

Silent Voice Canada Inc.

Financial Statements

For the year ended December 31, 2017



Independent Auditor's Report

To the Board of Directors of Silent Voice Canada Inc.

I have audited the accompanying financial statements of Silent Voice Canada Inc. ("the Organization") which comprise the statement of financial position as at December 31, 2017 and the statements of operations and 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification.

Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Organization and I was not able to determine whether any adjustments might be necessary to donations and fundraising revenues, excess of revenue over expenditures and cash flows from operations for the year ended December 31, 2017, current assets and net assets as at December 31, 2017.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Silent Voice Canada 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.

Edmonds Professional Corporation

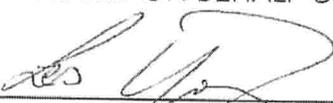
Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario
Toronto, Canada
April 10, 2018

Silent Voice Canada Inc.
Statement of Financial Position
As at December 31,

	2017	2016
Assets		
Current		
Cash	\$ 146,703	\$ 138,574
Amounts receivable	31,723	38,501
Prepaid expenses	14,730	30,322
	193,156	207,397
Property and equipment (Note 3)	17,850	16,374
	211,006	223,771
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 4)	37,709	37,077
Deferred contributions (Note 5)	4,510	44,500
	42,219	81,577
Deferred rent	20,481	-
	62,700	81,577
Net assets	148,306	142,194
	\$ 211,006	\$ 223,771

Contingent liability (Note 8)

APPROVED ON BEHALF OF THE BOARD:


_____, Director


_____, Director

Silent Voice Canada Inc.
Statement of Operations and Net Assets
For the year ended December 31,

	2017	2016
Revenue		
Grants		
Catholic Charities - Archdiocese of Toronto	\$ 234,729	\$ 230,126
Citizenship and Immigration Canada	135,369	132,085
City of Toronto	77,380	98,116
Ministry of Children and Youth Services	510,370	487,878
Service Canada	42,688	27,316
Fundraising events (Note 6)	56,173	67,761
Donations (Note 6)	217,776	165,400
Rebates and other	35,878	20,849
Service fees	34,533	28,367
	1,344,896	1,257,898
Expenses		
Amortization	1,201	911
Communications	36,091	8,787
Employee benefits	113,242	99,917
Fundraising expenses	10,783	18,304
Occupancy costs	24,490	21,612
Office	25,699	30,434
Professional fees	16,345	13,175
Program fees and supplies (Note 3)	185,090	235,673
Rent	95,087	52,387
Salaries	830,756	775,450
	1,338,784	1,256,650
Excess of revenue over expenditures for the year	6,112	1,248
Net assets, beginning of year	142,194	140,946
Net assets, end of year	\$ 148,306	\$ 142,194

Silent Voice Canada Inc.
Statement of Cash Flows
For the year ended December 31,

	2017	2016
Cash provided by (used in)		
Operations		
Excess of revenue over expenditures for the year	\$ 6,112	\$ 1,248
Items not affecting cash		
Amortization	5,785	6,631
Deferred rent	20,481	-
	<u>32,378</u>	<u>7,879</u>
Net changes in non-cash working capital		
HST recoverable	6,778	(17,115)
Prepaid expenses	15,592	(19,826)
Accounts payable and accrued liabilities	632	13,327
Deferred contributions	(39,990)	(99,094)
	<u>15,390</u>	<u>(114,829)</u>
Investing		
Purchase of property and equipment	(7,261)	-
Net change in cash	8,129	(114,829)
Cash, beginning of year	138,574	253,403
Cash, end of year	\$ 146,703	\$ 138,574

1. NATURE OF THE ORGANIZATION

Silent Voice Canada Inc. ("the Organization") was incorporated by Canadian Letters Patent on January 28, 1975 and obtained Certificate of Continuance under Canada Not-for-Profit Corporations Act on June 23, 2014. The Organization serves Deaf children, youth, adults and their families in a sign language environment. The Organization is a registered charity for tax purposes and consequently is not subject to income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant for the Organization.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions.

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. Restricted contributions are deferred and recognized as revenue when the related expenses are recognized.

All other revenues are recognized on the accrual basis.

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates used in preparing its financial statements are reasonable and prudent. Actual results could differ from those estimates.

Significant areas requiring the use of management estimates relate to amortization of property and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property and Equipment

Property and equipment are recorded at cost less accumulated amortization. Contributed property is recorded at the fair value at the date of the gift. When property and equipment no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

The Organization amortizes its property and equipment on the diminishing balance method at the following rates per annum:

Computers	30%
Furniture and equipment	20%
Program equipment	30%

Leasehold improvements are amortized on the straight-line basis over the term of the lease.

Employee Related Costs

The Organization participates in a multi-employer defined benefit pension plan for its employees. The plan provides pensions based on length of service and average earnings. Effective January 1, 2014 no employee is permitted to become a Member of this defined benefits pension plan and all new employees are enrolled in a defined contribution pension plan once they complete their eligibility period.

As there is insufficient information to follow the standards on defined benefit plans, the Organization follows the guidance on defined contribution plans. Independent actuarial valuations are obtained periodically to establish funding requirements and are filed with the Financial Services Commission of Ontario as required by statute. As per the most recent actuarial valuation, as at December 31, 2015, the pension plan had a surplus of \$7,870,100 on a going concern basis, and a deficiency of \$774,000 on a solvency basis. To fund its share of this deficiency, the agency is required to make a minimum annual special payment of \$1,079 effective January 1, 2017 until December 31, 2026. During the year ended December 31, 2017, the Organization made total contributions to the plan of \$13,410 (2016 - \$15,208).

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments

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

The Organization subsequently measures its financial assets and financial liabilities at amortized cost using the straight-line method.

Financial assets measured at amortized cost include amounts receivable and investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Transaction costs and financing fees are expensed as incurred for financial instruments measured at fair value and capitalized for financial instruments that are subsequently measured at cost or amortized cost.

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down, if any, is recognized in excess of expenses over revenue. Reversals of impairment are recorded to the extent that the value has increased, up to 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 excess of expenses over revenue.

Contributed Services

Volunteers have contributed time and services to assist the Organization in the delivery of its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Silent Voice Canada Inc.
Notes to the Financial Statements
For the year ended December 31, 2017

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
Computers	\$ 17,530	\$ 14,037	\$ 3,493	\$ 866
Furniture and equipment	13,722	11,994	1,728	2,160
Leasehold improvements	17,045	17,045	-	-
Program equipment	26,298	13,669	12,629	13,348
	<u>\$ 74,595</u>	<u>\$ 56,745</u>	<u>\$ 17,850</u>	<u>\$ 16,374</u>

Included in program fees and supplies is amortization on program equipment of \$4,584 (2016 - \$5,720).

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are the amounts payable in respect to government remittances of \$Nil (2016 - \$Nil).

5. DEFERRED CONTRIBUTIONS

	2017	2016
Balance, beginning of year	\$ 44,500	\$ 143,594
Amounts received in the year	182,474	238,210
Amounts recognized as revenue	(222,464)	(337,304)
Balance, end of year	\$ 4,510	\$ 44,500

Deferred contributions reported in 2017 consisted of unspent grant revenue from the Family Communication Program Expansion Strategy (\$4,510). These contributions will be recorded as revenue when the related expenses are recognized.

Silent Voice Canada Inc.
Notes to the Financial Statements
For the year ended December 31, 2017

6. DONATIONS AND FUNDRAISING EVENTS

During the year the Organization operated special events and received donations from various organizations in the community. The details of the donations and fundraising revenue and related expenses are as follows:

	2017	2016
Fundraising revenue		
Bingo	\$ 44,061	\$ 35,612
Special events	12,112	32,149
	56,173	67,761
Fundraising expenses	(10,783)	(18,304)
Net fundraising income	45,390	49,457
Donations	217,776	165,400
Total net fundraising and donation income	\$ 263,166	\$ 44,500

During 2001, the Organization received donated artwork, some of which must be held by the Organization for at least ten years. The artwork has not been recorded in the financial statements as it would not have otherwise been purchased and is not used in the normal course of the Organization's operations. Any donation revenue will be recorded upon sale of the artwork.

A review of the value and condition of such artwork as well as an investigation of the options available for realizing the optimum value for the artwork within a reasonable time period are on-going.

7. COMMITMENTS

The Organization is committed to annual rental payments until July 31, 2027 for office space located at 60 St. Clair Avenue East under a lease agreement. In addition, the Organization is committed to pay its proportionate share of annual allocated operating expenses and taxes for the term of the lease.

Silent Voice Canada Inc.
Notes to the Financial Statements
For the year ended December 31, 2017

7. COMMITMENTS (Cont'd)

Minimum lease payments under the terms of the lease for the upcoming five years are:

2017	\$ 46,478
2018	46,913
2019	49,519
2020	50,388
2021	54,297
	<hr/>
	\$247,595

8. CONTINGENT LIABILITY

The Organization is contingently liable to return all or a portion of grants received for expenditures should it not use the grant funds as set out in the terms of the respective agreements. The amount of any such losses or repayments are not currently anticipated or determinable. In the event of repayment of a grant, the losses will be recorded if and when it becomes anticipated and determinable.

9. LINE OF CREDIT

The Organization has a \$20,000 operating line of credit secured by a General Security Agreement. The effective interest rate was 4.90% at December 31, 2017, 2016 - 4.20%) which consists of the bank's prime interest rate plus 1.5%. As at December 31, 2017, there was \$Nil (2016 - \$Nil) against this line of credit.