

**SASKATCHEWAN  
ABILITIES COUNCIL INC.**

***FINANCIAL STATEMENTS***

***December 31, 2018***



## INDEPENDENT AUDITORS' REPORT

**To the Members,  
Saskatchewan Abilities Council Inc.**

### *Opinion*

We have audited the financial statements of **Saskatchewan Abilities Council Inc.**, which comprise the statement of financial position as at December 31, 2018, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Opinion*

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 the ethical requirements that are relevant to our audit of the financial statements in Saskatchewan, 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 opinion.

### *Other Matter*

The financial statements of Saskatchewan Abilities Council Inc. for the year ended December 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on March 8, 2018.

### *Information Other than the Financial Statements and Auditors' Report Thereon*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### *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 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.

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.

## INDEPENDENT AUDITORS' REPORT continued

### *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 significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

March 6, 2019  
Saskatoon, Saskatchewan

*Virtus Group LLP*

Chartered Professional Accountants

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**STATEMENT OF OPERATIONS**  
**year ended December 31, 2018**

	2018	2017
<b>REVENUE</b> (see schedule)		
Regina Branch	\$ 7,406,826	\$ 6,029,701
Saskatoon Branch	8,036,099	8,764,539
Swift Current Branch	2,808,826	2,749,145
Yorkton Branch	5,687,186	5,684,976
Camp Easter Seal	836,995	884,917
Rehabilitation Services	12,750,857	12,903,921
Provincial Administration	2,238,257	2,356,783
	<u>39,765,046</u>	<u>39,373,982</u>
<b>EXPENSES</b> (see schedule)		
Regina Branch	7,539,065	6,202,996
Saskatoon Branch	8,628,297	9,062,646
Swift Current Branch	2,916,972	2,917,945
Yorkton Branch	6,022,970	5,980,352
Camp Easter Seal	1,211,269	1,325,924
Rehabilitation Services	12,655,135	12,846,469
Provincial Administration	516,169	596,840
	<u>39,489,877</u>	<u>38,933,172</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u><u>\$ 275,169</u></u>	<u><u>\$ 440,810</u></u>

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**as at December 31, 2018**

	2018	2017
<b>CURRENT ASSETS</b>		
Cash	\$ 2,993,839	\$ 2,400,101
Investments (Note 4)	-	99,372
Accounts receivable (Note 5)	1,822,295	1,892,865
Inventories (Note 6)	1,032,506	1,217,703
Prepaid expenses	207,099	182,502
	<u>6,055,739</u>	<u>5,792,543</u>
<b>DESIGNATED INVESTMENTS (Note 4)</b>	<b>1,011,281</b>	<b>998,678</b>
<b>CAPITAL ASSETS (Note 7)</b>	<b>8,383,257</b>	<b>8,614,609</b>
	<u>\$ 15,450,277</u>	<u>\$ 15,405,830</u>
<b>INTANGIBLE ASSET (Note 8)</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 9)	\$ 3,607,659	\$ 3,589,980
Deferred grants	1,676,829	1,685,144
Scheduled repayments of callable debt (Note 10)	30,212	30,212
	<u>5,314,700</u>	<u>5,305,336</u>
Callable debt (Note 10)	276,090	306,303
	<u>5,590,790</u>	<u>5,611,639</u>
<b>DEFERRED DONOR DESIGNATED FUNDS (Note 11)</b>	<b>233,022</b>	<b>231,030</b>
<b>UNAMORTIZED CAPITAL ASSET</b>		
<b>FUNDING (Notes 12 and 13)</b>	<b>2,061,222</b>	<b>2,244,820</b>
	<u>7,885,034</u>	<u>8,087,489</u>
<b>CONTINGENCIES (Note 12)</b>		
<b>COMMITMENTS (Note 14)</b>		
<b>NET ASSETS</b>		
Net assets restricted for endowment purposes (Note 15)	528,259	517,648
and intangible assets	6,139,621	6,157,162
	250,000	250,000
Unrestricted net assets	647,363	393,531
	<u>7,565,243</u>	<u>7,318,341</u>
	<u>\$ 15,450,277</u>	<u>\$ 15,405,830</u>

**APPROVED BY THE BOARD**

..... *Alvin J. J. J.* Director  
..... *Paul Blum* Director

(see accompanying notes)

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**year ended December 31, 2018**

	<b>Internally Restricted</b>			<b>Externally Restricted for Endowment Purposes</b>	<b>Unrestricted</b>	<b>2018 total</b>	<b>2017 total</b>
	<i>Invested in Capital &amp; Intangible Assets</i>	<i>Other</i>	<i>Total</i>				
Balance, beginning of year	\$ 6,157,162	\$ 250,000	\$ 6,407,162	\$ 517,648	\$ 393,531	\$ <b>7,318,341</b>	\$ 6,949,088
Excess of revenue over expenses	-	-	-	-	275,169	<b>275,169</b>	440,810
Employee future benefits remeasurements and other items (Note 18)	-	-	-	-	(38,878)	<b>(38,878)</b>	(47,461)
Amortization of capital assets	(680,519)	-	(680,519)	-	680,519	-	-
Capital asset funding recognized	232,630	-	232,630	-	(232,630)	-	-
Capital asset funding deferred	(49,032)	-	(49,032)	-	49,032	-	-
Purchase of capital assets	461,635	-	461,635	-	(461,635)	-	-
Loss on disposal of capital assets	(12,468)	-	(12,468)	-	12,468	-	-
Repayment of callable debt	30,213	-	30,213	-	(30,213)	-	-
Interest income earned on endowment funds	-	-	-	10,611	-	<b>10,611</b>	6,643
Expenses paid out of endowment fund	-	-	-	-	-	-	(30,739)
Balance, end of year	\$ <u>6,139,621</u>	\$ <u>250,000</u>	\$ <u>6,389,621</u>	\$ <u>528,259</u>	\$ <u>647,363</u>	\$ <b><u>7,565,243</u></b>	\$ <u>7,318,341</u>

(see accompanying notes)

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**STATEMENT OF CASH FLOWS**  
**year ended December 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 275,169	\$ 440,810
Interest income earned on endowment funds	10,611	6,643
Expenses paid out of endowment fund	-	(30,739)
Employee future benefits remeasurements and other items	(38,878)	(47,461)
Adjustments for		
Amortization of capital assets	680,519	656,806
Amortization of intangible asset	-	6,000
Capital asset funding recognized	(232,630)	(271,916)
Deferred donor designated funds recognized	(17,522)	(22,375)
Loss (gain) on disposal of capital assets	12,468	(17,240)
In-kind donation	99,372	(99,372)
Changes in non-cash working capital items		
Accounts receivable	70,570	(673,386)
Inventories	185,197	24,583
Prepaid expenses	(24,597)	(22,066)
Accounts payable and accrued liabilities	17,679	354,602
Deferred grants	(8,315)	(411,572)
	<u>1,029,643</u>	<u>(106,683)</u>
<b>INVESTING ACTIVITIES</b>		
Capital asset additions	(461,635)	(501,490)
Proceeds on disposal of capital assets	-	63,641
Designated investments, net	(12,603)	(5,591)
	<u>(474,238)</u>	<u>(443,440)</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of callable debt	(30,213)	(30,212)
Repayment of capital lease	-	(4,665)
Receipt of donor designated funds	68,546	160,058
	<u>38,333</u>	<u>125,181</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>593,738</b>	<b>(424,942)</b>
<b>CASH POSITION, BEGINNING OF YEAR</b>	<b>2,400,101</b>	<b>2,825,043</b>
<b>CASH POSITION, END OF YEAR</b>	<b>\$ <u>2,993,839</u></b>	<b>\$ <u>2,400,101</u></b>

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2018**

---

**1. PURPOSE OF THE ORGANIZATION**

The Saskatchewan Abilities Council Inc. ("SaskAbilities") is a non-profit, provincial organization providing services for Saskatchewan people experiencing disability. 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 SaskAbilities 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 SaskAbilities 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***

SaskAbilities initially measures its financial assets and financial liabilities at fair value. SaskAbilities 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, 2018**

---

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

***Financial Instruments (continued)***

Financial assets measured at amortized cost include cash and accounts receivable. SaskAbilities' financial assets measured at fair value include shares based on quoted market prices. The fair value of callable 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 callable 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***

SaskAbilities' 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.

SaskAbilities 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.

SaskAbilities 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, 2018**

---

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

***Revenue Recognition***

SaskAbilities 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 statement 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, 2018**

---

**3. LINE OF CREDIT**

SaskAbilities has access to revolving credit facilities, secured by a general security agreement, available in the amount of \$3,300,000 as of December 31, 2018 (December 31, 2017 - \$3,400,000).

As of December 31, 2018, the credit facility was at prime (December 31, 2017 - prime). Prime at December 31, 2018 was 3.95% (December 31, 2017 - 3.20%).

During 2018, no new loans were drawn under these facilities (2017 - no new loans drawn). Loans and specific security, when applicable, are detailed in Note 10. There are no other borrowings outstanding under these facilities at December 31, 2018 (December 31, 2017 - \$NIL).

**4. INVESTMENTS**

***Investments***

Investments consisted of units in a mutual fund that were donated to SaskAbilities at the end of 2017. These units were sold in 2018.

***Designated Investments***

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

	<u>2018</u>	<u>2017</u>
Deferred donor designated funds	\$ 233,022	\$ 231,030
Net assets restricted for endowment purposes	528,259	517,648
Internally restricted net assets - other	250,000	250,000
	<u>\$ 1,011,281</u>	<u>\$ 998,678</u>

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2018**

**5. ACCOUNTS RECEIVABLE**

	<u>2018</u>	<u>2017</u>
Grants receivable	\$ 85,732	\$ 112,688
GST rebate	12,477	16,771
Trade receivables	1,754,086	1,793,406
Allowance for uncollectible accounts	(30,000)	(30,000)
	<u>\$ 1,822,295</u>	<u>\$ 1,892,865</u>

**6. INVENTORIES**

	<u>Regina</u>	<u>Saskatoon</u>	<u>Swift Current</u>	<u>Yorkton</u>	<u>Rehabilitation Services</u>	<u>2018</u>	<u>2017</u>
Sewing	\$ 71,020	\$ 203,090	\$ 35,158	\$ -	\$ -	\$ 309,268	\$ 333,411
Assembly	8,120	6,477	-	-	-	14,597	13,694
Wood Products	128,227	75,601	-	-	-	203,828	268,358
Metal Work	-	39,776	-	-	-	39,776	71,174
Commercial							
Products	-	-	-	4,061	-	4,061	4,436
Special Needs							
Equipment -							
Retail Sales	-	-	-	-	22,024	22,024	24,487
Orthopaedics	-	-	-	-	438,952	438,952	502,143
	<u>\$ 207,367</u>	<u>\$ 324,944</u>	<u>\$ 35,158</u>	<u>\$ 4,061</u>	<u>\$ 460,976</u>	<u>\$ 1,032,506</u>	<u>\$ 1,217,703</u>

The cost of inventory recognized as an expense during 2018 was \$4,141,040 (2017 - \$4,315,018). During the year, there were \$61,875 of inventory write-downs (2017 - \$7,864).

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2018**

**7. CAPITAL ASSETS**

	<u>Land</u>	<u>Building</u>	<u>Equipment</u>	<u>2018</u>	<u>Total</u> <u>2017</u>
Cost, beginning of year	\$ 416,119	\$ 16,110,417	\$ 3,514,466	\$ <b>20,041,002</b>	\$ 19,693,172
Additions					
Regina Branch	-	19,117	95,844	<b>114,961</b>	63,439
Saskatoon Branch	-	15,780	18,017	<b>33,797</b>	110,197
Swift Current Branch	-	147,439	15,706	<b>163,145</b>	21,326
Yorkton Branch	-	7,575	24,333	<b>31,908</b>	92,703
Camp Easter Seal Rehabilitation Services	-	30,158	11,057	<b>41,215</b>	34,662
Provincial Administration	-	-	11,044	<b>11,044</b>	11,999
	-	30,654	34,911	<b>65,565</b>	167,164
	-	250,723	210,912	<b>461,635</b>	501,490
Write down/disposals	-	(10,629)	(34,780)	<b>(45,409)</b>	(153,660)
Cost, end of year	416,119	16,350,511	3,690,598	<b>20,457,228</b>	20,041,002
Accumulated amortization, beginning of year	-	8,857,731	2,568,662	<b>11,426,393</b>	10,876,846
Write down/disposals	-	(4,187)	(28,754)	<b>(32,941)</b>	(107,259)
Amortization expense	-	440,480	240,039	<b>680,519</b>	656,806
Accumulated amortization, end of year	-	9,294,024	2,779,947	<b>12,073,971</b>	11,426,393
Net book value	\$ 416,119	\$ 7,056,487	\$ 910,651	\$ <b>8,383,257</b>	\$ 8,614,609

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2018**

---

**8. INTANGIBLE ASSET**

In 2012, SaskAbilities purchased rights to MossPro Sports for \$60,000. The net book value at December 31, 2018 was \$NIL (2017 - \$NIL) and during the year SaskAbilities amortized \$NIL (2017 - \$6,000).

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2018</u>	<u>2017</u>
Trade payables and accrued liabilities	\$ 1,762,506	\$ 1,740,831
Amount payable in respect of government remittances	6,172	4,136
Payroll accrual	916,798	898,025
Provision (Note 12)	-	75,000
Vacation accrual	922,183	871,988
	<u>\$ 3,607,659</u>	<u>\$ 3,589,980</u>

**10. CALLABLE DEBT**

	<u>2018</u>	<u>2017</u>
Bank loan repayable to December 15, 2029 in monthly instalments of \$1,993 plus interest at prime. Secured by a general security agreement. Prime at December 31, 2018 was 3.95% (December 31, 2017 - 3.20%).	\$ 259,058	\$ 282,972
Bank loan repayable to June 15, 2026 in monthly instalments of \$525 plus interest at prime. Secured by an accessible bus with a net book value of \$73,780 and a general security agreement. Prime at December 31, 2018 was 3.95% (December 31, 2017 - 3.20%).	47,244	53,543
	<u>306,302</u>	<u>336,515</u>
Less: scheduled repayments of callable debt	(30,212)	(30,212)
	<u>\$ 276,090</u>	<u>\$ 306,303</u>

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2018**

---

**10. CALLABLE DEBT (continued)**

Although these loans are callable, management does not believe that this feature will be exercised. Scheduled principal payments required in each of the next five years are as follows:

2019	\$	30,212
2020		30,212
2021		30,212
2022		30,212
2023		30,212
	\$	<u>151,060</u>

**11. 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:

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 231,030	\$ 201,343
Donor designated funds received	68,546	160,058
Capital asset funding	(49,032)	(107,996)
Amounts amortized to revenue	<u>(17,522)</u>	<u>(22,375)</u>
Ending balance	\$ <u>233,022</u>	\$ <u>231,030</u>

**12. CONTINGENCIES**

***Forgivable Loan***

SaskAbilities 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 SaskAbilities 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 2018, \$70,000 was forgiven (2017 - \$70,000). The remaining, unforgiven amount at December 31, 2018 is \$70,000 (December 31, 2017 - \$140,000).

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2018**

---

**12. CONTINGENCIES (continued)**

***Forgivable Loan (continued)***

Forgiveness of this loan in 2019 is expected to be \$70,000.

***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 SaskAbilities. During 2018, expenditures of \$67,331 (2017 - \$20,461) related to the equipment repair were incurred. The provision was reduced by this amount. The provision was also reduced by \$7,669 to adjust the estimated amount required to complete the project. At December 31, 2018, the remaining provision is \$NIL (December 31, 2017 - \$75,000). Any expenditures in excess of this provision will be expensed as incurred.

**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>2018</u>	<u>2017</u>
Beginning balance	\$ 2,244,820	\$ 2,408,740
Capital asset funding	49,032	107,996
Amounts amortized to revenue	(232,630)	(234,187)
Capital asset disposal	-	(37,729)
Ending balance	<u>\$ 2,061,222</u>	<u>\$ 2,244,820</u>

**14. COMMITMENTS**

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

2019	\$ 795,513
2020	753,651
2021	575,144
2022	454,791
2023	319,517



**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2018**

---

**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.

Internally 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.

**16. CAMP EASTER SEAL**

During the year, SaskAbilities received a grant of \$87,404 (2017 - \$84,859) from Saskatchewan Lotteries Trust Fund. The grant was applied to the following expenses:

	<u>2018</u>	<u>2017</u>
Program development	\$ 79,985	\$ 76,391
Administration	5,916	7,292
Communications	1,503	1,176
	<u>\$ 87,404</u>	<u>\$ 84,859</u>

**17. PROVINCIAL ADMINISTRATION ALLOCATIONS**

Provincial Administration expenses are included in the expenses of the reporting areas and have been allocated to reporting areas in proportion to total expenses of each reporting area, as follows:

	<u>2018</u>	<u>2017</u>
Regina Branch	\$ 562,493	\$ 489,313
Saskatoon Branch	643,761	714,891
Swift Current Branch	217,637	230,177
Yorkton Branch	449,377	471,750
Camp Easter Seal	90,373	104,593
Rehabilitation Services	430,471	477,166
	<u>\$ 2,394,112</u>	<u>\$ 2,487,890</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, 2018**

---

**18. PENSION PLANS**

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

***Defined Benefit Pension Plan***

SaskAbilities 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 \$31,000 were paid in 2018 (2017 - \$38,900) to the plan to fund the solvency deficiency. Special payments of \$31,000 are required to be paid in 2019 to fund the solvency deficiency.

Current service contribution payments of \$110,578 were paid in 2018 (2017 - \$118,550).

SaskAbilities 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, 2016 and extrapolated to December 31, 2018, the information about the plan is as follows:

	<u>2018</u>	<u>2017</u>
Fair value of plan assets	\$ <b>3,129,097</b>	\$ 3,053,742
Defined benefit obligation	<u><b>2,696,784</b></u>	<u>2,456,916</u>
Funded status - plan surplus	<b>432,313</b>	596,826
Valuation allowance	<u><b>432,313</b></u>	<u>596,826</u>
Defined benefit asset, net of valuation allowance	\$ <u><b>-</b></u>	\$ <u><b>-</b></u>

A valuation allowance has been recorded by SaskAbilities as at December 31, 2018 and December 31, 2017 as no application has been made for distribution of plan assets nor is any application contemplated in the future. SaskAbilities' 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 2020 as at December 31, 2019.

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2018**

---

**18. PENSION PLANS (continued)**

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

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

	<u>2018</u>	<u>2017</u>
Current service cost reduced to reflect employee contributions with interest	\$ <b>105,531</b>	\$ 113,138
Finance income	<u>(2,831)</u>	<u>(3,149)</u>
Pension expense	<b>102,700</b>	109,989
Remeasurements and other items	<b>38,878</b>	47,461
	<u><b>\$ 141,578</b></u>	<u><b>\$ 157,450</b></u>

The current year's pension expense of \$102,700 (2017 - \$109,989) is included in the statement of operations and remeasurements and other items of \$38,878 (2017 - \$47,461) are recorded directly in the statement of changes in net assets.

***Defined Contribution Pension Plans***

Employer contributions to the defined contribution pension plans of \$770,806 for 2018 (2017 - \$781,456) are included in expenses.

**19. FINANCIAL INSTRUMENTS**

***Credit Risk***

SaskAbilities' 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 SaskAbilities' maximum exposure at the financial statement date.

SaskAbilities' credit risk is primarily attributable to its accounts receivable. SaskAbilities 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. SaskAbilities minimizes its credit risk by concluding transactions with a large number of clients. For grants receivable, SaskAbilities 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, 2018**

---

**19. FINANCIAL INSTRUMENTS (continued)**

***Liquidity Risk***

Liquidity risk is the risk that SaskAbilities will not be able to meet cash requirements or to fund obligations as they become due. SaskAbilities' most significant financial liabilities as at December 31, 2018 and December 31, 2017 had contractual maturities of less than one year. SaskAbilities' most significant financial liabilities are accounts payable and accrued liabilities, and callable debt. SaskAbilities manages liquidity risk by forecasting cash flows from operations in amounts that are sufficient to maintain an adequate cash balance.

***Interest Rate Risk***

SaskAbilities is exposed to interest rate risk on its floating interest rate financial instruments. Floating rate instruments subject SaskAbilities to a cash flow risk. SaskAbilities is exposed to this type of risk as a result of investments and callable debt. The interest bearing investments have a limited exposure to interest rate risk due to their short-term maturity. Callable debt is exposed to interest rate risk due to the variable interest rates on this debt.

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**SCHEDULE OF OPERATING REVENUES AND EXPENSES**  
**year ended December 31, 2018**

	2018	2017
<b>REGINA BRANCH</b>		
<b>REVENUE</b>		
Program	\$ 7,161,721	\$ 5,834,188
Amortization of capital asset funding	23,763	24,307
Regional services	221,342	171,206
	<u>7,406,826</u>	<u>6,029,701</u>
<b>EXPENSES</b>		
Program	<u>7,539,065</u>	<u>6,202,996</u>
<b>CONTRIBUTION FROM FUNDRAISING</b>	<u>\$ 132,239</u>	<u>\$ 173,295</u>
<b>SASKATOON BRANCH</b>		
<b>REVENUE</b>		
Program	\$ 7,155,494	\$ 7,906,976
Recycling	869,435	846,011
Amortization of capital asset funding	11,170	11,552
	<u>8,036,099</u>	<u>8,764,539</u>
<b>EXPENSES</b>		
Program	7,673,973	8,137,706
Recycling	954,324	924,940
	<u>8,628,297</u>	<u>9,062,646</u>
<b>CONTRIBUTION FROM FUNDRAISING</b>	<u>\$ 592,198</u>	<u>\$ 298,107</u>

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**SCHEDULE OF OPERATING REVENUES AND EXPENSES**  
**year ended December 31, 2018**

	2018	2017
<b>SWIFT CURRENT BRANCH</b>		
<b>REVENUE</b>		
Program	\$ 1,533,603	\$ 1,470,218
Recycling	609,976	601,606
Transportation	432,186	452,294
Amortization of capital asset funding	7,972	8,172
Regional services	225,089	216,855
	<u>2,808,826</u>	<u>2,749,145</u>
<b>EXPENSES</b>		
Program	1,673,579	1,690,324
Recycling	698,373	678,797
Transportation	545,020	548,824
	<u>2,916,972</u>	<u>2,917,945</u>
<b>CONTRIBUTION FROM FUNDRAISING</b>	<u>\$ 108,146</u>	<u>\$ 168,800</u>
<b>YORKTON BRANCH</b>		
<b>REVENUE</b>		
Program	\$ 3,190,122	\$ 3,368,767
Recycling	1,452,565	1,357,109
Transportation	748,229	707,993
Amortization of capital asset funding	74,996	74,794
Regional services	221,274	176,313
	<u>5,687,186</u>	<u>5,684,976</u>
<b>EXPENSES</b>		
Program	3,471,981	3,722,590
Recycling	1,658,448	1,422,160
Transportation	892,541	835,602
	<u>6,022,970</u>	<u>5,980,352</u>
<b>CONTRIBUTION FROM FUNDRAISING</b>	<u>\$ 335,784</u>	<u>\$ 295,376</u>
<b>CAMP EASTER SEAL</b>		
<b>REVENUE</b>		
Camp Easter Seal	\$ 638,440	\$ 688,541
Saskatchewan Lotteries Trust Fund (Note 16)	87,404	84,859
Amortization of capital asset funding	111,151	111,517
	<u>836,995</u>	<u>884,917</u>
<b>EXPENSES</b>		
Camp Easter Seal	<u>1,211,269</u>	<u>1,325,924</u>
<b>CONTRIBUTION FROM FUNDRAISING</b>	<u>\$ 374,274</u>	<u>\$ 441,007</u>

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**SCHEDULE OF OPERATING REVENUES AND EXPENSES**  
**year ended December 31, 2018**

	2018	2017
<b>REHABILITATION SERVICES</b>		
<b>REVENUE</b>		
Orthopaedics	\$ 5,513,665	\$ 5,776,756
Special needs equipment - loan program	6,881,997	6,767,289
Special needs equipment - retail sales	70,419	58,657
Technology services	284,776	301,219
	<u>12,750,857</u>	<u>12,903,921</u>
<b>EXPENSES</b>		
Orthopaedics	5,399,676	5,637,166
Special needs equipment - loan program	6,840,540	6,762,028
Special needs equipment - retail sales	45,023	35,430
Technology services	369,896	411,845
	<u>12,655,135</u>	<u>12,846,469</u>
<b>CONTRIBUTION TO FUNDRAISING</b>	<u>\$ (95,722)</u>	<u>\$ (57,452)</u>
<b>PROVINCIAL ADMINISTRATION</b>		
<b>REVENUE</b>		
Fund development	\$ 1,608,576	\$ 1,753,461
Provincial administration	625,327	599,475
Amortization of capital asset funding	4,354	3,847
	<u>2,238,257</u>	<u>2,356,783</u>
<b>EXPENSES</b>		
Fund development	<u>516,169</u>	<u>596,840</u>
<b>NET REVENUE</b>	<u>1,722,088</u>	<u>1,759,943</u>
Less contributions to (from) reporting areas		
Regina	132,239	173,295
Saskatoon	592,198	298,107
Swift Current	108,146	168,800
Yorkton	335,784	295,376
Camp Easter Seal	374,274	441,007
Rehabilitation Services	<u>(95,722)</u>	<u>(57,452)</u>
	<u>1,446,919</u>	<u>1,319,133</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 275,169</u>	<u>\$ 440,810</u>