

Silent Voice Canada Inc.

Financial Statements

For the year ended December 31, 2015

Ian Edmonds Professional Corporation

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, 2015 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.

Ian Edmonds Professional Corporation

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, 2015, current assets and net assets as at December 31, 2015.

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, 2015, 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.

Other Matter

The statement of financial position as at December 31, 2014 and the statements of operations and net assets and cash flows for the year then ended were audited by another firm of Chartered Professional Accountants who issued a similarly qualified opinion dated March 12, 2015.

Ian Edmonds Professional Corporation

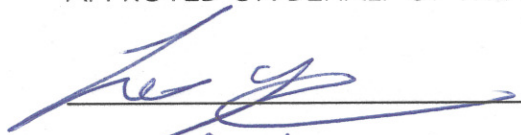
Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario
Toronto, Canada
March 21, 2016

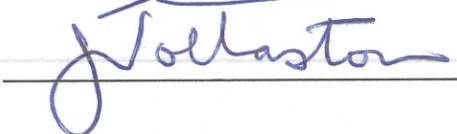
Silent Voice Canada Inc.
Statement of Financial Position
As at December 31,

	2015	2014
Assets		
Current		
Cash	\$ 253,403	\$ 140,700
Short term investments	-	22,329
HST recoverable	21,386	13,346
Prepaid expenses	10,496	8,496
	285,285	184,871
Property and equipment (Note 3)	23,005	5,142
	308,290	190,013
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 4)	23,749	13,777
Deferred contributions (Note 5)	143,594	66,356
	167,343	80,133
Net assets	140,947	109,880
	\$ 308,290	\$ 190,013

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,

	2015	2014
Revenue		
Grants		
Catholic Charities - Archdiocese of Toronto	\$ 230,126	\$ 230,126
Citizenship and Immigration Canada	137,569	131,368
City of Toronto	70,661	45,517
Ministry of Children and Youth Services	363,711	-
Ministry of Education	4,434	-
Ontario Trillium Foundation	5,000	15,000
Prosper Canada	56,237	39,896
Service Canada	11,599	8,574
Fundraising events (Note 6)	75,480	57,584
Donations (Note 6)	107,668	58,222
Service fees	19,324	27,491
Interest and other	18,057	13,798
	1,099,866	627,576
Expenses		
Amortization	1,205	6,985
Communications	13,215	8,375
Employee benefits	86,080	53,488
Fundraising expenses	14,319	15,368
Occupancy costs	14,108	12,535
Office	19,031	15,018
Professional fees	8,458	8,500
Program fees and supplies (Note 3)	227,903	63,763
Rent	52,087	52,107
Salaries	632,393	388,788
	1,068,799	624,927
Excess of revenue over expenditures for the year	31,067	2,649
Net assets, beginning of year	109,880	107,231
Net assets, end of year	\$ 140,947	\$ 109,880

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

	2015	2014
Cash provided by (used in)		
Operations		
Excess of revenue over expenditures for the year	\$ 31,067	\$ 2,649
Items not affecting cash		
Amortization	4,570	6,985
Interest accrued on term deposit	-	(363)
	35,637	9,271
Net changes in non-cash working capital		
Amounts receivable	-	17,073
HST recoverable	(8,040)	(1,020)
Prepaid expenses	(2,000)	3,814
Accounts payable and accrued liabilities	9,972	7,182
Deferred contributions	77,238	66,356
	112,807	102,676
Investing		
Maturity of term deposits	22,329	-
Purchase of capital assets	(22,433)	-
	(104)	-
Net change in cash	112,703	102,676
Cash, beginning of year	140,700	38,024
Cash, end of year	\$ 253,403	\$ 140,700

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property and Equipment (Cont'd)

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 multiemployer defined benefit pension plan for its employees. The plan provides pensions based on length of service and average earnings. The Organization has an obligation to ensure that there are sufficient funds in the plan to pay the benefits and although the Organization's contribution may vary from year to year, it is made in accordance with the annual contribution requirements of the plan's actuary. As there is insufficient information to follow the standards on defined benefit plans, the Organization follows the guidance on defined contribution plans. The Organization's 2015 pension contribution was \$9,424 (2014 - \$17,143) representing 3.2% of the total contributions from all employers. As at March 31, 2014, the plan had an aggregate surplus of \$4,779,500 for all employers.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

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.

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	2015 Net Book Value	2014 Net Book Value
Computers	\$ 14,134	\$ 12,897	\$ 1,237	\$ 1,767
Furniture and equipment	13,722	11,022	2,700	3,375
Leasehold improvements	17,045	17,045	-	-
Program equipment	22,433	3,365	19,068	-
	<u>\$ 67,334</u>	<u>\$ 44,329</u>	<u>\$ 23,005</u>	<u>\$ 5,142</u>

Included in program fees and supplies is amortization on program equipment of \$3,365 (2014 - \$Nil).

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are the amounts payable in respect to government remittances of \$Nil (2014 - \$Nil).

Silent Voice Canada Inc.
Notes to the Financial Statements
For the year ended December 31, 2015

5. DEFERRED CONTRIBUTIONS

	2015	2014
Balance, beginning of year	\$ 66,356	\$ -
Amounts received in the year	178,567	116,343
Amounts recognized as revenue	(101,329)	(49,987)
Balance, end of year	\$ 143,594	\$ 66,356

Deferred contributions reported in 2015 consisted of unspent grant revenue from Ministry of Children and Youth Services (\$54,904), City of Toronto grants (\$61,372), and Newman's Own Foundation (\$27,318). These contributions will be recorded as revenue when the related expenses are recognized.

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:

	2015	2014
Fundraising revenue		
Bingo	\$ 31,493	\$ 20,498
Special events	43,987	37,086
	75,480	57,584
Fundraising expenses	14,319	15,368
Net fundraising income	61,161	42,216
Donations	107,668	58,222
Total net fundraising and donation income	\$ 168,829	\$ 66,356

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.

6. DONATIONS AND FUNDRAISING EVENTS (Cont'd)

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 of \$19,950, starting in March 1, 2013 to February 28, 2018 for office space located at 50 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.

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 4.50% at December 31, 2015, 2014 - 4.50%) which consists of the bank's prime interest rate plus 1.5%. As at December 31, 2015, there was \$Nil (2014 - \$Nil) against this line of credit.

10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation. Excess of revenue over expenses reported previously has not been affected by this reclassification.