

**SASKATCHEWAN
ABILITIES COUNCIL INC.**

FINANCIAL STATEMENTS

December 31, 2014

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, 2014, 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 deficiency of revenues over expenses, and cash flows from operations for the years ended December 31, 2014 and December 31, 2013, current assets as at December 31, 2014 and December 31, 2013, and net assets as at January 1 and December 31 for both 2014 and 2013 year. Our opinion on the financial statements for the year ended December 31, 2013 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, 2014 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 Professional Accountants

April 6, 2015

Saskatoon, Saskatchewan


SASKATCHEWAN ABILITIES COUNCIL INC.
STATEMENT OF OPERATIONS
year ended December 31, 2014


	2014	2013 (Restated - Note 3)
REVENUE (see schedule)		
Regina Branch	\$ 5,522,520	\$ 5,421,171
Saskatoon Branch	8,304,439	8,681,681
Swift Current Branch	2,670,883	2,347,654
Yorkton Branch	5,276,190	5,498,897
Camp Easter Seal	847,873	903,207
Rehabilitation Services	12,093,292	11,909,786
Provincial Administration	2,167,901	2,209,245
	<u>36,883,098</u>	<u>36,971,641</u>
EXPENSES (see schedule)		
Regina Branch	5,893,694	5,448,001
Saskatoon Branch	8,635,479	8,552,507
Swift Current Branch	2,990,543	2,752,659
Yorkton Branch	5,513,258	5,683,363
Camp Easter Seal	1,228,897	1,281,826
Rehabilitation Services	12,117,652	11,821,822
Provincial Administration	555,122	604,902
	<u>36,934,645</u>	<u>36,145,080</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	<u>\$ (51,547)</u>	<u>\$ 826,561</u>

SASKATCHEWAN ABILITIES COUNCIL INC.
STATEMENT OF FINANCIAL POSITION
as at December 31, 2014

	2014	2013
CURRENT ASSETS		
Cash	\$ 2,117,134	\$ 2,275,975
Accounts receivable (Note 5)	2,334,751	3,044,608
Inventories (Note 6)	1,255,600	1,188,882
Prepaid expenses	135,929	105,721
	<u>5,843,414</u>	<u>6,615,186</u>
DESIGNATED INVESTMENTS (Note 7)	1,047,146	1,017,886
CAPITAL ASSETS (Note 8)	8,168,837	6,969,078
INTANGIBLE ASSET (Note 9)	30,000	42,000
	<u>\$ 15,089,397</u>	<u>\$ 14,644,150</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 10)	\$ 3,262,499	\$ 2,894,231
Deferred grants	1,821,853	2,585,708
Current portion of long-term debt (Note 11)	23,808	7,255
Current portion of capital leases (Note 12)	12,905	11,898
	<u>5,121,065</u>	<u>5,499,092</u>
LONG-TERM DEBT (Note 11)	329,335	6,047
CAPITAL LEASES (Note 12)	10,650	23,554
DEFERRED DONOR DESIGNATED FUNDS (Note 13)	359,702	278,836
UNAMORTIZED CAPITAL ASSET		
FUNDING (Notes 14 and 15)	<u>2,673,481</u>	<u>2,087,831</u>
	<u>8,494,233</u>	<u>7,895,360</u>
CONTINGENCIES (Note 14)		
COMMITMENTS (Note 16)		
NET ASSETS		
Net assets restricted for endowment purposes (Note 17)	537,444	589,050
Internally restricted net assets invested in capital and intangible assets	5,148,660	4,874,493
Internally restricted net assets - other (Note 17)	150,000	150,000
Unrestricted net assets	759,060	1,135,247
	<u>6,595,164</u>	<u>6,748,790</u>
	<u>\$ 15,089,397</u>	<u>\$ 14,644,150</u>

APPROVED BY THE BOARD


..... Director


..... Director

(see accompanying notes)

SASKATCHEWAN ABILITIES COUNCIL INC.
STATEMENT OF CHANGES IN NET ASSETS
year ended December 31, 2014

	Internally Restricted			Externally Restricted for Endowment Purposes	Unrestricted	2014 total	2013 total (Restated - Note 3)
	<i>Invested in Capital & Intangible Assets</i>	<i>Other</i>	<i>Total</i>				
Balance, beginning of year	\$ 4,874,492	\$ 150,000	\$ 5,024,492	\$ 589,050	\$ 1,135,248	\$ 6,748,790	\$ 6,468,398
(Deficiency) excess of revenue over expenses	-	-	-	-	(51,547)	(51,547)	826,561
Employee future benefits remeasurements and other items (Note 20)	-	-	-	-	(50,473)	(50,473)	(536,482)
Amortization of capital assets	(686,445)	-	(686,445)	-	686,445	-	-
intangible assets	(12,000)	-	(12,000)	-	12,000	-	-
Capital asset funding recognized	221,271	-	221,271	-	(221,271)	-	-
Capital asset funding deferred	(806,921)	-	(806,921)	-	806,921	-	-
Purchase of capital assets	1,888,744	-	1,888,744	-	(1,888,744)	-	-
Writedown/disposal of capital assets	(2,540)	-	(2,540)	-	2,540	-	-
Capital asset additions from long-term debt	(350,000)	-	(350,000)	-	350,000	-	-
Repayment of long-term debt	10,162	-	10,162	-	(10,162)	-	-
capital leases	11,897	-	11,897	-	(11,897)	-	-
Endowment revenue	-	-	-	-	-	-	897
Interest income earned on endowment funds	-	-	-	1,340	-	1,340	1,469
Expenses paid out of endowment fund	-	-	-	(52,946)	-	(52,946)	(12,053)
Balance, end of year	<u>\$ 5,148,660</u>	<u>\$ 150,000</u>	<u>\$ 5,298,660</u>	<u>\$ 537,444</u>	<u>\$ 759,060</u>	<u>\$ 6,595,164</u>	<u>\$ 6,748,790</u>

(see accompanying notes)

SASKATCHEWAN ABILITIES COUNCIL INC.
STATEMENT OF CASH FLOWS
year ended December 31, 2014

	2014	2013 (Restated - Note 3)
OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenses	\$ (51,547)	\$ 826,561
Interest income earned on endowment fund	1,340	1,469
Endowment fund revenue	-	897
Expenses paid out of endowment fund	(52,946)	(12,053)
Employee future benefits remeasurements and other items	(50,473)	(536,482)
Adjustments for		
Amortization of capital assets	686,445	625,336
Amortization of intangible assets	12,000	12,000
Capital asset funding recognized	(221,271)	(205,432)
Deferred donor designated funds recognized	(106,881)	(46,856)
Loss (gain) on disposal of capital assets	2,540	(30,554)
Changes in non-cash working capital		
Accounts receivable	709,857	(837,857)
Inventories	(66,718)	48,775
Prepaid expenses	(30,208)	(76,144)
Accounts payable and accrued liabilities	368,271	226,833
Deferred grants	(763,855)	312,021
	<u>436,554</u>	<u>308,514</u>
INVESTING ACTIVITIES		
Capital asset additions	(1,888,744)	(1,095,922)
Proceeds on disposal of capital assets	-	34,270
Designated investments	(29,260)	191,775
	<u>(1,918,004)</u>	<u>(869,877)</u>
FINANCING ACTIVITIES		
Proceeds from long-term debt	350,000	-
Proceeds from capital leases	-	23,876
Repayment of long-term debt	(10,162)	(11,132)
Repayment of capital leases	(11,897)	(10,615)
Receipt of donor designated funds	994,668	178,466
	<u>1,322,609</u>	<u>180,595</u>
NET DECREASE IN CASH	(158,841)	(380,768)
CASH POSITION, BEGINNING OF YEAR	2,275,975	2,656,743
CASH POSITION, END OF YEAR	\$ <u>2,117,134</u>	\$ <u>2,275,975</u>

(see accompanying notes)

SASKATCHEWAN ABILITIES COUNCIL INC.
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2014

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, 2014

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, 2014

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. 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.

3. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2014, the Council adopted *Section 3463 Employee Future Benefits*. In accordance with the transitional provisions, the Council retrospectively applied the revised standards.

SASKATCHEWAN ABILITIES COUNCIL INC.
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2014

3. CHANGE IN ACCOUNTING POLICY (continued)

Section 3463 requires separate identification of remeasurements and other items from the other pension costs. This allows visibility of the impact resulting from the periodic remeasurements.

The impact of the retrospective adoption of Section 3463 on the 2013 comparative statements is a \$536,482 increase in 2013 excess of revenue over expenses and a corresponding increase in employee future benefits remeasurements and other items reported in the Statement of Changes in Net Assets. Additional disclosures are presented in Note 20.

4. LINE OF CREDIT

The Council has access to revolving credit facilities available in the amount of \$3,500,000 as of December 31, 2014 (December 31, 2013 - \$3,500,000). As of December 31, 2014 and December 31, 2013, the credit facility was at prime for the first \$1,500,000 and prime plus 0.5% for the remaining \$2,000,000. During 2014, \$350,000 was drawn, in the form of a mortgage, under these facilities. The mortgage is detailed in Note 11 and is the only borrowing outstanding under these facilities at December 31, 2014 (December 31, 2013 – \$NIL).

5. ACCOUNTS RECEIVABLE

	<u>2014</u>	<u>2013</u>
Grants receivable	\$ 45,081	\$ 403,118
GST rebate	25,200	18,344
Trade receivables	2,309,470	2,668,146
Allowance for uncollectible accounts	(45,000)	(45,000)
	<u>\$ 2,334,751</u>	<u>\$ 3,044,608</u>

SASKATCHEWAN ABILITIES COUNCIL INC.
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2014

6. INVENTORIES

	<u>Regina</u>	<u>Saskatoon</u>	Swift <u>Current</u>	<u>Yorkton</u>	Rehabilitation <u>Services</u>	<u>2014</u>	<u>2013</u>
Sewing	\$ 68,021	\$ 237,286	\$ 60,503	\$ 38,147	\$ -	\$ 403,957	\$ 404,477
Assembly	23,207	5,595	-	9,762	-	38,564	64,373
Wood Products	227,295	74,075	20,257	-	-	321,627	263,806
Metal Work	-	63,708	-	-	-	63,708	75,938
ReUse							
Warehouse	-	-	21,609	-	-	21,609	-
Special Needs							
Equipment -							
Retail Sales	-	-	-	-	33,446	33,446	32,457
Orthopedics	-	-	-	-	372,689	372,689	347,831
	<u>\$ 318,523</u>	<u>\$ 380,664</u>	<u>\$ 102,369</u>	<u>\$ 47,909</u>	<u>\$ 406,135</u>	<u>\$ 1,255,600</u>	<u>\$ 1,188,882</u>

The cost of inventory recognized as an expense during 2014 was \$4,328,486 (2013 - \$4,434,674). During the year, there were \$35,270 of inventory write-downs (2013 - \$1,378) and no reversals of write-downs of inventory made in the prior period.

7. DESIGNATED INVESTMENTS

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

	<u>2014</u>	<u>2013</u>
Deferred donor designated funds	\$ 359,702	\$ 278,836
Net assets restricted for endowment purposes	537,444	589,050
Internally restricted net assets - other	150,000	150,000
	<u>\$ 1,047,146</u>	<u>\$ 1,017,886</u>

SASKATCHEWAN ABILITIES COUNCIL INC.
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2014

8. CAPITAL ASSETS

	Land	Building	Equipment	Total 2014	2013
Cost, beginning of year	\$ 416,119	\$ 12,551,862	\$ 3,350,383	\$ 16,318,364	\$ 15,416,100
Additions					
Regina Branch	-	1,034,884	10,562	1,045,446	305,927
Saskatoon Branch	-	28,142	42,754	70,896	80,287
Swift Current Branch	-	-	94,324	94,324	254,229
Yorkton Branch	-	16,915	17,064	33,979	90,569
Camp Easter Seal Rehabilitation Services	-	221,374	171,548	392,922	141,131
Provincial Administration	-	-	2,462	2,462	19,844
	-	233,986	14,729	248,715	203,935
	-	1,535,301	353,443	1,888,744	1,095,922
Write down/disposals	-	-	(11,855)	(11,855)	(193,658)
Cost, end of year	416,119	14,087,163	3,691,971	18,195,253	16,318,364
Accumulated amortization, beginning of year	-	7,307,042	2,042,244	9,349,286	8,913,892
Write down/disposals	-	-	(9,315)	(9,315)	(189,942)
Amortization expense	-	383,060	303,385	686,445	625,336
Accumulated amortization, end of year	-	7,690,102	2,336,314	10,026,416	9,349,286
Net book value	\$ 416,119	\$ 6,397,061	\$ 1,355,657	\$ 8,168,837	\$ 6,969,078

SASKATCHEWAN ABILITIES COUNCIL INC.
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2014

9. INTANGIBLE ASSET

In 2012, the Council purchased rights to MossPro Sports for \$60,000. The net book value at December 31, 2014 was \$30,000 (2013 - \$42,000) and during the year the Council amortized \$12,000 (2013 - \$12,000).

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Trade payables and accrued liabilities	\$ 1,454,722	\$ 1,882,710
Amount payable in respect of government remittances	5,602	317,497
Payroll accrual	812,403	-
Provision (Note 14)	273,000	-
Vacation accrual	716,772	694,024
	\$ 3,262,499	\$ 2,894,231

11. LONG-TERM DEBT

	2014	2013
Bank loan, 0%, repayable to October 6, 2015 in monthly installments of \$302. Secured by a vehicle with a net book value of \$3,684.	\$ 3,024	\$ 6,651
Bank loan, 0%, repayable to October 6, 2015 in monthly installments of \$302. Secured by a vehicle with a net book value of \$3,661.	3,024	6,651
Mortgage, 3.76%, repayable to October 15, 2019 in monthly installments of \$2,542 including principal and interest. Secured by a building with a net book value of \$1,361,997.	347,095	-
	353,143	13,302
Less: current portion	(23,808)	(7,255)
	\$ 329,335	\$ 6,047

SASKATCHEWAN ABILITIES COUNCIL INC.
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2014

11. LONG-TERM DEBT (continued)

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

2015	\$	23,808
2016		18,435
2017		19,147
2018		19,877
2019		<u>271,876</u>
	\$	<u><u>353,143</u></u>

12. CAPITAL LEASES

	<u>2014</u>	<u>2013</u>
Equipment lease, 9.025%, repayable to February 1, 2016 in monthly installments of \$702 including principal and interest. Secured by equipment with a net book value of \$14,267.	\$ 8,664	\$ 15,923
Equipment lease, 6.49%, repayable to October 1, 2016 in monthly installments of \$481 including principal and interest. Secured by equipment with a net book value of \$23,188.	<u>14,891</u>	<u>19,529</u>
	<u>23,555</u>	<u>35,452</u>
Less: current portion	<u>(12,905)</u>	<u>(11,898)</u>
	\$ <u><u>10,650</u></u>	\$ <u><u>23,554</u></u>

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

2015	\$	14,193
2016		6,481
2017		<u>4,804</u>
		25,478
Less: imputed interest		<u>(1,923)</u>
	\$	<u><u>23,555</u></u>

SASKATCHEWAN ABILITIES COUNCIL INC.
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2014

13. 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:

	2014	2013
Beginning balance	\$ 278,836	\$ 260,924
Donor designated funds received	994,668	178,466
Capital asset funding	(806,921)	(113,698)
Amounts amortized to revenue	(106,881)	(46,856)
Ending balance	\$ 359,702	\$ 278,836

14. CONTINGENCIES

Forgivable Loan

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

The loan will be 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. Forgiveness of this loan in each of the next five years is expected to be as follows:

2015	\$ 70,000
2016	70,000
2017	70,000
2018	70,000
2019	70,000
	\$ 350,000

Provision

In 2014, a provision of \$273,000 (2013 – \$NIL) was recorded. This provision represents the estimated costs of repairing a piece of equipment manufactured and sold by the Council. The cash outflows related to this provision are expected to occur in 2015. Any expenditures in excess of this provision will be recorded as incurred.

SASKATCHEWAN ABILITIES COUNCIL INC.
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2014

14. CONTINGENCIES (continued)

Subsequent Event

Subsequent to December 31, 2014, a claim was filed against the Council. A contingent liability has not been recorded as the amount of loss, if any, cannot be reasonably estimated at this time.

15. 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>2014</u>		<u>2013</u>
Beginning balance	\$	2,087,831	\$	2,179,565
Capital asset funding		806,921		113,698
Amounts amortized to revenue		<u>(221,271)</u>		<u>(205,432)</u>
Ending balance	\$	<u>2,673,481</u>	\$	<u>2,087,831</u>

16. COMMITMENTS

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

2015	\$	547,548
2016		453,843
2017		286,801
2018		165,597
2019		77,845

17. 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, 2014

18. CAMP EASTER SEAL

During the year, the Council received a grant of \$77,658 (2013 - \$75,396) from Saskatchewan Lotteries Trust Fund. The grant was applied to the following expenses:

	2014	2013
Program development	\$ 67,218	\$ 66,346
Administration	7,365	7,310
Communications	3,075	1,740
	\$ 77,658	\$ 75,396

19. 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:

	2014	2013 (Restated - Note 3)
Regina Branch	\$ 434,608	\$ 401,644
Saskatoon Branch	636,791	630,518
Swift Current Branch	220,526	202,935
Yorkton Branch	406,555	418,996
Camp Easter Seal	90,620	94,500
Rehabilitation Services	376,175	320,835
	\$ 2,165,275	\$ 2,069,428

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

20. 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.

SASKATCHEWAN ABILITIES COUNCIL INC.
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2014

20. PENSION PLANS (continued)

Defined Benefit Pension Plan (continued)

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.

Special payments in the amount of \$144,031 were paid in 2014 (2013 – \$519,606) 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*. Payments resumed in December 2014.

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 November 30, 2014 and extrapolated to December 31, 2014, the information about the Plan is as follows:

	2014	2013
Fair value of plan assets	\$ 2,930,049	\$ 11,615,923
Defined benefit obligation	1,803,062	8,189,000
Funded status - plan surplus	1,126,987	3,426,923
Valuation allowance	1,126,987	3,426,923
Defined benefit asset, net of valuation allowance	\$ -	\$ -

A valuation allowance has been recorded by the Council as at December 31, 2014 and December 31, 2013 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, 2014

20. PENSION PLANS (continued)

Defined Benefit Pension Plan (continued)

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

	2014	2013 (Restated - Note 3)
	<u> </u>	<u> </u>
Current service cost reduced to reflect employee contributions with interest	\$ 129,824	\$ 135,150
Finance income	(4,825)	(17,975)
Pension expense	124,999	117,175
Remeasurements and other items	50,473	536,482
	\$ 175,472	\$ 653,657

Remeasurements and other items are comprised of the following:

	2014	2013
	<u> </u>	<u> </u>
Difference between expected and actual return on plan assets	\$ 398,986	\$ 1,210,391
Actuarial (loss) gain	(587,677)	29,958
Effect of valuation allowance	2,488,417	(1,776,831)
Loss arising from settlement	(2,350,199)	-
	\$ (50,473)	\$ (536,482)

The current year's pension expense of \$124,999 (2013 – \$117,175) is included in the Statement of Operations and remeasurements and other items of \$50,473 (2013 - \$536,482) are recorded directly in the Statement of Changes in Net Assets.

Defined Contribution Pension Plans

Employer contributions to the defined contribution pension plans of \$609,324 for 2014 (2013 – \$593,365) are included in expenses.

SASKATCHEWAN ABILITIES COUNCIL INC.
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2014

21. 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, 2014 and December 31, 2013 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, long-term debt, and capital leases. The interest bearing investments have a limited exposure to interest rate risk due to their short-term maturity. Long-term debt has a limited exposure to interest rate risk due to the fixed interest rates on this debt. Capital lease interest rate risk is not significant due to its immaterial amount.

SASKATCHEWAN ABILITIES COUNCIL INC.
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2014

22. RELATED PARTY TRANSACTIONS

During the year, the Council purchased \$NIL (2013 - \$11,164) of services from companies in which certain directors have an ownership interest of which \$NIL as at December 31, 2014 (\$NIL as at December 31, 2013) 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, 2014

	2014	2013 (Restated - Note 3)
REGINA BRANCH		
REVENUE		
Vocational Rehabilitation	\$ 5,480,587	\$ 5,353,067
Unamortized capital asset funding	12,536	11,341
Regional Services	29,397	56,763
	<u>5,522,520</u>	<u>5,421,171</u>
EXPENSES		
Vocational Rehabilitation	<u>5,893,694</u>	<u>5,448,001</u>
REQUIRED CONTRIBUTION FROM FUNDRAISING	<u>\$ 371,174</u>	<u>\$ 26,830</u>
SASKATOON BRANCH		
REVENUE		
Vocational Rehabilitation	\$ 7,469,943	\$ 7,879,250
Recycling	822,383	790,650
Unamortized capital asset funding	12,113	11,781
	<u>8,304,439</u>	<u>8,681,681</u>
EXPENSES		
Vocational Rehabilitation	8,261,742	7,705,520
Recycling	<u>373,737</u>	<u>846,987</u>
	<u>8,635,479</u>	<u>8,552,507</u>
REQUIRED CONTRIBUTION FROM (TO) FUNDRAISING	<u>\$ 331,040</u>	<u>\$ (129,174)</u>

SASKATCHEWAN ABILITIES COUNCIL INC.
SCHEDULE OF OPERATING REVENUES AND EXPENSES
year ended December 31, 2014

	2014	2013 (Restated - Note 3)
SWIFT CURRENT BRANCH		
REVENUE		
Vocational Rehabilitation	\$ 1,612,730	\$ 1,476,164
Recycling	658,199	539,440
Transportation	242,607	184,895
Unamortized capital asset funding	9,173	9,173
Regional Services	148,174	137,982
	<u>2,670,883</u>	<u>2,347,654</u>
EXPENSES		
Vocational Rehabilitation	1,997,056	1,926,422
Recycling	723,621	584,328
Transportation	269,866	241,909
	<u>2,990,543</u>	<u>2,752,659</u>
REQUIRED CONTRIBUTION FROM FUNDRAISING	<u>\$ 319,660</u>	<u>\$ 405,005</u>
YORKTON BRANCH		
REVENUE		
Vocational Rehabilitation	\$ 3,110,573	\$ 3,189,475
Recycling	1,219,697	1,411,856
Transportation	643,903	612,334
Unamortized capital asset funding	75,019	75,018
Regional Services	226,998	210,214
	<u>5,276,190</u>	<u>5,498,897</u>
EXPENSES		
Vocational Rehabilitation	3,386,083	3,442,744
Recycling	1,340,663	1,505,608
Transportation	786,512	735,011
	<u>5,513,258</u>	<u>5,683,363</u>
REQUIRED CONTRIBUTION FROM FUNDRAISING	<u>\$ 237,068</u>	<u>\$ 184,466</u>
CAMP EASTER SEAL		
REVENUE		
Camp Easter Seal	\$ 660,798	\$ 730,617
Saskatchewan Lotteries Trust Fund (Note 18)	77,658	75,396
Unamortized capital asset funding	109,417	97,194
	<u>847,873</u>	<u>903,207</u>
EXPENSES		
Camp Easter Seal	1,228,897	1,281,826
REQUIRED CONTRIBUTION FROM FUNDRAISING	<u>\$ 381,024</u>	<u>\$ 378,619</u>

(see accompanying notes)

SASKATCHEWAN ABILITIES COUNCIL INC.
SCHEDULE OF OPERATING REVENUES AND EXPENSES
year ended December 31, 2014

	2014	2013 (Restated - Note 3)
REHABILITATION SERVICES		
REVENUE		
Orthopaedics	\$ 4,809,690	\$ 4,176,683
Special Needs Equipment - loan program	6,970,667	7,425,170
Special Needs Equipment - retail sales	71,479	85,418
Technology Services	240,530	221,589
Unamortized capital asset funding	926	926
	<u>12,093,292</u>	<u>11,909,786</u>
EXPENSES		
Orthopaedics	4,728,806	3,919,909
Special Needs Equipment - loan program	6,965,942	7,414,820
Special Needs Equipment - retail sales	50,426	55,111
Technology Services	372,478	431,982
	<u>12,117,652</u>	<u>11,821,822</u>
REQUIRED CONTRIBUTION FROM (TO) FUNDRAISING	<u>\$ 24,360</u>	<u>\$ (87,964)</u>
PROVINCIAL ADMINISTRATION		
REVENUE		
Fundraising	\$ 1,499,811	\$ 1,623,299
Provincial Administration	665,996	585,946
Unamortized capital asset funding	2,094	-
	<u>2,167,901</u>	<u>2,209,245</u>
EXPENSES		
Fundraising	<u>555,122</u>	<u>604,902</u>
NET REVENUE	<u>1,612,779</u>	<u>1,604,343</u>
Less contributions to (from) Branches		
Regina	371,174	26,830
Saskatoon	331,040	(129,174)
Swift Current	319,660	405,005
Yorkton	237,068	184,466
Camp Easter Seal	381,024	378,619
Rehabilitation Services	24,360	(87,964)
	<u>1,664,326</u>	<u>777,782</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	<u>\$ (51,547)</u>	<u>\$ 826,561</u>

(see accompanying notes)