

Silent Voice Canada Inc.

Financial Statements

For the year ended December 31, 2021



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, 2021, and the statements of operations, and changes in net assets and statement of cash flows 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, 2021, 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, 2021, current assets and net assets as at December 31, 2021.

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
March 28, 2022

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,

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Assets | | |
| Current | | |
| Cash | \$ 552,382 | \$ 468,204 |
| Amounts receivable | 185,499 | 110,336 |
| Prepaid expenses | 19,026 | 19,048 |
| | <u>756,907</u> | <u>597,588</u> |
| Property and equipment (Note 3) | 11,451 | 13,034 |
| | <u>768,358</u> | <u>610,622</u> |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities (Note 4) | 241,765 | 170,285 |
| Deferred contributions (Note 5) | 72,905 | 156,251 |
| | <u>314,670</u> | <u>326,536</u> |
| Deferred rent | 36,805 | 34,787 |
| Long term government loan (Note 6) | 60,000 | 40,000 |
| | <u>411,475</u> | <u>401,323</u> |
| Net assets | 356,883 | 209,299 |
| | <u>\$ 768,358</u> | <u>\$ 610,622</u> |

Contingent liability (Note 9)

APPROVED ON BEHALF OF THE BOARD:

Robert Wilson, Director

Jim Lee, Director

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

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Revenue | | |
| Grants | | |
| Catholic Charities - Archdiocese of Toronto | \$ 226,329 | \$ 226,329 |
| City of Toronto | 137,406 | 56,878 |
| Immigration, Refugees, and Citizenship Canada | 196,533 | 161,257 |
| Ministry of Children, Community and Social Services Citizenship and Immigration Division | 32,500 | 32,872 |
| Ministry of Children, Community and Social Services Early Child Development Branch | 567,012 | 585,520 |
| Ontario Ministry of Education | 182,763 | - |
| Ontario Ministry of Tourism, Culture, and Sport | - | 10,545 |
| Service Canada | 120,281 | 90,000 |
| Fundraising events (Note 7) | 67,389 | 47,884 |
| Donations (Note 7) | 139,030 | 111,810 |
| Rebates and other | 36,708 | 9,316 |
| Service fees | 94,760 | 57,927 |
| | 1,800,711 | 1,390,338 |
| Expenses | | |
| Communications | 41,600 | 51,380 |
| Employee benefits | 181,268 | 145,253 |
| Fundraising expenses (Note 7) | 2,904 | 9,663 |
| Occupancy costs | 10,496 | 8,239 |
| Office | 26,498 | 28,755 |
| Professional fees | 49,629 | 58,550 |
| Program fees and supplies (Note 3) | 191,096 | 115,868 |
| Rent | 114,545 | 113,908 |
| Salaries (Note 6) | 1,030,309 | 846,134 |
| Amortization | 4,782 | 5,428 |
| | 1,653,127 | 1,383,178 |
| Excess of revenue over expenditures for the year | 147,584 | 7,160 |
| Net assets, beginning of year | 209,299 | 202,139 |
| Net assets, end of year | \$ 356,883 | \$ 209,299 |

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

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Cash provided by (used in) | | |
| Operations | | |
| Excess of revenue over expenditures for the year | \$ 147,584 | \$ 7,160 |
| Items not affecting cash | | |
| Amortization | 4,782 | 5,428 |
| Deferred rent | 2,018 | 2,886 |
| | 154,384 | 15,474 |
| Net changes in non-cash working capital | | |
| Amounts receivable | (75,163) | (64,206) |
| Prepaid expenses | 22 | 838 |
| Accounts payable and accrued liabilities | 71,480 | 150,019 |
| Deferred contributions | (83,346) | 108,256 |
| | 67,377 | 210,381 |
| Investing | | |
| Purchase of property and equipment | (3,199) | (9,456) |
| Financing | | |
| Government loan | 20,000 | 40,000 |
| Net change in cash | 84,178 | 240,925 |
| Cash, beginning of year | 468,204 | 227,279 |
| Cash, end of year | \$ 552,382 | \$ 468,204 |

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. Service fees are recognized as revenue when related services are rendered and complete.

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

On January 1, 2020 the Organization introduced a new defined benefit plan. All full-time employees are required to join this plan, and all part-time employees are eligible to join the plan. The Organization is required to contribute 7% of the employees wages to the plan. Employees will also be contributing to the plan. For 2021, the maximum contribution under the plan is \$11,475 (2020 - \$17,710) per employee.

The Organization's pension plan is administered by the College of Applied Arts and Technology (CAAT). 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 January 1, 2021, the pension plan had a funding reserve of \$3.3 billion, with a shortfall on a market basis of \$281,700. As required by regulations under the Pension Benefits Act (Ontario), the solvency deficiency is not to be less than zero, and as such the shortfall is to be picked up by the CAAT. During the year ended December 31, 2021, the Organization made total contributions to the plan of \$65,009 (2020 - \$48,470).

Financial Instruments

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

The Organization subsequently measures its financial assets and financial

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

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 and long term government loans.

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.

3. PROPERTY AND EQUIPMENT

| | Cost | Accumulated Amortization | 2021 Net Book Value | 2020 Net Book Value |
|-------------------------|------------------|-----------------------------|------------------------|------------------------|
| Computers | \$ 30,186 | \$ 22,474 | \$ 7,712 | \$ 7,818 |
| Furniture and equipment | 13,722 | 13,015 | 707 | 884 |
| Leasehold improvements | 17,045 | 17,045 | - | - |
| Program equipment | 26,298 | 23,266 | 3,032 | 4,332 |
| | <u>\$ 87,251</u> | <u>\$ 75,800</u> | <u>\$ 11,451</u> | <u>\$ 13,034</u> |

Included in program fees and supplies is amortization of \$1,299 (2020 - \$Nil).

Silent Voice Canada Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are the amounts payable in respect to government remittances of \$22,931 (2020 - \$Nil).

5. DEFERRED CONTRIBUTIONS

| | 2021 | 2020 |
|-------------------------------|------------------|------------------|
| Balance, beginning of year | \$ 156,251 | \$ 47,995 |
| Amounts received in the year | 64,165 | 225,560 |
| Amounts recognized as revenue | (147,511) | (117,304) |
| Balance, end of year | \$ 72,905 | \$156,251 |

Deferred contributions reported in 2021 consisted of unspent grant revenue from the Family Communication Program Expansion Strategy (\$1,500, 2020 - \$4,510) the provincial government (\$66,366, 2020 - \$144,716) capital assets purchased (\$4,634, 2020 - \$6,620) and other organizations (\$405, 2020 - \$405). These contributions will be recorded as revenue when the related expenses are recognized.

6. COVID RELIEF MEASURES

During 2020, the Organization obtained a \$40,000 loan through the Canada Emergency Business Account (CEBA). The loan is non-interest bearing and was set to mature December 31, 2022. Under revised government terms, the loan is now set to mature on December 31, 2023. In 2021, the Organization received an additional \$20,000 loan through the CEBA. Repayment of the balance on or before the maturity date will result in loan forgiveness of \$20,000 (33%).

Included in salaries are amounts received from the Canada Emergency Wage Subsidy (CEWS) program totaling \$133,582 (2020 - \$79,793).

Silent Voice Canada Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

7. 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:

| | 2021 | 2020 |
|--|-------------------|------------|
| Fundraising revenue | | |
| Bingo | \$ 18,719 | \$ 24,019 |
| Special events | 48,670 | 23,865 |
| | 67,389 | 47,884 |
| Fundraising expenses | (2,904) | (9,663) |
| Net fundraising income | 64,485 | 38,221 |
| Donations | 139,030 | 111,810 |
| Total net fundraising and donation income | \$ 203,515 | \$ 150,031 |

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.

The organization also receives donated goods from the Red Cross which have not been captured in the financial statements.

8. 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, 2021

8. COMMITMENTS (Cont'd)

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

| | |
|------|-----------|
| 2021 | \$ 54,297 |
| 2022 | 55,600 |
| 2023 | 55,600 |
| 2024 | 62,116 |
| 2025 | 64,287 |
| | <hr/> |
| | \$291,900 |

9. 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. Included in contingent liabilities is an estimate made by management for the repayment of any potential portion of grants, however the amount is currently unknown.

10. LINE OF CREDIT

The Organization has a \$20,000 operating line of credit secured by a General Security Agreement. The effective interest rate was 5.45% at December 31, 2021, (2020 - 5.45%) which consists of the bank's prime interest rate plus 1.5%. As at December 31, 2021, there was \$Nil (2020 - \$Nil) against this line of credit.