

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

**Financial Statements  
Year Ended March 31, 2022**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING


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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.



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Executive Director



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President

Saskatoon, SK  
May 16, 2022



Chartered Professional  
Accountants LLP

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## INDEPENDENT AUDITOR'S REPORT

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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, 2022, and the statements of income, 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, 2022, 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, 2022 and 2021, current assets and net assets as at March 31, 2022 and 2021.

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.

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*An asset to our clients, not an expense*

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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.



Chartered Professional Accountants


Regina, Saskatchewan  
May 16, 2022


# SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

## Statement of Financial Position March 31, 2022

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 788,462	\$ 790,704
Restricted fund investments (Note 3)	433,318	231,020
Accounts receivable	19,500	20,265
Inventory	9,836	10,845
Grant receivable	7,621	58,706
Goods and services tax recoverable	5,826	7,728
Prepaid expenses	5,601	9,436
	1,270,164	1,128,704
<b>CAPITAL ASSETS (Note 4)</b>	33,915	10,517
	<b>\$ 1,304,079</b>	<b>\$ 1,139,221</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 56,853	\$ 58,916
Wages payable	33,507	38,230
Deferred revenue (Note 5)	359,729	426,479
	450,089	523,625
 <b>NET ASSETS</b>		
Unrestricted fund	420,672	382,431
Restricted fund	433,318	233,165
	853,990	615,596
	<b>\$ 1,304,079</b>	<b>\$ 1,139,221</b>
 <b>CONTINGENT FUNDING (Note 6)</b>		
<b>LEASE COMMITMENTS (Note 11)</b>		

ON BEHALF OF THE BOARD

 Director

 Director

See accompanying notes to financial statements

# SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Statement of Income  
Year Ended March 31, 2022

	2022	2021
<b>REVENUES</b>		
Grants ( <i>Schedule 1</i> )	\$ 1,187,423	\$ 1,017,483
Fees and sales ( <i>Schedule 2</i> )	87,173	72,646
Other revenues ( <i>Schedule 3</i> )	60,787	53,692
	1,335,383	1,143,821
<b>EXPENSES</b>		
Salaries and benefits	392,505	285,579
Rent	94,186	93,782
General and administrative	35,356	15,165
Freelance interpreting and support services	29,079	19,771
Office	23,988	22,101
Travel	23,699	11,840
Education and conference	16,927	11,169
Professional fees	7,355	6,959
Education materials and publicity	6,623	4,145
Amortization	6,623	3,197
Assistive device purchases	5,408	1,327
Bad debts	3,603	7,799
Supplies	2,773	2,060
Board	822	1,769
Hearing aid battery purchases	402	341
	649,349	487,004
<b>EXCESS OF REVENUES (EXPENSES) FROM OPERATIONS</b>	<b>686,034</b>	<b>656,817</b>
<b>PROGRAMMING AND OTHER EXPENSES</b>		
CanSask Workforce Development program	293,091	415,596
Preschool	87,286	82,170
Early Childhood and Family Services program	48,581	46,441
ASL activity kits	18,682	11,599
	447,640	555,806
<b>EXCESS OF REVENUES (EXPENSES)</b>	<b>\$ 238,394</b>	<b>\$ 101,011</b>

See accompanying notes to financial statements

# SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

## Statement of Changes in Net Assets Year Ended March 31, 2022

		Unrestricted Fund		Restricted Fund		2022		2021
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$	382,431	\$	233,165	\$	<b>615,596</b>	\$	514,585
Excess of revenues (expenses)		238,394		-		<b>238,394</b>		101,011
Transfer to restricted investments ( <i>Note 10</i> )		(200,153)		200,153		-		-
<b>NET ASSETS - END OF YEAR</b>	<b>\$</b>	<b>420,672</b>	<b>\$</b>	<b>433,318</b>	<b>\$</b>	<b>853,990</b>	<b>\$</b>	<b>615,596</b>

See accompanying notes to financial statements

# SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Statement of Cash Flows  
Year Ended March 31, 2022

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess of revenues (expenses)	\$ 238,394	\$ 101,011
Items not affecting cash:		
Amortization	6,623	3,197
Reinvested earnings on investments	(2,298)	(4,462)
	242,719	99,746
Changes in non-cash working capital:		
Accounts receivable	765	41,305
Grant receivable	51,085	(58,706)
Inventory	1,009	132
Accounts payable	(2,064)	34,489
Deferred revenue	(66,750)	236,662
Prepaid expenses	3,835	(47)
Goods and services tax payable	1,902	(2,395)
Wages payable	(4,723)	6,362
	(14,941)	257,802
Cash flow from operating activities	227,778	357,548
<b>INVESTING ACTIVITIES</b>		
Additions to capital assets	(30,020)	-
Transfer to restricted fund	(200,000)	-
Cash flow used by investing activities	(230,020)	-
<b>INCREASE (DECREASE) IN CASH FLOW</b>	(2,242)	357,548
<b>CASH - BEGINNING OF YEAR</b>	790,704	433,156
<b>CASH - END OF YEAR</b>	\$ 788,462	\$ 790,704

See accompanying notes to financial statements



# SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Notes to Financial Statements  
Year Ended March 31, 2022

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## 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 (ASNPO).

### 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, 2022

## 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	5 years	straight-line method
Computer equipment	3 years	straight-line 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

	2022	2021
Term Deposits	\$ 233,318	\$ 231,020
Apportioned cash	200,000	-
	\$ 433,318	\$ 231,020

Investments consist of term deposits that mature between May 2022 and October 2022 and earn interest from 0.50% to 0.60% (2020 - matured between May 2021 and October 2022 and earn interest from 0.50% to 1.20%). Apportioned cash is a restricted portion of the Organization's bank account.

# SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

## Notes to Financial Statements Year Ended March 31, 2022

### 4. CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Equipment	\$ 43,113	\$ 31,821	\$ 11,292	\$ 7,340
Computer equipment	39,654	17,031	22,623	3,177
	<u>\$ 82,767</u>	<u>\$ 48,852</u>	<u>\$ 33,915</u>	<u>\$ 10,517</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.

	2020	Grants Received (Repaid)	Grant Revenue Recognized (Schedule 1)	2021
<u>Grants</u>				
Ministry of Social Services				
- Core funding	\$ -	\$ 391,673	\$ (391,673)	\$ -
- Sign language support	197,032	289,878	(171,712)	315,198
Ministry of the Economy Grant				
-CanSask Workforce Development	-	326,693	(326,693)	-
Ministry of Education - Preschool	171,767	75,750	(228,843)	18,674
Early Childhood & Family Services	15,167	39,905	(36,405)	18,667
ASL Activity Kits grant	24,401	-	(18,682)	5,719
Youth Activity grant	13,880	(4,630)	(9,250)	-
City and other funding grants	2,240	1,971	(4,165)	46
	<u>424,487</u>	<u>1,121,240</u>	<u>(1,187,423)</u>	<u>358,304</u>
<u>Fees and other</u>				
ASL class registration fees	1,092	25,720	(26,812)	-
Other donations	900	1,425	(900)	1,425
	<u>\$ 426,479</u>	<u>\$ 1,148,385</u>	<u>\$ (1,215,135)</u>	<u>\$ 359,729</u>

### 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.

# SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

## Notes to Financial Statements Year Ended March 31, 2022

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### 7. LINE OF CREDIT

The Organization has a \$32,000 line of credit of which \$Nil (2021 - \$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 4.70% (2021 - 2.45%).

### 8. EMPLOYEE BENEFITS PLAN

The SDHHS has a defined contribution pension plan. During the year, employer contributions totaled \$21,900 (2021 - \$17,504).

### 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, 2022.

#### 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. BOARD TRANSFER

During the year the Board of Directors approved a transfer of \$200,000 to the Restricted Fund.

# SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Notes to Financial Statements  
Year Ended March 31, 2022

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## 11. COMMITMENTS

The SDHHS currently does not have any long term commitments related to the rental of premises in the Regina or Saskatoon offices. Both offices are operating on a month-to-month basis as other options are considered. As of the report date, no new lease has been signed.

## 12. ALLOCATED COSTS

SDHHS allocated \$267,799 (2021 - \$326,991) 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 \$13,100 (2021 - \$16,305) related to direct interpreting services.

## 13. UNCERTAINTY OF IMPACT OF COVID-19

The Organization's operations have not returned to Covid-19 pandemic levels and it continues to experience a significant decline in the demand for services which remain at approximately one-half of what they were prior to the pandemic. In addition, they have had difficulty in implementing and operating various programming in the current conditions. Through cost controls, and the utilization of previous year's funding, no significant financial loss has occurred but as the pandemic continues the future impact on the organization remains uncertain, but no future loss is anticipated as of the Audit Report date.

# SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

## Grants

*(Schedule 1)*

Year Ended March 31, 2022

	2022	2021
Ministry of Social Services		
- Core funding	\$ 391,673	\$ 370,440
- Sign language support	171,712	73,041
Ministry of the Economy grant		
- CanSask Workforce Development	326,693	401,849
- Top up grant	-	24,291
Ministry of the Education grant - Preschool	228,843	82,477
Early Childhood and Family Services grants	36,405	46,083
ASL Activity Kits grant	18,682	11,599
Youth Activity grant	9,250	4,303
City grants	4,165	1,400
Lional McGillivray Fund grant	-	2,000
	<b>\$ 1,187,423</b>	<b>\$ 1,017,483</b>

## Fees and Sales

*(Schedule 2)*

Year Ended March 31, 2022

	2022	2021
Interpreting service fees	\$ 76,226	\$ 65,720
Assistive device sales	6,140	2,992
Computerized notetaking fees	3,728	2,310
Hearing aid battery sales	1,079	1,624
	<b>\$ 87,173</b>	<b>\$ 72,646</b>

## Other Revenues

*(Schedule 3)*

Year Ended March 31, 2022

	2022	2021
ASL class registrations and textbooks	\$ 26,812	\$ 28,679
Donations	18,447	16,845
Camp registrations	1,500	-
Fundraising	9,863	-
Interest income	2,298	4,462
Recovery of travel expenses	1,560	1,319
Memberships	865	515
Miscellaneous	(605)	76

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See accompanying notes to financial statements

# SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Other Revenues *(continued)*

*(Schedule 3)*

Year Ended March 31, 2022

	2022	2021
Expenses to be recovered	47	1,796
	<u>\$ 60,787</u>	<u>\$ 53,692</u>

See accompanying notes to financial statements