matured between May 2019 and July 2020 with interest from 1.95% to 2.10%).

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Notes to Financial Statements

Year Ended March 31, 2020

4. INVENTORY

	2020	2019
ASL textbooks	\$ 8,047	\$ 13,706
Hearing aid batteries	1,670	1,536
Signing time kits	1,260	560
Assistive devices	-	409
	\$ 10,977	\$ 16,211

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Equipment	\$ 37,091	\$ 27,916	\$ 9,175	\$ 11,469
Computer equipment	15,655	11,116	4,539	3,087
	\$ 52,746	\$ 39,032	\$ 13,714	\$ 14,556

6. LINE OF CREDIT

The Organization has a \$32,000 line of credit of which \$Nil (2019 - \$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 2.45% (2019 - 3.95%).

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Notes to Financial Statements

Year Ended March 31, 2020

7. DEFERRED REVENUE

	2020	2019
Ministry of the Education - Preschool program	\$ 131,922	\$ 42,644
Community Initiatives Fund (CIF) - Early Childhood & Family Services	13,750	4,000
Ministry of the Economy - CanSask Workforce Development	16,445	5,868
SaskTel - ASL donation	10,000	-
Benevity Community Impact Fund - Early Childhood & Family Services sponsorship	10,000	-
Conexus Credit Union - Early Childhood & Family Services sponsorship	5,000	-
Capital donation	2,700	2,700
ASL class registration fees	-	7,931
Access Communications grant	-	5,200
Youth conference	-	2,409
Regina leisure services	-	1,805
	\$ 189,817	\$ 72,557

8. EMPLOYEE BENEFITS PLAN

The SDHHS has a defined contribution pension plan. During the year, employer contributions totaled \$19,802 (2019 - \$18,251).

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, 2020.

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.

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SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Notes to Financial Statements

Year Ended March 31, 2020

9. FINANCIAL INSTRUMENTS *(continued)*

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.

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. ALLOCATED COSTS

SDHHS allocated \$300,325 (2019 - \$275,587) wage and benefit costs related to counselling, interpreting, and administrative support to the CanSask Workforce Development program based on an agreed amount for the program. In addition there is \$30,730 (2019 - \$54,605) related to direct interpreting services.

13. CORRESPONDING FIGURES

The prior year's figures have been retrospectively reclassified to adjust grant revenue, camp registration revenue, Early Childhood and Family Services sponsorship revenue, fundraising expenses, and general and administrative expenses.

There was no change in the previously reported total of assets, liabilities, or net assets, as at March 31, 2019 or the total 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.

Notes to Financial Statements

Year Ended March 31, 2020

14. UNCERTAINTY OF IMPACT OF COVID-19

In January 2020 the Federal Government of Canada began initiatives to reduce the transmission of a world-wide outbreak of a new strain of novel coronavirus (Covid-19). Measures included the mandatory closure of certain businesses and operations, and as a result, the Canadian economy moved into a downturn.

While it is not possible to determine the total extent the impact will have on the customers, suppliers, staffing, and resulting financial position of the Organization, they have experienced a decrease in participation in ASL classes and other programming. However, it is management's opinion that the Organization has not experienced significant financial loss as of the report date.

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Grants

(Schedule 1)

Year Ended March 31, 2020

	2020	2019
Ministry of the Economy grant		
- CanSask Workforce Development	\$ 390,611	\$ 387,690
Ministry of Social Services grant	361,236	358,243
Ministry of the Education grant - Preschool	111,049	83,107
Early Childhood and Family Services grants	57,249	27,260
HRDC - Summer Student grant	10,573	5,982
SaskCulture grant	-	147
City grants	(550)	5,630
	\$ 930,168	\$ 868,059

Fees and Sales

(Schedule 2)

Year Ended March 31, 2020

	2020	2019
Interpreting service fees	\$ 148,262	\$ 128,426
Computerized notetaking fees	9,740	20,805
Assistive device sales	7,604	10,461
Hearing aid battery sales	2,997	4,410
	\$ 168,603	\$ 164,102

Other Revenues

(Schedule 3)

Year Ended March 31, 2020

	2020	2019
ASL class registrations and textbooks	\$ 32,955	\$ 38,437
Fundraising	28,623	26,307
Donations	16,314	16,169
Camp registrations	15,890	13,838
Recovery of travel expenses	8,260	10,215
Interest income	3,834	5,932
Miscellaneous	5,139	529
Early Childhood and Family Services sponsorships	3,162	6,500
Memberships	775	915
	\$ 114,952	\$ 118,842

See notes to financial statements