

LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.

FINANCIAL STATEMENTS

MARCH 31, 2021

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.

Wayne Stadnyk
Executive Director

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, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, 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, 2021, 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.

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.

July 27, 2021
Saskatoon, Saskatchewan

Virtus Group LLP

Chartered Professional Accountants

LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021
(with comparative figures for 2020)

ASSETS		2021	2020
Current assets			
Cash	\$	293,363	\$ 288,904
Investments		3,862	2,990
Accounts receivable (Note 3)		937,542	128,287
GST receivable		27,632	35,747
Prepaid expenses		30,775	18,398
		1,293,174	474,326
Lease deposits		2,390	2,390
Tangible capital assets (Note 4)		1,917,557	1,951,894
	\$	3,213,121	\$ 2,428,610
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$	184,252	\$ 123,729
Government remittances payable		147,996	85,958
Customer deposits		42,589	34,160
Deferred revenue		101,489	22,688
Current portion of long-term debt (Note 5)		600,814	81,700
		1,077,140	348,235
Long-term debt (Note 5)		-	600,772
		1,077,140	949,007
NET ASSETS			
Invested in tangible capital assets		1,316,743	1,269,422
Unrestricted net assets		819,238	210,181
		2,135,981	1,479,603
	\$	3,213,121	\$ 2,428,610
Commitment (Note 9)			
Significant event (Note 11)			

See accompanying notes to the financial statements.

APPROVED BY:

_____ Director

_____ Director

LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2021
(with comparative figures for the year ended March 31, 2020)

	Invested in tangible capital assets	Unrestricted	2021 Total	2020 Total
Balance - beginning of year	\$ 1,269,422	\$ 210,181	\$ 1,479,603	\$ 1,841,363
Excess (deficiency) of revenue over expenses	(105,997)	762,375	656,378	(361,760)
Net additions of tangible capital assets	71,660	(71,660)	-	-
Principal repayments	81,658	(81,658)	-	-
Balance - end of year	<u>\$ 1,316,743</u>	<u>\$ 819,238</u>	<u>\$ 2,135,981</u>	<u>\$ 1,479,603</u>

See accompanying notes to the financial statements.

LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2021
(with comparative figures for the year ended March 31, 2020)

	<u>2021</u>	<u>2020</u>
Revenue		
Grants and contributions	\$ 2,213,171	\$ 2,170,742
ABSee program	95,019	85,101
Camp tuition	12,383	20,438
Conference and workshops	100	10,920
Donations	18,653	19,053
Fundraisers	895	8,711
Federal wage subsidy (Note 6)	963,325	37
Assessments	462,400	356,130
ADD coaching	72,230	69,191
Arrowsmith	107,250	110,026
Miscellaneous revenue	276	7,911
	<u>3,945,702</u>	<u>2,858,260</u>
Expenses		
Advertising and promotion	74,880	47,948
Bad debts	13,829	4,215
Conference, workshops, training and travel	8,427	35,473
Donations	13,306	41,624
Equipment rental and repair	6,142	16,154
Fundraising	805	250
Gifts	159	1,024
Memberships, licenses and insurance	103,944	137,619
Interest - long-term debt	25,832	29,098
Interest and bank charges	12,128	10,177
Miscellaneous	2,240	3,155
Office	86,743	115,609
Professional fees	465,027	159,743
Project expenses	8,083	22,767
Property taxes	30,897	29,428
Rent and utilities	220,764	208,956
Repairs and maintenance	22,247	31,082
Technology program	12,781	6,765
Telephone	48,820	28,479
Wages and benefits	2,027,233	2,204,449
	<u>3,184,287</u>	<u>3,134,015</u>
Excess (deficiency) of revenue over expenses before other items	761,415	(275,755)
Other items		
Amortization	(105,997)	(96,012)
Interest	88	102
Unrealized gain on investments	872	9,905
Excess (deficiency) of revenue over expenses	<u>\$ 656,378</u>	<u>\$ (361,760)</u>

See accompanying notes to the financial statements.

LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021
(with comparative figures for the year ended March 31, 2020)

	<u>2021</u>	<u>2020</u>
Cash provided by (used in) operating activities:		
Excess (deficiency) of revenue over expenses	\$ 656,378	\$ (361,760)
Items not involving cash:		
- Amortization	105,997	96,012
	<u>762,375</u>	<u>(265,748)</u>
Non-cash operating working capital (Note 7)	(604,598)	500,946
	<u>157,777</u>	<u>235,198</u>
Cash provided by (used in) investing activities:		
Additions to tangible capital assets	<u>(71,660)</u>	<u>(50,724)</u>
Cash provided by (used in) financing activities:		
Repayment of long-term debt	<u>(81,658)</u>	<u>(78,393)</u>
Increase in cash	4,459	106,081
Cash position - beginning of year	<u>288,904</u>	<u>182,823</u>
Cash position - end of year	<u>\$ 293,363</u>	<u>\$ 288,904</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, 2021
(with comparative figures for the year ended March 31, 2020)

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.

LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021
(with comparative figures for the year ended March 31, 2020)

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>2021</u>	<u>2020</u>
Grants receivable	\$ 775,416	\$ 4,404
Trade accounts receivable	182,811	130,339
Allowance for doubtful accounts	<u>(20,685)</u>	<u>(6,456)</u>
	<u>\$ 937,542</u>	<u>\$ 128,287</u>

LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021
(with comparative figures for the year ended March 31, 2020)

4. Tangible capital assets

	2021		2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 2,035,760	\$ 696,524	\$ 1,339,236	\$ 1,409,722
Computer equipment	258,318	164,497	93,821	50,724
Computer software	5,777	5,777	-	-
Furniture and fixtures	189,093	174,626	14,467	18,083
Land	462,500	-	462,500	462,500
Leasehold improvements	230,237	222,704	7,533	10,865
	<u>\$ 3,181,685</u>	<u>\$ 1,264,128</u>	<u>\$ 1,917,557</u>	<u>\$ 1,951,894</u>

5. Long-term debt

	<u>2021</u>	<u>2020</u>
Mortgage repayable to Royal Bank of Canada in monthly payments of \$8,958 including interest at 4.00%. Land and building with a net book value of \$1,801,736 (2020 - \$1,872,222) are pledged as security. Due July 2021.	\$ 600,814	\$ 682,472
Current portion due within one year	<u>600,814</u>	<u>81,700</u>
	<u>\$ -</u>	<u>\$ 600,772</u>

Canadian accounting standards for not-for-profit organizations require all term debt expiring within the upcoming year to be presented as current. It is management's intent that the loan be refinanced and payments to continue past the upcoming year. However, as the loan has not yet been refinanced, the entire amount has been presented as current.

The estimated principal repayment due in the next year is as follows:

2022	\$ 600,814
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LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021
(with comparative figures for the year ended March 31, 2020)

6. Government grants and subsidies

During the year, the Association received the following government grant subsidies:

Canada Emergency Wage Subsidy (CEWS) totalling \$963,325 was recognized as revenue with respect to qualifying wages within the year. Of this, \$354,052 is included in accounts receivable at March 31, 2021. This subsidy is not expected to be repaid.

7. Non-cash operating working capital

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

	<u>2021</u>	<u>2020</u>
(Increase) decrease in current assets:		
Investments	\$ (872)	\$ 160,095
Accounts receivable	(809,255)	353,732
GST receivable	8,115	(20,167)
Prepaid expenses	(12,377)	1,016
	(814,389)	494,676
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	60,523	(42,708)
Government remittances payable	62,038	40,538
Customer deposits	8,429	9,855
Deferred revenue	78,801	(1,415)
	209,791	6,270
	\$ (604,598)	\$ 500,946

8. Economic dependence

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

LEARNING DISABILITIES ASSOCIATION OF SASKATCHEWAN INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021
(with comparative figures for the year ended March 31, 2020)

9. Commitment

The Association is committed to the rental of certain premises under 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
Moose Jaw	\$41,087	1 year	May 31, 2022	-
Prince Albert	\$77,167	1 year	May 31, 2022	-
				<u>\$ 2,390</u>

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

10. 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.

11. Significant event

On March 11, 2020, the World Health Organization declared a global pandemic for the COVID-19 virus. The Association is following health advisories and mandatory requirements from local, provincial and national health and government organizations. The financial impact on the Association is unknown, but may be significant.
