

LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.

FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2018

and Independent Auditors' Report

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of Learning Disabilities Association of Saskatchewan Inc. is responsible for management of the organization. The accompanying financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, and necessarily include amounts which are based on informed judgment and management estimates. Financial data presented elsewhere in this annual report is consistent with that in the financial statements.

Ensuring the integrity and objectivity of financial information is an integral part of management's responsibility. Management maintains an appropriate system of internal accounting and administrative controls, policies and procedures to provide reasonable assurance that all transactions are authorized, financial records are complete and accurate, and assets are safeguarded against loss.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board has reviewed and approved these financial statements.

Davies & Drury Chartered Professional Accountants, the organization's independent auditors, have examined the financial statements of the corporation. Their responsibility is to conduct an independent and objective audit and to report on the fairness of presentation of the organization's financial position, results of operations and cash flows as shown in the financial statements. The Auditors' Report outlines the scope of their examination and their opinion.

On behalf of management,

President

Director

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Learning Disabilities Association of Saskatchewan Inc.:

We have audited the accompanying financial statements of Learning Disabilities Association of Saskatchewan Inc., which comprise the statement of financial position as at March 31, 2018 and the statements of operations, of changes in net assets and of 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 (ASNFP) 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.

Auditors' 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 auditors' 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 audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Association derives revenue from a number of sources, certain of which are not susceptible to satisfactory audit verification. These sources are primarily comprised of fundraising activities and donations. Accordingly, our verification of these revenue was limited to the amounts recorded in the accounts of the Association and we were not able to determine whether any adjustments might be necessary to such revenue.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the statement of financial position of Learning Disabilities Association of Saskatchewan Inc. as at March 31, 2018 and the statements of operations, of changes in net assets and of cash flows for the year then ended in accordance with Canadian ASNFP.



Chartered Professional Accountants
Saskatoon, Saskatchewan

May 29, 2018

LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 389,439	\$ 342,778
Temporary investments (Note 3)	346,492	239,497
Accounts receivable (Note 4)	220,322	254,862
GST receivable	9,832	7,258
Prepaid expense	25,932	51,073
	<u>992,017</u>	<u>895,468</u>
 LEASE DEPOSITS (Note 9)	 <u>2,393</u>	 <u>2,393</u>
 PROPERTY AND EQUIPMENT (Note 5)	 <u>2,047,903</u>	 <u>2,140,906</u>
	<u><u>\$ 3,042,313</u></u>	<u><u>\$ 3,038,767</u></u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 147,319	\$ 114,050
Payroll source deductions payable	25,236	23,076
Deferred revenue	32,531	52,230
Current portion of long-term debt (Note 6)	74,200	71,000
	<u>279,286</u>	<u>260,356</u>
 LONG-TERM DEBT (Note 6)	 <u>762,060</u>	 <u>837,277</u>
<u>NET ASSETS</u>		
Invested in property and equipment	1,211,643	1,232,629
Unrestricted	789,324	708,505
	<u>2,000,967</u>	<u>1,941,134</u>
	<u><u>\$ 3,042,313</u></u>	<u><u>\$ 3,038,767</u></u>

ON BEHALF OF THE BOARD:

_____ Director

_____ Director

The accompanying notes are an integral part of the financial statements.

LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
REVENUE:		
Grants and contributions (Notes 7 and 8)	\$ 2,079,063	\$ 1,961,872
ABSee Program	64,540	74,710
Camp tuition	21,863	20,866
Conference and workshops	26,243	27,427
Donations	106,184	123,121
Fundraisers	109,223	35,568
Memberships	1,122	912
Assessments	337,059	293,345
Tuition and fees	-	8,370
ADD Coaching	44,250	32,180
Arrowsmith	197,300	282,125
Miscellaneous revenue	3,540	4,065
	<u>2,990,387</u>	<u>2,864,561</u>
EXPENSES:		
Advertising and promotion	7,949	7,545
Bad debts	9,627	8,500
Bank charges and interest	11,990	11,084
Conference, workshops, training and travel	141,268	71,822
Donations	44,323	52,456
Equipment rental and repair	24,539	27,398
Fundraising	10,118	3,040
General repairs and maintenance	55,194	37,832
Gifts	7,808	7,257
Interest on long-term debt	36,462	42,518
Memberships, licenses and insurance	87,509	88,150
Office	54,661	56,952
Professional fees	158,947	112,479
Project expenses	40,446	27,459
Property taxes	27,365	25,166
Rent and utilities	211,558	196,738
Salaries, benefits and subcontracts	1,842,756	1,750,654
Technology Program	7,458	2,948
Telephone	32,234	30,840
	<u>2,812,212</u>	<u>2,560,838</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	178,175	303,723
OTHER ITEMS:		
Amortization	(125,337)	(118,444)
Unrealized gain on temporary investments	6,995	9,698
	<u> </u>	<u> </u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 59,833</u>	<u>\$ 194,977</u>

The accompanying notes are an integral part of the financial statements.

LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2018

	2018			2017 <u>Total</u>
	<u>Invested in Property and Equipment</u>	<u>Unrestricted</u>	<u>Total</u>	
Balance at beginning of the year	\$ 1,232,629	\$ 708,505	\$ 1,941,134	\$ 1,746,157
Internally restricted	-	-	-	-
Excess of revenue over expenses for the year	(125,337)	185,170	59,833	194,977
Investment in property and equipment	<u>104,351</u>	<u>(104,351)</u>	<u>-</u>	<u>-</u>
Balance at end of the year	<u>\$ 1,211,643</u>	<u>\$ 789,324</u>	<u>\$ 2,000,967</u>	<u>\$ 1,941,134</u>

The accompanying notes are an integral part of the financial statements.

LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM (TO) OPERATING ACTIVITIES:		
Excess of expenses over revenue for the year	\$ 59,833	\$ 194,977
Add item not affecting cash:		
Amortization	125,337	118,444
	<u>185,170</u>	<u>313,421</u>
Changes in working capital balances:		
Accounts receivable	34,540	(172,420)
GST receivable	(2,574)	10,528
Prepaid expense	25,141	600
Deferred contributions	(19,699)	(138,763)
Accounts payable	35,429	10,779
	<u>258,007</u>	<u>24,145</u>
CASH FLOWS FROM (TO) INVESTING ACTIVITIES:		
Change in temporary investments	(106,995)	(54,698)
Purchase of property and equipment, net	(32,334)	(28,934)
	<u>(139,329)</u>	<u>(83,632)</u>
CASH FLOWS FROM (TO) FINANCING ACTIVITIES:		
Repayment of long-term debt	(72,017)	(67,938)
	<u>(72,017)</u>	<u>(67,938)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	46,661	(127,425)
CASH AT BEGINNING OF THE YEAR	<u>342,778</u>	<u>470,203</u>
CASH AT END OF THE YEAR	<u>\$ 389,439</u>	<u>\$ 342,778</u>

The accompanying notes are an integral part of the financial statements.

LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

1. PURPOSE OF ORGANIZATION:

The purpose of the Association is to advance the education and general well-being of children and adults who have learning disabilities.

2. SIGNIFICANT ACCOUNTING POLICIES:

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPO) and include the following significant accounting policies:

Cash

Cash includes cash on deposits with financial institutions as well as cash equivalent money market and treasury bill fund accounts.

Property and equipment

Property and equipment are recorded at cost. Amortization is calculated using the following annual rates and methods:

Office equipment	20% declining balance
Computer hardware	33% declining balance
Computer software	33% declining balance
Leasehold improvements	10% straight-line method
Building	5% declining balance

One half of amortization is taken in the year of acquisition.

Measurement uncertainty

The preparation of financial statements in accordance with Canadian ASNFPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Assumptions underlying deferred cost valuations are limited by the availability of reliable comparable data and the uncertainty concerning future events.

By nature, asset valuations are subjective and do not necessarily result in precise determinations. Should underlying assumptions change, the estimated net recoverable amount could change by a material amount.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

All other revenue follows the deferral method of accounting and is recorded as revenue based on the period in which it is earned.

LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2018****2. SIGNIFICANT ACCOUNTING POLICIES - continued:****Donated materials and services**

The Association utilizes the services of many volunteers and at times receives donated materials. The value of these volunteer services and donated materials are not recognized in the financial statements due to the difficulty in determining their extent and related value.

Income taxes

No provision has been made for income taxes as none of the activities carried on by the Association are subject to income taxes due to the Association being a registered Charity.

Financial instruments**Measurement of financial instruments**

The Association initially measures its financial assets and liabilities at fair value.

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

Financial assets measured at amortized cost include cash and accounts receivable.

Financial assets measured at fair value include temporary investments.

Financial liabilities measured at amortized cost include accounts payable and long-term debt.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Risks and concentrations

The Association as part of its operations carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest or credit risks arising from these financial instruments.

LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2018****3. TEMPORARY INVESTMENTS:**

Temporary investments may fluctuate in value and consist of the following:

	<u>2018</u> <u>Fair Market</u> <u>Value</u>	<u>2017</u> <u>Fair Market</u> <u>Value</u>
Mutual Funds	<u>\$ 346,492</u>	<u>\$ 239,497</u>

4. ACCOUNTS RECEIVABLE:

Accounts receivable consists of the following:

	<u>2018</u>	<u>2017</u>
Trade receivables	\$ 22,390	\$ 66,357
Government funding receivables	197,932	188,505
	<u>\$ 220,322</u>	<u>\$ 254,862</u>

5. PROPERTY AND EQUIPMENT:

	<u>Cost</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Net Book Value</u>	
			<u>2018</u>	<u>2017</u>
Land	\$ 462,500	\$ -	\$ 462,500	\$ 462,500
Building	1,995,205	474,930	1,520,275	1,600,289
Office and computer equipment	335,275	277,002	58,273	61,086
Leasehold improvements	221,748	214,893	6,855	17,031
	<u>\$ 3,014,728</u>	<u>\$ 966,825</u>	<u>\$ 2,047,903</u>	<u>\$ 2,140,906</u>

6. LONG-TERM DEBT:

Mortgage repayable in monthly payments of \$9,205 blended principal and interest at 4.51%, due July 5, 2017; secured by real property with a net book value of \$2,007,746.

Less estimated principal repayments due within one year

	<u>2018</u>	<u>2017</u>
	\$ 836,260	\$ 908,277
	74,200	71,000
	<u>\$ 762,060</u>	<u>\$ 837,277</u>

Estimated principal payments due in the next five years are as follows:

2019	\$ 74,200
2020	77,600
2021	81,200
2022	85,000
2023	88,900

LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2018****7. GRANTS AND CONTRIBUTIONS:**

The amount of grant funding recognized as revenue in the year is dependent upon estimates by management as to the extent the related activities of the Association meet the requirements of the various funding agreements for which the Association has been approved. Final determinations as to the amounts of grant funding earned are made by responsible parties at the various organizations who have entered into funding agreements with the Association, based on their evaluation of the reports they receive from the Association. It is possible for there to be material differences between the amounts management estimate as having been earned versus the amounts determined as payable to the Association by the other parties to the funding agreements.

8. ECONOMIC DEPENDENCE:

The Association is economically dependent upon funding received from various agencies and departments of the federal and provincial governments.

9. COMMITMENTS:

The Association is committed to the rental of certain premises in Regina and Prince Albert under two separate lease agreements, with various renewal options. The lease details are summarized as follows:

	<u>Estimated Minimum Lease Payments</u>	<u>Term of Lease</u>	<u>Lease Expiry Date</u>	<u>Lease Deposit</u>
Regina	\$ 9,298	5 years	Dec. 31, 2018	\$ 2,393
Prince Albert	5,983	2 years	May 31, 2019	-
	<u>\$ 15,281</u>			<u>\$ 2,393</u>

Occupancy costs are paid by the Association and are included in the above minimum lease payments.