

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

Financial Statements

Year Ended March 31, 2016

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.

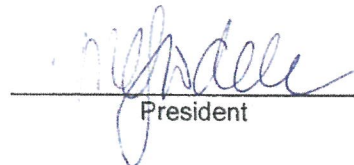
The integrity and reliability of Saskatchewan Deaf and Hard of Hearing Services Inc. 's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable 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, Saskatchewan
May 14, 2016



Chartered Professional
Accountants LLP

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Saskatchewan Deaf and Hard of Hearing Services Inc., which comprise the statement of financial position as at March 31, 2016 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.

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

Basis for Qualified Opinion

In common with many charitable organizations, 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), 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 and Hard of Hearing Services Inc. as at March 31, 2016 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 14, 2016

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Statement of Financial Position

March 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 254,747	\$ 153,908
Restricted fund (Note 3)	50,086	50,000
Accounts receivable	33,172	19,248
Inventory (Note 4)	3,217	1,859
Goods and services tax recoverable	4,511	4,911
Prepaid expenses	4,203	3,746
	349,936	233,672
CAPITAL ASSETS (Note 5)	12,766	6,814
	\$ 362,702	\$ 240,486
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 51,906	\$ 29,956
Wages payable	23,942	23,177
Deferred revenue (Note 7)	106,439	73,133
	182,287	126,266
 NET ASSETS		
Unrestricted fund	130,329	64,220
Restricted fund	50,086	50,000
	180,415	114,220
	\$ 362,702	\$ 240,486

COMMITMENTS (Note 10)

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See accompanying notes

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Statement of Operations

For the Year Ended March 31, 2016

	2016	2015
REVENUES		
Grants <i>(Schedule 1)</i>	\$ 790,156	\$ 873,700
Fees and sales <i>(Schedule 2)</i>	178,262	151,389
Other revenues <i>(Schedule 3)</i>	75,692	97,024
	1,044,110	1,122,113
EXPENSES		
Amortization	4,799	2,080
Assistive device purchases	15,614	15,033
Bad debts	5,545	1,899
Board	2,312	2,178
Education and conference	5,919	24,056
Education materials and publicity	3,678	4,397
Freelance interpreting and support services	27,176	32,270
Fundraising	4,658	2,299
General and administrative	16,746	15,096
Hearing aid battery purchases	2,861	3,859
Office	37,443	38,171
Professional fees	7,611	8,195
Rent	92,586	100,171
Salaries and benefits	360,413	401,446
Supplies	8,086	6,736
Travel	21,157	24,720
	616,604	682,606
OTHER EXPENSES		
CanSask Workforce Development Program	309,030	328,723
Early Childhood & Family Services	50,174	49,965
Support Employment Transition Initiative	-	3,240
United Way of Regina - Outcome Measures Program	-	5,000
Loss on disposal of capital assets	2,107	-
	361,311	386,928
EXCESS OF REVENUES (EXPENSES)	\$ 66,195	\$ 52,579

See accompanying notes

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Statement of Changes in Net Assets

Year Ended March 31, 2016

	Unrestricted Fund	Restricted Fund	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 64,220	\$ 50,000	\$ 114,220	\$ 61,641
Excess of revenues (expenses)	66,109	86	66,195	52,579
NET ASSETS - END OF YEAR	\$ 130,329	\$ 50,086	\$ 180,415	\$ 114,220

See accompanying notes

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Statement of Cash Flow Year Ended March 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenues (expenses)	\$ 66,195	\$ 52,579
Items not affecting cash:		
Amortization of capital assets	4,799	2,080
Loss on disposal of assets	2,107	-
	73,101	54,659
Changes in non-cash working capital:		
Accounts receivable	(13,924)	13,546
Inventory	(1,358)	(116)
Accounts payable	21,949	7,125
Deferred revenue	33,306	(61,271)
Prepaid expenses	(457)	45
Goods and services tax recoverable	400	(2,100)
Wages payable	765	(1,731)
	40,681	(44,502)
Cash flow from operating activities	113,782	10,157
INVESTING ACTIVITY		
Purchase of capital assets	(12,857)	(2,379)
INCREASE IN CASH FLOW	100,925	7,778
CASH - BEGINNING OF YEAR	203,908	196,130
CASH - END OF YEAR	\$ 304,833	\$ 203,908
CASH CONSISTS OF:		
Cash	\$ 254,747	\$ 153,908
Restricted fund	50,086	50,000
	\$ 304,833	\$ 203,908

See accompanying notes

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Notes to Financial Statements

Year Ended March 31, 2016

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, rents 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, 2016

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.

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

	2016	2015
Term deposit at 0.35% interest, maturing April 14, 2015	\$ -	\$ 20,548
Term deposit bearing interest at 0.35%, maturing April 8, 2016	50,086	-
Cash	-	29,452
	\$ 50,086	\$ 50,000

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Notes to Financial Statements

Year Ended March 31, 2016

4. INVENTORY

	2016	2015
Hearing aid batteries	\$ 1,426	\$ 1,859
Signing time kits	910	-
Assistive devices	881	-
	\$ 3,217	\$ 1,859

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Equipment	\$ 22,370	\$ 18,604	\$ 3,766	\$ 4,707
Computer equipment	12,857	3,857	9,000	2,107
	\$ 35,227	\$ 22,461	\$ 12,766	\$ 6,814

6. LINE OF CREDIT

The Organization has a \$32,000 line of credit of which \$nil (2015 - \$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.

7. DEFERRED REVENUE

	2016	2015
Ministry of the Economy - Can Sask Work Development Community Initiatives Fund (CIF) - Early Childhood & Family Services	\$ 60,603	\$ 40,668
Youth conference	-	26,500
ASL class registration fees	28,126	3,954
Affinity Credit Union	3,510	2,011
Regina leisure services	7,000	-
	7,200	-
	\$ 106,439	\$ 73,133

8. EMPLOYEE BENEFITS PLAN

The SDHHS has a defined contribution pension plan. During the year, employer contributions totaled \$19,726 (2015 - \$21,340).

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Notes to Financial Statements

Year Ended March 31, 2016

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, 2016.

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.

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. COMMITMENTS

The SDHHS has lease commitments related to rental of premises in the Regina and Saskatoon offices. Rental commitments for Regina; \$2,756 per month expiring February 2019 and for Saskatoon; \$3,911 per month expiring July 2017.

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Grants

(Schedule 1)

Year Ended March 31, 2016

	2016	2015
Ministry of Social Services	\$ 358,243	\$ 354,696
Ministry of the Economy - Can Sask Work Development	310,488	341,261
United Way - Saskatoon	71,600	76,878
United Way Regina	35,353	35,353
Dakota Dunes	5,000	-
CIF - Early Childhood & Family Services	4,170	53,500
HRDC - Summer Student Grant	4,037	11,547
City grants	1,265	465
	\$ 790,156	\$ 873,700

Fees and Sales

(Schedule 2)

Year Ended March 31, 2016

	2016	2015
Interpreting	\$ 147,071	\$ 122,266
Assistive device sales	18,505	15,307
Hearing aid battery sales	9,634	11,371
Computerized notetaking	3,021	2,445
Office support fees	31	-
	\$ 178,262	\$ 151,389

Other Revenues

(Schedule 3)

Year Ended March 31, 2016

	2016	2015
Donations	\$ 23,920	\$ 21,554
Fundraising projects	20,442	16,754
ASL class registration fees	20,085	23,401
Recovery of travel expenses	7,579	6,672
Miscellaneous	1,756	1,075
Conference	1,260	22,038
Memberships	650	780
Rent	-	4,750
	\$ 75,692	\$ 97,024

See accompanying notes