

**SASKATCHEWAN  
ABILITIES COUNCIL INC.**

***FINANCIAL STATEMENTS***

***December 31, 2017***

## 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, 2017 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Abilities Council Inc. as at December 31, 2017, 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.



Chartered Professional Accountants  
Licensed Professional Accountants

March 8, 2018  
Saskatoon, Saskatchewan

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**STATEMENT OF OPERATIONS**  
**year ended December 31, 2017**

	2017	2016
<b>REVENUE</b> (see schedule)		
Regina Branch	\$ 6,029,701	\$ 6,146,470
Saskatoon Branch	8,764,539	8,690,254
Swift Current Branch	2,749,145	2,778,025
Yorkton Branch	5,684,976	5,644,716
Camp Easter Seal	884,917	833,817
Rehabilitation Services	12,903,921	12,084,632
Provincial Administration	2,356,783	2,246,321
	<u>39,373,982</u>	<u>38,424,235</u>
<b>EXPENSES</b> (see schedule)		
Regina Branch	6,202,996	6,597,668
Saskatoon Branch	9,062,646	9,099,347
Swift Current Branch	2,917,945	2,993,425
Yorkton Branch	5,980,352	5,787,299
Camp Easter Seal	1,325,924	1,235,911
Rehabilitation Services	12,846,469	11,935,366
Provincial Administration	596,840	667,983
	<u>38,933,172</u>	<u>38,316,999</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 440,810</u>	<u>\$ 107,236</u>

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**STATEMENT OF FINANCIAL POSITION**  
as at December 31, 2017

	<b>2017</b>	<b>2016</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 2,400,101	\$ 2,825,043
Investments (Note 4)	99,372	-
Accounts receivable (Note 5)	1,892,865	1,219,479
Inventories (Note 6)	1,217,703	1,242,286
Prepaid expenses	182,502	160,436
	5,792,543	5,447,244
<b>DESIGNATED INVESTMENTS (Note 4)</b>	<b>998,678</b>	<b>993,087</b>
<b>CAPITAL ASSETS (Note 7)</b>	<b>8,614,609</b>	<b>8,816,326</b>
<b>INTANGIBLE ASSET (Note 8)</b>	<b>-</b>	<b>6,000</b>
	<b>\$ 15,405,830</b>	<b>\$ 15,262,657</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 9)	\$ 3,589,980	\$ 3,235,378
Deferred grants	1,685,144	2,096,716
Scheduled repayments of callable debt (Note 10)	30,212	30,212
Current portion of capital lease (Note 11)	-	4,665
	5,305,336	5,366,971
Callable debt (Note 10)	306,303	336,515
	5,611,639	5,703,486
<b>DEFERRED DONOR DESIGNATED FUNDS (Note 12)</b>	<b>231,030</b>	<b>201,343</b>
<b>UNAMORTIZED CAPITAL ASSET</b>		
<b>FUNDING (Notes 13 and 14)</b>	<b>2,244,820</b>	<b>2,408,740</b>
	<b>8,087,489</b>	<b>8,313,569</b>
<b>CONTINGENCIES (Note 13)</b>		
<b>COMMITMENTS (Note 15)</b>		
<b>NET ASSETS</b>		
Net assets restricted for endowment purposes (Note 16)	517,648	541,744
Internally restricted net assets invested in capital and intangible assets	6,157,162	6,102,441
Internally restricted net assets - other (Note 16)	250,000	250,000
Unrestricted net assets	393,531	54,903
	7,318,341	6,949,088
	<b>\$ 15,405,830</b>	<b>\$ 15,262,657</b>

**APPROVED BY THE BOARD**

.....  Director

.....  Director

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**year ended December 31, 2017**

	Internally Restricted			Externally Restricted for Endowment Purposes	Unrestricted	2017 total	2016 total
	<i>Invested in Capital &amp; Intangible Assets</i>	<i>Other</i>	<i>Total</i>				
Balance, beginning of year	\$ 6,102,441	\$ 250,000	\$ 6,352,441	\$ 541,744	\$ 54,903	\$ 6,949,088	\$ 6,766,623
Excess of revenue over expenses	-	-	-	-	440,810	440,810	107,236
Employee future benefits remeasurements and other items (Note 19)	-	-	-	-	(47,461)	(47,461)	70,929
Amortization of capital assets	(656,806)	-	(656,806)	-	656,806	-	-
intangible asset	(6,000)	-	(6,000)	-	6,000	-	-
Capital asset funding recognized	271,916	-	271,916	-	(271,916)	-	-
Capital asset funding deferred	(107,996)	-	(107,996)	-	107,996	-	-
Purchase of capital assets	501,490	-	501,490	-	(501,490)	-	-
Gain on disposal of capital assets	17,240	-	17,240	-	(17,240)	-	-
Repayment of callable debt	30,212	-	30,212	-	(30,212)	-	-
capital leases	4,665	-	4,665	-	(4,665)	-	-
Interest income earned on endowment funds	-	-	-	6,643	-	6,643	4,300
Expenses paid out of endowment fund	-	-	-	(30,739)	-	(30,739)	-
Balance, end of year	<u>\$ 6,157,162</u>	<u>\$ 250,000</u>	<u>\$ 6,407,162</u>	<u>\$ 517,648</u>	<u>\$ 393,531</u>	<u>\$ 7,318,341</u>	<u>\$ 6,949,088</u>

(see accompanying notes)

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**STATEMENT OF CASH FLOWS**  
**year ended December 31, 2017**

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 440,810	\$ 107,236
Interest income earned on endowment funds	6,643	4,300
Expenses paid out of endowment fund	(30,739)	-
Employee future benefits remeasurements and other items	(47,461)	70,929
Adjustments for		
Amortization of capital assets	656,806	704,795
Amortization of intangible asset	6,000	12,000
Capital asset funding recognized	(271,916)	(238,144)
Deferred donor designated funds recognized	(22,375)	(107,924)
Gain on disposal of capital assets	(17,240)	(7,330)
In-kind donation	(99,372)	-
Changes in non-cash working capital items		
Accounts receivable	(673,386)	548,118
Inventories	24,583	121,686
Prepaid expenses	(22,066)	99,752
Accounts payable and accrued liabilities	354,602	(31,693)
Deferred grants	(411,572)	555,669
	<u>(106,683)</u>	<u>1,839,394</u>
<b>INVESTING ACTIVITIES</b>		
Capital asset additions	(501,490)	(1,052,622)
Proceeds on disposal of capital assets	63,641	24,119
Designated investments, net	(5,591)	46,964
	<u>(443,440)</u>	<u>(981,539)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from callable debt	-	393,790
Repayment of callable debt	(30,212)	(27,063)
Repayment of capital lease	(4,665)	(5,985)
Receipt of donor designated funds	160,058	142,597
	<u>125,181</u>	<u>503,339</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	<u>(424,942)</u>	<u>1,361,194</u>
<b>CASH POSITION, BEGINNING OF YEAR</b>	<u>2,825,043</u>	<u>1,463,849</u>
<b>CASH POSITION, END OF YEAR</b>	<u>\$ 2,400,101</u>	<u>\$ 2,825,043</u>

(see accompanying notes)

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2017**

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**1. PURPOSE OF THE ORGANIZATION**

The Saskatchewan Abilities Council Inc. (“SaskAbilities”) 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 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, 2017**

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**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, 2017**

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**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 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, 2017**

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**3. LINE OF CREDIT**

SaskAbilities has access to revolving credit facilities, secured by a general security agreement, available in the amount of \$3,400,000 as of December 31, 2017 (December 31, 2016 - \$3,500,000).

As of December 31, 2017, the credit facility was at prime (December 31, 2016 - prime). Prime at December 31, 2017 was 3.20% (December 31, 2016 - 2.70%).

During 2017, no loans were drawn under these facilities (2016 - two loans: \$330,798 and \$62,992). These loans and specific security, when applicable, are detailed in Note 10. There are no other borrowings outstanding under these facilities at December 31, 2017 (December 31, 2016 - \$NIL).

**4. INVESTMENTS**

*Investments*

Investments consist 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:

	<b>2017</b>		<b>2016</b>
Deferred donor designated funds	\$ <b>231,030</b>	\$	201,343
Net assets restricted for endowment purposes	<b>517,648</b>		541,744
Internally restricted net assets - other	<b>250,000</b>		250,000
	<b>\$ 998,678</b>	\$	993,087

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
year ended December 31, 2017

**5. ACCOUNTS RECEIVABLE**

	<b>2017</b>	2016
Grants receivable	\$ <b>112,688</b>	\$ 116,938
GST rebate	<b>16,771</b>	15,459
Trade receivables	<b>1,793,406</b>	1,117,082
Allowance for uncollectible accounts	<b>(30,000)</b>	(30,000)
	<b>\$ 1,892,865</b>	\$ 1,219,479

**6. INVENTORIES**

	Regina	Saskatoon	Swift Current	Yorkton	Rehabilitation Services	<b>2017</b>	2016
Sewing	\$ 86,907	\$ 205,025	\$ 41,479	\$ -	\$ -	\$ <b>333,411</b>	\$ 403,192
Assembly	470	13,224	-	-	-	<b>13,694</b>	19,708
Wood Products	182,193	82,893	3,272	-	-	<b>268,358</b>	248,800
Metal Work	-	71,174	-	-	-	<b>71,174</b>	104,531
Commercial Products	-	-	-	4,436	-	<b>4,436</b>	-
Special Needs Equipment - Retail Sales	-	-	-	-	24,487	<b>24,487</b>	21,933
Orthopaedics	-	-	-	-	502,143	<b>502,143</b>	444,122
	<b>\$ 269,570</b>	<b>\$ 372,316</b>	<b>\$ 44,751</b>	<b>\$ 4,436</b>	<b>\$ 526,630</b>	<b>\$ 1,217,703</b>	\$ 1,242,286

The cost of inventory recognized as an expense during 2017 was \$4,315,018 (2016 - \$4,271,876). During the year, there were \$7,864 of inventory write-downs (2016 - \$26,583).

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2017**

**7. CAPITAL ASSETS**

	<u>Land</u>	<u>Building</u>	<u>Equipment</u>	<u>2017</u>	<u>2016</u>
				Total	
Cost, beginning of year	\$ 416,119	\$ 15,916,581	\$ 3,360,472	\$ <b>19,693,172</b>	\$ 18,811,101
Additions					
Regina Branch	-	52,387	11,052	<b>63,439</b>	102,160
Saskatoon Branch	-	-	110,197	<b>110,197</b>	632,990
Swift Current Branch	-	21,326	-	<b>21,326</b>	90,590
Yorkton Branch	-	48,813	43,890	<b>92,703</b>	53,049
Camp Easter Seal Rehabilitation Services	-	19,163	15,499	<b>34,662</b>	53,507
Provincial Administration	-	-	11,999	<b>11,999</b>	8,674
	-	119,880	47,284	<b>167,164</b>	111,652
	-	261,569	239,921	<b>501,490</b>	1,052,622
Write down/disposals	-	(67,733)	(85,927)	<b>(153,660)</b>	(170,551)
Cost, end of year	<u>416,119</u>	<u>16,110,417</u>	<u>3,514,466</u>	<u><b>20,041,002</b></u>	<u>19,693,172</u>
Accumulated amortization, beginning of year	-	8,515,966	2,360,880	<b>10,876,846</b>	10,325,813
Write down/disposals	-	(25,737)	(81,522)	<b>(107,259)</b>	(153,762)
Amortization expense	-	367,502	289,304	<b>656,806</b>	704,795
Accumulated amortization, end of year	-	8,857,731	2,568,662	<b>11,426,393</b>	10,876,846
Net book value	<u>\$ 416,119</u>	<u>\$ 7,252,686</u>	<u>\$ 945,804</u>	<u>\$ <b>8,614,609</b></u>	<u>\$ 8,816,326</u>

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
year ended December 31, 2017

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**8. INTANGIBLE ASSET**

In 2012, SaskAbilities purchased rights to MossPro Sports for \$60,000. The net book value at December 31, 2017 was \$NIL (2016 - \$6,000) and during the year SaskAbilities amortized \$6,000 (2016 - \$12,000).

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2017</b>		<b>2016</b>
Trade payables and accrued liabilities	\$ 1,740,831	\$	1,375,973
Amount payable in respect of government remittances	4,136		4,991
Payroll accrual	898,025		844,370
Provision (Note 13)	75,000		147,407
Vacation accrual	871,988		862,637
	\$ 3,589,980	\$	3,235,378

**10. CALLABLE DEBT**

	<b>2017</b>		<b>2016</b>
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, 2017 was 3.20% (December 31, 2016 - 2.70%).	\$ 282,972	\$	306,885
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 \$83,839 and a general security agreement. Prime at December 31, 2017 was 3.20% (December 31, 2016 - 2.70%).	53,543		59,842
	336,515		366,727
Less: scheduled repayments of callable debt	(30,212)		(30,212)
	\$ 306,303	\$	336,515

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2017**

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**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:

2018	\$	30,212
2019		30,212
2020		30,212
2021		30,212
2022		30,212
	\$	151,060

**11. CAPITAL LEASE**

	<b>2017</b>	2016
Equipment lease, repaid in the year.	\$ -	\$ 4,665
	-	4,665
Less: current portion	-	(4,665)
	\$ -	\$ -

**12. DEFERRED DONOR DESIGNATED FUNDS**

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

	<b>2017</b>	2016
Beginning balance	\$ 201,343	\$ 252,607
Donor designated funds received	160,058	142,597
Capital asset funding	(107,996)	(85,937)
Amounts amortized to revenue	(22,375)	(107,924)
Ending balance	\$ 231,030	\$ 201,343

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2017**

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**13. 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 2017, \$70,000 was forgiven (2016 - \$70,000). The remaining, unforgiven amount at December 31, 2017 is \$140,000 (December 31, 2016 - \$210,000).

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

2018	\$ 70,000
2019	<u>70,000</u>
	<u>\$ 140,000</u>

*Provision*

A provision of \$273,000 was recorded in 2014. This provision represents the estimated costs of repairing a piece of equipment manufactured and sold by SaskAbilities. During 2017, expenditures of \$20,461 (2016 - \$37,855) related to the equipment repair were incurred. The provision was reduced by this amount. The provision was also reduced by \$51,946 to adjust the estimated amount required to complete the project. At December 31, 2017, the remaining provision is \$75,000 (December 31, 2016 - \$147,407). Additional cash outflows related to this provision are expected to occur in 2018. Any expenditures in excess of this provision will be expensed as incurred.

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
year ended December 31, 2017

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**14. UNAMORTIZED CAPITAL ASSET FUNDING**

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

Beginning balance	\$	2,408,740	\$	2,560,947
Capital asset funding		107,996		85,937
Amounts amortized to revenue		(234,187)		(238,144)
Capital asset disposal		(37,729)		-
Ending balance	\$	<u>2,244,820</u>	\$	<u>2,408,740</u>

**15. COMMITMENTS**

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

2018	\$	687,373
2019		552,079
2020		446,688
2021		301,479
2022		216,466

**16. NET ASSETS RESTRICTIONS**

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

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

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



**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2017**

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**17. CAMP EASTER SEAL**

During the year, SaskAbilities received a grant of \$84,859 (2016 - \$82,387) from Saskatchewan Lotteries Trust Fund. The grant was applied to the following expenses:

	<u>2017</u>	<u>2016</u>
Program development	\$ 76,391	\$ 72,251
Administration	7,292	7,755
Communications	<u>1,176</u>	<u>2,381</u>
	<u>\$ 84,859</u>	<u>\$ 82,387</u>

**18. PROVINCIAL ADMINISTRATION ALLOCATIONS**

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

	<u>2017</u>	<u>2016</u>
Regina Branch	\$ 489,313	\$ 484,137
Saskatoon Branch	714,891	667,711
Swift Current Branch	230,177	219,658
Yorkton Branch	471,750	424,672
Camp Easter Seal	104,593	90,691
Rehabilitation Services	<u>477,166</u>	<u>402,615</u>
	<u>\$ 2,487,890</u>	<u>\$ 2,289,484</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, 2017**

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**19. 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 \$38,900 were paid in 2017 (2016 - \$NIL) to the plan to fund the solvency deficiency. Special payments of \$31,000 are required to be paid in 2018 to fund the solvency deficiency.

Employer current service contribution payments resumed in 2017 since the plan was no longer in an excess surplus position. Current service contribution payments of \$118,550 were paid in 2017 (2016 - \$NIL).

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, 2017, the information about the plan is as follows:

	<b>2017</b>	<b>2016</b>
Fair value of plan assets	\$ <b>3,053,742</b>	\$ 2,909,293
Defined benefit obligation	<b>2,456,916</b>	2,377,000
Funded status - plan surplus	<b>596,826</b>	532,293
Valuation allowance	<b>596,826</b>	532,293
Defined benefit asset, net of valuation allowance	<b>\$ -</b>	\$ -

A valuation allowance has been recorded by SaskAbilities as at December 31, 2017 and December 31, 2016 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, 2017

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**19. PENSION PLANS (continued)**

*Defined Benefit Pension Plan (continued)*

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

	2017	2016
Current service cost reduced to reflect employee contributions with interest	\$ 113,138	\$ 70,930
Finance income	(3,149)	(1)
Pension expense	109,989	70,929
Remeasurements and other items	47,461	(70,929)
	\$ 157,450	\$ -

The current year's pension expense of \$109,989 (2016 - \$70,929) is included in the statement of operations and remeasurements and other items of \$47,461 (2016 - \$(70,929)) are recorded directly in the statement of changes in net assets.

*Defined Contribution Pension Plans*

Employer contributions to the defined contribution pension plans of \$781,456 for 2017 (2016 - \$768,494) are included in expenses.

**20. 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, 2017**

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**20. 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, 2017 and December 31, 2016 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, 2017

	2017	2016
<b>REGINA BRANCH</b>		
<b>REVENUE</b>		
Program	\$ 5,834,188	\$ 6,064,444
Amortization of capital asset funding	24,307	23,840
Regional services	171,206	58,186
	<u>6,029,701</u>	<u>6,146,470</u>
<b>EXPENSES</b>		
Program	<u>6,202,996</u>	<u>6,597,668</u>
<b>REQUIRED CONTRIBUTION FROM FUNDRAISING</b>	<u>\$ 173,295</u>	<u>\$ 451,198</u>
<b>SASKATOON BRANCH</b>		
<b>REVENUE</b>		
Program	\$ 7,906,976	\$ 7,850,229
Recycling	846,011	833,026
Amortization of capital asset funding	11,552	6,999
	<u>8,764,539</u>	<u>8,690,254</u>
<b>EXPENSES</b>		
Program	8,137,706	8,199,148
Recycling	924,940	900,199
	<u>9,062,646</u>	<u>9,099,347</u>
<b>REQUIRED CONTRIBUTION FROM FUNDRAISING</b>	<u>\$ 298,107</u>	<u>\$ 409,093</u>

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**SCHEDULE OF OPERATING REVENUES AND EXPENSES**  
year ended December 31, 2017

	2017	2016
<b>SWIFT CURRENT BRANCH</b>		
<b>REVENUE</b>		
Program	\$ 1,470,218	\$ 1,485,164
Recycling	601,606	613,467
Transportation	452,294	466,477
Amortization of capital asset funding	8,172	9,028
Regional services	216,855	203,889
	<u>2,749,145</u>	<u>2,778,025</u>
<b>EXPENSES</b>		
Program	1,690,324	1,734,847
Recycling	678,797	698,631
Transportation	548,824	559,947
	<u>2,917,945</u>	<u>2,993,425</u>
<b>REQUIRED CONTRIBUTION FROM FUNDRAISING</b>	<u>\$ 168,800</u>	<u>\$ 215,400</u>
<b>YORKTON BRANCH</b>		
<b>REVENUE</b>		
Program	\$ 3,368,767	\$ 3,587,971
Recycling	1,357,109	1,191,902
Transportation	707,993	619,317
Amortization of capital asset funding	74,794	70,140
Regional services	176,313	175,386
	<u>5,684,976</u>	<u>5,644,716</u>
<b>EXPENSES</b>		
Program	3,722,590	3,791,837
Recycling	1,422,160	1,229,768
Transportation	835,602	765,694
	<u>5,980,352</u>	<u>5,787,299</u>
<b>REQUIRED CONTRIBUTION FROM FUNDRAISING</b>	<u>\$ 295,376</u>	<u>\$ 142,583</u>
<b>CAMP EASTER SEAL</b>		
<b>REVENUE</b>		
Camp Easter Seal	\$ 688,541	\$ 635,909
Saskatchewan Lotteries Trust Fund (Note 17)	84,859	82,387
Amortization of capital asset funding	111,517	115,521
	<u>884,917</u>	<u>833,817</u>
<b>EXPENSES</b>		
Camp Easter Seal	1,325,924	1,235,911
<b>REQUIRED CONTRIBUTION FROM FUNDRAISING</b>	<u>\$ 441,007</u>	<u>\$ 402,094</u>

**SASKATCHEWAN ABILITIES COUNCIL INC.**  
**SCHEDULE OF OPERATING REVENUES AND EXPENSES**  
year ended December 31, 2017

	2017	2016
<b>REHABILITATION SERVICES</b>		
<b>REVENUE</b>		
Orthopaedics	\$ 5,776,756	\$ 5,342,225
Special needs equipment - loan program	6,767,289	6,424,123
Special needs equipment - retail sales	58,657	64,313
Technology services	301,219	253,971
	<u>12,903,921</u>	<u>12,084,632</u>
<b>EXPENSES</b>		
Orthopaedics	5,637,166	5,136,982
Special needs equipment - loan program	6,762,028	6,405,673
Special needs equipment - retail sales	35,430	42,982
Technology services	411,845	349,729
	<u>12,846,469</u>	<u>11,935,366</u>
<b>REQUIRED CONTRIBUTION TO FUNDRAISING</b>	<u>\$ (57,452)</u>	<u>\$ (149,266)</u>
<b>PROVINCIAL ADMINISTRATION</b>		
<b>REVENUE</b>		
Fund development	\$ 1,753,461	\$ 1,433,580
Provincial administration	599,475	809,401
Amortization of capital asset funding	3,847	3,340
	<u>2,356,783</u>	<u>2,246,321</u>
<b>EXPENSES</b>		
Fund development	596,840	667,983
<b>NET REVENUE</b>	<u>1,759,943</u>	<u>1,578,338</u>
Less contributions to (from) Branches		
Regina	173,295	451,198
Saskatoon	298,107	409,093
Swift Current	168,800	215,400
Yorkton	295,376	142,583
Camp Easter Seal	441,007	402,094
Rehabilitation Services	(57,452)	(149,266)
	<u>1,319,133</u>	<u>1,471,102</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 440,810</u>	<u>\$ 107,236</u>