

# ACCESS IS OPPORTUNITY

CAV-ACS ANNUAL REPORT 2016



**CAV-ACS**

Canadian Administrator of VRS (CAV), Inc.  
Administrateur canadien du SRV (ACS), inc.

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# MESSAGE FROM THE EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

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The theme of our 2016 annual report – Access is Opportunity – captures the vision, commitment and hard work of the many people who played a role in the historic events of the past year and the exciting launch of SRV Canada VRS.

As I look back on 2016, it is clear that SRV Canada VRS was a service whose time had come for our ASL and LSQ signers.

VRS advocacy in Canada's close-knit Deaf and Hard of Hearing community had crystalized, providing CAV with invaluable insight toward the development of a simple and convenient new communication service.

CAV also leveraged the CRTC's body of knowledge from public hearings on VRS and its deep expertise in national communications policy. At every step in the development of SRV Canada VRS, the CRTC was a valued partner.

Web- and mobile-based technologies, tools and expertise had evolved to empower CAV to create a made-for-Canada VRS. In addition, we engaged leading bilingual interpretation, call centre and customer support resources to form the important customer-facing portion of SRV Canada VRS.

In short, all the moving parts aligned in 2016 to enable us to develop a world-class VRS for Canada.

When we look back on the past year, I believe we will agree the launch of SRV Canada VRS was an historic moment for our community and culture. But we will also remember it as the springboard for new opportunity.

SRV Canada VRS opens new avenues to the world – empowering its customers with personal freedom and independence to communicate in real time with family and friends, and to take advantage of life-changing opportunities, especially in the areas of employment, education, health care and social connectedness.

I want to thank everyone for contributing to the successes of the past year and, with you, I look forward to the promise that SRV Canada VRS will bring in the future.

A handwritten signature in black ink, appearing to read "Sue Decker".

**Sue Decker**

Executive Director and  
Chief Executive Officer

## MESSAGE FROM THE CHAIR

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It was an honour to serve as the Chair of CAV's Board of Directors during the historic year of the launch of SRV Canada VRS.

I want to thank and congratulate Board members for their tremendous individual and team efforts in bringing this important national service to ASL and LSQ users, their families and their friends. By the end of 2016, after just three months of operation, it was already clear that SRV Canada VRS will empower and enrich the lives of its customers while adding important new texture and value to Canada's communication landscape.



On behalf of the Board, I want to express heartfelt thanks and gratitude to Sue Decker, CAV's Executive Director and Chief Executive Officer. Together with her small but very capable team, Sue transformed a vision for a best-in-class VRS into the high-quality and reliable service that defines SRV Canada VRS. Her unique ability to assemble technology experts, professionals in the interpreter and customer service communities, and others toward a common goal has shaped the foundation of a transformative communication service.

Canada's active Deaf and Hard of Hearing stakeholder community complemented the efforts of CAV's management team with equal support and commitment. I am proud to be part of an endeavour that has given a new focal point to Canada's Deaf culture – a culture that is inclusive of both ASL and LSQ users.

We wrote an important new page in Deaf Canada's history in 2016. I can't wait to see what new worlds of access and opportunity that SRV Canada VRS will open up to us in 2017. Stay tuned!

A handwritten signature in black ink, appearing to read 'Cynthia Benoit'. The signature is fluid and extends to the right.

**Cynthia Benoit**

Chair of the Board of Directors

## THE 2016 BOARD OF DIRECTORS OF THE CANADIAN ADMINISTRATOR OF VRS (CAV)

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**From left to right:** Tony D'Onofrio, *Director*; Cynthia Benoit, *Chair of the Board of Directors*; Anne Missud, *Permanent Invitee*; Eric Edora, *Director*; Sue Decker, *Executive Director and Chief Executive Officer*; Lisa Anderson-Kellett, *Director*; Jonathan Daniels, *Director*; Suzanne Laforest, *Director*; Marty Taylor, *Permanent Invitee*; Gary Birch, *Director*.

## CAV STAFF

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**From left to right:** Jonathan Masters, *Acting Chief Financial Officer and Chief Operating Officer*; Sue Decker, *Executive Director and Chief Executive Officer*; Martine Beauchemin, *Product Manager*; Ellen Thomas, *Executive Assistant*.



## **HELPING SAVE LIVES!**

Shortly after VRS was launched, a group of Deaf seniors were enjoying afternoon tea and conversation. All of a sudden, one of the ladies was having a medical problem. Luckily, someone had their mobile phone handy and had registered with SRV Canada VRS. A call to 9-1-1 resulted in a quick response, and avoided a potentially life-threatening situation. VRS is more than just a telephone call... VRS can save lives.

# ABOUT CAV

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**Calls are connected to a sign language interpreter, who provides real-time interpretation of the telephone conversations, allowing Deaf users who use sign language to communicate with spoken language users.**

**VISION:**

**EMPOWER DEAF CANADIANS**

**MISSION:**

**PROVIDE VRS FOR CANADIANS WHO USE ASL AND LSQ; ENABLING CONNECTIONS TO PEOPLE AND INCREASING OPPORTUNITIES.**

The Canadian Administrator of VRS (CAV), Inc., or CAV is a not-for-profit corporation with a mandate from the Canadian Radio-television and Telecommunications Commission (CRTC) to design, implement and oversee the delivery of Video Relay Service (VRS) in Canada.

SRV Canada VRS enables Deaf or Hard of Hearing Canadians who use American Sign Language (ASL) and Langue des signes québécoise (LSQ) to

make telephone calls via Internet-based videoconferencing technology. Calls are connected to a sign language interpreter, who provides real-time interpretation of the telephone conversations, allowing Deaf users who use sign language to communicate with spoken language users.

CAV and its Board of Directors are responsible for Canada's national VRS – SRV Canada VRS – which is available to ASL and LSQ users.

# THE YEAR IN REVIEW

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Throughout the year, CAV balanced its core priority to build a made-for-Canada VRS with a deep commitment to engage, unite and build stronger relationships with the country's Deaf and Hard of Hearing community.

The historic events of 2016 – culminating in the launch of SRV Canada VRS – were the result of solid, steady progress made since the establishment of CAV in 2015.

Throughout the year, CAV balanced its core priority to build a made-for-Canada VRS with a deep commitment to engage, unite and build stronger relationships with the country's Deaf and Hard of Hearing community.

The following are highlights of 2016 accomplishments.

## SELECTING OUR SERVICE PROVIDERS

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After a rigorous selection process launched in 2015, CAV began 2016 with a newly signed contract in place for a video platform provider – the technology needed to power SRV Canada VRS.

CAV selected IVès, specialists in the development and delivery of web- and mobile-based VRS technologies and apps. Based in Crolles, France, IVès has its Canadian headquarters in Montreal.

CAV also began 2016 with a nationwide Request for Proposal (RFP) for Video Interpreter Providers (VIPs). VIPs play a critical role in the VRS communication landscape and are, in many respects, the face of our service to Canada's Deaf and Hard of Hearing

community. Their expertise and experience in technology, establishing call centres and training ASL and LSQ interpreters would be crucial in meeting CAV's high service standards.

In early 2016, three VIP companies were selected to deliver the interpreter portion of the SRV Canada VRS service. They are:

- **Convo.** A Deaf-owned, U.S.-based company with deep VRS experience. Convo was selected to be the primary SRV Canada VRS service provider. Convo was also engaged for its expertise in developing operating standards and manuals, and for leading training efforts with the other two VIPs to ensure consistent quality and delivery of VRS.
- **Sign Language Interpreting Associates Ottawa, Inc. (SLIAO).** SLIAO was chosen to complement Convo with additional ASL VIP services. SLIAO is a community-based interpreting company that has been providing professional interpreting services in Canada for two decades.
- **Service d'interprétation visuelle et tactile (SIVET).** SIVET was selected to be the primary provider for the LSQ community. The company is a Deaf-led, Montreal based non-profit company which has been providing community-based LSQ interpreting services for 25 years.



## TRACKING SANTA

It's a story of innocence and equality. It was Christmas Eve and as a Deaf child stared into the sky, awaiting Santa, a possibility dawned - ask NORAD! She was able to place a call to NORAD's Santa Tracking Hotline. Within moments, she learned that Santa was over Norway, and that he would not visit her unless she was in bed and asleep!



The CAV Board of Directors is unique among Canadian not-for-profit boards. The Directors bring to their roles and responsibilities strong leadership in the fields of language, culture, interpretation, law, technology, governance and more.

## WE HAVE A NAME

In April, after significant research and consultation with the CAV Board of Directors, a name was chosen for Canada's VRS – SRV Canada VRS.

Selecting an appropriate bilingual name and logo was a critical part of the identity CAV wants to convey with its VRS. The logo and name provide strong symbols for:

- **Connection.** The three leaves in the logo represent VRS customers, interpreters and SRV Canada VRS.
- **Canadian.** The CAV brand is similar to a maple leaf – a strong symbol of Canada.
- **Diversity.** The range of red colours speaks to the diversity of Canadians who are empowered by SRV Canada VRS.

## STRONG LEADERSHIP

The CAV Board of Directors is unique among Canadian not-for-profit boards. Besides bringing to their roles and responsibilities strong leadership in the fields of language, culture, interpretation, law, technology, governance and more, they also represent their communities of interest at the Board, serve as a channel for two-way communication between CAV and its many stakeholder groups, and build important community relationships.

CAV began 2016 with new leadership on its Board following the appointment in late 2015 of Cynthia Benoit as its first Chairperson. Cynthia is a long-time advocate for VRS with deep roots in Canada's Deaf and Hard of Hearing community. Together with her fellow Board members, she made great strides during the year to raise CAV's visibility and profile across the country.

## COLLABORATION WITH THE CRTC

Improving communication options for Canada's Deaf and Hard of Hearing community has been a priority for the Canadian Radio-television and Telecommunications Commission (CRTC) for many years. Its commitment to build VRS gained momentum with a call for public hearings in 2013, followed by a decision in 2014 to establish a national VRS and a mandate in 2015 to create CAV to deliver VRS to Canadians.

Once CAV was formed, the CRTC continued to serve as a leader and influencer in the shaping, development and launch of SRV Canada VRS.

Throughout 2016, the CRTC received updates on progress and provided valuable insight and perspective to CAV on communication, accessibility and regulation. In addition to the shared focus on launching SRV Canada VRS, the CRTC and CAV collaborated on operational commitments and development of key policies such as the operation of 9-1-1 services.

## The progress of VRS in Canada has been driven as much by grassroots advocacy as it has by advances in technology.

### ENGAGING THE COMMUNITY

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The progress of VRS in Canada has been driven as much by grassroots advocacy as it has by advances in technology. From VRS trials in Alberta and British Columbia in 2012, to public hearings the CRTC held in 2013 for a national VRS, to the participation in beta testing of the new SRV Canada VRS, Deaf Canadians have been involved every step of the way in the development of the made-for-Canada VRS.

As a still-new organization, in 2016 CAV was committed to become better acquainted with Canada's Deaf and Hard of Hearing community and to engage in a dialogue on their interests and needs. Speaking opportunities at town halls, annual meetings and other gatherings across Canada served as a platform for CAV to share details about the coming implementation of SRV Canada VRS, as well as to gain valuable insight and support from the community.

### ESTABLISHING A VIRTUAL PRESENCE

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As important as developing a made-for-Canada VRS was in 2016, CAV was equally committed to communicate its progress to the communities it was unable to meet in person by creating a virtual space to enable people to gather, connect and offer their perspective on what a new VRS should look like.

A new CAV website – launched in late 2015 – became a community hub in 2016 for communication to and from audiences and stakeholders interested in CAV's activities. From the beginning, a commitment was made to disseminate news and information through video messages – a commitment that continues. In addition, visitors were encouraged to subscribe to a newsletter to stay abreast of progress toward the implementation of VRS Canada VRS.

As the year unfolded, a second website was developed to serve as the home of the new SRV Canada VRS. Launched when the new VRS went live in September 2016, the objectives of the site are to:

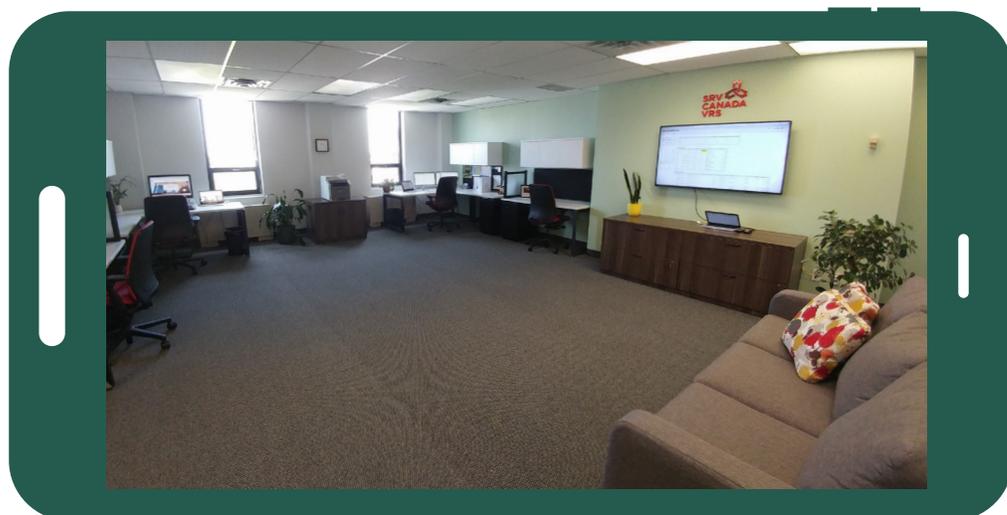
- Provide Canadians with information to learn about the value and benefits of SRV Canada VRS.
- Offer clear details on equipment and bandwidth requirements needed to use the service.
- Enable eligible customers with comprehensive information on downloading and installing software onto desktops, laptops, tablets or smartphones, and instructions on how to use and get the most out of their SRV Canada VRS.
- Provide timely information and support.
- Complement the work of the SRV Canada VRS call centres.

**CAV's headquarters were designed using the principles of Deaf space to accommodate the Executive Director, who is Deaf, other Deaf staff, and the space needed to ensure the smooth delivery of SRV Canada VRS in steady state operations.**

### CAV GETS A HOME

In more ways than one, 2016 was a year of firsts. In May 2016, CAV moved into permanent offices in the heart of the nation's capital. Its headquarters were designed using the principles of Deaf space to accommodate the

Executive Director, who is Deaf, other Deaf staff, and the space needed to ensure the smooth delivery of SRV Canada VRS in steady state operations. CAV's new headquarters is also large enough to meet anticipated growth.



# SRV CANADA VRS IS LAUNCHED

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**Celebrating the historic arrival of innovative new tools to empower Deaf Canadians with access to greater personal independence and new opportunities.**

A new chapter in Canada's communications history was written with the launch of SRV Canada VRS on September 28, 2016.

The venue – Canada's national Museum of History located in Gatineau, Québec – was a fitting backdrop for the many passionate advocates for the Deaf, government partners, telecommunications companies and others to celebrate the historic arrival of innovative

new tools to empower Deaf Canadians with access to greater personal independence and new opportunities.

For CAV, the launch of SRV Canada VRS was the culmination not just of many months of hard work to build a service to meet the unique needs of Canadians, but a reflection of the determined efforts of activists over the course of many years who were making historic gains for ASL and LSQ signers.



## SRV CANADA VRS – THE FIRST THREE MONTHS

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**As the eventful year came to a close, SRV Canada VRS was firmly established as a powerful and reliable communication tool for the Deaf. More important, it had secured a respected place in the culture of Canada’s Deaf community – offering a suite of tools serving as a vehicle to new opportunity.**

Years of anticipation for the new national SRV Canada VRS were validated strongly in its first three months of operations in late 2016, with approximately 3,500 customers subscribing to SRV Canada VRS services.

The success of early adoption was the result of careful planning on a number of fronts:

- Rigorous beta testing of the platform and user apps by Deaf users, video interpreters and customer service representatives were instrumental in refining the technology and providing valuable insight on how customers would use the service.
- Engaging the community early with an invitation to subscribe to the new service in advance of its availability ensured a smooth transition from launch to full operations.

- Ongoing adjustments following the launch to improve the customer calling experience, as well as the educational tools, ensured customers would experience the best available VRS service.

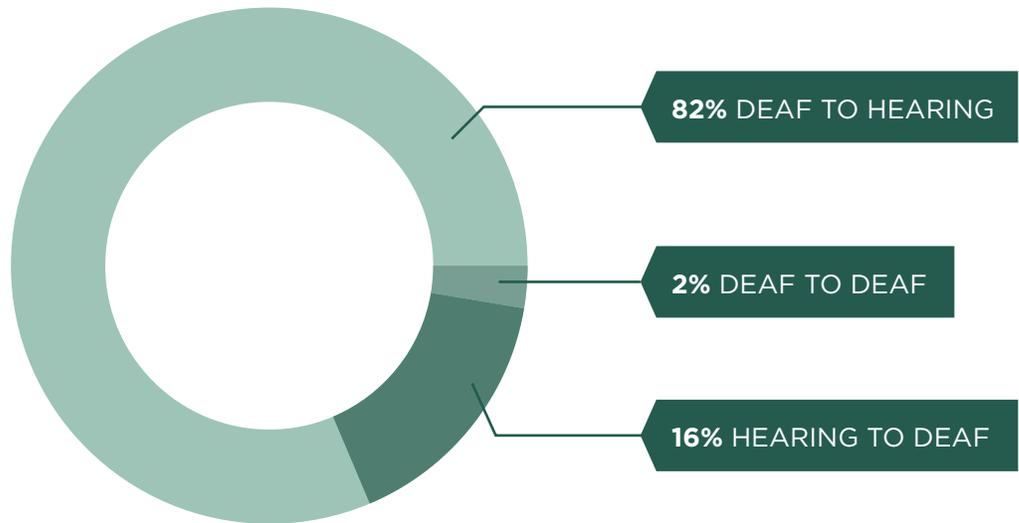
As the eventful year came to a close, SRV Canada VRS was firmly established as a powerful and reliable communication tool. More important, it had secured a respected place in the culture of Canada’s Deaf community – offering a suite of tools serving as a vehicle to new opportunity.

## SRV CANADA VRS OPERATIONS OVERVIEW

From September 28 to December 31, 2016 there were about 74,000 calls made using the SRV Canada VRS system. While most were outgoing calls from Deaf users, a good portion

were incoming calls to Deaf users showing the wider adoption of the communications tools by the public at large.

### 2016 CALLS



The SRV Canada VRS operational model is based primarily on usage. The greater the volume of call hours the call centres handle, the more the

organization must scale to meet demand. The chart below shows activity for the last quarter of 2016.



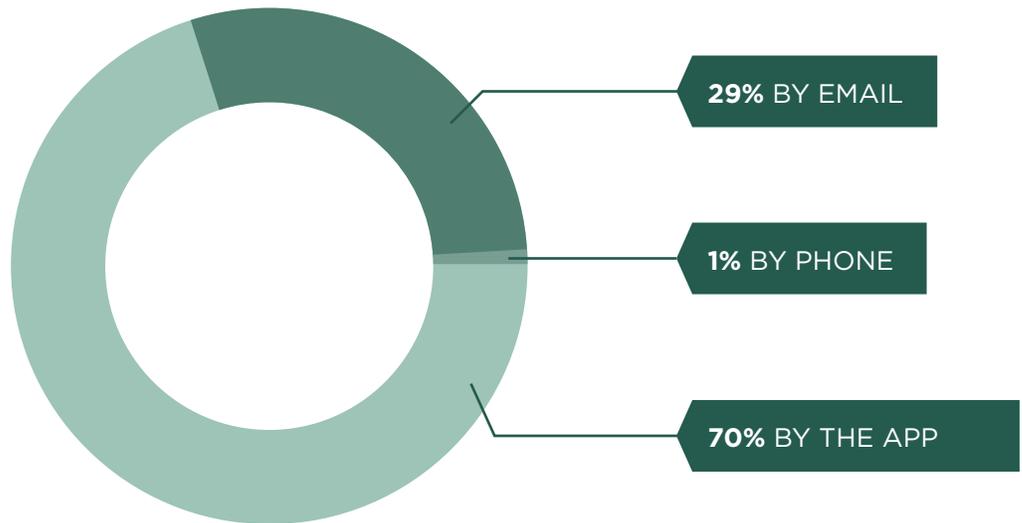
\* The percentage of time the SRV Canada VRS system platform was operational counting normal hours of operation.

\* The average time a caller waited, starting when the call was received by the SRV Canada VRS system, before a VI answered.

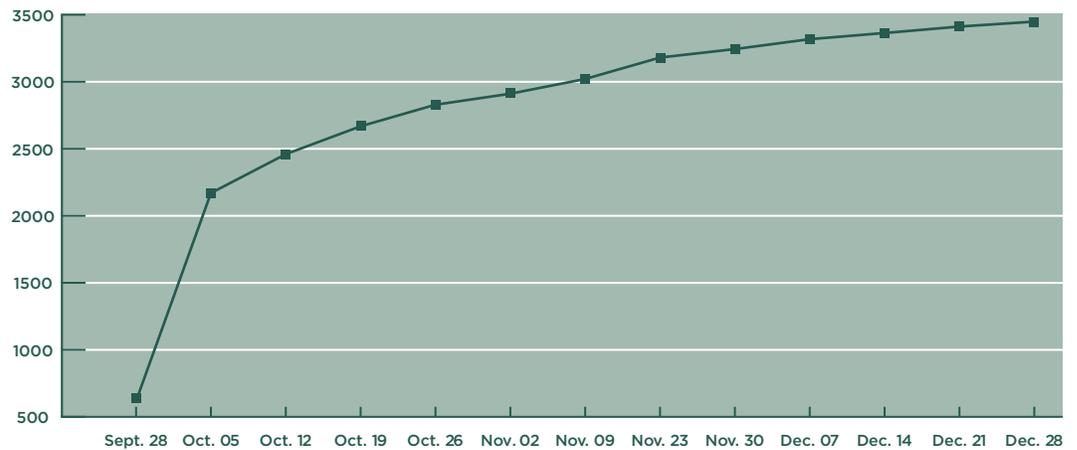
## CUSTOMER SERVICE OVERVIEW (OCTOBER 1 TO DECEMBER 31, 2016)

### Customer contact:

- Inquiries are acknowledged immediately
- About 3,800 contacts with customer service
- 90% of tickets resolved or escalated within 2 business days

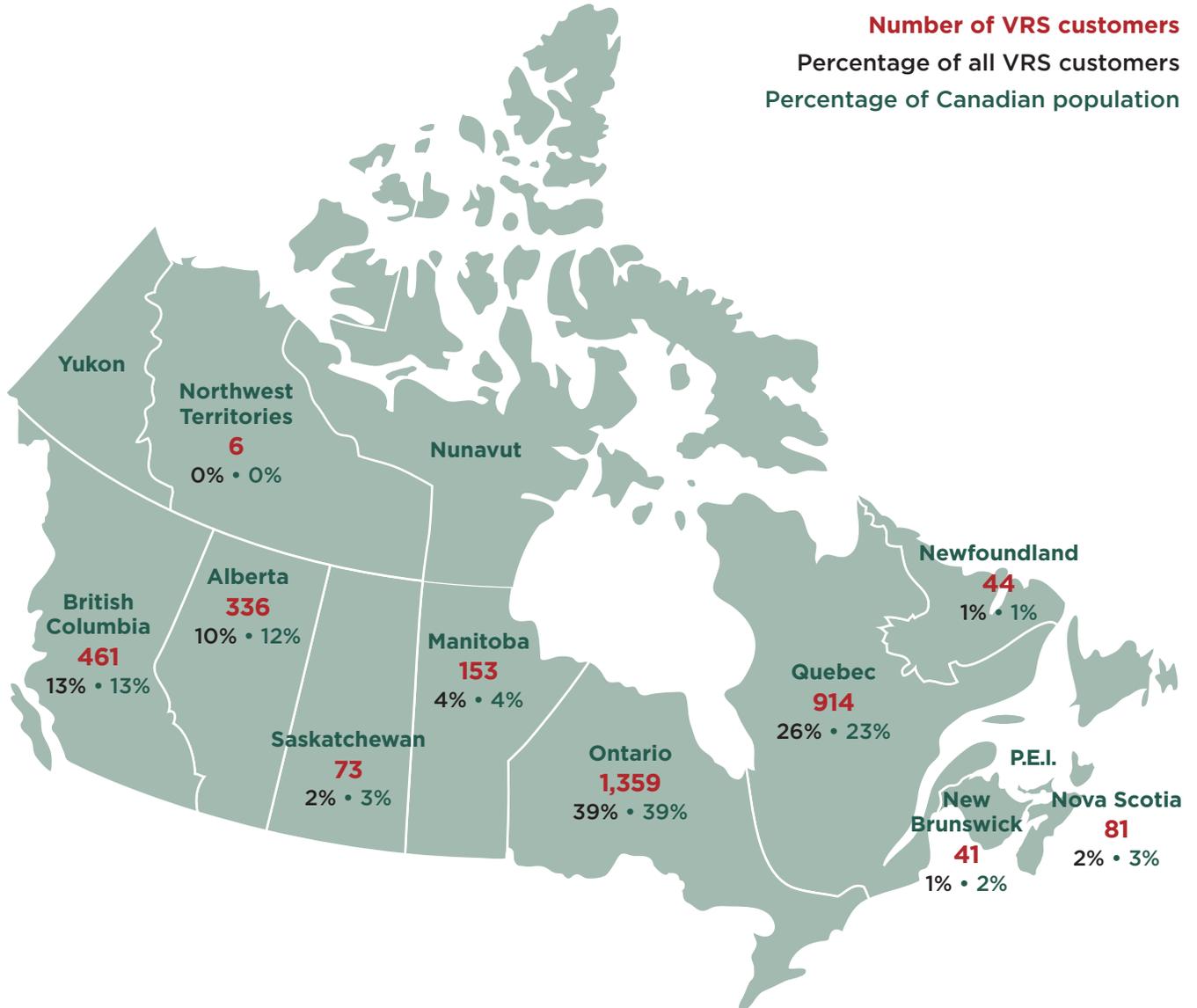


## GROWTH IN ACTIVE SRV CANADA VRS ACCOUNTS



**TOTAL REGISTRATIONS BY PROVINCE/TERRITORY: 3,468**

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The day SRV Canada VRS was launched was awesome. I had September 28 marked on my calendar and declared to my students: Hey, we will order pizzas today! The first student started the order, the next gave the size of the pizza - they took turns, ordering toppings, providing the address, and so on. Equal access was available to us just like it is for hearing people. Nice, right?

**Amy Parsons,**  
**Educational Interpreter Consultant,**  
**Atlantic Provinces Special Education Authority**

## LOOKING AHEAD

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**As part of our human resources principles, CAV is committed to inclusive hiring practices. This is also reflected in SRV Canada VRS' Deaf bilingual ASL and LSQ customer service resources, and other related services.**

The vision, skill and commitment needed to build and launch SRV Canada VRS in 2016 placed CAV in a strong position to manage commitments and anticipated growth in 2017. With “Access is Opportunity” as its guide, initiatives will be divided into three main categories.

### **GROWTH**

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In 2017, CAV will focus its efforts on building its customer base among the Deaf community, including children and youth (under the age of majority), businesses with deaf employees, and in other organizations.

As part of our human resources principles, CAV is committed to inclusive hiring practices. This is also reflected in SRV Canada VRS' Deaf bilingual ASL and LSQ customer service resources, and other related services.

### **SERVICE IMPROVEMENTS**

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In 2017, CAV will be making improvements to its SRV Canada VRS technology platform and services provided by video interpreters and customer service representatives. These include improvements in call quality, application features and customer service.

In addition to making improvements in day-to-day service operations, CAV will host a first-ever Summit in June 2017 bringing together video interpreter providers (VIPs), video technology providers (VTPs), and customer and technology partners to share and exchange ideas, and learn new best practices.

When SRV Canada VRS was launched, it offered customers 76 hours per week of service – four hours more than required by the CRTC mandate. Recognizing the high level of customer need and interest, two scheduled expansions to service hours were planned for 2017:

- Three additional hours per day in the evenings during weekdays, effective in April.
- Three additional hours per day in the early mornings on weekdays, effective in July.

Also planned for 2017 is a series of ‘how to’ videos to support ASL and LSQ customers with information and tips to get the most out of SRV Canada VRS – from downloading and using the app to the use of 9-1-1.

**By the end of 2016, CAV had made a decision to expand its staff in early 2017 to include a Community Relations Specialist to lead education and awareness, as well as on-line and social networking opportunities, on behalf of the organization.**

## **COMMUNITY ENGAGEMENT**

Engaging with and maintaining open and positive relationships with customers are among CAV's main priorities as well as a CRTC mandated requirement.

In 2016, CAV developed an education and awareness plan as part of post-launch activities. It lays out a path to meet with key audiences throughout Canada to collect feedback on the new VRS, exchange ideas about improving it, and respond to questions and concerns.

In addition to in-person meetings, CAV committed to expand its online and social networking presence with ASL/LSQ YouTube channels, ASL/LSQ Facebook Group Pages and the creation of a community relations page on its [srvcanadavrs.ca](http://srvcanadavrs.ca) website.

By the end of 2016, CAV had made a decision to expand its staff in early 2017 to include a Deaf Community Relations Specialist to lead education and awareness, as well as online and social networking opportunities, on behalf of the organization.



# FINANCIAL STATEMENTS

CANADIAN ADMINISTRATOR OF VRS (CAV), INC.

For year ended:

DECEMBER 31, 2016



**CAV-ACS**

Canadian Administrator of VRS (CAV), Inc.  
Administrateur canadien du SRV (ACS), inc.

# INDEPENDENT AUDITOR'S REPORT

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To the directors of the Canadian Administrator or VRS (CAV), Inc. / Administrateur canadien du SRV (ACS) Inc.,

We have audited the accompanying financial statements of Canadian Administrator of VRS (CAV), Inc./ Administrateur canadien du SRV (ACS), Inc., which comprise of the statement of financial position as at December 31, 2016, the statement of operations and net assets, and the statement of 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**

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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**

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Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **OPINION**

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In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Administrator of VRS (CAV), Inc./Administrateur canadien du SRV (ACS), Inc. as at December 31, 2016 and the results of its operations, the changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.



*Chartered Professional Accountants  
Licensed Public Accountants*

**Ottawa, Ontario  
May 17, 2017.**

# STATEMENT OF FINANCIAL POSITION : DECEMBER 31, 2016

<b>ASSETS</b>	<b>2016</b>	<b>2015</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 2,139,377	\$ 900,599
Prepaid expenses	14,952	8,280
	<b>\$ 2,154,329</b>	<b>\$ 908,879</b>
<b>TANGIBLE CAPITAL ASSETS (NOTE 4)</b>		
	27,137	3,124
<b>INTANGIBLE CAPITAL ASSETS (NOTE 5)</b>		
	535,573	351,948
	562,710	355,072
<b>Total</b>	<b>\$ 2,717,039</b>	<b>\$ 1,263,951</b>
<b>LIABILITIES AND NET ASSETS</b>	<b>2016</b>	<b>2015</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (note 6)	\$ 861,035	\$ 327,459
<b>NET ASSETS</b>		
Unrestricted	\$ 1,293,294	581,420
Invested in tangible and intangible capital assets internally restricted	562,710	355,072
	1,856,004	936,492
<b>Total</b>	<b>\$ 2,717,039</b>	<b>\$ 1,263,951</b>

*Approved by the Board:*

C. Benoit, *Director*  
T. D'Onofrio, *Director*

# STATEMENT OF OPERATIONS AND NET ASSETS: YEAR ENDED DECEMBER 31, 2016

<b>REVENUE</b>	<b>2016</b>	<b>2015</b>
Contributions	\$ 5,500,000	\$ 2,600,000
Interest	6,462	1,989
<b>Total</b>	<b>\$ 5,506,462</b>	<b>\$ 2,601,989</b>
<b>EXPENSES</b>	<b>2016</b>	<b>2015</b>
Direct operations	\$ 2,665,580	—
General & administration	1,729,659	1,396,327
Amortization	188,962	15,849
Interest & bank charges	2,749	6,032
<b>Total</b>	<b>\$ 4,586,950</b>	<b>\$ 1,418,208</b>
NET REVENUE		
	\$ 919,512	\$ 1,183,781
NET ASSETS (DEFICIT), BEGINNING OF YEAR		
Invested in tangible and intangible capital assets internally restricted	\$ 936,492	\$ 247,289
NET ASSETS, END OF YEAR		
<b>Total</b>	<b>\$ 1,856,004</b>	<b>\$ 936,492</b>

(See accompanying notes)

# STATEMENT OF CASH FLOWS: YEAR ENDED DECEMBER 31, 2016

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CASH FLOWS FROM OPERATING ACTIVITIES	2016	2015
NET REVENUE		
	\$ 919,512	\$ 1,183,781
ADJUSTMENTS FOR AMORTIZATION		
Tangible capital assets	5,337	547
Intangible capital assets	183,625	15,302
<b>Total</b>	<b>\$ 1,108,474</b>	<b>\$ 1,199,630</b>
CHANGES IN LEVEL OF:		
Accounts payable and accrued liabilities	533,576	186,925
Prepaid expenses	6,672	8,280
<b>Total</b>	<b>\$ 1,635,378</b>	<b>\$ 1,378,275</b>
CASH FLOWS FROM INVESTING ACTIVITIES	2016	2015
Purchase of tangible capital assets	29,350	3,671
Purchase of intangible capital assets	367,250	367,250
<b>Total</b>	<b>\$ 396,600</b>	<b>\$ 370,921</b>
CASH FLOWS FROM FINANCING ACTIVITIES	2016	2015
Repayment of loan	—	183,265
INCREASE IN CASH		
	1,238,778	824,089
CASH AT BEGINNING OF YEAR		
	900,599	76,510
CASH AT END OF YEAR		
<b>Total</b>	<b>\$ 2,139,377</b>	<b>\$ 900,599</b>

(See accompanying notes)

# NOTES TO THE FINANCIAL STATEMENTS: YEAR ENDED DECEMBER 31, 2016

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## NATURE OF OPERATIONS

In April of 2014, the Canadian Radio-television and Telecommunications Commission (“CRTC”) released Telecom Regulatory Policy Decision CRTC 2014 187 which established the Video relay service administrator (“VRS administrator”). The mandate of the VRS administrator was set out in CRTC Telecom Regulatory Policy CRTC 2014 659 to: provide national video relay service (“VRS”) in Canada, in both American Sign Language and Langue des signes québécoise; ensure that Deaf and Hard of hearing individuals can communicate on a functionally equivalent basis to hearing users using similar telecommunications facilities; provide VRS in as efficient a manner as possible, in accordance with the requirements of the CRTC; and do all things in furtherance of the forgoing.

The Canadian Administrator of VRS (CAV), Inc./Administrateur canadien du SRV (ACS), Inc. (“CAV”) was incorporated without share capital under the Canada Not for profit Corporations Act on August 28, 2014 to fulfil this mandate.

The CAV operates on a not for profit basis and, as such, is exempt from income tax pursuant to section 149(1) (l) of the Income Tax Act.

## SIGNIFICANT ACCOUNTING POLICIES

### **Basis of accounting**

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations.

### **Revenue recognition**

The organization is funded by contributions from the National Contribution Fund as mandated by the CRTC. The organization recognizes contribution revenue in the period it is receivable. Interest income is recognized as it is earned.

### **Financial instruments**

The organization’s financial assets and liabilities are initially recognized at fair value and are subsequently measured at amortized cost at the financial statement date.

### **Use of estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not for profit organizations often requires 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 reporting period. Management makes estimates when determining the useful life of its capital assets. Actual results could differ from those estimates.

#### **Tangible capital assets and amortization**

Tangible capital assets are recorded at acquisition cost. Amortization is provided on a straight line basis over five years in the case of furniture and equipment; three years in the case of computer equipment; and over the life of the lease in the case of leasehold improvements. In the year of acquisition, amortization is pro rated over the number of months the asset is owned.

#### **Intangible capital assets and amortization**

Software licence fees are capitalized and amortized on a straight line basis over the initial term of the agreement.

### **FINANCIAL INSTRUMENTS**

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The organization is exposed to and manages various financial risks resulting from its operations and does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

The organization's main financial risk exposure and its financial management policies are as follows:

#### **Credit risk**

The organization is exposed to credit risk in respect of its cash. The organization's cash is deposited with a Canadian chartered bank and, as a result, management believes the risk of loss on this item to be remote.

#### **Liquidity risk**

Liquidity risk is the risk that the organization cannot meet a demand for cash or fund its obligations as they become due. The organization has secured funding which is expected to be sufficient to meet budgeted expenditures as they come due.

#### **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

- *Currency risk:* Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The organization holds all funds in Canadian dollars. However, \$303,000 (2015 \$203,000) of expenditures were originally denominated in US dollars.

- *Interest rate risk:* Interest rate risk refers to the risk that the fair

value of financial instruments or future cash flows associated with the financial instruments will fluctuate due to changes in market interest rates. The organization manages this risk through the implementation of prudent investment policies.

The organization receives interest, calculated with respect to the Bank's composite prime interest rate, on its daily bank balance.

- *Other price risk:* Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated

therewith will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The organization is not exposed to other price risk.

#### Changes in risk

There have been no significant changes in the organization's risk exposures during the past year.

<b>TANGIBLE CAPITAL ASSETS</b>	<b>2016</b>	<b>2015</b>
TANGIBLE CAPITAL ASSETS ARE COMPRISED OF:		
<b>Furniture and equipment</b>	\$ 25,653	—
<b>Computer equipment</b>	7,368	3,671
	<b>\$ 33,021</b>	<b>\$ 3,671</b>
<b>Accumulated amortization</b>	5,884	547
<b>Total</b>	<b>\$ 27,137</b>	<b>\$ 3,124</b>
<b>INTANGIBLE CAPITAL ASSETS</b>	<b>2016</b>	<b>2015</b>
INTANGIBLE CAPITAL ASSETS ARE COMPRISED OF:		
<b>Software Licenses</b>	\$ 734,500	\$ 367,250
<b>Accumulated amortization</b>	(198,927)	(15,302)
<b>Total</b>	<b>\$ 535,573</b>	<b>\$ 351,948</b>

## **ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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Included in accounts payable and accrued liabilities is \$147,000 (2015 \$35,000) owing to governments in respect of sales and payroll taxes.

## **AVAILABLE CREDIT**

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The organization has access to credit through a VISA credit card with a total credit limit of \$20,000. The credit card is paid in full each month.

## **COMMITMENTS**

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### **Contracts for direct operations**

The organization has entered into four contracts with various service providers who provide the technology platform and interpretation services being offered to the public. The contracts are generally four years in length with two possible one year extensions and commenced in late 2015 to mid 2016. The projected future minimum payment level and most likely payment level under all of the contracts are approximately \$35.6 million and \$92.2 million respectively (plus sales tax) or, on average, \$6 million to \$15 million per year. The projected costs are based on current trends in growth of the subscriber base and the per customer use of the system.

### **Premise lease**

The organization has entered into a five year lease for office premises commencing April 1, 2016. Annual payments, inclusive of HST are as follows:

<b>2017</b>	\$ 69,037
<b>2018</b>	71,105
<b>2019</b>	73,232
<b>2020</b>	75,424
<b>2021</b>	18,994
<b>Total</b>	<b>\$ 307,792</b>

### **SECURED FUNDING**

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The organization relies on decisions of the CRTC to fund its operations. Beginning January 1, 2016, the organization received monthly funding of \$458,333 as per Telecom Decision CRTC 2015 532. The funding has increased to \$2,173,842 per month for the 2017 calendar year as per Telecom Decision CRTC 2016 472.