

**LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2019**


## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of **Learning Disabilities Association of Saskatchewan Inc.** have been prepared by the Association's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.


The board of directors have reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.



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**Wayne Stadnyk**  
Executive Director



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**Adon Hoffman**  
Financial Coordinator



## INDEPENDENT AUDITORS' REPORT

### To the Members Learning Disabilities Association of Saskatchewan Inc.

#### *Qualified Opinion*

We have audited the financial statements of **Learning Disabilities Association of Saskatchewan Inc.**, which comprise the statement of financial position as at March 31, 2019, and the statements of revenue and expenses, 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, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2019, 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 Qualified Opinion*

In common with many non-profit organizations, the Association derives revenues from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue was limited to accounting for amounts recorded in the records of the Association. As a result, we were not able to determine whether any adjustments might be necessary in respect of revenues, assets, liabilities or net assets.

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 Association 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.

#### *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.

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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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.

June 26, 2019  
Saskatoon, Saskatchewan

*Virtus Group LLP*

Chartered Professional Accountants

**LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.**  
**BALANCE SHEET**  
**AS AT MARCH 31, 2019**  
**(with comparative figures for 2018)**

<b>ASSETS</b>		<b>2019</b>	<b>2018</b>
<b>Current assets</b>			
Cash	\$	182,823	\$ 389,439
Investments		163,085	346,492
Accounts receivable (Note 3)		482,019	220,322
GST receivable		15,580	9,832
Prepaid expenses		19,414	25,935
		862,921	992,020
<b>Lease deposits</b>		2,390	2,390
<b>Tangible capital assets</b> (Note 4)		1,997,182	2,047,904
	<b>\$</b>	<b>2,862,493</b>	<b>\$ 3,042,314</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$	166,437	\$ 147,319
Government remittances payable		45,420	25,236
Customer deposits		24,305	-
Deferred revenue		24,103	32,531
Current portion of long-term debt (Note 5)		78,500	74,200
		338,765	279,286
<b>Long-term debt</b> (Note 5)		682,365	762,060
		1,021,130	1,041,346
<b>MEMBERS' EQUITY</b>			
<b>Members' equity</b>		1,841,363	2,000,968
	<b>\$</b>	<b>2,862,493</b>	<b>\$ 3,042,314</b>
<b>Commitment</b> (Note 8)			

See accompanying notes to the financial statements.

**APPROVED BY:**

 Director

 Director

**LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.**  
**STATEMENT OF CHANGES IN MEMBERS' EQUITY**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
(with comparative figures for the year ended March 31, 2018)

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	<b>Invested in tangible capital assets</b>	<b>Unrestricted</b>	<b>2019 Total</b>	<b>2018 Total</b>
Balance - beginning of year	\$ 1,211,644	\$ 789,324	\$ 2,000,968	\$ 1,941,134
Excess (deficiency) of revenue over expenses	(95,293)	(64,312)	(159,605)	59,834
Balance - end of year	<u>\$ 1,116,351</u>	<u>\$ 725,012</u>	<u>\$ 1,841,363</u>	<u>\$ 2,000,968</u>

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See accompanying notes to the financial statements.

**LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.**  
**STATEMENT OF REVENUE AND EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
(with comparative figures for the year ended March 31, 2018)

	<u>2019</u>	<u>2018</u>
<b>Revenue</b>		
Grants and contributions	\$ 2,112,915	\$ 2,079,063
ABSee Program	56,433	64,540
Camp tuition	17,048	21,863
Conference and workshops	27,040	26,243
Donations	67,882	106,184
Fundraisers	7,272	109,223
Memberships	737	1,122
Assessments	306,944	337,059
Tuition and fees	20,300	-
ADD Coaching	58,695	44,250
Arrowsmith	115,125	197,300
Miscellaneous revenue	4,858	3,540
	<u>2,795,249</u>	<u>2,990,387</u>
<b>Expenses</b>		
Advertising and promotion	43,547	7,949
Bad debts	2,171	9,627
Conference, workshops, training and travel	45,219	141,268
Donations	24,349	44,323
Equipment rental and repair	22,624	24,539
Fundraising	1,524	10,118
Gifts	2,920	7,808
Memberships, licenses and insurance	57,716	87,509
Interest - long-term debt	32,095	36,462
Interest and bank charges	9,889	11,990
Miscellaneous	3,500	-
Office	56,663	54,660
Professional fees	130,963	158,948
Project expenses	38,708	40,446
Property taxes	28,380	27,365
Rent and utilities	217,227	211,558
Repairs and maintenance	26,840	55,193
Technology program	4,119	7,458
Telephone	38,678	32,234
Wages and benefits	2,089,210	1,842,756
	<u>2,876,342</u>	<u>2,812,211</u>
<b>Excess (deficiency) of revenue over expenses before other items</b>	(81,093)	178,176
<b>Other items</b>		
Amortization	(95,293)	(125,337)
Interest	188	-
Unrealized gain on investments	16,593	6,995
<b>Excess (deficiency) of revenue over expenses</b>	<u>\$ (159,605)</u>	<u>\$ 59,834</u>

See accompanying notes to the financial statements.

**LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
(with comparative figures for the year ended March 31, 2018)

	<u>2019</u>	<u>2018</u>
<b>Cash provided by (used in) operating activities:</b>		
Excess (deficiency) of revenue over expenses	\$ (159,605)	\$ 59,834
Items not involving cash:		
- Amortization	95,293	125,337
	<u>(64,312)</u>	<u>185,171</u>
Non-cash operating working capital (Note 6)	<u>(22,338)</u>	<u>(34,159)</u>
	<u>(86,650)</u>	<u>151,012</u>
<b>Cash provided by (used in) investing activities:</b>		
Additions to tangible capital assets	<u>(44,571)</u>	<u>(32,334)</u>
<b>Cash provided by (used in) financing activities:</b>		
Repayment of long-term debt	<u>(75,395)</u>	<u>(72,017)</u>
<b>Increase (decrease) in cash</b>	(206,616)	46,661
<b>Cash position - beginning of year</b>	<u>389,439</u>	<u>342,778</u>
<b>Cash position - end of year</b>	<u>\$ 182,823</u>	<u>\$ 389,439</u>

See accompanying notes to the financial statements.



**LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
**(with comparative figures for the year ended March 31, 2018)**

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**1. Nature of operations**

Learning Disabilities Association of Saskatchewan Inc. (the "Association") was incorporated under the *Non-profit Corporations Act* in the province of Saskatchewan and is exempt from income tax. The Association's purpose is to advance the education and well-being of children and adults who have learning disabilities.

**2. Summary of significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations which required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. The financial statements reflect the following policies:

**Financial instruments**

Financial assets and financial liabilities are recorded on the statement of financial position when the Association becomes party to the contractual provisions of the financial instrument. The Association initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Association subsequently measures all its financial assets and financial liabilities at cost or 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 of these financial instruments are recognized in excess (deficiency) of revenue over expenses. Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market.

The Association's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities and long-term debt.

**Investments**

Investments consist of mutual funds and are measured at fair value.

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**LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
(with comparative figures for the year ended March 31, 2018)

**Tangible capital assets**

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is provided on the diminishing balance basis over the estimated useful life of the assets at the following annual rates:

Buildings	5 %
Computer equipment	33 %
Computer software	100 %
Furniture and fixtures	20 %
Leasehold improvements	20 %

All additions to tangible capital assets are subject to amortization in the first year they are available for use at a fixed amount approximating 50% of the annual rate.

**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.

**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.

**3. Accounts receivable**

	<u>2019</u>	<u>2018</u>
Grants receivable	\$ 373,123	\$ 201,520
Trade accounts receivable	115,352	23,087
Allowance for doubtful accounts	<u>(6,456)</u>	<u>(4,285)</u>
	<u>\$ 482,019</u>	<u>\$ 220,322</u>

**LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
(with comparative figures for the year ended March 31, 2018)

**4. Tangible capital assets**

	<b>2019</b>		<b>2018</b>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
Buildings	\$ 2,033,505	\$ 551,902	\$ 1,481,603	\$ 1,520,275
Computer equipment	144,866	121,243	23,623	29,700
Computer software	5,777	5,777	-	319
Furniture and fixtures	189,093	166,489	22,604	28,255
Land	462,500	-	462,500	462,500
Leasehold improvements	223,560	216,708	6,852	6,855
	<u>\$ 3,059,301</u>	<u>\$ 1,062,119</u>	<u>\$ 1,997,182</u>	<u>\$ 2,047,904</u>

**5. Long-term debt**

	<b><u>2019</u></b>	<b><u>2018</u></b>
Mortgage repayable to <b>Royal Bank of Canada</b> in monthly payments of \$9,205 including interest at 4.00%. Land and building with a net book value of \$1,944,103 (2018 - \$1,982,775) are pledged as security. Due July 2021.	\$ 760,865	\$ 836,260
Current portion due within one year	<u>78,500</u>	<u>74,200</u>
	<u>\$ 682,365</u>	<u>\$ 762,060</u>

The estimated principal repayments due in each of the next three years are as follows:

2020	\$ 78,500
2021	81,700
2022	600,665

**LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
(with comparative figures for the year ended March 31, 2018)

**6. Non-cash operating working capital**

Details of net change in each element of working capital relating to operations excluding cash are as follows:

	<u>2019</u>	<u>2018</u>
<b>(Increase) decrease in current assets:</b>		
Investments	\$ 183,407	\$ (106,995)
Accounts receivable	(261,697)	34,540
GST receivable	(5,748)	(2,574)
Prepaid expenses	6,521	25,141
	<u>(77,517)</u>	<u>(49,888)</u>
<b>Increase (decrease) in current liabilities:</b>		
Accounts payable and accrued liabilities	19,118	35,428
Government remittances payable	20,184	-
Customer deposits	24,305	-
Deferred revenue	(8,428)	(19,699)
	<u>55,179</u>	<u>15,729</u>
	<u>\$ (22,338)</u>	<u>\$ (34,159)</u>

**7. Economic dependence**

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

**8. Commitment**

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:

	<i>Estimated annual minimum lease payments</i>	<i>Term of lease</i>	<i>Lease expiry date</i>	<i>Lease deposit</i>
Regina	\$117,909	5 years	December 31, 2021	\$ 2,390
Prince Albert	11,965	2 years	May 31, 2019	-
				<u>\$ 2,390</u>

Occupancy costs are paid by the Association and are included in the above minimum lease payments. The above commitment for the Prince Albert lease represents only two months as the lease expires May 31, 2019. Negotiations are underway to extend the lease.

**LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
**(with comparative figures for the year ended March 31, 2018)**

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**9. Financial risk management**

The Association has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant financial risks to which the Association is exposed are:

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk on the accounts receivable from its customers, however, does not have a significant exposure to any individual customer or counterpart.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association's exposure to liquidity risk is dependent on the receipt of funds from its operations. Funds from these sources are primarily used to finance working capital and capital expenditure requirements, and are considered adequate to meet the Association's financial obligations.

**Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Association's investment in a mutual fund exposes the Association to market price risk as such investments are subject to price changes in the open market. The Association does not use any derivative financial instruments to alter the effects of this risk.

**10. Comparative figures**

Certain comparative figures have been reclassified to conform with the presentation in the current year.

The comparative year's financial statements were audited by other accountants, who issued a report qualified for the completeness of fundraising and donations revenue dated May 29, 2018.

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