

**SASKATCHEWAN  
ABILITIES COUNCIL INC.**

***FINANCIAL STATEMENTS***

***December 31, 2015***

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SASKATCHEWAN ABILITIES COUNCIL INC.

We have audited the accompanying financial statements of Saskatchewan Abilities Council Inc., which comprise the statement of financial position as at December 31, 2015, and the statements of operations, changes in net assets and cash flows 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.

*Basis for Qualified Opinion*

In common with many not-for-profit organizations, Saskatchewan Abilities Council Inc. derives revenue from the general public in the form of donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Saskatchewan Abilities Council Inc. and we were not able to determine whether any adjustments might be necessary to recorded contributions, the excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended December 31, 2015 and December 31, 2014, current assets as at December 31, 2015 and December 31, 2014, and net assets as at January 1 and December 31 for both the 2015 and 2014 years. Our opinion on the financial statements for the year ended December 31, 2014 was modified accordingly, because of the possible effects of this scope limitation.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Abilities Council Inc. as at December 31, 2015 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.

A handwritten signature in cursive script that reads "Deloitte LLP".

**Chartered Professional Accountants, Chartered Accountants  
Licensed Professional Accountants**

March 10, 2016  
Saskatoon, Saskatchewan

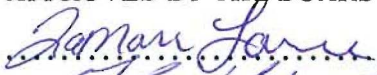
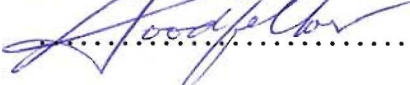
**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**STATEMENT OF OPERATIONS**  
**year ended December 31, 2015**

	2015	2014
<b>REVENUE</b> (see schedule)		
Regina Branch	\$ 5,714,982	\$ 5,522,520
Saskatoon Branch	7,960,075	8,304,439
Swift Current Branch	2,772,272	2,670,883
Yorkton Branch	5,450,847	5,276,190
Camp Easter Seal	937,862	847,873
Rehabilitation Services	12,250,331	12,093,292
Provincial Administration	2,500,926	2,167,901
	<u>37,587,295</u>	<u>36,883,098</u>
<b>EXPENSES</b> (see schedule)		
Regina Branch	6,090,762	5,893,694
Saskatoon Branch	8,437,897	8,635,479
Swift Current Branch	3,113,095	2,990,543
Yorkton Branch	5,763,846	5,513,258
Camp Easter Seal	1,312,891	1,228,897
Rehabilitation Services	12,171,078	12,117,652
Provincial Administration	602,367	555,122
	<u>37,491,936</u>	<u>36,934,645</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>\$ 95,359</b>	<b>\$ (51,547)</b>

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**STATEMENT OF FINANCIAL POSITION**  
as at December 31, 2015

	2015	2014
<b>CURRENT ASSETS</b>		
Cash	\$ 1,463,849	\$ 2,117,134
Accounts receivable (Note 4)	1,767,597	2,334,751
Inventories (Note 5)	1,363,972	1,255,600
Prepaid expenses	260,188	135,929
	<u>4,855,606</u>	<u>5,843,414</u>
<b>DESIGNATED INVESTMENTS (Note 6)</b>	<b>1,040,051</b>	<b>1,047,146</b>
<b>CAPITAL ASSETS (Note 7)</b>	<b>8,485,288</b>	<b>8,168,837</b>
<b>INTANGIBLE ASSET (Note 8)</b>	<b>18,000</b>	<b>30,000</b>
	<u>\$ 14,398,945</u>	<u>\$ 15,089,397</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 9)	\$ 3,267,071	\$ 3,262,499
Deferred grants	1,541,047	1,821,853
Current portion of long-term debt (Note 10)	-	23,808
Current portion of capital leases (Note 11)	5,985	12,905
	<u>4,814,103</u>	<u>5,121,065</u>
<b>LONG-TERM DEBT (Note 10)</b>	<b>-</b>	<b>329,335</b>
<b>CAPITAL LEASES (Note 11)</b>	<b>4,665</b>	<b>10,650</b>
<b>DEFERRED DONOR DESIGNATED FUNDS (Note 12)</b>	<b>252,607</b>	<b>359,702</b>
<b>UNAMORTIZED CAPITAL ASSET</b>		
<b>FUNDING (Notes 13 and 14)</b>	<u>2,560,947</u>	<u>2,673,481</u>
	<u>7,632,322</u>	<u>8,494,233</u>
<b>CONTINGENCIES (Note 13)</b>		
<b>COMMITMENTS (Note 15)</b>		
<b>NET ASSETS</b>		
Net assets restricted for endowment purposes (Note 16)	537,444	537,444
Internally restricted net assets invested in capital and intangible assets	5,967,819	5,148,660
Internally restricted net assets - other (Note 16)	250,000	150,000
Unrestricted net assets	11,360	759,060
	<u>6,766,623</u>	<u>6,595,164</u>
	<u>\$ 14,398,945</u>	<u>\$ 15,089,397</u>

APPROVED BY THE BOARD

 ..... Director  
 ..... Director

(see accompanying notes)

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**year ended December 31, 2015**

	Internally Restricted			Externally Restricted for Endowment Purposes	Unrestricted	2015 total	2014 total
	<i>Invested in Capital &amp; Intangible Assets</i>	<i>Other</i>	<i>Total</i>				
Balance, beginning of year	\$ 5,148,660	\$ 150,000	\$ 5,298,660	\$ 537,444	\$ 759,060	<b>\$ 6,595,164</b>	\$ 6,748,790
Excess (deficiency) of revenue over expenses	-	-	-	-	95,359	<b>95,359</b>	(51,547)
Employee future benefits remeasurements and other items (Note 19)	-	-	-	-	76,100	<b>76,100</b>	(50,473)
Transfers	-	100,000	100,000	-	(100,000)	-	-
Amortization of capital assets	(739,909)	-	(739,909)	-	739,909	-	-
intangible asset	(12,000)	-	(12,000)	-	12,000	-	-
Capital asset funding recognized	252,520	-	252,520	-	(252,520)	-	-
Capital asset funding deferred	(139,986)	-	(139,986)	-	139,986	-	-
Purchase of capital assets	1,110,360	-	1,110,360	-	(1,110,360)	-	-
Loss on disposal of capital assets	(17,874)	-	(17,874)	-	17,874	-	-
Repayment of long-term debt	353,143	-	353,143	-	(353,143)	-	-
capital leases	12,905	-	12,905	-	(12,905)	-	-
Interest income earned on endowment funds	-	-	-	-	-	-	1,340
Expenses paid out of endowment fund	-	-	-	-	-	-	(52,946)
Balance, end of year	<u>\$ 5,967,819</u>	<u>\$ 250,000</u>	<u>\$ 6,217,819</u>	<u>\$ 537,444</u>	<u>\$ 11,360</u>	<u><b>\$ 6,766,623</b></u>	<u>\$ 6,595,164</u>

(see accompanying notes)

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**STATEMENT OF CASH FLOWS**  
**year ended December 31, 2015**

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 95,359	\$ (51,547)
Interest income earned on endowment fund	-	1,340
Expenses paid out of endowment fund	-	(52,946)
Employee future benefits remeasurements and other items	76,100	(50,473)
Adjustments for		
Amortization of capital assets	739,909	686,445
Amortization of intangible asset	12,000	12,000
Capital asset funding recognized	(252,520)	(221,271)
Deferred donor designated funds recognized	(98,095)	(106,881)
Loss on disposal of capital assets	17,874	2,540
Changes in non-cash working capital items		
Accounts receivable	567,154	709,857
Inventories	(108,372)	(66,718)
Prepaid expenses	(124,259)	(30,208)
Accounts payable and accrued liabilities	4,572	368,271
Deferred grants	(280,806)	(763,855)
	<u>648,916</u>	<u>436,554</u>
<b>INVESTING ACTIVITIES</b>		
Capital asset additions	(1,110,360)	(1,888,744)
Proceeds on disposal of capital assets	36,126	-
Designated investments, net	7,095	(29,260)
	<u>(1,067,139)</u>	<u>(1,918,004)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	-	350,000
Repayment of long-term debt	(353,143)	(10,162)
Repayment of capital leases	(12,905)	(11,897)
Receipt of donor designated funds	130,986	994,668
	<u>(235,062)</u>	<u>1,322,609</u>
<b>NET DECREASE IN CASH</b>	<b>(653,285)</b>	<b>(158,841)</b>
<b>CASH POSITION, BEGINNING OF YEAR</b>	<b>2,117,134</b>	<b>2,275,975</b>
<b>CASH POSITION, END OF YEAR</b>	<b>\$ <u>1,463,849</u></b>	<b>\$ <u>2,117,134</u></b>

(see accompanying notes)

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2015**

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**1. PURPOSE OF THE ORGANIZATION**

The Saskatchewan Abilities Council Inc. (the “Council”) is a non-profit, provincial organization providing services for Saskatchewan people with disabilities. Originally incorporated in 1950 and continued under *The Non-Profit Corporations Act, 1995* of Saskatchewan, the Saskatchewan Abilities Council Inc. is a registered charity under the *Income Tax Act*.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”) and include the following significant accounting policies:

***Capital Assets***

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the assets’ estimated useful lives, as follows:

Buildings	20 - 30 years
Furniture and equipment	3 - 10 years

Leases that transfer substantially all of the benefits and risks of ownership of property to the Council are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded together with the related long-term obligation. Equipment acquired under capital leases is amortized on the same basis as other capital assets. Rental payments under operating leases are charged to expense as incurred.

The assets are also tested for impairment. Normal repairs and maintenance expenditures are expensed as incurred.

***Contributed Services***

Volunteers contribute a significant amount of time to assist the Council in delivery of its programs and services and in fundraising activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

***Financial Instruments***

The Council initially measures its financial assets and financial liabilities at fair value. The Council subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.



**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2015**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Financial Instruments (continued)*

Financial assets measured at amortized cost include cash and accounts receivable. The Council's financial assets measured at fair value include shares based on quoted market prices and short-term investments. The fair value of long-term debt approximates its carrying value due to its interest rate floating with prime. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

*Intangible Assets*

Intangible assets are recorded at cost. Intangible assets with a limited life are amortized over their useful lives. The assets are also tested for impairment.

*Inventories*

Inventories are valued at the lower of cost and net realizable value. Work-in-process and finished goods inventories include cost of material only. Cost is determined using average cost method.

*Pension Plans*

The Council's obligation to two multi-employer defined contribution pension plans is limited to making required payments to match amounts contributed by the employees for current service.

The Council accrues its obligations under the defined benefit pension plan as the employees render the services necessary to earn the pension benefits. The costs of the defined benefit pension plan are determined periodically by an independent actuary.

The defined benefit obligation of the plan is based on an actuarial valuation prepared for funding purposes (but not the one prepared on using a solvency, wind-up, or similar valuation basis) using the most recently completed actuarial valuation. A funding valuation is prepared in accordance with pension legislation and regulations, generally to determine required cash contributions to the plan.

The Council recognizes the defined benefit obligation net of the fair value of plan assets. Current service costs and finance cost for the period are recognized in the statement of operations. Remeasurements and other items are recognized directly in net assets in the statement of financial position and presented as a separately identified line item in the statement of changes in net assets.

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2015**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Revenue Recognition***

The Council follows the deferral method of accounting for contributions. Substantially all revenue consists of user fees for products and services provided, program operating grants from governments and other organizations, and fundraising activities which include donations and planned gifts.

User fees are recognized as revenue when the services are provided or when the products are delivered. Grants are recognized as revenue when the related program expenses are incurred. Unrestricted donations and planned gifts are recognized as revenue when received. Restricted donations and planned gifts, which have donor stipulations on use, are recognized as revenue when the related expenses are incurred. Contributions of, or for, capital assets are recognized as revenue when the related capital assets are amortized. Grants received in the year pertaining to specific programs for the following year are reflected on the statement of financial position as deferred grants. Gifts-in-kind are recorded at fair market value on the donation date provided fair market value can be reasonably estimated. Restricted donations and planned gifts received, for which the related expenses have not yet been incurred, are reflected on the statement of financial position as deferred donor designated funds. Capital asset contributions not yet recognized as revenue are reflected on the statement of financial position as unamortized capital asset funding. Endowment contributions are recognized as direct increases in net assets in the year.

***Use of Estimates***

The preparation of the financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant financial statements items that require estimates are as follows: the useful lives and amortization of capital assets, actuarial and economic assumptions used in calculating cost of defined benefit pension plan, the accrued benefit obligation and pension plan assets, valuation adjustments including allowance for uncollectible accounts, and provisions for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2015**

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**3. LINE OF CREDIT**

The Council has access to revolving credit facilities available in the amount of \$3,500,000 as of December 31, 2015 (December 31, 2014 - \$3,500,000).

As of December 31, 2015, the new credit facility was at prime (December 31, 2014 - the old credit facility was at prime for the first \$1,500,000 and prime plus 0.5% for the remaining \$2,000,000). Prime at December 31, 2015 was 2.70% (December 31, 2014 - 3.00%).

During 2015, no funds were drawn under these facilities (2014 - \$350,000 mortgage). The mortgage is detailed in Note 10 and was repaid in 2015. There are no other borrowings outstanding under these facilities at December 31, 2015 (December 31, 2014 - \$NIL).

Subsequent to December 31, 2015, the Council has drawn \$330,798 under the new credit facility (Note 10).

**4. ACCOUNTS RECEIVABLE**

	<u>2015</u>	<u>2014</u>
Grants receivable	\$ 41,769	\$ 45,081
GST rebate	12,437	25,200
Trade receivables	1,758,391	2,309,470
Allowance for uncollectible accounts	<u>(45,000)</u>	<u>(45,000)</u>
	<u>\$ 1,767,597</u>	<u>\$ 2,334,751</u>

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2015**

**5. INVENTORIES**

	Regina	Saskatoon	Swift Current	Yorkton	Rehabilitation Services	<b>2015</b>	2014
Sewing	\$ 165,937	\$ 277,061	\$ 48,829	\$ 15,818	\$ -	<b>\$ 507,645</b>	\$ 403,957
Assembly	30,672	4,114	-	10,288	-	<b>45,074</b>	38,564
Wood Products	163,876	76,432	4,434	-	-	<b>244,742</b>	321,627
Metal Work	-	96,636	-	-	-	<b>96,636</b>	63,708
ReUse							
Warehouse	-	-	-	-	-	-	21,609
Special Needs							
Equipment -							
Retail Sales	-	-	-	-	35,238	<b>35,238</b>	33,446
Orthopaedics	-	-	-	-	434,637	<b>434,637</b>	372,689
	<u>\$ 360,485</u>	<u>\$ 454,243</u>	<u>\$ 53,263</u>	<u>\$ 26,106</u>	<u>\$ 469,875</u>	<u><b>\$ 1,363,972</b></u>	<u>\$ 1,255,600</u>

The cost of inventory recognized as an expense during 2015 was \$4,464,045 (2014 - \$4,328,486). During the year, there were \$16,229 of inventory write-downs (2014 - \$35,270) and no reversals of write-downs of inventory made in the prior period.

**6. DESIGNATED INVESTMENTS**

Designated investments are comprised of short-term investments and cash and consist of:

	<b>2015</b>	2014
Deferred donor designated funds	<b>\$ 252,607</b>	\$ 359,702
Net assets restricted for endowment purposes	<b>537,444</b>	537,444
Internally restricted net assets - other	<b>250,000</b>	150,000
	<u><b>\$ 1,040,051</b></u>	<u>\$ 1,047,146</u>

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2015**

**7. CAPITAL ASSETS**

	Land	Building	Equipment	Total 2015	Total 2014
Cost, beginning of year	\$ 416,119	\$ 14,087,163	\$ 3,691,971	\$ 18,195,253	\$ 16,318,364
Additions					
Regina Branch	-	141,674	23,786	165,460	1,045,446
Saskatoon Branch	-	628,958	3,565	632,523	70,896
Swift Current Branch	-	-	-	-	94,324
Yorkton Branch	-	44,679	-	44,679	33,979
Camp Easter Seal Rehabilitation Services	-	33,398	9,955	43,353	392,922
Provincial Administration	-	217,557	-	217,557	248,715
	<u>-</u>	<u>1,066,266</u>	<u>44,094</u>	<u>1,110,360</u>	<u>1,888,744</u>
Write down/disposals	<u>-</u>	<u>-</u>	<u>(494,512)</u>	<u>(494,512)</u>	<u>(11,855)</u>
Cost, end of year	<u>416,119</u>	<u>15,153,429</u>	<u>3,241,553</u>	<u>18,811,101</u>	<u>18,195,253</u>
Accumulated amortization, beginning of year	-	7,690,102	2,336,314	10,026,416	9,349,286
Write down/disposals	-	-	(440,512)	(440,512)	(9,315)
Amortization expense	<u>-</u>	<u>422,459</u>	<u>317,450</u>	<u>739,909</u>	<u>686,445</u>
Accumulated amortization, end of year	<u>-</u>	<u>8,112,561</u>	<u>2,213,252</u>	<u>10,325,813</u>	<u>10,026,416</u>
Net book value	<u>\$ 416,119</u>	<u>\$ 7,040,868</u>	<u>\$ 1,028,301</u>	<u>\$ 8,485,288</u>	<u>\$ 8,168,837</u>

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2015**

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**8. INTANGIBLE ASSET**

In 2012, the Council purchased rights to MossPro Sports for \$60,000. The net book value at December 31, 2015 was \$18,000 (2014 - \$30,000) and during the year the Council amortized \$12,000 (2014 - \$12,000).

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2015</b>	<b>2014</b>
Trade payables and accrued liabilities	\$ <b>1,493,461</b>	\$ 1,454,722
Amount payable in respect of government remittances	<b>7,114</b>	5,602
Payroll accrual	<b>817,952</b>	812,403
Provision (Note 13)	<b>185,262</b>	273,000
Vacation accrual	<b>763,282</b>	716,772
	<b>\$ 3,267,071</b>	\$ 3,262,499

**10. LONG-TERM DEBT**

	<b>2015</b>	<b>2014</b>
Bank loan, repaid in the year.	\$ -	\$ 3,024
Bank loan, repaid in the year.	-	3,024
Mortgage, repaid in the year.	-	347,095
	-	353,143
Less: current portion	-	(23,808)
	<b>\$ -</b>	<b>\$ 329,335</b>

Repayment of the mortgage was made as the Council transitioned to a different financial institution. Subsequent to December 31, 2015, the Council has drawn \$330,798 under the credit facility detailed in Note 3.

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2015**

**11. CAPITAL LEASES**

	<b>2015</b>	2014
Equipment lease, 9.03%, repayable to February 1, 2016 in monthly installments of \$702 including principal and interest. Secured by equipment with a net book value of \$9,516. \$	<b>707</b>	\$ 8,664
Equipment lease, 6.49%, repayable to October 1, 2017 in monthly installments of \$481 including principal and interest. Secured by equipment with a net book value of \$15,011.	<b>9,943</b>	14,891
	<b>10,650</b>	23,555
Less: current portion	<b>(5,985)</b>	(12,905)
	<b>\$ 4,665</b>	\$ 10,650

Payments required in each of the next two years are as follows:

2016	\$ 6,481
2017	4,804
	11,285
Less: imputed interest	(635)
	\$ 10,650

**12. DEFERRED DONOR DESIGNATED FUNDS**

Deferred designated donations relate to restricted funding received for expenditures in subsequent periods. The changes for the year are as follows:

	<b>2015</b>	2014
Beginning balance	\$ <b>359,702</b>	\$ 278,836
Donor designated funds received	<b>130,986</b>	994,668
Capital asset funding	<b>(139,986)</b>	(806,921)
Amounts amortized to revenue	<b>(98,095)</b>	(106,881)
Ending balance	<b>\$ 252,607</b>	\$ 359,702

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2015**

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**13. CONTINGENCIES**

*Forgivable Loan*

The Council received a \$350,000 forgivable loan from the Saskatchewan Housing Corporation in 2014 to fund construction of the Regina Branch Quality of Life Centre. The loan is recorded as a capital asset contribution.

The loan is being forgiven annually over a period of five years commencing on the first anniversary of the first day of the month following advance of the loan. Forgiveness will occur provided that the Council does not sell, transfer, or enter into an agreement for sale or transfer of the property; complies with the terms and conditions of the agreement; does not become insolvent or bankrupt; and continues to operate the project. During 2015, \$70,000 was forgiven (2014 - \$NIL). The remaining, unforgiven amount at December 31, 2015 is \$280,000 (December 31, 2014 - \$350,000).

Forgiveness of this loan in each of the next four years is expected to be as follows:

2016	\$	70,000
2017		70,000
2018		70,000
2019		70,000
		<u>70,000</u>
	\$	<u><u>280,000</u></u>

*Provision*

A provision of \$273,000 was recorded in 2014. This provision represents the estimated costs of repairing a piece of equipment manufactured and sold by the Council. During 2015, expenditures of \$87,738 (2014 - \$NIL) related to the equipment repair were incurred. The provision was reduced by this amount. At December 31, 2015, the remaining provision is \$185,262 (December 31, 2014 - \$273,000). Additional cash outflows related to this provision are expected to occur in 2016. Any expenditures in excess of this provision will be expensed as incurred.



**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2015**

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**14. UNAMORTIZED CAPITAL ASSET FUNDING**

Unamortized capital asset funding includes the unamortized portion of contributed capital assets and restricted contributions. The changes for the year are as follows:

	<b>2015</b>	2014
Beginning balance	\$ 2,673,481	\$ 2,087,831
Capital asset funding	139,986	806,921
Amounts amortized to revenue	(252,520)	(221,271)
Ending balance	\$ 2,560,947	\$ 2,673,481

**15. COMMITMENTS**

The Council is obligated under lease contracts for premises and equipment. Minimum future payments required under these leases are:

2016	\$	581,465
2017		427,049
2018		300,948
2019		205,550
2020		126,416

**16. NET ASSETS RESTRICTIONS**

Net assets restricted for endowment purposes are subject to externally or internally imposed restrictions stipulating that the resources be maintained in perpetuity. Income from endowment funds will be allocated annually and the amount of distributable income will be determined by management on such a basis as would increase or at least preserve the purchasing power of the fund's capital.

Restricted net assets originate from decisions by the Board of Directors and provide for unexpected shortfalls or specific future causes as well as investment in capital assets.

These internally restricted amounts are not available without prior approval of the Board of Directors.

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2015**

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**17. CAMP EASTER SEAL**

During the year, the Council received a grant of \$79,988 (2014 - \$77,658) from Saskatchewan Lotteries Trust Fund. The grant was applied to the following expenses:

	<u>2015</u>	<u>2014</u>
Program development	\$ 68,925	\$ 67,218
Administration	9,415	7,365
Communications	1,648	3,075
	<u>\$ 79,988</u>	<u>\$ 77,658</u>

**18. PROVINCIAL ADMINISTRATION ALLOCATIONS**

Provincial Administration expenses (administrative and marketing) are included in the expenses of the branches and have been allocated to branches in proportion to total expenses of each branch, as follows:

	<u>2015</u>	<u>2014</u>
Regina Branch	\$ 441,402	\$ 434,608
Saskatoon Branch	611,501	636,791
Swift Current Branch	225,609	220,526
Yorkton Branch	417,711	406,555
Camp Easter Seal	95,146	90,620
Rehabilitation Services	400,622	376,175
	<u>\$ 2,191,991</u>	<u>\$ 2,165,275</u>

There were no changes to the allocation method from the prior year.

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2015**

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**19. PENSION PLANS**

The Council has certain of its employees enrolled in two multi-employer defined contribution plans and a Council sponsored contributory defined benefit pension plan.

***Defined Benefit Pension Plan***

The Council sponsors and funds a contributory defined benefit pension plan for some of its employees. The plan provides pensions based on length of service and career average earnings. As at December 31, 2004, the defined benefit pension plan was closed to new enrolments.

Special payments in the amount of \$NIL were paid in 2015 (2014 – \$144,031) to the plan to fund the solvency deficiency.

Employer current service contribution payments ended in March 2014 since the plan was in a surplus position, as required under the *Income Tax Act*. The plan continues to be in a surplus position and current service contribution payments have not resumed.

The Council measures its defined benefit obligation and the fair value of the plan assets for funding purposes as at December 31 of each year. Based on the most recent actuarial determination of pension plan benefits completed as at December 31, 2013 and extrapolated to December 31, 2015, the information about the plan is as follows:

	<b>2015</b>	2014
Fair value of plan assets	\$ <b>2,899,763</b>	\$ 2,930,049
Defined benefit obligation	<b>1,798,905</b>	1,803,062
Funded status - plan surplus	<b>1,100,858</b>	1,126,987
Valuation allowance	<b>1,100,858</b>	1,126,987
Defined benefit asset, net of valuation allowance	\$ -	\$ -

A valuation allowance has been recorded by the Council as at December 31, 2015 and December 31, 2014 as no application has been made for distribution of plan assets nor is any application contemplated in the future. The Council's practice is to allocate plan actuarial surplus to improve benefits for plan members.

The next required actuarial valuation for funding and solvency purposes will be prepared no later than 2017 as at December 31, 2016.

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2015**

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**19. PENSION PLANS (continued)**

***Defined Benefit Pension Plan (continued)***

The components of the cost for the period are as follows:

	<u>2015</u>	<u>2014</u>
Current service cost reduced to reflect employee contributions with interest	\$ 72,748	\$ 129,824
Finance expense (income)	<u>89</u>	<u>(4,825)</u>
Pension expense	72,837	124,999
Remeasurements and other items	<u>(76,100)</u>	<u>50,473</u>
	<u>\$ (3,263)</u>	<u>\$ 175,472</u>

Remeasurements and other items are comprised of the following:

	<u>2015</u>	<u>2014</u>
Difference between expected and actual return on plan assets	\$ (12,014)	\$ 398,986
Actuarial loss	-	(587,677)
Effect of valuation allowance	88,114	2,488,417
Loss arising from settlement	-	(2,350,199)
	<u>\$ 76,100</u>	<u>\$ (50,473)</u>

In December 2014, the obligation for the retired and virtually all of the deferred members of the plan was settled through a transfer to an insurance enterprise. In addition, there was a transfer of a portion of the plan obligation to the Council's defined contribution pension plan for a significant portion of the active membership.

The current year's pension expense of \$72,837 (2014 - \$124,999) is included in the statement of operations and remeasurements and other items of \$(76,100) (2014 - \$50,473) are recorded directly in the statement of changes in net assets.

***Defined Contribution Pension Plans***

Employer contributions to the defined contribution pension plans of \$727,221 for 2015 (2014 - \$609,324) are included in expenses.

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2015**

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**20. FINANCIAL INSTRUMENTS**

***Credit Risk***

The Council's principal financial assets are cash and accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the statement of financial position represent the Council's maximum exposure at the financial statement date.

The Council's credit risk is primarily attributable to its accounts receivable. The Council provides credit to its customers in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for potential credit losses. The Council minimizes its credit risk by concluding transactions with a large number of clients. For grants receivable, the Council assesses, on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value.

***Liquidity Risk***

Liquidity risk is the risk that the Council will not be able to meet cash requirements or to fund obligations as they become due. The Council's most significant financial liabilities as at December 31, 2015 and December 31, 2014 had contractual maturities of less than one year. The Council's most significant financial liabilities are accounts payable and accrued liabilities. The Council manages liquidity risk by forecasting cash flows from operations in amounts that are sufficient to maintain an adequate cash balance.

***Interest Rate Risk***

The Council is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Council to a fair value risk while the floating rate instruments subject it to a cash flow risk. The Council is exposed to this type of risk as a result of investments and capital leases. The interest bearing investments have a limited exposure to interest rate risk due to their short-term maturity. Capital lease interest rate risk is not significant due to its immaterial amount.

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**SCHEDULE OF OPERATING REVENUES AND EXPENSES**  
year ended December 31, 2015

	2015	2014
<b>REGINA BRANCH</b>		
<b>REVENUE</b>		
Vocational rehabilitation	\$ 5,679,853	\$ 5,480,587
Amortization of capital asset funding	24,408	12,536
Regional services	10,721	29,397
	<u>5,714,982</u>	<u>5,522,520</u>
<b>EXPENSES</b>		
Vocational rehabilitation	<u>6,090,762</u>	<u>5,893,694</u>
<b>REQUIRED CONTRIBUTION FROM FUNDRAISING</b>	<u>\$ 375,780</u>	<u>\$ 371,174</u>
<b>SASKATOON BRANCH</b>		
<b>REVENUE</b>		
Vocational rehabilitation	\$ 7,128,419	\$ 7,469,943
Recycling	819,543	822,383
Amortization of capital asset funding	12,113	12,113
	<u>7,960,075</u>	<u>8,304,439</u>
<b>EXPENSES</b>		
Vocational rehabilitation	7,538,479	8,261,742
Recycling	<u>899,418</u>	<u>373,737</u>
	<u>8,437,897</u>	<u>8,635,479</u>
<b>REQUIRED CONTRIBUTION FROM FUNDRAISING</b>	<u>\$ 477,822</u>	<u>\$ 331,040</u>

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**SCHEDULE OF OPERATING REVENUES AND EXPENSES**  
year ended December 31, 2015

	2015	2014
<b>SWIFT CURRENT BRANCH</b>		
<b>REVENUE</b>		
Vocational rehabilitation	\$ 1,504,686	\$ 1,612,730
Recycling	674,216	658,199
Transportation	432,694	242,607
Amortization of capital asset funding	9,173	9,173
Regional services	151,503	148,174
	<u>2,772,272</u>	<u>2,670,883</u>
<b>EXPENSES</b>		
Vocational rehabilitation	1,811,432	1,997,056
Recycling	798,866	723,621
Transportation	502,797	269,866
	<u>3,113,095</u>	<u>2,990,543</u>
<b>REQUIRED CONTRIBUTION FROM FUNDRAISING</b>	<u>\$ 340,823</u>	<u>\$ 319,660</u>
<b>YORKTON BRANCH</b>		
<b>REVENUE</b>		
Vocational rehabilitation	\$ 3,385,396	\$ 3,110,573
Recycling	1,122,276	1,219,697
Transportation	653,576	643,903
Amortization of capital asset funding	75,018	75,019
Regional services	214,581	226,998
	<u>5,450,847</u>	<u>5,276,190</u>
<b>EXPENSES</b>		
Vocational rehabilitation	3,701,403	3,386,083
Recycling	1,278,207	1,340,663
Transportation	784,236	786,512
	<u>5,763,846</u>	<u>5,513,258</u>
<b>REQUIRED CONTRIBUTION FROM FUNDRAISING</b>	<u>\$ 312,999</u>	<u>\$ 237,068</u>
<b>CAMP EASTER SEAL</b>		
<b>REVENUE</b>		
Camp Easter Seal	\$ 735,886	\$ 660,798
Saskatchewan Lotteries Trust Fund (Note 17)	79,988	77,658
Amortization of capital asset funding	121,988	109,417
	<u>937,862</u>	<u>847,873</u>
<b>EXPENSES</b>		
Camp Easter Seal	1,312,891	1,228,897
<b>REQUIRED CONTRIBUTION FROM FUNDRAISING</b>	<u>\$ 375,029</u>	<u>\$ 381,024</u>

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**SCHEDULE OF OPERATING REVENUES AND EXPENSES**  
year ended December 31, 2015

	2015	2014
<b>REHABILITATION SERVICES</b>		
<b>REVENUE</b>		
Orthopaedics	\$ 5,298,508	\$ 4,809,690
Special needs equipment - loan program	6,611,114	6,970,667
Special needs equipment - retail sales	69,689	71,479
Technology services	270,326	240,530
Amortization of capital asset funding	694	926
	<u>12,250,331</u>	<u>12,093,292</u>
<b>EXPENSES</b>		
Orthopaedics	5,153,860	4,728,806
Special needs equipment - loan program	6,597,389	6,965,942
Special needs equipment - retail sales	45,640	50,426
Technology services	374,189	372,478
	<u>12,171,078</u>	<u>12,117,652</u>
<b>REQUIRED CONTRIBUTION (TO) FROM FUNDRAISING</b>	<u>\$ (79,253)</u>	<u>\$ 24,360</u>
<b>PROVINCIAL ADMINISTRATION</b>		
<b>REVENUE</b>		
Fund development	\$ 1,822,295	\$ 1,499,811
Provincial administration	675,301	665,996
Amortization of capital asset funding	3,330	2,094
	<u>2,500,926</u>	<u>2,167,901</u>
<b>EXPENSES</b>		
Fund development	602,367	555,122
<b>NET REVENUE</b>	<u>1,898,559</u>	<u>1,612,779</u>
Less contributions to (from) Branches		
Regina	375,780	371,174
Saskatoon	477,822	331,040
Swift Current	340,823	319,660
Yorkton	312,999	237,068
Camp Easter Seal	375,029	381,024
Rehabilitation Services	(79,253)	24,360
	<u>1,803,200</u>	<u>1,664,326</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ 95,359</u>	<u>\$ (51,547)</u>