

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

**Financial Statements
Year Ended March 31, 2023**

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
May 17, 2023



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, 2023, 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, 2023, 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 donations 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, 2023 and 2022, current assets and net assets as at March 31, 2023 and 2022.

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
May 17, 2023

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Statement of Financial Position



March 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 796,787	\$ 788,462
Restricted fund investments (Note 3)	438,182	433,318
Accounts receivable	52,012	19,500
Inventory	2,654	9,836
Grant receivable	-	7,621
Goods and services tax recoverable	6,804	5,826
Prepaid expenses	16,012	5,601
	1,312,451	1,270,164
CAPITAL ASSETS (Note 4)	18,249	33,915
	\$ 1,330,700	\$ 1,304,079
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 65,169	\$ 56,853
Wages payable	40,858	33,507
Deferred revenue (Note 5)	320,719	359,729
	426,746	450,089
 NET ASSETS		
Unrestricted fund	465,772	420,672
Restricted fund	438,182	433,318
	903,954	853,990
	\$ 1,330,700	\$ 1,304,079

CONTINGENT FUNDING (Note 6)

LEASE COMMITMENTS (Note 10)

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

See accompanying notes to financial statements

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Statement of Operations Year Ended March 31, 2023

	2023	2022
REVENUES		
Ministry of Social Services grant		
- General core funding	\$ 374,521	\$ 360,569
- Sign language support	207,952	171,712
- Supported independent living	31,726	31,104
CanSask Workforce Development	391,616	326,693
Ministry of Education preschool grant	76,982	228,843
Early Childhood and Family Services grant	43,607	36,402
Other grants (<i>Schedule 1</i>)	23,778	32,097
Total grants	1,150,182	1,187,420
Fees and sales (<i>Schedule 2</i>)	138,702	87,173
Other revenues (<i>Schedule 3</i>)	72,626	60,787
	1,361,510	1,335,380
EXPENSES		
Ministry of Social Services programming (<i>Schedule 4</i>)	614,199	506,490
CanSask Workforce Development programming (<i>Schedule 5</i>)	391,616	293,090
Ministry of Education preschool programming (<i>Schedule 6</i>)	76,982	87,286
Early Childhood and Family Services programming (<i>Schedule 7</i>)	53,484	48,581
General (<i>Schedule 8</i>)	175,265	161,539
	1,311,546	1,096,986
EXCESS OF REVENUES (EXPENSES)	\$ 49,964	\$ 238,394

Statement of Changes in Net Assets Year Ended March 31, 2023

	Unrestricted Fund	Restricted Fund	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 420,672	\$ 433,318	\$ 853,990	\$ 615,596
EXCESS OF REVENUES (EXPENSES)	45,100	4,864	49,964	238,394
NET ASSETS - END OF YEAR	\$ 465,772	\$ 438,182	\$ 903,954	\$ 853,990

See accompanying notes to financial statements

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Statement of Cash Flows Year Ended March 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues (expenses)	\$ 49,964	\$ 238,394
Items not affecting cash:		
Amortization	15,666	6,623
Reinvested earnings on investments	(4,864)	(2,298)
	60,766	242,719
Changes in non-cash working capital:		
Accounts receivable	(32,512)	765
Grant receivable	7,621	51,085
Inventory	7,182	1,009
Accounts payable	8,316	(2,064)
Deferred revenue	(39,010)	(66,750)
Prepaid expenses	(10,411)	3,835
Goods and services tax recoverable	(978)	1,902
Wages payable	7,351	(4,723)
	(52,441)	(14,941)
Cash flow from operating activities	8,325	227,778
INVESTING ACTIVITIES		
Purchase of capital assets	-	(30,020)
Transfer to restricted fund investments	-	(200,000)
Cash flow used by investing activities	-	(230,020)
INCREASE (DECREASE) IN CASH FLOW	8,325	(2,242)
CASH - BEGINNING OF YEAR	788,462	790,704
CASH - END OF YEAR	\$ 796,787	\$ 788,462

See accompanying notes to financial statements

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Notes to Financial Statements Year Ended March 31, 2023

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. Interest income is recognized in the related fund in the period earned.

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, 2023

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

	<u>2023</u>	<u>2022</u>
Term Deposits	\$ 238,182	\$ 233,318
Apportioned cash	200,000	200,000
	<u>\$ 438,182</u>	<u>\$ 433,318</u>

Investments consist of term deposits that mature between May 2023 and October 2024 and earn interest from 2.45% to 4.00% (2022 - matured between May 2022 and October 2022 and earn interest from 0.50% to 0.60). 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, 2023

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Equipment	\$ 43,113	\$ 37,496	\$ 5,617	\$ 11,292
Computer equipment	39,654	27,022	12,632	22,623
	\$ 82,767	\$ 64,518	\$ 18,249	\$ 33,915

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.

	2022	Received (Repaid)	Recognized Revenue	2023
Grants				
Ministry of Social Services				
- Core funding	\$ -	\$ 405,394	\$ (374,521)	\$ 30,873
- Sign language support	315,198	(57,138)	(207,952)	50,108
- Supported independent living	-	31,726	(31,726)	-
	315,198	379,982	(614,199)	80,981
Ministry of the Economy Grant				
-CanSask Workforce Development	-	400,043	(391,616)	8,427
Ministry of Education - Preschool	18,674	168,650	(76,982)	110,342
Early Childhood & Family Services	18,667	48,273	(43,606)	23,334
ASL Activity Kits grant	5,719	45,000	-	50,719
Youth Activity grant	-	10,998	(8,882)	2,116
City and other funding grants	46	8,094	(8,140)	-
Summer student grant	-	6,756	(6,756)	-
	43,106	687,814	(535,982)	194,938
Fees and other				
ASL class registration fees	-	12,300	-	12,300
Other donations	1,425	32,500	(1,425)	32,500
	\$ 359,729	\$ 1,112,596	\$ (1,151,606)	\$ 320,719

In the current year total Ministry of Social Services funding received was \$695,180 and a repayment was required for \$315,198 of funding which related to the 2021 and 2022 fiscal years.

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Notes to Financial Statements

Year Ended March 31, 2023

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.

During the year the Ministry of Social Services required repayment of \$315,198 of prior year's funding which is included in the deferred and recognized revenue of the current year.

7. LINE OF CREDIT

The Organization has a \$32,000 line of credit of which \$Nil (2022 - \$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 8.70% (2022 - 4.70%).

8. EMPLOYEE BENEFITS PLAN

The SDHHS has a defined contribution pension plan. During the year, employer contributions totaled \$26,217 (2022 - \$21,900).

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, 2023.

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, 2023

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. LEASE COMMITMENTS

SDHHS has entered into lease agreements related to the rental of premises in both Regina and Saskatoon. The Regina lease incurs a cost of \$2,734 per month plus applicable taxes, and expires in September 2023. The Saskatoon lease incurs a cost of \$4,155 per month plus applicable taxes, and expires in July 2024.

11. ALLOCATED COSTS

General Core Funding and Supported Independent Living costs have been allocated to the Ministry of Social Services programming based on the amounts approved in the budget unless actual costs were less than the budgeted amount. Sign Language Support costs are direct costs and are not allocated.

12. CORRESPONDING FIGURES

The prior year's figures have been reclassified to conform to the current year's presentation. There was no change in the previously reported total of assets, liabilities, or net assets, as at March 31, 2022 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.

Other Grant Revenue

(Schedule 1)

Year Ended March 31, 2023

	2023	2022
Youth activity grant	\$ 8,882	\$ 9,250
Summer student grant	6,756	-
City of Saskatoon grant	5,460	690
City of Regina grant	2,680	3,475
ASL activity kits grant	-	18,682
	\$ 23,778	\$ 32,097

Fees and Sales Revenue

(Schedule 2)

Year Ended March 31, 2023

	2023	2022
Interpreting service fees	\$ 128,322	\$ 76,226
Assistive device sales	6,190	6,140
Computerized notetaking fees	3,393	3,728
Hearing aid battery sales	797	1,079
	\$ 138,702	\$ 87,173

Other Revenue

(Schedule 3)

Year Ended March 31, 2023

	2023	2022
ASL class registrations and textbooks	\$ 26,015	\$ 26,812
Fundraising	28,645	9,863
Donations	6,116	18,447
Recovery of travel expenses	5,772	1,560
Interest income	4,864	2,298
Memberships	755	865
Miscellaneous	520	(605)
Camp registrations	-	1,500
Expenses to be recovered	(61)	47
	\$ 72,626	\$ 60,787

See accompanying notes to financial statements

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

Ministry of Social Services Programming
Year Ended March 31, 2023

(Schedule 4)

	2023	2022
EXPENSES		
General Core Funding		
Allocated salaries, benefits, and freelance	\$ 317,249	\$ 253,299
Rent	32,765	32,765
Transportation	11,028	8,078
Telephone	5,865	5,750
Miscellaneous	3,534	3,465
Supplies	2,142	2,100
Promotion	1,938	1,900
Recruitment & retention	-	2,090
	374,521	309,447
Sign Language Supports		
Direct salaries, benefits, and freelance	108,553	112,578
Community engagement	59,799	33,629
Contractors	19,549	6,329
Travel	18,439	13,403
Training	1,612	-
	207,952	165,939
Supported Independent Living		
Allocated salaries, benefits, and freelance	28,628	28,006
Transportation	1,088	1,088
Telephone	640	640
Program supplies	480	480
Audit	350	350
Recreation	325	325
Insurance	100	100
Conference	65	65
Supplies	50	50
	31,726	31,104
	\$ 614,199	\$ 506,490

General Core Funding and Supported Independent Living costs have been allocated to the Ministry of Social Services programming based on the amounts approved in the budget unless actual costs were less than the budgeted amount. Sign Language Support costs are direct costs and are not allocated.

See accompanying notes to financial statements

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

CanSask Workforce Development Programming (Schedule 5)
Year Ended March 31, 2023

	2023	2022
EXPENSES		
Allocated salaries, benefits, and freelance	\$ 325,973	\$ 267,799
Training materials / support	2,050	1,950
Liability insurance	2,552	2,925
Other costs	61,041	20,416
	\$ 391,616	\$ 293,090

Ministry of Education Preschool Programming (Schedule 6)
Year Ended March 31, 2023

	2023	2022
EXPENSES		
Direct salaries and benefits	\$ 56,252	\$ 72,641
Other	10,689	9,720
Support services	9,590	4,510
Training	451	-
Office	-	415
	\$ 76,982	\$ 87,286

Early Childhood and Family Services Programming (Schedule 7)
Year Ended March 31, 2023

	2023	2022
EXPENSES		
Direct salaries and benefits	\$ 48,833	\$ 47,750
Other	2,865	667
Support services	1,453	-
Training	333	-
Office	-	164
	\$ 53,484	\$ 48,581

See accompanying notes to financial statements

SASKATCHEWAN DEAF AND HARD OF HEARING SERVICES INC.

General

(Schedule 8)

Year Ended March 31, 2023

	2023	2022
EXPENSES		
Direct salaries and benefits	\$ 661,896	\$ 547,725
Freelance interpreting and support services	33,357	1,380
Allocated salaries, benefits, and freelance (<i>Note 11</i>)	<u>(695,253)</u>	<u>(549,105)</u>
	-	-
Rent	65,864	61,421
Education and conference	27,124	16,382
General and administrative	14,958	18,247
Office	13,329	15,448
Travel	11,266	-
Amortization	15,666	6,623
Professional fees	7,437	7,005
Assistive device purchases	4,510	5,408
Fundraising	4,365	-
Supplies	4,752	2,773
Bad debts	2,792	3,603
Education materials and publicity	2,280	4,723
Hearing aid battery purchases	663	402
Board	259	822
ASL activity kits	-	18,682
	<u>\$ 175,265</u>	<u>\$ 161,539</u>

See accompanying notes to financial statements