

Silent Voice Canada Inc.

Financial Statements

For the year ended December 31, 2018



Independent Auditor's Report

To the Board of Directors of Silent Voice Canada Inc.

Qualified Opinion

I have audited the financial statements of Silent Voice Canada Inc. ("the Organization") which comprise the statement of financial position as at December 31, 2018, and the statements of operations, statement of changes in net assets and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my 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 Organization as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Accounting Standards for Not-for-Profit Organizations (ASNPOs).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising events, 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 donation or fundraising revenue, excess of revenue over expenditures and cash flows from operations for the year ended December 31, 2018, current assets and net assets as at December 31, 2018.

I conducted my audit in accordance Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified 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 ASNPOs, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located in the attached Appendix to the Auditor's Report. This description forms part of my auditor's report.

Edmonds Professional Corporation

Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario
Toronto, Canada
April 5, 2019

Appendix to the Auditor's Report

As part of an audit in accordance with CASs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Organization'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 Organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

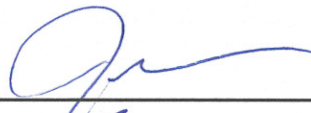
I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

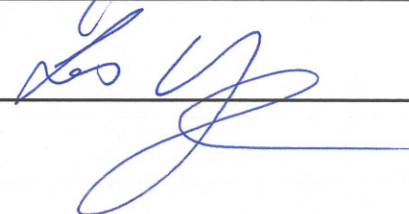
Silent Voice Canada Inc.
Statement of Financial Position
As at December 31,

	2018	2017
Assets		
Current		
Cash	\$ 157,162	\$ 146,703
Amounts receivable	114,936	31,723
Prepaid expenses	14,730	14,730
	<u>286,828</u>	<u>193,156</u>
Property and equipment (Note 3)	12,667	17,850
	<u>299,495</u>	<u>211,006</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 4)	16,602	37,709
Deferred contributions (Note 5)	29,305	4,510
	<u>45,907</u>	<u>42,219</u>
Deferred rent	26,408	20,481
	<u>72,315</u>	<u>62,700</u>
Net assets	227,180	148,306
	<u>\$ 299,495</u>	<u>\$ 211,006</u>

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,

	2018	2017
Revenue		
Grants		
Catholic Charities - Archdiocese of Toronto	\$ 288,229	\$ 234,729
City of Toronto	38,555	77,380
Immigration, Refugees, and Citizenship Canada	163,765	135,369
Ontario Ministry of Children and Youth Services	606,449	510,370
Ontario Ministry of Citizenship and Immigration	24,013	-
Ontario Ministry of Education	50,609	-
Ontario Ministry of Tourism, Culture, and Sport	33,232	-
Service Canada	-	42,688
Fundraising events (Note 6)	60,219	56,173
Donations (Note 6)	159,024	217,776
Rebates and other	41,060	35,878
Service fees	66,383	34,533
	1,531,538	1,344,896
Expenses		
Communications	34,504	36,091
Employee benefits	119,852	113,242
Fundraising expenses	11,771	10,783
Occupancy costs	11,254	24,490
Office	31,583	25,699
Professional fees	7,020	16,345
Program fees and supplies (Note 3)	212,192	185,090
Rent	121,202	95,087
Salaries	901,892	830,756
Amortization	1,394	1,201
	1,452,664	1,338,784
Excess of revenue over expenditures for the year	78,874	6,112
Net assets, beginning of year	148,306	142,194
Net assets, end of year	\$ 227,180	\$ 148,306

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

	2018	2017
Cash provided by (used in)		
Operations		
Excess of revenue over expenditures for the year	\$ 78,874	\$ 6,112
Items not affecting cash		
Amortization	5,183	5,785
Deferred rent	5,927	20,481
	89,984	32,378
Net changes in non-cash working capital		
Amounts receivable	(83,213)	-
HST recoverable	-	6,778
Prepaid expenses	-	15,592
Accounts payable and accrued liabilities	(21,107)	632
Deferred contributions	24,795	(39,990)
	10,459	15,390
Investing		
Purchase of property and equipment	-	(7,261)
Net change in cash	10,459	8,129
Cash, beginning of year	146,703	138,574
Cash, end of year	\$ 157,162	\$ 146,703

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, 2018, the Organization made total contributions to the plan of \$16,034 (2017 - \$13,410).

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, 2018

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
Computers	\$ 17,530	\$ 15,085	\$ 2,445	\$ 3,493
Furniture and equipment	13,722	12,340	1,382	1,728
Leasehold improvements	17,045	17,045	-	-
Program equipment	26,298	17,458	8,840	12,629
	<u>\$ 74,595</u>	<u>\$ 61,928</u>	<u>\$ 12,667</u>	<u>\$ 17,850</u>

Included in program fees and supplies is amortization on program equipment of \$3,789 (2017 - \$4,584).

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are the amounts payable in respect to government remittances of \$Nil (2017 - \$Nil).

5. DEFERRED CONTRIBUTIONS

	2018	2017
Balance, beginning of year	\$ 4,510	\$ 44,500
Amounts received in the year	225,560	182,474
Amounts recognized as revenue	(200,765)	(222,464)
Balance, end of year	\$ 29,305	\$ 4,510

Deferred contributions reported in 2018 consisted of unspent grant revenue from the Family Communication Program Expansion Strategy (\$4,510) and the provincial government (\$24,795). 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, 2018

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:

	2018	2017
Fundraising revenue		
Bingo	\$ 48,492	\$ 44,061
Special events	11,727	12,112
	60,219	56,173
Fundraising expenses	(11,771)	(10,783)
Net fundraising income	48,448	45,390
Donations	159,024	217,776
Total net fundraising and donation income	\$ 207,472	\$263,166

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, 2018

7. COMMITMENTS (Cont'd)

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

2018	\$ 46,913
2019	49,519
2020	50,388
2021	54,297
2022	55,600
	<hr/>
	\$256,717

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 5.00% at December 31, 2018, 2017 - 4.90%) which consists of the bank's prime interest rate plus 1.5%. As at December 31, 2018, there was \$Nil (2017 - \$Nil) against this line of credit.