

**SASKATCHEWAN ABILITIES
COUNCIL INC.**

FINANCIAL STATEMENTS

December 31, 2013

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, 2013, 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 of revenues over expenses, and cash flows from operations for the years ended December 31, 2013 and December 31, 2012, current assets as at December 31, 2013 and December 31, 2012, and net assets as at January 1 and December 31 for both the 2013 and 2012 years. Our audit opinion on the financial statements for the year ended December 31, 2012 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, 2013 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.

Deloitte LLP

Chartered Accountants

March 7, 2014

Saskatoon, Saskatchewan


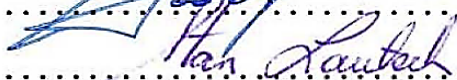
SASKATCHEWAN ABILITIES COUNCIL INC.
STATEMENT OF OPERATIONS
year ended December 31, 2013

	2013	2012
REVENUE (see schedule)		
Regina Branch	\$ 5,421,171	\$ 6,551,170
Saskatoon Branch	8,681,681	8,043,323
Swift Current Branch	2,347,654	2,413,602
Yorkton Branch	5,498,532	5,198,133
Camp Easter Seal	903,207	587,419
Rehabilitation Services	11,909,786	10,585,365
Provincial Administration	2,226,869	2,303,778
	<u>36,988,900</u>	<u>35,682,790</u>
EXPENSES (see schedule)		
Regina Branch	5,552,465	6,775,724
Saskatoon Branch	8,707,123	8,087,511
Swift Current Branch	2,814,085	2,751,424
Yorkton Branch	5,791,031	5,546,336
Camp Easter Seal	1,305,391	1,084,824
Rehabilitation Services	11,923,832	10,435,294
Provincial Administration	604,902	528,615
	<u>36,698,829</u>	<u>35,209,728</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 290,071</u>	<u>\$ 473,062</u>

SASKATCHEWAN ABILITIES COUNCIL INC.
STATEMENT OF FINANCIAL POSITION
as at December 31, 2013

	2013	2012
CURRENT ASSETS		
Cash	\$ 2,275,975	\$ 2,656,743
Accounts receivable (Note 5)	3,044,608	2,206,751
Inventories (Note 6)	1,188,882	1,237,657
Prepaid expenses	105,721	29,577
	<u>6,615,186</u>	<u>6,130,728</u>
DESIGNATED INVESTMENTS (Note 7)	1,017,886	1,209,661
CAPITAL ASSETS (Note 8)	6,969,078	6,502,208
INTANGIBLE ASSETS (Note 9)	42,000	54,000
	<u>\$ 14,644,150</u>	<u>\$ 13,896,597</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,576,742	\$ 2,657,474
Amount payable in respect of government remittances	317,497	9,924
Deferred grants	2,585,708	2,273,687
Current portion of long-term debt (Note 10)	7,255	7,256
Current portion of capital leases (Note 11)	11,898	5,927
	<u>5,499,100</u>	<u>4,954,268</u>
LONG-TERM DEBT (Note 10)	6,047	17,178
CAPITAL LEASES (Note 11)	23,554	16,264
DEFERRED DONOR DESIGNATED FUNDS (Note 12)	278,836	260,924
UNAMORTIZED CAPITAL ASSET FUNDING (Note 13)	2,087,831	2,179,565
	<u>7,895,368</u>	<u>7,428,199</u>
COMMITMENTS (Note 14)		
NET ASSETS		
Net assets restricted for endowment purposes (Note 15)	589,050	598,737
Internally restricted net assets invested in capital and intangible assets	4,874,493	4,330,018
Internally restricted net assets - other (Note 15)	150,000	350,000
Unrestricted net assets	1,135,239	1,189,643
	<u>6,748,782</u>	<u>6,468,398</u>
	<u>\$ 14,644,150</u>	<u>\$ 13,896,597</u>

APPROVED BY THE BOARD

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

(see accompanying notes)

SASKATCHEWAN ABILITIES COUNCIL INC.
STATEMENT OF CHANGES IN NET ASSETS
year ended December 31, 2013

	Internally Restricted			Externally Restricted for Endowment Purposes	Unrestricted	2013 total	2012 total
	<i>Invested in Capital & Intangible Assets</i>	<i>Other</i>	<i>Total</i>				
Balance, beginning of year	\$ 4,330,018	\$ 350,000	\$ 4,680,018	\$ 598,737	\$ 1,189,643	\$ 6,468,398	\$ 6,000,845
Excess of revenue over expenses	-	-	-	-	290,071	290,071	473,062
Transfers	-	(200,000)	(200,000)	-	200,000	-	-
Amortization of capital assets	(625,336)	-	(625,336)	-	625,336	-	-
intangible assets	(12,000)	-	(12,000)	-	12,000	-	-
Capital asset funding recognized	205,432	-	205,432	-	(205,432)	-	-
Capital asset funding deferred	(113,698)	-	(113,698)	-	113,698	-	-
Purchase of capital assets	1,095,922	-	1,095,922	-	(1,095,922)	-	-
Writedown/disposal of capital assets	(3,716)	-	(3,716)	-	3,716	-	-
Capital asset additions from capital leases	(23,876)	-	(23,876)	-	23,876	-	-
Repayment long-term debt	11,132	-	11,132	-	(11,132)	-	-
capital leases	10,615	-	10,615	-	(10,615)	-	-
Endowment revenue	-	-	-	897	-	897	-
Interest income earned on endowment funds	-	-	-	1,469	-	1,469	1,491
Expenses paid out of endowment fund	-	-	-	(12,053)	-	(12,053)	(7,000)
Balance, end of year	<u>\$ 4,874,493</u>	<u>\$ 150,000</u>	<u>\$ 5,024,493</u>	<u>\$ 589,050</u>	<u>\$ 1,135,239</u>	<u>\$ 6,748,782</u>	<u>\$ 6,468,398</u>

(see accompanying notes)

SASKATCHEWAN ABILITIES COUNCIL INC.
STATEMENT OF CASH FLOWS
year ended December 31, 2013

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 290,071	\$ 473,062
Interest income earned on endowment fund	1,469	1,491
Endowment fund revenue	897	-
Expenses paid out of endowment fund	(12,053)	(7,000)
Adjustments for		
Amortization of capital assets	625,336	574,646
Amortization of intangible assets	12,000	10,092
Capital asset funding recognized	(205,432)	(192,355)
Deferred donor designated funds recognized	(46,856)	(7,000)
Gain on disposal of capital assets	(30,554)	-
Writedown/disposal of capital and intangible asset	-	122,215
Changes in non-cash working capital		
Accounts receivable	(837,857)	263,547
Inventories	48,775	(215,966)
Prepaid expenses	(76,144)	28,027
Accounts payable and accrued liabilities	(80,732)	(188,104)
Amount payable in respect of government remittances	307,573	2,424
Deferred grants	312,021	1,596,392
	<u>308,514</u>	<u>2,461,471</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Capital assets additions	(1,095,922)	(822,855)
Purchase of intangible assets	-	(60,000)
Proceeds on disposal of capital assets	34,270	-
Designated investments	191,775	(51,443)
	<u>(869,877)</u>	<u>(934,298)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from capital leases	23,876	28,534
Repayment of long-term debt	(11,132)	(7,256)
Repayment of capital leases	(10,615)	(6,343)
Receipt of donor designated funds	178,466	323,958
	<u>180,595</u>	<u>338,893</u>
NET (DECREASE) INCREASE IN CASH	(380,768)	1,866,066
CASH POSITION, BEGINNING OF YEAR	2,656,743	790,677
CASH POSITION, END OF YEAR	\$ <u>2,275,975</u>	\$ <u>2,656,743</u>

(see accompanying notes)

SASKATCHEWAN ABILITIES COUNCIL INC.
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2013

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 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.

SASKATCHEWAN ABILITIES COUNCIL INC.
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

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

The Council's defined benefit pension 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.

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

SASKATCHEWAN ABILITIES COUNCIL INC.
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension Plans (continued)

The Council uses the immediate recognition approach, whereby it recognizes the accrued benefit obligation net of the fair value of plan assets, adjusted for any valuation allowance, in the statement of financial position and the cost of the plan for the year.

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. 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 accounting standards for not-for-profit organizations 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, 2013

3. ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE

Section 3463 Employee Future Benefits was issued in May 2013 and is effective for annual financial statements beginning on or after January 1, 2014, with earlier application permitted. Section 3463 is required to be applied retrospectively.

The most significant change is that Section 3463 eliminates the ability for the Council to choose to account for its defined benefit plans using the deferral and amortization approach and removes the three month window for measuring plan assets and obligations. Section 3463 requires that changes in the fair value of plan assets and in the measurement of the plan obligation, including past service costs, actuarial gains and losses, and curtailment and settlement gains and losses, to be recognized immediately in the statement of operations. As a result, the defined benefit asset or liability on the balance sheet will reflect the defined obligation, net of the fair value of any plan assets, adjusted for any valuation allowance as of the statement of financial position date.

The Council intends to adopt Section 3463 for its financial statements commencing on January 1, 2014. It is not practicable to provide a reasonable estimate of the effect of Section 3463 until a detailed review has been completed.

4. LINE OF CREDIT

The Council has access to revolving credit facilities available in the amount of \$3,500,000 as of December 31, 2013 (December 31, 2012 - \$3,500,000). As of December 31, 2013 and December 31, 2012, the credit facility was at prime for the first \$1,500,000 and prime plus 0.5% for the remaining \$2,000,000. No borrowings were outstanding under these facilities at December 31, 2013 and December 31, 2012.

5. ACCOUNTS RECEIVABLE

	<u>2013</u>	<u>2012</u>
Grants receivable	\$ 403,118	\$ 968,437
GST rebate	18,344	15,859
Trade receivable	2,668,146	1,267,455
Allowance for uncollectible accounts	(45,000)	(45,000)
	<u>\$ 3,044,608</u>	<u>\$ 2,206,751</u>

SASKATCHEWAN ABILITIES COUNCIL INC.
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2013

6. INVENTORIES

	Regina	Saskatoon	Swift Current	Yorkton	Rehabilitation Services	2013	2012
Sewing	\$ 82,144	\$ 221,053	\$ 61,822	\$ 39,458	\$ -	\$ 404,477	\$ 439,444
Assembly	23,180	19,286	-	21,907	-	64,373	62,761
Wood Products	197,011	38,940	27,855	-	-	263,806	285,659
Metal Work	-	75,938	-	-	-	75,938	109,325
Special Needs							
Equipment - Retail Sales	-	-	-	-	32,457	32,457	25,762
Orthopedics	-	-	-	-	347,831	347,831	314,706
	<u>\$ 302,335</u>	<u>\$ 355,217</u>	<u>\$ 89,677</u>	<u>\$ 61,365</u>	<u>\$ 380,288</u>	<u>\$ 1,188,882</u>	<u>\$ 1,237,657</u>

The cost of inventory recognized as an expense during 2013 was \$4,434,674 (2012 - \$4,399,130). During the year, there were \$1,378 of inventory write-downs (2012 - \$13,072) and no reversals of write-downs of inventory made in the prior period. As of December 31, 2013 and December 31, 2012, there was no inventory pledged as security for liabilities.

7. DESIGNATED INVESTMENTS

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

	2013	2012
Deferred donor designated funds	\$ 278,836	\$ 260,924
Net assets restricted for endowment purposes	589,050	598,737
Internally restricted net assets- other	150,000	350,000
	<u>\$ 1,017,886</u>	<u>\$ 1,209,661</u>

SASKATCHEWAN ABILITIES COUNCIL INC.
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2013

8. CAPITAL ASSETS

	Land	Building	Equipment	Total	
				2013	2012
Cost, beginning of year	\$ 416,119	\$ 11,866,833	\$ 3,133,148	\$ 15,416,100	\$ 14,756,601
Additions					
Regina Branch	-	294,003	11,924	305,927	53,245
Saskatoon Branch	-	31,409	48,878	80,287	102,965
Swift Current Branch	-	67,363	186,866	254,229	36,814
Yorkton Branch	-	15,035	75,534	90,569	240,437
Camp Easter Seal Rehabilitation Services	-	134,132	6,999	141,131	83,274
Provincial Administration	-	-	19,844	19,844	-
	-	154,489	49,446	203,935	306,120
	-	696,431	399,491	1,095,922	822,855
Write down/disposals	-	(11,402)	(182,256)	(193,658)	(163,356)
Cost, end of year	416,119	12,551,862	3,350,383	16,318,364	15,416,100
Accumulated amortization, beginning of year	-	6,952,817	1,961,075	8,913,892	8,392,625
Write down/disposals	-	(11,402)	(178,540)	(189,942)	(53,379)
Amortization expense	-	365,627	259,709	625,336	574,646
Accumulated amortization, end of year	-	7,307,042	2,042,244	9,349,286	8,913,892
Net book value	\$ 416,119	\$ 5,244,820	\$ 1,308,139	\$ 6,969,078	\$ 6,502,208

SASKATCHEWAN ABILITIES COUNCIL INC.
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2013

9. INTANGIBLE ASSETS

In 2012, the Council purchased rights to MossPro Sports for \$60,000. The net book value at December 31, 2013 was \$42,000 (2012 - \$54,000) and during the year the Council amortized \$12,000 (2012 - \$6,000).

10. LONG-TERM DEBT

	2013		2012
Bank loan, 0%, repayable to October 6, 2015 in monthly installments of \$302. Secured by a vehicle with a net book value of \$7,710.	\$ 6,651	\$	12,217
Bank loan, 0%, repayable to October 6, 2015 in monthly installments of \$302. Secured by a vehicle with a net book value of \$7,662.	6,651		12,217
	13,302		24,434
	(7,255)		(7,256)
Less: current portion	\$ 6,047	\$	17,178

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

2014		\$	7,255
2015			6,047
			13,302

SASKATCHEWAN ABILITIES COUNCIL INC.
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2013

11. CAPITAL LEASES

	2013	2012
Equipment lease, 9.205%, repayable to February 1, 2016 in monthly installments of \$702. Secured by equipment with a net book value of \$19,018.	\$ 15,923	\$ 22,191
Equipment lease, 6.49%, repayable to October 1, 2016 in monthly installments of \$481. Secured by equipment with a net book value of \$31,366.	19,529	-
	35,452	22,191
	(11,898)	(5,927)
Less: current portion	\$ 23,554	\$ 16,264

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

2014	\$	14,193
2015		14,193
2016		6,481
2017		4,804
		39,671
Less: imputed interest		(4,219)
	\$	35,452

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:

	2013	2012
Beginning balance	\$ 260,924	\$ 203,972
Donor designated funds received	178,466	323,958
Capital asset funding	(113,698)	(260,006)
Amounts amortized to revenue	(46,856)	(7,000)
Ending balance	\$ 278,836	\$ 260,924

SASKATCHEWAN ABILITIES COUNCIL INC.
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2013

13. 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:

	<u>2013</u>	<u>2012</u>
Beginning balance	\$ 2,179,565	\$ 2,111,914
Capital asset funding	113,698	260,006
Amounts amortized to revenue	<u>(205,432)</u>	<u>(192,355)</u>
Ending balance	<u>\$ 2,087,831</u>	<u>\$ 2,179,565</u>

14. COMMITMENTS

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

2014	\$ 260,456
2015	177,009
2016	138,577
2017	38,961
2018	9,307

15. 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, 2013

16. CAMP EASTER SEAL

During the year, the Council received a grant of \$75,396 (2012 - \$73,200) from Saskatchewan Lotteries Trust Fund. The grant was applied to the following expenses:

	<u>2013</u>	<u>2012</u>
Program development	\$ 66,346	\$ 63,921
Administration	7,310	8,362
Communications	1,740	917
	<u>\$ 75,396</u>	<u>\$ 73,200</u>

17. 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>2013</u>	<u>2012</u>
Regina Branch	\$ 412,292	\$ 460,843
Saskatoon Branch	646,538	550,063
Swift Current Branch	208,957	187,135
Yorkton Branch	430,007	377,228
Camp Easter Seal	96,930	73,783
Rehabilitation Services	330,719	301,753
	<u>\$ 2,125,443</u>	<u>\$ 1,950,805</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, 2013

18. PENSION PLANS

Defined Benefit Pension Plan

Based on the most recent actuarial determination of pension plan benefits completed as at December 31, 2012 and extrapolated to December 31, 2013, the information about the Plan is as follows:

	2013	2012
Fair value of plan assets	\$ 11,615,923	\$ 10,207,500
Accrued benefit obligation	8,189,000	8,643,500
Funded status – plan surplus	3,426,923	1,564,000
Valuation allowance	3,426,923	1,564,000
Accrued benefit asset, net of valuation allowance	\$ -	\$ -

A valuation allowance has been recorded by the Council as at December 31, 2013 and December 31, 2012 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. Since a valuation allowance equal to the accrued benefit asset is recognized, the statement of operations includes pension expense equal to employer contributions.

An actuarial valuation for funding and solvency purposes will be prepared no later than 2016 as at December 31, 2015.

19. FINANCIAL INSTRUMENTS

Credit Risk

The Council's principal financial assets are cash, short-term investments, 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.

SASKATCHEWAN ABILITIES COUNCIL INC.
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2013

19. FINANCIAL INSTRUMENTS (continued)

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, 2013 and December 31, 2012 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.

20. RELATED PARTY TRANSACTIONS

During the year, the Council purchased \$11,164 (2012 - \$17,764) of services from companies in which certain directors have an ownership interest of which NIL as at December 31, 2013 (NIL as at December 31, 2012) is included in accounts payable and accrued liabilities. These transactions were made in the normal course of business and were settled at exchange amounts which approximate prevailing market prices under normal trade terms.

SASKATCHEWAN ABILITIES COUNCIL INC.
SCHEDULE OF OPERATING REVENUES AND EXPENSES
year ended December 31, 2013

	2013	2012
REGINA BRANCH		
REVENUE		
Vocational Rehabilitation	\$ 5,353,067	\$ 6,478,374
Unamortized capital asset funding	11,341	11,372
Regional Services	56,763	61,424
	<u>5,421,171</u>	<u>6,551,170</u>
EXPENSES		
Vocational Rehabilitation	<u>5,552,465</u>	<u>6,775,724</u>
REQUIRED CONTRIBUTION FROM FUNDRAISING	<u>\$ 131,294</u>	<u>\$ 224,554</u>
SASKATOON BRANCH		
REVENUE		
Vocational Rehabilitation	\$ 7,879,250	\$ 7,255,545
Recycling	790,650	776,438
Unamortized capital asset funding	11,781	11,340
	<u>8,681,681</u>	<u>8,043,323</u>
EXPENSES		
Vocational Rehabilitation	7,844,043	7,250,360
Recycling	863,080	837,151
	<u>8,707,123</u>	<u>8,087,511</u>
REQUIRED CONTRIBUTION FROM FUNDRAISING	<u>\$ 25,442</u>	<u>\$ 44,188</u>

SASKATCHEWAN ABILITIES COUNCIL INC.
SCHEDULE OF OPERATING REVENUES AND EXPENSES
year ended December 31, 2013

	2013	2012
SWIFT CURRENT BRANCH		
REVENUE		
Vocational Rehabilitation	\$ 1,476,164	\$ 1,556,804
Recycling	539,440	541,526
Transportation	184,895	179,454
Unamortized capital asset funding	9,173	9,195
Regional Services	137,982	126,623
	<u>2,347,654</u>	<u>2,413,602</u>
EXPENSES		
Vocational Rehabilitation	1,968,741	1,917,136
Recycling	598,121	601,044
Transportation	247,223	233,244
	<u>2,814,085</u>	<u>2,751,424</u>
REQUIRED CONTRIBUTION FROM FUNDRAISING	<u>\$ 466,431</u>	<u>\$ 337,822</u>
YORKTON BRANCH		
REVENUE		
Vocational Rehabilitation	\$ 3,189,110	\$ 2,995,374
Recycling	1,416,850	1,364,311
Transportation	612,334	576,251
Unamortized capital asset funding	70,024	44,452
Regional Services	210,214	217,745
	<u>5,498,532</u>	<u>5,198,133</u>
EXPENSES		
Vocational Rehabilitation	3,506,206	3,291,494
Recycling	1,536,166	1,538,943
Transportation	748,659	715,899
	<u>5,791,031</u>	<u>5,546,336</u>
REQUIRED CONTRIBUTION FROM FUNDRAISING	<u>\$ 292,499</u>	<u>\$ 348,203</u>
CAMP EASTER SEAL		
REVENUE		
Camp Easter Seal	\$ 730,617	\$ 398,223
Saskatchewan Lotteries Trust Fund (Note 16)	75,396	73,200
Unamortized capital asset funding	97,194	115,996
	<u>903,207</u>	<u>587,419</u>
EXPENSES		
Camp Easter Seal	1,305,391	1,084,824
REQUIRED CONTRIBUTION FROM FUNDRAISING	<u>\$ 402,184</u>	<u>\$ 497,405</u>

SASKATCHEWAN ABILITIES COUNCIL INC.
SCHEDULE OF OPERATING REVENUES AND EXPENSES
year ended December 31, 2013

	2013	2012
REHABILITATION SERVICES		
REVENUE		
Orthopaedics	\$ 4,176,683	\$ 4,192,399
Special Needs Equipment - loan program	7,425,170	6,011,173
Special Needs Equipment - retail sales	85,418	94,381
Technology Services	222,515	287,412
	<u>11,909,786</u>	<u>10,585,365</u>
EXPENSES		
Orthopaedics	4,021,671	3,893,610
Special Needs Equipment - loan program	7,414,820	5,998,663
Special Needs Equipment - retail sales	55,111	56,266
Technology Services	432,230	486,755
	<u>11,923,832</u>	<u>10,435,294</u>
REQUIRED CONTRIBUTION FROM (TO)		
FUNDRAISING	<u>\$ 14,046</u>	<u>\$ (150,071)</u>
PROVINCIAL ADMINISTRATION		
REVENUE		
Fundraising	\$ 1,623,299	\$ 1,722,929
Provincial Administration	603,570	580,849
	<u>2,226,869</u>	<u>2,303,778</u>
EXPENSES		
Fundraising	<u>604,902</u>	<u>528,615</u>
NET REVENUE	<u>1,621,967</u>	<u>1,775,163</u>
Less contributions to (from) Branches		
Regina	131,294	224,554
Saskatoon	25,442	44,188
Swift Current	466,431	337,822
Yorkton	292,499	348,203
Camp Easter Seal	402,184	497,405
Rehabilitation Services	14,046	(150,071)
	<u>1,331,896</u>	<u>1,302,101</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 290,071</u>	<u>\$ 473,062</u>