

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

**Financial Statements
Year Ended March 31, 2021**

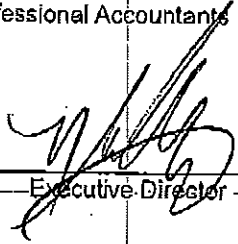
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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 (ASNPO). 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.

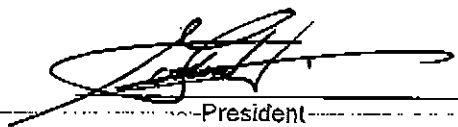
The integrity and reliability of Saskatchewan Deaf and Hard of Hearing Services Inc.'s reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable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



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, 2021, 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, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 revenues from sources other than grants, fees and sales and we were not able 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 years ended March 31, 2021, and 2020, current assets and net assets as at March 31, 2021, and 2020.

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 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 these 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 ASNPO, 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 related to going concern and using the 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.

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An asset to our clients, not an expense

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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.

Chartered Professional Accountants

Regina, Saskatchewan

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Statement of Financial Position

March 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 790,704	\$ 433,156
Restricted fund investments (Note 3)	231,020	226,558
Accounts receivable	20,265	61,570
Inventory	10,845	10,977
Grant receivable	58,706	-
Goods and services tax recoverable	7,728	5,333
Prepaid expenses	9,436	9,389
	<u>1,128,704</u>	<u>746,983</u>
CAPITAL ASSETS (Note 4)	<u>10,517</u>	<u>13,714</u>
	<u>\$ 1,139,221</u>	<u>\$ 760,697</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 58,916	\$ 24,427
Wages payable	38,230	31,868
Deferred revenue (Note 5)	426,479	189,817
	<u>523,625</u>	<u>246,112</u>
NET ASSETS		
Unrestricted fund	382,430	288,027
Restricted fund	233,166	226,558
	<u>615,596</u>	<u>514,585</u>
	<u>\$ 1,139,221</u>	<u>\$ 760,697</u>

CONTINGENT FUNDING (Note 6)

LEASE COMMITMENTS (Note 10)

ON BEHALF OF THE BOARD

Art Hill

Director

[Signature]

Director

See notes to financial statements

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Statement of Operations Year Ended March 31, 2021

	2021	2020
REVENUES		
Grants (<i>Schedule 1</i>)	\$ 1,017,483	\$ 930,168
Fees and sales (<i>Schedule 2</i>)	72,646	168,603
Other revenues (<i>Schedule 3</i>)	53,692	114,952
	1,143,821	1,213,723
EXPENSES		
Salaries and benefits	285,580	355,332
Rent	93,782	93,735
Office	22,100	21,944
Freelance interpreting and support services	19,771	34,163
General and administrative	15,165	23,034
Travel	11,840	24,719
Education and conference	11,169	26,547
Bad debts	7,799	2,918
Professional fees	6,959	7,917
Education materials and publicity	4,145	7,966
Amortization	3,197	3,640
Supplies	2,060	6,811
Board	1,769	2,493
Assistive device purchases	1,327	6,084
Hearing aid battery purchases	341	1,673
Fundraising	-	7,830
	487,004	626,806
EXCESS OF REVENUES (EXPENSES) FROM OPERATIONS	656,817	586,917
PROGRAMMING AND OTHER EXPENSES		
CanSask Workforce Development program	415,596	376,240
Preschool	82,170	111,048
Early Childhood and Family Services program	46,441	51,229
ASL activity kits	11,599	-
	555,806	538,517
EXCESS OF REVENUES (EXPENSES)	\$ 101,011	\$ 48,400

See notes to financial statements

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Statement of Changes in Net Assets

Year Ended March 31, 2021

	General Fund	Restricted Fund	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 288,027	\$ 226,558	\$ 514,585	\$ 466,185
Excess of revenues (expenses)	94,403	6,608	101,011	48,400
NET ASSETS - END OF YEAR	\$ 382,430	\$ 233,166	\$ 615,596	\$ 514,585

See notes to financial statements

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Statement of Cash Flows Year Ended March 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues (expenses)	\$ 101,011	\$ 48,400
Items not affecting cash:		
Amortization	3,197	3,640
Reinvested earnings on investments	(4,462)	(3,934)
	99,746	48,106
Changes in non-cash working capital:		
Accounts receivable	41,305	(9,880)
Grant receivable	(58,706)	-
Inventory	132	5,234
Accounts payable	34,489	(18,045)
Deferred revenue	236,662	117,260
Prepaid expenses	(47)	(631)
Goods and services tax payable	(2,395)	257
Wages payable	6,362	1,849
	257,802	96,044
Cash flow from operating activities	357,548	144,150
INVESTING ACTIVITY		
Additions to capital assets	-	(2,798)
INCREASE IN CASH FLOW	357,548	141,352
CASH - BEGINNING OF YEAR	433,156	291,804
CASH - END OF YEAR	\$ 790,704	\$ 433,156

See notes to financial statements

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Notes to Financial Statements

Year Ended March 31, 2021

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 (ASNFPPO).

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, 2021

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 2021 and October 2022 and earn interest from 0.50% to 1.20% (2020 - matured between May 2020 and October 2020 with interest from 2.10% to 2.75%).

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Notes to Financial Statements

Year Ended March 31, 2021

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Equipment	\$ 37,091	\$ 29,751	\$ 7,340	\$ 9,175
Computer equipment	15,655	12,478	3,177	4,539
	<u>\$ 52,746</u>	<u>\$ 42,229</u>	<u>\$ 10,517</u>	<u>\$ 13,714</u>

5. DEFERRED REVENUE

In accordance with the accounting policies for revenue recognition, any restricted contribution of service fee is deferred to the period the funds are earned. As at year end the Organization had the following deferred revenues.

	2021	2020
<u>Grants and donations</u>		
Ministry of Social Services - sign language support	\$ 197,032	\$ -
Ministry of the Education - preschool program	171,767	131,922
Community Foundations of Canada - ASL Activity Kits	24,401	-
City of Regina - Youth Activity grant	13,880	-
Community Initiatives Fund (CIF) - Early Childhood & Family Services	11,667	13,750
Affinity Credit Union	2,500	-
Saskatchewan Lotteries Community	2,240	-
City of Saskatoon Community Services	1,000	-
SaskTel - ASL donation	900	10,000
Ministry of the Economy - CanSask Workforce Development	-	16,445
Benevity Community Impact Fund - Early Childhood & Family Services sponsorship	-	10,000
Conexus Credit Union - Early Childhood & Family Services sponsorship	-	5,000
Capital asset donation	-	2,700
	<u>425,387</u>	<u>189,817</u>
<u>Fees</u>		
ASL class registrations	<u>1,092</u>	<u>-</u>
	<u>\$ 426,479</u>	<u>\$ 189,817</u>

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Notes to Financial Statements

Year Ended March 31, 2021

6. CONTINGENT FUNDING

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.

7. LINE OF CREDIT

The Organization has a \$32,000 line of credit of which \$Nil (2020 - \$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% (2020 - 2.45%).

8. EMPLOYEE BENEFITS PLAN

The SDHHS has a defined contribution pension plan. During the year, employer contributions totaled \$17,504 (2020 - \$19,802).

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, 2021.

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, 2021

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. COMMITMENTS

The SDHHS has lease commitments related to rental of premises in the Regina and Saskatoon offices. Rental commitments comprise of \$2,112 per month for the Regina office until the lease expires in September 2021, as well as \$2,250 plus occupancy costs per month for the Saskatoon office until the lease expires in July 2022.

11. ALLOCATED COSTS

SDHHS allocated \$326,991 (2020 - \$300,325) 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 \$16,305 (2020 - \$30,730) related to direct interpreting services.

12. UNCERTAINTY OF IMPACT OF COVID-19

In early 2020, the federal and provincial governments in Canada implemented measures intended to reduce the impact of the Covid-19 pandemic. These regulations have an ongoing impact on the operations of organizations and individuals.

The Organization experienced a decrease in the request for services and had difficulty initiating and carrying out a number of different programs due to the operating restrictions imposed by the government relations in response to the pandemic. Overall, no significant financial loss occurred, but programs that had allocated funds were unable to be delivered and have been delayed due to the pandemic.

The ongoing impact of the continued government measures on the company subsequent to yearend is unknown.

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Grants

(Schedule 1)

Year Ended March 31, 2021

	2021	2020
Ministry of Social Services grant	\$ 443,481	\$ 361,236
Ministry of the Economy grant		
- CanSask Workforce Development	401,849	390,611
- Top up grant	24,291	-
Ministry of the Education grant - Preschool	82,477	111,049
Early Childhood and Family Services grants	46,083	57,249
ASL Activity Kits grant	11,599	-
Youth Activity grant	4,303	-
Lional McGillivray Fund grant	2,000	-
City grants	1,400	(550)
HRDC - Summer Student grant	-	10,573
	<u>\$ 1,017,483</u>	<u>\$ 930,168</u>

Fees and Sales

(Schedule 2)

Year Ended March 31, 2021

	2021	2020
Interpreting service fees	\$ 65,720	\$ 148,262
Assistive device sales	2,992	7,604
Computerized notetaking fees	2,310	9,740
Hearing aid battery sales	1,624	2,997
	<u>\$ 72,646</u>	<u>\$ 168,603</u>

See notes to financial statements

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Other Revenues

(Schedule 3)

Year Ended March 31, 2021

	2021	2020
ASL class registrations and textbooks	\$ 28,679	\$ 32,955
Donations	16,845	16,314
Interest income	4,462	3,834
Expenses to be recovered	1,796	-
Recovery of travel expenses	1,319	8,260
Memberships	515	775
Miscellaneous	76	5,139
Fundraising	-	28,623
Camp registrations	-	15,890
Early Childhood and Family Services sponsorships	-	3,162
	<u>\$ 53,692</u>	<u>\$ 114,952</u>

See notes to financial statements